Northern Graphite Corporation

Condensed Interim Consolidated Financial Statements

For the Three and Six Month Periods Ended June 30, 2025 and 2024

(Unaudited and expressed in thousands of Canadian dollars except for number of shares and per share amounts)

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 financial statements have not been reviewed by an auditor.

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

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

NORTHERN GRAPHITE CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at June 30, 2025 and December 31, 2024

(Unaudited – Stated in thousands of Canadian dollars)

	Notes		June 30, 2025		December 31, 2024
ASSETS					
Current assets					
Cash and cash equivalents		**$**	**2,123**	$	373
Receivables	4		**1,880**		1,535
Prepaids			**1,059**		613
Deposits			**471**		467
Inventories	5		**5,674**		8,858
Total current assets			**11,207**		11,846
Non-current assets					
Exploration and evaluation assets	6		**17,795**		17,634
Property, plant and equipment	7		**24,418**		24,776
Mineral interests	8		**13,457**		15,412
Other assets	9		**2,832**		2,918
Restricted cash and reclamation deposits	3, 26		**1,968**		1,942
Goodwill			**2,713**		2,713
Total Assets		**$**	**74,390**	$	77,241
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	10, 25	**$**	**10,577**	$	8,966
Flow through shares liability	16		**224**		-
Current portion of senior secured loan	11		**25,959**		25,087
Current portion of royalty	12		**15,408**		14,826
Current portion of leases	15		**236**		411
Total current liabilities			**52,404**		49,290
Non-current liabilities					
Deferred revenue	13		**39,853**		39,615
Leases	15		**725**		778
Bank loan	14		**114**		-
Reclamation provisions	27		**6,818**		6,769
Deferred tax liability			**1,588**		2,191
Total Liabilities			**101,502**		98,643
SHAREHOLDERS' EQUITY					
Share capital	16		**68,411**		67,896
Warrants	16		**223**		223
Contributed surplus	16		**5,207**		5,287
Foreign currency translation			**(1,413)**		(1,612)
Accumulated deficit			**(99,540)**		(93,196)
Total Shareholders' (deficiency) equity			**(27,112)**		(21,402)
Total Liabilities and Shareholders' Equity		**$**	**74,390**	$	77,241

Going concern (note 1)

Subsequent events (notes 11, 12, 16, 19, 27 and 29)

APPROVED ON BEHALF OF THE BOARD ON August 29, 2025:

(Signed) Gregory Bowes, Director

(Signed) Cam Birge, Director

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

NORTHERN GRAPHITE CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND OTHER COMPREHENSIVE LOSS

Three and Six Months Ended June 30, 2025 and 2024

(Unaudited - Stated in thousands of Canadian Dollars, except for number of shares and per share amounts)

	Notes	Three months ended June 30, 2025	2024	Six months ended June 30, 2025	2024
Revenue		**$ 7,006**	**$ 5,465**	**$ 11,047**	**$ 10,997**
Cost of Sales					
Production costs	17	**6,297**	**4,324**	**9,146**	**9,156**
Depletion and depreciation		**2,351**	**1,031**	**3,243**	**2,251**
Total cost of sales		**8,648**	**5,355**	**12,389**	**11,407**
(Loss) income from mine operations		**(1,642)**	**110**	**(1,342)**	**(410)**
Expenses and Other Income					
General and administrative	18	**1,827**	**1,948**	**4,331**	**4,245**
License revenue	19	**(2,014)**	**-**	**(2,014)**	**-**
Share-based compensation	16, 25	**52**	**99**	**101**	**261**
Other income		**(497)**	**-**	**(1,157)**	**-**
Foreign exchange (gain) loss		**313**	**(114)**	**(85)**	**(261)**
Total expenses and Other Income		**(319)**	**1,933**	**1,176**	**4,245**
Operating loss		**(1,323)**	**(1,823)**	**(2,518)**	**(4,655)**
Loss (gain) on marketable securities		**-**	**-**	**-**	**90**
Foreign exchange (gain) loss on financing instruments	11, 12, 13	**(4,263)**	**631**	**(4,329)**	**2,063**
Finance expense	20	**2,832**	**3,044**	**6,067**	**6,164**
Interest income		**(10)**	**(35)**	**(27)**	**(69)**
Impairment expense	5	**771**	**3,487**	**967**	**3,965**
Care and maintenance	7	**567**	**683**	**1,343**	**1,740**
Okorusu moving costs		**-**	**20**	**-**	**22**
Loss before taxes		**(1,220)**	**(9,653)**	**(6,539)**	**(18,630)**
Current tax expense		**355**	**152**	**408**	**159**
Deferred tax recovery		**(580)**	**(440)**	**(603)**	**(641)**
Net loss		**(995)**	**(9,365)**	**(6,344)**	**(18,148)**
Other comprehensive loss					
Foreign currency translation gain (loss)		**(287)**	**1,128**	**199**	**847**
Other comprehensive loss		**(1,282)**	**(8,237)**	**(6,145)**	**(17,301)**
Loss per share – basic and diluted		**(0.01)**	**(0.07)**	**(0.05)**	**(0.14)**
Weighted average shares outstanding - basic and diluted		**133,887,458**	**130,539,133**	**132,800,798**	**130,490,106**

