



ATLAS SALT INC.

FINANCIAL STATEMENTS

For the years ended December 31, 2025, and 2024

April 28, 2026

ATLAS SALT INC.
December 31, 2025

Table of Contents

| | |
|---|----|
| Independent Auditor's Report | 3 |
| Statement of Financial Position | 7 |
| Statements of Net Loss and Comprehensive Loss | 8 |
| Statements of Changes in Equity | 9 |
| Statements of Cash Flows | 10 |
| Notes to the Financial Statements | 11 |

To the Shareholders of Atlas Salt Inc.:

Opinion

We have audited the financial statements of Atlas Salt Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2025 and December 31, 2024, and the statements of net loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and December 31, 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of impairment indicators of mineral exploration and evaluation assets

Key Audit Matter Description

As described in Notes 4 and 8 to the financial statements, the total book value of mineral exploration and evaluation assets amounted to \$16.7 million as at December 31, 2025. At the end of each reporting period, management assesses each of its mineral resource properties to determine whether any indication of impairment exists. Judgment is required in determining whether indicators of impairment exist, including factors such as, the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of resource properties are budgeted and results of exploration and evaluation activities on the exploration and evaluation assets.

Where an indicator of impairment exists, an estimate of the recoverable amount is made to determine the extent of the impairment, if any. No indicators of impairment were identified during the year.

We considered this to be a key audit matter due to the significance of the mineral exploration and evaluation assets and the level of judgment involved in management's assessment of indicators of impairment, which required significant auditor judgment in performing our audit procedures.

Audit Response

We responded to this matter by performing audit procedures relating to the assessment of impairment indicators of mineral exploration and evaluation assets. Our audit work in relation to this included, but was not restricted to, the following:

- Assessed the judgments made by management in determining the impairment indicators, which included the following:
 - Obtained and analyzed management's assessment of the indicators of impairment in accordance with IFRS 6 and discussed with management all facts and circumstances which could indicate an impairment of the asset balance. We also obtained a memo from management outlining the future plans for the properties and ensured that the memo addressed all properties and any potential impairment indicators in accordance with IFRS 6.
 - Obtained for all claims, by reference to a government registry, evidence to support the existence of the right to explore the area and the claim expirations.
 - Read minutes and resolutions of the board of directors and obtained approved budgets to evidence that continued and planned substantive expenditures on further exploration and evaluation of resource properties are budgeted and to evidence the expected renewals of exploration rights.
 - Assessed the results of exploration and evaluation activities on the mineral exploration and evaluation assets and whether any facts and circumstances suggest that the carrying amount may exceed the recoverable amount based on evidence obtained in other areas of the audit.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Walter-Armando Gomez Figueroa.

Montréal, Quebec

April 28, 2026

MNP¹ LLP

¹ By CPA auditor, public accountancy permit No. A142237

Atlas Salt Inc.**Statement of Financial Position****As at**

(in Canadian Dollars)

| | Dec 31, 2025 | Dec 31, 2024 |
|---|---------------------|---------------------|
| | \$ | \$ |
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | 5,965,954 | 8,032,910 |
| Short-term investment | 175,562 | - |
| Accounts receivable | 463,880 | 445,054 |
| Prepaid expenses | 747,750 | 134,871 |
| | <u>7,353,146</u> | <u>8,612,835</u> |
| Right of use asset | 1,412 | 18,360 |
| Capital assets (Note 5) | 885,831 | 740,640 |
| Investments (Note 6) | 1,372,649 | 811,142 |
| Mineral exploration and evaluation (Note 7) | 16,693,790 | 11,782,322 |
| | <u>26,306,828</u> | <u>21,965,299</u> |
| Liabilities | | |
| Current | | |
| Trade payables and accrued liabilities (Note 8) | 688,259 | 1,448,666 |
| Lease Liability | 1,607 | 18,532 |
| Current portion of long-term debt (Note 9) | 32,219 | 10,360 |
| Other liabilities | - | 5,671 |
| | <u>722,085</u> | <u>1,483,229</u> |
| Non-Current | | |
| Asset retirement obligations (Note 11) | 348,977 | 125,303 |
| Lease liability | - | 1,607 |
| Long term debt (Note 9) | 150,925 | 89,640 |
| Conditionally repayable debt (Note 10) | 591,622 | - |
| | <u>1,091,524</u> | <u>216,550</u> |
| | <u>1,813,609</u> | <u>1,699,779</u> |
| Shareholders' Equity | | |
| Share capital (Note 12) | 35,458,216 | 27,204,839 |
| Warrants (Note 12) | 181,499 | 2,678,079 |
| Contributed surplus | 7,747,965 | 5,564,649 |
| Deficit | (18,894,461) | (15,182,047) |
| | <u>24,493,219</u> | <u>20,265,520</u> |
| | <u>26,306,828</u> | <u>21,965,299</u> |
| Total Liabilities and Shareholders' Equity | | |

Nature of operations (Note 1)

Approved on behalf of the Board of Directors

Nolan K. PetersonCarson Noel

Director, Chief Executive Officer

Director, Chair of Audit Committee

Atlas Salt Inc.
Statements of Net Loss and Comprehensive Loss
For the years ended
(in Canadian Dollars)

| | 12 Months Ending | |
|---|-------------------------|--------------------|
| | December 31 | |
| | 2025 | 2024 |
| | \$ | \$ |
| Expenses | | |
| Management and subcontractor fees (Note 8) | 1,162,971 | 646,723 |
| Director's fees (Note 8) | 50,000 | 60,000 |
| Marketing and communications | 407,329 | 32,751 |
| Investor relations | 3,750 | 13,268 |
| Public company expenses | 194,489 | 301,265 |
| Office, consulting fees and other (Note 8) | 1,492,893 | 440,135 |
| Salaries and benefits | 459,696 | 367,287 |
| Conferences and travel | 316,866 | 193,341 |
| Share-based compensation (Note 13) | 169,003 | 1,375,010 |
| Right of use amortization | 16,948 | 15,536 |
| Depreciation (Note 5) | 35,952 | 26,915 |
| | 4,309,897 | 3,472,231 |
| Other Income (Expenses) | | |
| Interest income | 47,287 | 400,161 |
| Interest on lease liability | (589) | (1,267) |
| Interest on long term debt (Note 9) | (10,723) | (614) |
| Loss from investment in associate | (215,137) | (709,145) |
| Gain on derecognition of associate (Note 6) | 776,644 | 107,173 |
| | 597,482 | (203,692) |
| Net and Comprehensive Loss | (3,712,415) | (3,675,923) |
| Net Loss per share (basic and diluted) | (0.037) | (0.038) |
| Weighted average number of common shares outstanding - basic and diluted | 99,369,090 | 95,719,819 |

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

Atlas Salt Inc.**Statement of Changes in Equity**

(in Canadian Dollars)

| | (Note 12) | (Note 12) | (Note 13) | | Total Shareholders' Equity |
|---|-------------------|------------------|---------------------|---------------------|----------------------------|
| | Share Capital | Warrants | Contributed Surplus | Deficit | Equity |
| | \$ | \$ | \$ | \$ | \$ |
| Balance, December 31, 2023 | 25,591,855 | 2,678,787 | 5,011,628 | (11,506,123) | 21,776,147 |
| Net and comprehensive loss | | | | | |
| January 1, 2024 - December 31, 2024 | - | - | - | (3,675,923) | (3,675,923) |
| Issuance of shares upon vesting of Performance and Restricted Share Units | 1,527,684 | | (1,527,684) | | - |
| Return of common shares to treasury | (78,183) | - | - | - | (78,183) |
| Exercise of options | 156,525 | - | (41,525) | - | 115,000 |
| Exercise of warrants | 6,958 | (708) | - | - | 6,250 |
| Share-based compensation | - | - | 2,122,230 | - | 2,122,230 |
| Balance, December 31, 2024 | 27,204,839 | 2,678,079 | 5,564,649 | (15,182,046) | 20,265,521 |
| Net and comprehensive loss | | | | | |
| January 1, 2025 - December 31, 2025 | - | - | - | (3,712,415) | (3,712,415) |
| Issuance of shares pursuant to Equity Raise | 8,719,400 | - | - | - | 8,719,400 |
| Issuance of warrants pursuant to Equity Raise | - | 181,499 | - | - | 181,499 |
| Issuance of shares upon vesting of Performance and Restricted Share Units | 402,780 | - | (402,780) | - | - |
| Share issuance costs | (890,172) | | | | (890,172) |
| Return of common shares to treasury | (74,881) | - | - | - | (74,881) |
| Exercise of options | 96,250 | - | (41,250) | - | 55,000 |
| Expiration of warrants | - | (2,678,079) | 2,678,079 | - | - |
| Share-based compensation | - | - | (50,733) | - | (50,733) |
| Balance, December 31, 2025 | 35,458,216 | 181,499 | 7,747,965 | (18,894,461) | 24,493,219 |

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

Atlas Salt Inc.**Statement of Cash Flows****Year ended**

(in Canadian Dollars)

| | Dec 31, 2025 | Dec 31, 2024 |
|--|---------------------|---------------------|
| | \$ | \$ |
| Operating Activities | | |
| Net loss | (3,712,415) | (3,675,923) |
| Adjustment for non-cash items: | | |
| Depreciation (Note 5) | 35,952 | 26,915 |
| Right of use asset | 16,948 | 15,536 |
| Lease accretion | 589 | 1,267 |
| Loss on investment in associate (Note 6) | 215,137 | 709,145 |
| Gain on derecognition of associate (Note 6) | (776,644) | - |
| Dilution gain | - | (107,173) |
| Share-based compensation (Note 13) | 169,003 | 1,375,930 |
| | (4,051,430) | (1,654,304) |
| Changes in non-cash working capital | | |
| Accounts receivable | (18,826) | (269,817) |
| Prepaid expenses | (462,879) | (90,040) |
| Trade payables and accrued liabilities | (766,078) | 992,445 |
| Cash used in operating activities | (5,299,213) | (1,021,715) |
| Financing Activities | | |
| Issuance of common shares and warrants (Note 12) | 8,554,400 | - |
| Share issuance costs (Note 12) | (890,172) | - |
| Return of common shares to treasury | (74,881) | (78,183) |
| Exercise of options | 55,000 | 115,000 |
| Exercise of warrants | - | 6,250 |
| Long term debt (Note 9) | - | 100,000 |
| Long term debt payments (Note 9) | (23,958) | - |
| Right of use lease payments | (19,122) | (15,024) |
| Conditionally repayable debt (Note 10) | 591,622 | - |
| Cash from financing activities | 8,192,889 | 128,042 |
| Investing Activities | | |
| Purchase of capital assets | (74,042) | (381,465) |
| Mineral exploration and evaluation assets | (4,711,028) | (2,884,436) |
| Purchase of short-term investment | (175,562) | - |
| Cash used in investing activities | (4,960,632) | (3,265,901) |
| Net change in cash and cash equivalents for the year | (2,066,956) | (4,159,573) |
| Cash and cash equivalents, beginning of the year | 8,032,910 | 12,192,483 |
| Cash and cash equivalents, end of the year | 5,965,954 | 8,032,910 |

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

1. NATURE OF OPERATIONS

Atlas Salt Inc. (the “Company”) is a mineral exploration company engaged in the evaluation and exploration of mineral properties in Newfoundland and Labrador. The Company’s principal asset is the Great Atlantic salt deposit project (the “Great Atlantic Salt Project”), located in the St. George’s Bay basin of Western Newfoundland.

The Company was formed on June 15, 2011, under the Alberta Business Corporations Act and was listed on the TSX Venture Exchange on August 17, 2012 under the symbol “RMK.” Its business address is 2 School Road, St. George’s, NL, A0N 1Z0. In 2021, approval was gained for the corporate continuance of the Company from the Province of Alberta to the Province of British Columbia. On August 24, 2021, the Company changed its name from Red Moon Resources Inc. to Atlas Salt Inc. to reflect the Company’s core business anchored by the Great Atlantic Salt Project. On September 1, 2021, the Company’s common shares commenced trading under its new symbol “SALT.” On November 19, 2025, the Company’s shares began trading on the OTCQX under the symbol “SALQF”. Since December 31, 2022, the Company’s shares had previously traded on the OTCQB under the symbol “REMRF.”

2. BASIS OF PRESENTATION

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles (“GAAP”) as set out in the Canadian Professional Accountants of Canada Handbook – Accounting – Part I (“CPA Canada Handbook”) which incorporates IFRS® Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and IFRIC® interpretations issued by the IFRS Interpretations Committee.

These financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are classified as fair value through profit or loss (“FVTPL”).

The Company’s presentation currency and the functional currency of all of its operations is the Canadian dollar, as this is the principal currency of the economic environment in which it operates. All the Company’s assets are located in Canada.

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

3. NEW AND AMENDED IFRS STANDARDS AND INTERPRETATIONS

Future applicable accounting standards

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 - Financial Instrument Disclosures. The amendments clarify the timing of recognition and derecognition for a financial asset or financial liability, including clarifying that a financial liability is derecognized on the settlement date. Further, the amendments introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date, if specific conditions are met. The amendments also require additional disclosures for financial instruments with contingent features and investments in equity instruments classified at fair value through other comprehensive income. These amendments are effective for annual reporting periods beginning on or after January 1, 2026. The Company is assessing the potential impact but does not anticipate any material impact to the financial statements.

In April 2024, the IASB issued IFRS 18 - Presentation and Disclosure in Financial Statements which sets out the overall requirements for presentation and disclosures in the financial statements. The new standard replaces IAS 1 and although much of the substance of IAS 1 will carry over into the new standard, the new standard will require presentation of separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category. The new standard will also require disclosure and explanation of 'management-defined performance measures' in a separate note within the financial statements.

The new standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements, and requires retrospective application. The Company is currently assessing the impact of the new standard.