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

NORTHERN GRAPHITE CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Three and Six Months Ended June 30, 2025 and 2024

(Unaudited – Stated in thousands of Canadian Dollars)

	Notes	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Operating activities					
Net loss		$ (995)	$ (9,365)	$ (6,344)	$ (18,148)
Items not affecting cash					
Depletion and depreciation	7, 8	2,392	1,177	3,335	2,579
Income taxes		(224)	(288)	(194)	(482)
Share based payments	16, 25	81	125	159	305
Interest expense and accretion	20	3,640	2,938	7,215	5,918
Accretion of asset retirement obligation	20, 27	11	23	23	27
Impairment expense	5	771	3,487	967	3,965
Foreign exchange (gain) loss		(3,817)	(193)	(4,351)	1,464
Loss (gain) on marketable securities		-	-	-	90
Gain on modification of senior debt and royalty		(728)	-	(1,135)	-
Gain on derecognition of leases		(111)	-	(111)	-
Changes in non-cash working capital items					
Receivables, prepaids and deposits		(1,106)	1,797	(662)	45
Inventories		2,335	(299)	1,553	1,386
Accounts payable and accrued liabilities		227	729	1,726	1,257
Net cash provided by (used in) operating activities		2,476	131	2,181	(1,594)
Investing activities					
Restricted cash and deposits		(10)	(28)	(26)	(28)
Exploration and evaluation costs		(691)	(121)	(807)	(140)
Cash received on sale of marketable securities		-	400	-	400
Additions to property, plant, equipment, mineral property and intangibles		(72)	(91)	(65)	(197)
Net cash from (used in) investing activities		(773)	160	(898)	35
Financing activities					
Private placement, net of costs paid	16	-	-	500	-
Proceeds from bank loan	14	114	-	114	-
Proceeds from exercise of options	16	-	50	-	100
Royalty payments	12	-	(172)	-	(658)
Deposit and lease payments	15	(57)	(136)	(171)	(216)
Net cash from (used in) financing activities		57	(258)	443	(774)
Effect of exchange rate changes on cash		40	(9)	24	(45)
Net increase (decrease) in cash and cash equivalents		1,760	33	1,726	(2,333)
Cash and cash equivalents, beginning		323	713	373	3,115
Cash and cash equivalents, ending		$ 2,123	$ 737	$ 2,123	$ 737

Supplemental Cash Flow Information – Note 23

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

NORTHERN GRAPHITE CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Six Months Ended June 30, 2025 and 2024

(Unaudited - Stated in thousands of Canadian Dollars, except for number of shares)

	Number of shares		Share Capital		Warrants		Contributed Surplus		Foreign Currency Translation		Accumulated Deficit		Total
Balances at December 31, 2024	**131,098,214**	**$**	**67,896**	**$**	**223**	**$**	**5,287**	**$**	**(1,612)**	**$**	**(93,196)**	**$**	**(21,402)**
Exercise of RSU (note 20)	522,500		239		-		(239)		-		-		-
Share based payments (note 16)	-		-		-		159		-		-		159
Flow-through unit issuance (note 16)	2,631,579		276		-		-		-		-		276
Foreign currency translation	-		-		-		-		199		-		199
Loss for the period	-		-		-		-		-		(6,344)		(6,344)
Balances at June 30, 2025	**134,252,293**	**$**	**68,411**	**$**	**223**	**$**	**5,207**	**$**	**(1,413)**	**$**	**(99,540)**	**$**	**(27,112)**
Balances at December 31, 2023	**130,343,022**	**$**	**57,421**	**$**	**10,368**	**$**	**4,961**	**$**	**(2,571)**	**$**	**(54,392)**	**$**	**15,787**
Exercise of options (note 16)	307,692		126		-		(26)		-		-		100
Share based payment expense (notes 16)	-		-		-		305		-		-		305
Foreign currency translation	-		-		-		-		847		-		847
Loss for the period	-		-		-		-		-		(18,148)		(18,148)
Balances at June 30, 2024	**130,650,714**	**$**	**57,547**	**$**	**10,368**	**$**	**5,240**	**$**	**(1,724)**	**$**	**(72,540)**	**$**	**(1,109)**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Northern Graphite Corporation ("Northern" or the "Company") is a mineral resource exploration, development and production company engaged in the acquisition, exploration, development and production of graphite and other mineral properties. The Company was incorporated under the laws of the Province of Ontario on February 25, 2002. On April 29, 2022, the Company acquired the producing Lac-des-Îles graphite mine in Quebec ("LDI") and the Okanjande graphite deposit and Okorusu processing plant in Namibia (together "Okanjande"). In addition, Northern holds a 100% interest in the Mousseau graphite project in Quebec ("Mousseau") and the Bissett Creek graphite project in Ontario ("Bissett Creek"). The Company is listed on the TSX Venture Exchange (symbol "NGC") and the OTCQB Market (symbol "NGPHF").

The Company's registered office is located at 1000 Innovation Drive, Suite 500, Ottawa, Ontario, K2K 3E7.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. The Company has incurred losses since its inception and had an accumulated deficit of $99,540 as at June 30, 2025 which has been primarily funded by the issuance of shares, a senior secured loan (note 11), royalty financing (note 12), a deferred revenue agreement (note 13) and sales of graphite concentrate. As at June 30, 2025, the Company had a negative working capital balance of $41,197. The Company's ability to continue as a going concern depends upon its ability to raise adequate financing and to generate profitable operations in the future. The Company has been successful in the past in raising funds for operations by issuing shares and entering into financing arrangements, but there is no assurance that it will be able to continue to do so in the future. There is a material uncertainty related to these conditions that casts significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business.

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

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed interim consolidated financial statements for the three and six months ended June 30, 2025 and 2024 (the "Interim Financial Statements") have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These Interim Financial Statements do not include all the information and disclosures required in annual consolidated financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the years ended December 31, 2024 and 2023, which have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

These Interim Financial Statements were approved and authorized for issue by the Board of Directors on August 29, 2025.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND OTHER COMPREHENSIVE LOSS

Basis of consolidation

Subsidiaries are entities over which the Company has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. These Interim Financial Statements include the accounts of the wholly-owned subsidiaries as shown below. All inter-company balances, and gains and losses on intercompany transactions, have been eliminated for consolidation purposes.

(Unaudited - Stated in thousands of Canadian Dollars)

Basis of measurement

These Interim Financial Statements have been prepared on a historical cost basis except those accounts as noted in the financial instruments section (note 23). In addition, the Interim Financial Statements have been prepared using the accrual basis of accounting.

Functional and presentation currency

These Interim Financial Statements are presented in Canadian dollars, which is the functional currency of the Company. The Company's material wholly-owned subsidiaries and their functional currencies are as follows:

Name of Subsidiary	Location	Percentage Ownership	Functional Currency
Graphite Nordique Inc.	Canada	100%	CAD
Northern Graphite Processing (Namibia) (Pty) Ltd.	Namibia	100%	NAD
Northern Graphite Holdings (Namibia) (Pty) Ltd.	Namibia	100%	NAD
Northern Graphite Okanjande Mining (Pty) Ltd.	Namibia	100%	NAD
NGC Battery Materials GmbH	Germany	100%	EUR

Recent and future accounting standards

Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates

On January 1, 2025, the Company adopted amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates. The amendments provide guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments did not have an impact of the Company's interim financial statements and the comparative period.

IFRS 18 - Presentation and Disclosures in Financial Statements

On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosures in Financial Statements. The objective of the new standard is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The new standard is effective for reporting periods beginning on or after January 1, 2027. Management is currently assessing the impact of the new standard on the Company's interim and annual financial statements.

Amendments to IFRS 9 and IFRS 7

On May 30, 2024, the IASB issued amendments to the classification and measurement of financial instruments to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the solely payments of principal and interest criterion, including financial assets that have environmental, social and corporate governance-linked features and other similar contingent features. The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs and amended disclosures relating to equity instruments designated at fair value through other comprehensive income. The amendments are effective for reporting periods beginning on or after January 1, 2026. Management is currently assessing the impact of the new standard on the Company's financial statements.