4. MATERIAL ACCOUNTING POLICIES

Material Management Accounting Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates, judgments, and assumptions regarding the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from the estimates. Material estimates and judgments made by management in the preparation of these financial statements are outlined below.

Fair value of investment in Triple Point Resources Ltd. ("Triple Point"): the determination of the fair value of financial instruments not quoted in an active market requires the use of valuation techniques. As at December 31, 2025, the Company holds an equity investment in Triple Point, a private company, for which there is no observable

market price. Accordingly, management has determined the fair value of this investment using a market approach. In applying the market approach, the Company used observable valuation multiples of comparable publicly traded companies operating in similar industries.

When determining fair value, the Company uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation techniques used by the Company to determine fair value are considered to be market approaches which include valuation techniques that use prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities. The Company generally uses the most recent capital increases, financing rounds or subscriptions/term sheets to value this investment. Accordingly, management has determined the fair value of this investment using the transaction price of a private placement Triple Point completed during 2025. No events or transactions occurred between the date of the private placement and year-end that would indicate a change in fair value.

Determination of significant influence of associates: At the end of each reporting period, the Company assesses whether significant influence exists over its investment in associates. Judgment was required in determining whether it exercised significant influence over Triple Point. due to its ownership being less than 20%. The Company considered the following factors: representation on the board of directors or equivalent governing body of the investee, participation in policy-making processes, material transactions between the entity and its investee, interchange of managerial personnel and provision of essential technical information. As of August 11, 2025, the Company determined that it no longer exercised significant influence over Triple Point.

Mineral Exploration and Evaluation Assets: At the end of each reporting period, the Company assesses each of its mineral resource properties to determine whether any indication of impairment exists. Judgment is required in determining whether indicators of impairment exist, including factors such as, the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of resource properties are budgeted and results of exploration and evaluation activities on the exploration and evaluation assets. No indications of impairment were identified at December 31, 2025.

Asset Retirement Obligations: The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. The Company recognizes management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, timing of estimated cash flows and discount rates could affect the carrying amount of this provision.

Share-Based Compensation: Management is required to make certain estimates when determining the fair value of stock options and equity incentives issued, including future volatility of the Company's share price, expected forfeiture rates, expected lives of the underlying securities, expected dividends, vesting period of performance share units and restricted share units and other relevant assumptions.

ACOA Provisional Loan: Provisional loans are recognized as financial liabilities when the entity becomes a party to the contractual provisions of the loan agreement. The initial fair value of the interest-free ACOA loan was determined by using a discounted cash flow analysis for the loan, which required a number of assumptions. An interest rate of 5.7% was used based on information from Scotiabank. Management estimated repayment to become effective as of June 1, 2031, upon commercial production by December 31, 2030.

Going Concern: When preparing financial statements, management is required to make an assessment of the entity's ability to continue as a going concern. This assessment requires management to estimate the Company's ability to meet current obligations and commitments over the upcoming 12 months.

Share-Based Compensation

The Company has an equity settled share-based compensation plan. The fair value of options is determined using a Black-Scholes option pricing model and is recognized as an expense over the vesting period, with a corresponding increase to contributed surplus. When options are exercised, the related contributed surplus and the proceeds received by the Company are credited to share capital. The Company estimates forfeitures at the grant date, and share-based compensation expense is recognized only for awards expected to vest. The estimate of forfeitures is reviewed periodically and revised as necessary, with any impact recognized immediately in profit or loss. Options forfeited during the period result in the reversal of any previously recognized share-based compensation expense related to those options.

Performance Share Units ("PSUs"), Deferred Share Units ("DSUs") and Restricted Share Units ("RSUs") are share-based awards granted under the Company's Equity Incentive Plan and may be settled in cash or common shares at the discretion of the Company.

The fair value of these equity instruments is determined at the grant date based on the fair value of the underlying common shares. For PSUs, the Company reassesses the estimated achievement date of the respective milestones at the end of each reporting period.

Compensation expense is recognized on a straight-line basis over the applicable vesting period, which for a PSU is the expected time to certify achievement of the underlying performance goals and for a DSU and a RSU is the specified service period. Forfeitures are recognized as they occur, with any previously recognized compensation expense reversed in the period of forfeiture.

Income Taxes

Income tax expense is comprised of current and deferred income tax. Current tax and deferred tax are recognized in earnings or loss except to the extent that they relate to items recognized directly in the statements of changes in shareholders' equity.

Current tax expense comprises the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to apply when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset tax liabilities and assets and they relate to income taxes levied by the same tax authority on either the same taxable entity, or on different taxable entities, which intend to settle tax liabilities and assets on a net basis or realize their tax assets and liabilities simultaneously.

A deferred tax asset is recognized for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which the unused tax losses, unused tax credits and temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that all or part of the related tax benefit will be realized.

Earnings (Loss) Per Share

Basic net earnings (loss) per share is calculated by dividing net earnings (loss) by the weighted-average number of common shares outstanding during the period. Diluted net earnings (loss) per share is equivalent to basic earnings (loss) per share as the inclusion of outstanding options and warrants is anti-dilutive.

Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term deposits with an original maturity of three months or less.

Short-term investments

Guaranteed investment certificates ("GICs") are short-term investments held with a chartered bank and are non-redeemable until the maturity date within a twelve-month or less period.

Grants

Government grants received or receivable in respect of mineral exploration and evaluation assets are reflected as a reduction of the cost of the mineral exploration and evaluation asset. Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. The Company uses the cost reduction method to account for government grants, under which the credits are applied against the expense or asset to which the government grant relates. The Company records mineral exploration and evaluation assets net of grant proceeds.

Investments

Investments in equity instruments are classified as fair value through profit or loss and are measured at fair value at each reporting date. Changes in fair value are recognized in net income (loss). Dividend income is recognized in net income (loss) when the Company's right to receive payment is established.

Investment in associate

An associate is an entity over which the Company has significant influence, and which is neither a subsidiary nor a joint venture.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting power of another entity, but can also arise where the Company holds less than 20% if it has the power to be actively involved and influential in policy decision affecting the entity.

An investment in associate is accounted for using the equity method. Under this method, investments in associates are carried in the statement of financial position at cost, adjusted for post-acquisition changes in the Company's share of the net assets of the associate, less any impairment losses. Losses in an associate in excess of the Company's interest in that associate are recognized only to the extent that the Company has incurred a legal or constructive obligation to make payments on behalf of the associate. Unrealized profits or losses on transactions between the Company and an associate are eliminated to the extent of the Company's interest therein.

The investment in an associate is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. Management assesses indications of impairment at the end of each reporting period. When the Company ceases to have significant influence over an associate, the investment is derecognized as an associate and subsequently accounted for in accordance with IFRS 9. Any

retained interest is remeasured at fair value at the date significant influence is lost, and any resulting difference between the carrying amount and fair value is recognized in profit or loss.

Mineral Exploration and Evaluation Assets

All costs directly associated with the exploration and evaluation of mineral properties are initially capitalized. Mineral exploration and evaluation costs are those expenditures for an area where technical feasibility and commercial viability has not yet been determined. These costs include unproved property acquisition costs, geological and geophysical costs, exploration and evaluation drilling, sampling, and appraisals. Costs incurred prior to acquiring the legal rights to explore an area are charged directly to net loss as exploration and evaluation expense. When an area is determined to be technically feasible and commercially viable, the accumulated costs are transferred to capital assets. When an area is determined not to be technically feasible and commercially viable or the Company decides not to continue with its activity, the unrecoverable costs are charged to net loss as exploration and evaluation expense.

Share-based compensation is capitalized to mineral exploration and evaluation assets based on the percentage of time spent working on mining projects during each quarter when such time relates to performing the activities listed above.

Incidental revenue and cost recoveries relating to mineral exploration and evaluation assets are recorded first as a reduction of the specific exploration and evaluation property to which the fees and payments relate, and any excess as other revenue on the statement of net loss and comprehensive loss.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. Indicators of impairment include, but are not limited to:

- The right to explore in a specific area has expired or will expire in the near future without renewal;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the area have not led to the discovery of commercially viable quantities and the entity has decided to discontinue such activities in the area, and;
- Sufficient data exists to indicate that the carrying amount of the asset is unlikely to be recovered in full from successful development or by sale.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized for the amount by which the carrying amount exceeds the recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.

Capital Assets

Capital Assets are recorded at cost. Depreciation is based on the estimated useful life using the declining balance method. Land is not depreciated. The Company has four classes of capital assets which are depreciated using the following rates:

| | |
|---------------------|-----|
| Buildings | 4% |
| Office Furniture | 20% |
| Computer Equipment | 30% |
| Light Duty Vehicles | 30% |

Asset Retirement Obligations

The Company recognizes a provision for retirement obligations associated with long-lived assets, which includes the abandonment and remediation costs required to return the property to its original condition.

The Company recognizes the fair value of the liability for an asset retirement obligation in the period in which it is incurred and records a corresponding increase in the carrying value of the related long-lived asset. Fair value is determined through a review of engineering studies, industry guidelines, and management estimates. Fair value is estimated using the present value of the estimated future cash outflows to remediate the abandoned assets at the asset's risk-free discount rate. The liability is subsequently adjusted for the passage of time and is recognized as an accretion expense in the statements of loss and comprehensive loss. The liability is also adjusted due to revisions in either the timing or the amount of the original estimated cash flows associated with the liability. If the retirement obligation relates to an area still in the exploration and evaluation stage, the retirement obligation is capitalized to the exploration and evaluation asset. Subsequent to original measurement, accretion expense is also capitalized to the exploration and evaluation asset.

Impairment of Long-lived Assets

The carrying amount of the Company's long-lived assets is assessed at each reporting period to determine whether there is any indication of impairment. If an indication of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Assets are grouped at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets (cash generating unit or "CGU"). A CGU may include certain aggregated long-lived assets. A CGU's recoverable amount is the higher of its fair value less costs to sell and its value in use. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount, with the impairment loss recognized in net loss for the reporting period. Where an

impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount, but only to the extent that this amount does not exceed the carrying amount that would have been recognized, net of depletion, depreciation, and amortization, had an impairment loss not been recognized in previous periods.

Share Issuance Costs

Share issuance costs are incremental costs directly associated with the issuance of common stock. These costs typically include fees paid to bankers or underwriters, lawyers, accountants, as well as other third parties. The share issuance costs are shown as a reduction of share capital.

Warrants

Share Purchase Warrants: Share purchase warrants were issued together with shares as units in the Company's 2023 non-brokered private placement. The shares issued to raise capital are classified in equity in accordance with IAS 32. The fair value of the proceeds of the units is allocated to separate components of equity (share capital and warrants), determined using a Black-Scholes model.

Compensation Warrants: Share purchase compensation warrants were issued to eligible brokers as part of the Company's Listed Issuer Financing Exemption ("LIFE") offering in October 2025. The fair value of the compensation warrants, determined using a Black-Scholes model, is allocated to equity (warrants).

Subsequent modifications to an entire class of share purchase warrants classified as equity are not subsequently remeasured.

Financial Instruments

The Company classifies its financial instruments in the following measurement categories: fair value through profit and loss (FVTPL); fair value through other comprehensive income (FVOCI); or amortized cost. Management determines the classification of its financial instruments at initial recognition.

The accounting policies related to these financial assets and liabilities are as follows:

Amortized Cost and Effective Interest Rate: The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments (including all fees, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of Financial Assets: Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred, and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Initial Recognition and Measurement: Financial instruments are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments, other than financial instruments at FVTPL are added to or deducted from the fair value of the financial instrument, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial instruments at FVTPL are recognized immediately in net earnings.

Classification and Subsequent Measurement: A financial asset is subsequently measured at:

- **Amortized Cost:** if it is held for the purposes of collecting contractual cash flows with such cash flows solely comprising payments of principal and interest on the principal amount outstanding;
- **Fair Value Through Other Comprehensive Income:** if it is held for the purposes of collecting contractual cash flows and selling financial assets with such cash flows solely comprising payments of principal and interest on the principal amount outstanding; or irrevocably designated as such upon initial recognition; and
- **Fair Value Through Profit and Loss:** if it is neither classified as subsequently measured at amortized cost nor FVOCI; or irrevocably designated as such upon initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

The Company classifies its financial assets using the following measurement categories:

- FVOCI; or
- Amortized Cost

All financial assets are carried at amortized cost, except for the investments which are classified and measured at FVTPL. Liabilities carried at amortized cost will continue to be measured as outlined in measurement methods above.

Impairment of Financial Assets: Financial assets which are measured subsequent to initial recognition at amortized cost are assessed for indicators of impairment at the end of each reporting period. The amount of impairment loss, if any, is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The Company's financial assets carried at amortized cost consist only of cash and accounts receivable.

The Company's exposure to credit risk on its cash balance is mitigated as cash and cash equivalents are held with major financial institutions with strong credit ratings.

A loss allowance provision, which reflects the Company's estimate of credit losses, is applied to reduce the carrying amount of trade receivables and due from related parties. Subsequent recoveries of amounts previously provided for are credited against the allowance.