(Unaudited - Stated in thousands of Canadian Dollars)

3. RESTRICTED CASH AND RECLAMATION DEPOSIT

Cash which the Company does not have immediate access to and is held in escrow accounts, on deposit with governmental agencies for reclamation obligations or as security for surety bonds has been presented as restricted cash and reclamation deposits. Restricted cash which the Company expects to receive, and have access to, within a year has been presented within current assets.

As at June 30, 2025, restricted cash includes $1,968 (December 31, 2024 - $1,942) deposited as collateral for an irrevocable letter of credit issued to secure a surety bond that guarantees reclamation obligations relating to LDI and Bissett Creek.

4. RECEIVABLES

	June 30, 2025	December 31, 2024
Trade receivables	**$ 1,188**	$ 846
Value added tax	**688**	686
Other	**4**	3
	$ 1,880	$ 1,535

The Company's expected credit loss as at June 30, 2025 is a nominal amount (December 31, 2024 – nominal amount).

5. INVENTORIES

	June 30, 2025	December 31, 2024
Materials and supplies	**$ 1,308**	$ 1,155
Graphite ore stockpiles	**1,697**	1,664
Finished goods	**2,669**	6,039
Total inventory	**$ 5,674**	$ 8,858

The amount of inventories recognized as an expense during the three and six months ended June 30, 2025 was $8,249 and $11,791 respectively (June 30, 2024 – $5,013 and $10,835).

During the first quarter of 2025, due to lower production and the resultant higher per unit costs, the Company recorded a net realizable value impairment of $196 (March 31, 2024 – nil) on its stockpiled inventory and nil on its finished goods inventory (March 31, 2024 - $478).

During the second quarter of 2025, primarily as a result of higher inventoried costs and lower anticipated sales prices per unit, the Company recorded net realizable value impairments of $198 on its stockpile inventory and $573 on its finished goods inventory. Total inventory net realizable value impairments recorded for the three and six months ended June 30, 2025 were $771 and $967, respectively (June 30, 2024 $3,487 and $3,965).

6. EXPLORATION AND EVALUATION ASSETS

	Bissett Creek	Mousseau	LDI	Total
Balance, December 31, 2024	$ 12,836	$ 1,240	$ 3,558	$ 17,634
Engineering and metallurgical	-	-	130	130
Geological and geophysical	-	-	12	12
Site costs and royalties	19	-	-	19
Balance, June 30, 2025	$ 12,855	$ 1,240	$ 3,700	$ 17,795

Bissett Creek, Ontario, Canada

The Company has a 100% interest in Bissett Creek which consists of a 1,938 hectare mining lease, expiring in June 2034, a 565 hectare mining lease, expiring in August 2035, and 52 cells under Ontario's claim system totaling approximately 1,159 hectares. All leases and cells are located in the United Townships of Head, Clara and Maria, in the County of Renfrew, Ontario.

The Company is required to make royalty payments of $0.02 per ton of graphite concentrate produced to the previous owners and is subject to a 2.5% net smelter return payable on any other minerals derived and sold from Bissett Creek. An advance royalty of $27 per annum is payable in semi-annual installments and is recorded in exploration and evaluation assets ($14 paid in the six months ended June 30, 2025). The advance will be credited against any future royalty payments.

During 2020, the Company closed the sale of a 1.0% gross revenue royalty (“GRR”) on Bissett Creek to Electric Royalties Ltd. (“ERL”) for $500 in cash and 2,000,000 shares of ERL. The Company has the option to buy back half of one percent of the initial GRR by paying $1,500 in cash.

During the third quarter of 2023, Northern sold an additional 0.5% GRR to ERL for $950 in cash. In connection with this sale, the Company will make a separate fixed royalty payment to ERL in the total amount of $200, payable in equal quarterly payments of $25 for the next two years. The net present value of the remaining payments at June 30, 2025 is $70.

On May 27, 2024, the Company sold its 2,000,000 shares of ERL for $400 in cash.

Mousseau, Quebec, Canada

During February 2022, the Company entered into an option agreement that provided it with an option to acquire a 100% interest in the Mousseau West property, subject to the owners retaining a 2% net smelter royalty. During October 2022, the Company exercised its option to acquire Mousseau West for $500 in cash and the issuance of 900,000 common shares of the Company. The Company has the right to acquire the 2% NSR from the owners at any time upon the payment of $1,000.