5. CAPITAL ASSETS

December 31, 2025

| | Opening Cost | Additions | Closing Cost | Opening Depreciation | Depreciation | Closing Accumulated Depreciation | Net Book Value |
|---------------------------|----------------|----------------|----------------|----------------------|---------------|----------------------------------|----------------|
| Buildings | 325,273 | - | 325,273 | 16,040 | 11,360 | 27,400 | 297,873 |
| Land | 373,118 | 74,041 | 447,159 | - | - | - | 447,159 |
| Office Furniture | 12,617 | - | 12,617 | 3,344 | 1,855 | 5,199 | 7,418 |
| Computer equipment | 76,574 | - | 76,574 | 27,561 | 14,704 | 42,265 | 34,309 |
| Light Duty Vehicle | - | 107,102 | 107,102 | - | 8,033 | 8,033 | 99,069 |
| Total | 787,582 | 181,143 | 968,725 | 46,945 | 35,952 | 82,897 | 885,828 |

December 31, 2024

| | Opening Cost | Additions | Closing Costs | Opening Depreciation | Depreciation | Closing Accumulated Depreciation | Net Book Value |
|--------------------|--------------|-----------|---------------|----------------------|--------------|----------------------------------|----------------|
| Buildings | 286,740 | 38,533 | 325,273 | 5,735 | 10,304 | 16,039 | 309,235 |
| Land | 71,685 | 301,433 | 373,118 | - | - | - | 373,118 |
| Office Furniture | 12,617 | - | 12,617 | 1,262 | 2,082 | 3,344 | 9,274 |
| Computer equipment | 35,075 | 41,499 | 76,574 | 13,031 | 14,530 | 27,561 | 49,013 |
| Totals | 406,117 | 381,465 | 787,582 | 20,028 | 26,915 | 46,945 | 740,640 |

6. INVESTMENTS

| | December 31, 2025 | December 31, 2024 |
|--|-------------------|-------------------|
| Balance beginning of the year | 811,142 | 1,413,113 |
| Share of net loss and comprehensive loss | (215,137) | (709,145) |
| Dilution gain | - | 107,173 |
| Gain on derecognition of associate | 776,644 | - |
| Balance end of the year | 1,372,649 | 811,142 |

During the year ended December 31, 2024, the Company held an equity investment in Triple Point Resources Ltd. ("Triple Point") over which it exercised significant influence and, accordingly, accounted for the investment as an associate.

On August 11, 2025, Triple Point closed a \$4.5M private placement of common shares. As a result of this financing and the associated dilution of the Company's ownership interest, the Company determined that it no longer exercises significant influence over Triple Point. Accordingly, the investment no longer meets the definition of an associate. The investment is therefore accounted for in accordance with IFRS 9 Financial Instruments and is measured at FVTPL. Fair value was derived by multiplying the Company's number of shares (27,452,980) by the Triple Point offering price of \$0.05 per share.

7. MINERAL EXPLORATION AND EVALUATION ASSETS

The Company has 20 mineral licences (December 31, 2024 – 20) which consist of 321 claims (December 31, 2024 – 321 claims), which are active and in good standing with the Department of Industry, Energy and Technology in the Province of Newfoundland and Labrador. These licences are in the exploration and evaluation stage. The Company has 3 mining leases (Ace Mining Lease #239, and Gypsum Waste Reclamation Mining Leases #241 and #242) registered with the Department of Department of Industry, Energy and Technology in the Province of Newfoundland and Labrador on mineral licences 022132M, 027059M and 0271060M situated near St. George's, Western Newfoundland.

A summary of the costs of these licences is as follows:

December 31, 2025

| | Balance, beginning of the year | Additions | Refunds | Incidental Revenue | Balance, end of the year |
|--|--------------------------------------|-----------|---------|-----------------------|--------------------------------|
| Mineral Exploration and Evaluation Assets | 11,782,322 | 5,022,655 | - | (111,187) | 16,693,790 |

December 31, 2024

| | Balance, beginning of the year | Additions | Refunds | Incidental Revenue | Balance, end of the year |
|--|--------------------------------------|-----------|---------|-----------------------|--------------------------------|
| Mineral Exploration and Evaluation Assets | 8,162,295 | 3,620,027 | - | - | 11,782,322 |

Incidental revenue includes proceeds from the sale of gypsum from the Ace Gypsum mine which were netted against mineral exploration and evaluation assets. For the year ending December 31, 2025 mineral exploration costs include a share-based compensation reduction of \$217,243 (December 31, 2024 – \$747,220).

During the year, no indicators of impairment have been identified related to the Company's mineral exploration and evaluation assets.

8. RELATED PARTY TRANSACTIONS

Vulcan Minerals Inc. owned 27.02% of the Company's common shares at December 31, 2025 (December 31, 2024 – 29.79%), giving it significant influence over the Company. The following transactions were carried out with Vulcan Minerals Inc.:

| Paid/payable (reimbursements and other) to Vulcan Minerals Inc. on behalf of the Company: | December 31, 2025 | December 31, 2024 |
|---|-------------------|-------------------|
| Mineral exploration and evaluation assets | 8,911 | 26,857 |
| Royalty | 3,684 | - |
| General and administrative expenses | 815 | 31,914 |
| Rent paid to a corporation which is controlled by a director of the Company | - | 12,000 |
| | 13,410 | 70,771 |

Compensation for key management personnel, which includes the former President and Chief Executive Officer, former Chief Financial Officer and Directors, is as follows:

| Paid/payable to members of key management and directors: | December 31, 2025 | December 31, 2024 |
|---|--------------------------|--------------------------|
| Directors' fees | 50,000 | 60,000 |
| Management and subcontractor fees | 1,230,244 | 747,525 |
| Compensation capitalized as mineral exploration and evaluation assets | 111,044 | 185,393 |
| Share-based compensation: | | |
| General and administrative expenses | 159,621 | 1,300,187 |
| Mineral exploration and evaluation assets | (272,615) | 564,294 |
| | 1,278,294 | 2,857,399 |

Trade payables and accrued liabilities include \$14,375 owing to related parties as at December 31, 2025 (December 31, 2024 – \$72,362).

9. LONG TERM DEBT

The Company has a loan with the Business Development Bank of Canada (BDC) bearing interest at 8.40%, payable in two separate monthly payments of Principal and Interest. Principal payments consist of a one-time principal payment of \$2,060, then \$1,660 monthly, beginning on July 23, 2025. Interest payments have been paid monthly since the loan's inception, and the loan matures on June 23, 2030. The loan is unsecured.

In June 2025, the Company financed a light duty vehicle through Scotiabank bearing interest at 5.52%. Combined principal and interest payments total \$1,429 monthly. The loan matures on June 16, 2032.

| Long term debt | December 31, 2025 | December 31, 2024 |
|--------------------------------|--------------------------|--------------------------|
| Balance beginning of the year | 100,000 | - |
| Additions | 107,102 | 100,000 |
| Payments made | (23,958) | - |
| Balance end of the year | 183,144 | 100,000 |
| Long term portion | 150,925 | 89,640 |
| Short term portion | 32,219 | 10,360 |

| Future minimum long-term debt payments are as follows: | |
|---|---------------|
| Fiscal year 2026 | 32,219 |
| Fiscal year 2027 | 32,915 |
| Fiscal year 2028 | 33,651 |
| Fiscal year 2029 | 34,428 |
| Fiscal year 2030 | 25,290 |
| Fiscal year 2031 | 16,198 |
| Fiscal year 2032 | 8,443 |

10. CONDITIONALLY REPAYABLE GOVERNMENT LOAN

The Company received \$1,000,000 in 2025 as a Contribution Agreement with Atlantic Canada Opportunities Agency (ACOA) under the REGI - Business Scale-Up and Productivity (BSP) program. This program is a national innovation program that was established to provide support to business productivity and scale-up. ACOA funded 50% of eligible costs to the maximum of \$1,000,000 in the form of a non-interest-bearing conditionally repayable contribution. Repayment on the contribution in 60 monthly installments of \$16,667, would commence six months after the Company enters commercial production at the Great Atlantic Salt Project. As of December 31, 2025, repayment is anticipated to commence in June 2031. The fair value of the funding presented on the statement of financial position of \$591,622 (\$nil - 2024) was determined using an incremental borrowing rate of 5.7% (prime rate plus 1.25% as indicated by Scotiabank). The difference between the cash received and the present value of the funding was recognized as a government grant applied against the Company's mineral exploration and evaluation assets.

11. ASSET RETIREMENT OBLIGATIONS

Upon termination of the Company's Ace Gypsum mine, the Company is required to satisfy certain asset retirement obligations including the removal of any equipment and the restoration of the land and premisses to their original condition. The total discounted cash flows estimated to settle the Company's asset retirement obligations as at December 31, 2025, was \$348,977 (December 31, 2024 – \$125,302). During the year, the Company recorded an increase in its asset retirement obligation reflecting updated cost estimates and assumptions related to the future reclamation and closure costs of the mine. The adjustment was recognized as an increase to the carrying amount of the mineral exploration and evaluation assets, with a corresponding increase to the asset retirement obligation. The estimated future cash flows have been discounted using a risk-free rate of 2.55% (December 31, 2024 – 2.92%) and an inflation rate of 2.4% (December 31, 2024 – 1.8%).

A reconciliation of the asset retirement obligation is provided below:

| | December 31, 2025 | December 31, 2024 |
|---------------------------------|-------------------|-------------------|
| Balance, beginning of the year | 125,302 | 136,931 |
| Provision Adjustment | 223,675 | (11,629) |
| Balance, end of the year | 348,977 | 125,302 |

12. SHARE CAPITAL

Unlimited number of voting common shares.

Unlimited number of preferred shares, issuable in series.

| Issued and Outstanding | December 31, 2025 | | December 31, 2024 | |
|---|-------------------------|-------------------|-------------------------|---------------|
| | Number of Common Shares | Share Capital | Number of Common Shares | Share Capital |
| Common Shares | | | | |
| Balance, beginning of the year | 96,967,117 | 27,204,839 | 94,768,785 | 25,591,855 |
| Private placement – common shares | 10,693,000 | 8,554,400 | - | - |
| Private placement – shares issued in exchange for services | 187,500 | 165,000 | | |
| Share issuance costs | | (890,172) | | |
| Issuance of shares upon vesting of Performance Share Units and Restricted Share Units | 345,500 | 402,780 | 1,151,070 | 1,527,684 |
| Return of common shares to treasury | (129,106) | (74,881) | (127,738) | (78,183) |
| Exercise of stock options | 550,000 | 96,250 | 1,150,000 | 156,525 |
| Exercise of warrants | - | - | 25,000 | 6,958 |
| Balance, end of the year | 108,614,011 | 35,458,216 | 96,967,117 | 27,204,839 |

For the year ended December 31, 2025, there were 345,500 shares issued (December 31, 2024 – 1,151,070), as a result of Performance Share Units and Restricted Share Units that vested (Note 13) and 550,000 options exercised by related parties (2024 – 1,150,000). The return of 129,106 common shares was a related party transaction in 2025 (December 31, 2024 – 127,738).

Private Placement

Pursuant to a brokered Listed Issuer Financing Exemption (“LIFE”) private placement dated October 21, 2025, the Company issued 10,880,500 common shares at a price of \$0.80 per share for aggregate gross proceeds of \$8,704,400 (less \$890,172 attributed to share issuance costs). Included were 187,500 shares issued in exchange for services, which were measured at the invoice value of the services provided (\$150,000), representing management’s best estimate of fair value, and recognized as share-based compensation. In addition, 375,000 shares were issued to Vulcan Minerals Inc, in the amount of \$300,000.

In connection with the private placement, the Company issued 652,830 compensation warrants and paid a cash commission of 6% of the gross proceeds of the offering. The compensation warrants entitle the holder to acquire one common share of the Company at a price of \$0.80 for a period of two years.

Warrants

| Issued and Outstanding | December 31, 2025 | | December 31, 2024 | |
|---------------------------------------|--------------------|------------------------------------|--------------------|------------------------------------|
| | Number of Warrants | Weighted Average Exercise Price \$ | Number of Warrants | Weighted Average Exercise Price \$ |
| Warrants | | | | |
| Balance, beginning of the year | 2,850,000 | 2.40 | 2,875,000 | 2.38 |
| Expired | (2,850,000) | 2.40 | | |
| Exercised | - | - | (25,000) | 0.25 |
| Issued – finders’ warrants | 652,830 | 0.80 | | |
| Balance, end of the year | 652,830 | 0.80 | 2,850,000 | 2.40 |

| | December 31, 2025 | December 31, 2024 |
|--|-------------------|-------------------|
| Balance, beginning of the year | 2,678,079 | 2,678,787 |
| Transferred to share capital upon exercise of warrants | - | (708) |
| Expiry of warrants | (2,678,079) | - |
| Issued for private placement | 181,499 | - |
| Balance, end of the year | 181,499 | 2,678,079 |

Upon the expiration of warrants in 2025, the value of those warrants was all transferred to contributed surplus. The weighted average fair value of the warrants issued during 2025 were estimated on the dates of issuance to be \$0.28 (2024 – \$nil) using the Black-Scholes fair value option pricing model and the following weighted average assumptions:

| | 2025 | 2024 |
|---|--------|------|
| Expected volatility (%) | 65.75% | - |
| Risk-free interest rate (%) | 2.40% | - |
| Weighted-average expected life (years) | 2.00 | - |
| Fair value of share price on issue date | 0.77 | - |
| Dividend yield (%) | - | - |

13. SHARE-BASED COMPENSATION

Stock Option Plan

The Company has a stock option plan under which directors, officers, management, consultants, and employees of the Company are eligible to receive stock options. The aggregate number of shares to be issued upon exercise of all options granted under the plan shall not exceed 10% of the issued shares of the Company at the time of granting the options. The number of shares which may be reserved for issuance in any 12-month period to any one individual may not exceed 5% of the issued shares or 2% if the optionee is a consultant, and the number of shares which may be reserved for issuance in any 12-month period to all optionees engaged in investor relations activities may not exceed 2% in the aggregate of the issued shares on a yearly basis. Options may be exercisable over periods of up to ten years, as determined by the Board of Directors of the Company and are required to have an exercise price no less than the closing market price of the Company's shares prevailing on the day that the option is granted less a discount of up to 25%, with the amount of the discount varying with market price in accordance with the policies of the TSXV.