On March 14, 2023, the Mousseau East property consisting of 101.64 hectares was granted to the Company by the Québec Ministère des Ressources naturelles et des Forêts (the “Minister”) through an automatic procedure under the *Mining Act* (Québec) due to the lapse of certain adjoining claims previously held by an arm’s length third party. In connection with the increase in the area covered by the Company’s claims, the Company paid $50 and issued 100,000 common shares of the Company to the previous holder of the adjoining claims in order to settle litigation proceedings challenging the Minister’s increase in the area of the Company’s claims. The Mousseau West and East properties are now collectively referred to as “Mousseau” and comprise 590.5 hectares.

Lac-des-Îles

During the year ended December 31, 2023, the Company carried out a drill program designed to explore previously untested areas of the property with the objective of extending the life of the mine. The program consisted of 8,000 meters of drilling and was financed through the proceeds of a $2,250 charity flow-through private placement.

During the fourth quarter of 2024 the Company carried out an additional drilling program to continue exploring untested areas of the property with the objective of further expanding resources. As with the 2023 drill program, this was financed by the 2023 charity flow-through share financing.

During the year ended December 31, 2024, the Company announced it received a grant of $60 from Québec’s Ministère des Ressources Naturelles et des Forêts (MRNF) to pay 50 percent of eligible expenses for geo-metallurgical and geo-environmental drilling to be carried out this year. The grant is subject to a number of conditions and will be recognized when the underlying conditions have been met.

(Unaudited - Stated in thousands of Canadian Dollars)

7. PROPERTY, PLANT AND EQUIPMENT

Cost	Okanjande in process	LDI property, plant and equipment	Other	Total
Balance, December 31, 2024	$ 20,067	$ 8,825	$ 1,475	$ 30,367
Additions	-	19	22	41
Change in reclamation asset	-	26	-	26
Disposals	(5)	-	-	(5)
Foreign currency translation	174	-	6	180
Balance, June 30, 2025	$ 20,236	$ 8,870	$ 1,503	$ 30,609
Accumulated depletion and Depreciation				
Balance, December 31, 2024	(115)	(4,126)	(1,350)	(5,591)
Depletion and depreciation	(39)	(549)	(16)	(604)
Disposals	4	-	-	4
Balance, June 30, 2025	(150)	(4,675)	(1,366)	(6,191)
Net book value	$ 20,086	$ 4,195	$ 137	$ 24,418

Cost	Okanjande in process	LDI property, plant and equipment	Other	Total
Balance, December 31, 2023	$ 18,966	$ 8,305	$ 1,393	$ 28,664
Additions	186	243	82	511
Change in reclamation estimate	-	277	-	277
Sale of assets	(37)	-	-	(37)
Foreign currency translation gain	952	-	-	952
Balance, December 31, 2024	$ 20,067	$ 8,825	$ 1,475	$ 30,367
Accumulated depletion and depreciation				
Balance, December 31, 2023	(47)	(3,339)	(1,321)	(4,707)
Depletion and depreciation	(68)	(787)	(29)	(884)
Balance, December 31, 2024	(115)	(4,126)	(1,350)	(5,591)
Net book value	$ 19,952	$ 4,699	$ 125	$ 24,776

As at June 30, 2025 the amount of depletion and depreciation from property, plant and equipment and mineral interests included in inventory was $3,243 (June 30, 2024 – $1,345). For the three and six months ended June 30, 2025 the amount of depreciation included in general and administrative expenses was $29 and $55 (June 30, 2024 - $18 and $36).

As at June 30, 2025, LDI property, plant, and equipment cost includes $1,667 (December 31, 2024 - $1,667) for right of use assets with a net book value of $397 (December 31, 2024 - $548). The right of use assets consists of $397 for a land use and building lease (December 31, 2024 - $466) and nil for mobile assets (December 31, 2024 - $82).

The LDI mine and plant were temporarily placed in care and maintenance for the second, third and part of the fourth quarters of 2023 while the Company sold excess inventory acquired with LDI. The plant restarted in October 2023, but the mine continued on care and maintenance and restarted mining operations April 2024. In order to preserve cash, the Company temporarily stopped its mining operations in July 2024 while continuing to operate the plant seven days a week, processing inventory from its existing stockpile, and then restarted mining operations in September 2024. During the fourth quarter of 2024 the Company again placed the plant and mine under a temporary shutdown for maintenance and repairs and resumed mining and milling operations in mid January 2025. In April 2025 the Company placed the plant under a temporary shutdown for two weeks to perform maintenance and build ore stockpiles.