Stock Options

| Summary of Stock Options Outstanding and Exercisable | December 31, 2025 | | December 31, 2024 | |
|---|----------------------|-----------------------------------|----------------------|-----------------------------------|
| | Number of Options | Weighted Avg Exercise Price \$ | Number of Options | Weighted Avg Exercise Price \$ |
| Outstanding, beginning of the year | 4,000,000 | 0.79 | 5,825,000 | 0.77 |
| Granted | 1,200,000 | 0.49 | - | |
| Expired | - | - | (802,738) | (1.53) |
| Exercised | (550,000) | (0.10) | (1,022,262) | (0.11) |
| Outstanding, end of the year | 4,650,000 | 0.79 | 4,000,000 | 0.79 |
| Outstanding and exercisable, end of the year | 3,650,000 | 0.89 | 4,000,000 | 0.79 |

The weighted average of the exercise price on the date of exercise of options in 2025 was \$0.79 (2024 – \$0.79).

The weighted average remaining contractual life of outstanding options is 2.26 years (December 31, 2024 – 2.71 years). The weighted average remaining contractual life of exercisable options is 1.96 years (December 31, 2024 – 2.71 years). For the year ending December 31, 2025, 1,200,000 stock options were granted (2024 – nil).

On April 28, 2025, the Company granted 200,000 stock options to a director, with 100,000 options vesting immediately and 100,000 options vesting April 28, 2026. The stock price on the date of grant was \$0.46.

On June 9, 2025, the Company granted 400,000 stock options to an officer, with 200,000 vesting June 9, 2026, and 200,000 vesting June 9, 2027. The stock price on the date of grant was \$0.52.

On June 9, 2025, the Company granted 200,000 stock options to an officer, with 100,000 vesting June 9, 2026, and 100,000 vesting June 9, 2027. The stock price on the date of grant was \$0.52.

On July 15, 2025, the Company granted 400,000 stock options to a consulting company, with 100,000 options vesting October 15, 2025, 100,000 options vesting January 15, 2026; 100,000 options vesting April 15, 2026, and 100,000 stock options vesting July 15, 2026. The stock price on the date of grant was \$0.42.

The Company expensed share-based compensation related to options in the amount of \$127,003 in the year ending December 31, 2025 (December 31, 2024 – \$nil) and \$19,972 was capitalized to mineral exploration and evaluation assets (December 31, 2024 – \$nil). The weighted average fair value of the options issued during 2025 are outlined below, and were estimated on the dates of issuance, using the Black-Scholes fair value option pricing model and the following weighted average assumptions:

| Grant Date | 2025-04-28 | 2025-06-09 | 2025-07-15 | 2024 |
|--|-------------------|-------------------|-------------------|-------------|
| Weighted average fair value of options (\$) | 0.19 | 0.35 | 0.08 | - |
| Expected volatility (%) | 76.06% | 101.01% | 60.28% | - |
| Risk-free interest rate (%) | 2.57% | 2.71% | 2.83% | - |
| Weighted-average expected life (years) | 3.00 | 5.00 | 1.00 | - |
| Fair value of share price on issue date (\$) | 0.395 | 0.47 | 0.42 | - |
| Dividend yield (%) | - | - | - | - |

Equity Incentive Plan

The Company has an equity incentive plan to provide the Company with a share-related mechanism to attract, retain and motivate qualified directors, employees, and consultants of the Company. The total number of shares reserved and available for grant and issuance, together with all the Company's other Security Based Compensation Arrangements, shall not exceed 10% (in aggregate) of the issued and outstanding shares of the Company. The aggregate number of awards granted to any one Participant in a 12-month period must not exceed 5% of the issued and outstanding shares or 2% for Consultants, calculated on the date an award is granted or issued to the participant, less the aggregate number of shares reserved for issuance to such person. The grant to Insiders (as a group), within a 12-month period of an aggregate number of awards must not exceed 10% of the issued and outstanding shares. Investor relations service providers may not receive any security-based compensation other than stock options.

Deferred Share Units (DSUs)

| Summary of deferred share units (DSUs) | December 31, 2025 | | December 31, 2024 | |
|--|-------------------|--|-------------------|--|
| | Number of DSUs | Weighted Average Price at Date of Grant \$ | Number of DSUs | Weighted Average Price at Date of Grant \$ |
| Outstanding, beginning of the year | 1,000,000 | 0.72 | | |
| Granted | 600,000 | 0.49 | 1,000,000 | 0.72 |
| Forfeited | (200,000) | 0.71 | | |
| Outstanding, end of the year | 1,400,000 | 0.62 | 1,000,000 | 0.72 |

On January 5, 2024, the Company granted 150,000 DSUs to a director, with 50,000 vesting January 5, 2025, 50,000 vesting July 5, 2025, and 50,000 vesting January 5, 2026. The stock price on the date of the grant was \$0.70.

On July 16, 2024, the Company granted 850,000 DSUs to directors, with 425,000 vesting July 16, 2025, and 425,000 vesting January 16, 2026. The stock price on the date of grant was \$0.72.

On March 28, 2025, a Director resigned from the Board of Directors and surrendered 200,000 DSUs on that date. \$90,833 of expenses were reversed.

On September 19, 2025, the Company granted 600,000 DSUs to directors, with all vesting on September 19, 2026. The stock price on the date of grant was \$0.49.

The Company expensed share-based compensation related to DSUs in the amount of \$330,917 for the year ending December 31, 2025 (December 31, 2024 – \$330,833). None of these expenses were capitalized to mineral exploration and evaluation assets.

Restricted Share Units (RSUs)

| Summary of restricted share units (RSUs) | December 31, 2025 | | December 31, 2024 | |
|--|-------------------|--|-------------------|--|
| | Number of RSUs | Weighted Average Price at Date of Grant \$ | Number of RSUs | Weighted Average Price at Date of Grant \$ |
| Outstanding, beginning of the year | 355,500 | 1.16 | 987,500 | 1.31 |
| Granted | 700,000 | 0.52 | 72,000 | 0.70 |
| Forfeited | (48,000) | 0.78 | - | - |
| Vested and settled in shares | (307,500) | 1.32 | (704,000) | 1.32 |
| Outstanding, end of the year | 700,000 | 0.51 | 355,500 | 1.16 |

On January 5, 2024, the Company granted 72,000 RSUs to an officer, with 40,000 vesting January 5, 2025, 16,000 vesting July 5, 2025, and 16,000 vesting January 5, 2026. The stock price on the date of the grant was \$0.70. On April 20, 2025, 32,000 RSUs were forfeited.

On June 9, 2025, the Company granted 500,000 RSUs to an officer, with 100,000 vesting June 9, 2026, 200,000 vesting June 9, 2027, and 200,000 vesting June 9, 2028. The stock price on the date of the grant was \$0.52.

On June 9, 2025, the Company granted 200,000 RSUs to an officer, with 50,000 vesting June 9, 2026, 75,000 vesting June 9, 2027, and 75,000 vesting June 9, 2028. The stock price on the date of the grant was \$0.52.

On June 20, 2025, an officer of the Company resigned and forfeited 16,000 RSUs.

The Company expensed the net of share-based compensation and those expenses related to the unvested forfeited RSUs in the amount of \$81,636 for the year ending December 31, 2025 (December 31, 2024 – \$477,191) and \$42,522 was capitalized to mineral exploration and evaluation assets (December 31, 2024 – \$354,674).

Performance Share Units (PSUs)

| Summary of performance share units (PSUs) | December 31, 2025 | | December 31, 2024 | |
|---|-------------------|--|-------------------|--|
| | Number of PSUs | Weighted Average Price at Date of Grant \$ | Number of PSUs | Weighted Average Price at Date of Grant \$ |
| Outstanding, beginning of the year | 1,418,430 | 1.25 | 1,737,500 | 1.31 |
| Granted | 800,000 | 0.52 | 128,000 | 0.70 |
| Forfeited | (1,208,000) | 1.27 | - | - |
| Exercised | (38,000) | 0.70 | (447,070) | 1.34 |
| Outstanding, end of the year | 972,430 | 0.65 | 1,418,430 | 1.25 |

On January 5, 2024, the Company granted 128,000 PSUs to a consultant. These PSUs are based on performance indicators achieved and cannot vest prior to January 5, 2025. The stock price on the date of the grant was \$0.70. On April 20, 2025, 90,000 PSUs were forfeited and \$37,029 expenses reversed.

On March 19, 2025, an officer of the Company was terminated and 1,000,000 PSUs were forfeited. These PSUs had all vested and the stock price at the date of grant was \$1.36. Expenses reversed in the amount of \$412,916 and \$334,017 capitalized to mineral exploration and evaluation.

On June 9, 2025, the Company granted 600,000 PSUs to an officer. These PSUs are based on performance indicators achieved and cannot vest prior to June 9, 2026. The stock price on the date of the grant was \$0.52.

On June 9, 2025, the Company granted 200,000 PSUs to an officer. These PSUs are based on performance indicators achieved and cannot vest prior to June 9, 2026. The stock price on the date of the grant was \$0.52.

On June 20, 2025, an officer of the Company resigned and 118,000 PSUs were forfeited. These PSUs had vested and the stock price at the date of grant was \$0.95. Expenses reversed in the amount of \$31,752 and \$18,880 capitalized to mineral exploration and evaluation.

The Company expensed the net of share-based compensation and those expenses related to the unvested forfeited PSUs in the amount of \$(370,552) for the year ending December 31, 2025 (December 31, 2024 – \$566,985) and \$(282,230) was capitalized to mineral exploration and evaluation assets (December 31, 2024 – \$392,547). For the fiscal year 2025, there were 38,000 performance share units vested.

14. INCOME TAXES

Income Tax Rates

Income taxes differ from that which would be expected from applying the combined effective Canadian federal and provincial income tax rates of 30% (2024 - 30%) to net loss before income taxes as follows:

| | 2025 | 2024 |
|---|-------------|-------------|
| | \$ | \$ |
| Expected income tax recovery | (1,113,724) | (1,102,777) |
| Change in unrecognized deferred tax asset | 1,453,673 | 1,115,962 |
| Permanent differences | (339,949) | (13,185) |
| Share based compensation costs | - | - |
| Deferred income tax expense | - | - |

Deferred Income Tax (Liabilities) Assets

The Company's deferred income tax (liabilities) assets are as follows:

| | 2025 | 2024 |
|---|--------------------|--------------------|
| | \$ | \$ |
| Deferred income tax liabilities | | |
| Exploration and evaluation assets | (1,957,475) | (1,599,327) |
| Capital assets | (25,301) | (16,926) |
| Equity investments | (155,710) | (71,484) |
| | (2,138,486) | (1,687,737) |
| Deferred income tax assets | | |
| Non-capital losses | 2,138,486 | 1,687,737 |
| | 2,138,486 | 1,687,737 |
| Net deferred income tax (liabilities) assets | - | - |

The following deductible temporary differences have not been recognized in the financial statements.

| | 2025 | 2024 |
|------------------------------------|-------------------|------------------|
| | \$ | \$ |
| Non-capital losses carried forward | 12,739,027 | 8,976,540 |
| Share issuance costs | 1,184,708 | 844,351 |
| Debit financing costs | 571,982 | - |
| Other | 348,977 | 125,303 |
| | 14,844,694 | 9,946,194 |

Non-Capital Losses

The Company has non-capital losses amounting to \$19,867,314 (2024 - \$14,602,331) which are available to reduce taxable income of future years. These tax assets are not recognized for accounting purposes and the non-capital losses expire as follows:

| Year | \$ |
|------|-------------------|
| 2034 | 118,625 |
| 2035 | 150,364 |
| 2036 | 96,235 |
| 2037 | 83,668 |
| 2038 | 85,859 |
| 2039 | - |
| 2040 | - |
| 2041 | 1,316,311 |
| 2042 | 1,701,322 |
| 2043 | 6,831,073 |
| 2044 | 4,346,971 |
| 2045 | 5,136,886 |
| | 19,867,314 |

The Company also has Canadian exploration expenses of \$10,168,873 which may be deducted in determining taxable income of future years.

15. CAPITAL MANAGEMENT

The capital structure of the Company consists of equity comprising share capital, contributed surplus, warrants, and deficit. The Company's objective when managing capital is to safeguard its accumulated capital in order to maintain its ability to continue as a going concern and to fund exploration and development activities.

16. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, short-term investment, accounts receivable, trade payable and accrued liabilities approximate their fair value due to their short-term nature. The Company's debt is recorded at its carrying amount which is reflective of fair value since the debt was assumed during the year and there have been no material changes in market interest rates. The Company does not have any other financial assets or liabilities.

The Company has exposure to credit risk, liquidity risk, market risk and commodity price risk. The source of risk exposure and how each is managed is outlined below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligation. The Company is exposed to credit risk on its cash and cash equivalents and accounts receivable. Cash is maintained on deposit with a major Canadian chartered bank and the majority of the accounts receivable is with the Federal Government. The Company believes its credit risk with respect to cash and cash equivalents and accounts receivable is not significant.

Credit risk is the risk of financial loss if a customer fails to meet its contractual obligations. The Company manages this risk through established credit approval processes, ongoing monitoring of customer balances, and, where appropriate, requiring deposits or other forms of security.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. As of December 31, 2025 the Company had a cash balance of \$5,965,954 and a positive working capital of \$6,631,061.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, and commodity prices will affect the Company's net loss or the value of its financial instruments. The Company has determined that a 1% increase or decrease in interest rates and foreign exchange rates would not have a material impact on these financial statements.

Commodity Price Risk

The recoverability of the Company's mineral exploration and evaluation assets is partially related to the market price of minerals and commodities. The Company does not hedge this exposure to fluctuations in commodity prices. The Company's ability to continue with its exploration programs is also indirectly subject to commodity prices.

17. SUBSEQUENT EVENTS

On February 12, 2026, 2,600,000 stock options were exercised by directors of Atlas Salt.

On February 12, 2026, Atlas issued 3,150,000 options at an exercise price of \$0.98 per share. This was made up of 1,600,000 to directors, 1,150,000 to direct consultants and employees and 400,000 to a financial consultant.