(Unaudited - Stated in thousands of Canadian Dollars)

Costs incurred when mining or production operations ceased during the three and six months ended June 30, 2025 were $334 and $772 respectively (June 30, 2024 - $172 and $779) and have been recorded in the condensed interim consolidated statements of loss and other comprehensive loss as care and maintenance expense.

The Okanjande plant was placed in temporary care and maintenance during 2023. Holding costs incurred for the three and six months ended June 30, 2025 of $233 and $571, respectively (June 30, 2024 - $511 and $961) were recorded in the consolidated statements of loss and other comprehensive loss as care and maintenance expense.

As at June 30, 2025, Okanjande in process additions includes $2,256 (December 31, 2024 - $2,256) for capitalized interest (rate of 12%) arising from accretion on deferred revenue (note 13).

8. MINERAL INTERESTS

Cost	Okanjande	LDI	Total
Balance, December 31, 2024	$ 9,982	$ 15,809	$ 25,791
Foreign currency translation	88	-	88
Balance, June 30, 2025	10,070	15,809	25,879
Accumulated depletion and Depreciation			
Balance, December 31, 2024	-	(10,379)	(10,379)
Depletion and depreciation	-	(2,043)	(2,043)
Balance, June 30, 2025	-	(12,422)	(12,422)
Net book value	$ 10,700	$ 3,387	$ 13,457

Cost	Okanjande	LDI	Total
Balance, December 31, 2023	$ 9,509	$ 15,809	$ 25,318
Foreign currency translation gain	473	-	473
Balance, December 31, 2024	9,982	15,809	25,791
Accumulated depletion and depreciation			
Balance, December 31, 2023	-	(6,951)	(6,951)
Depletion and depreciation	-	(3,428)	(3,428)
Balance, December 31, 2024	-	(10,379)	(10,379)
Net book value	$ 9,982	$ 5,430	$ 15,412

As at June, 2025, Okanjande mineral interests included $1,197 (December 31, 2024 - $1,197) for capitalized interest (rate of 12%) arising from accretion on deferred revenue (note 13).

(Unaudited - Stated in thousands of Canadian Dollars)

9. OTHER ASSETS

	June 30, 2025	December 31, 2024
Intangible assets	**$ 169**	$ 169
Intangible assets accumulated amortization	**(155)**	(127)
Deposits on equipment	**1,076**	1,134
Contract assets (note 13)	**1,742**	1,742
	$ 2,832	$ 2,918

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company’s accounts payable and accrued liabilities are primarily comprised of amounts outstanding for purchases relating to mining operations, exploration and evaluation activities and corporate expenses. Accounts payable and accrued liabilities are comprised of the following items:

	June 30, 2025	December 31, 2024
Trade payables	**$ 8,563**	$ 7,242
Trade related accruals	**983**	1,043
Income tax payable	**535**	188
Payroll and related benefits	**496**	493
	$ 10,577	$ 8,966

(Unaudited - Stated in thousands of Canadian Dollars)

11. SENIOR SECURED LOAN

On April 29, 2022 the Company completed a senior secured loan in the amount of $15,350 (US$12,000) made at a 2% discount, which matures in 48 months, bears interest at 9% plus the greater of the three month SOFR or 1% and issued the lender 4,800,000 warrants each of which were exercisable to purchase one common share of the Company at an exercise price of $1.01 with an expiry date of April 29, 2024 (these warrants expired unexercised during the second quarter of 2024). The loan was discounted at a market interest rate of 15.2%, with the residual proceeds allocated to the value of warrants resulting in a value of $1,858. At the Company's option, interest payable during the initial twelve months was capitalized ($1,272) and added to the principal. In addition, the Company negotiated terms with the lender to capitalize interest payments due on June 30, September 30, and December 31, 2023 and added the balances ($2,046) to the principal amount.

In the fourth quarter of 2023, the Company obtained an additional $1,359 (US$1,000) under the above secured loan facility.

The loans are secured against the assets of LDI and Okanjande. The loans are subject to standard conditions and covenants, including maintenance of positive working capital and cash balances as well as debt service and loan life coverage upon achievement of certain cash flow levels.

As at June 30, 2025, the Company had not met some of the covenants relating to the amended and restated credit agreement dated November 29, 2023, including:

- The payment of accrued interest of $5,105 (US$3,742) on the semi-annual cash interest payment date as of June 30, 2025 (covering the period January 1, 2024 to June 30, 2025);
- Maintaining, at all times, on a consolidated basis, positive working capital, and
- Maintaining, at all times, on a consolidated basis, a minimum cash balance of US$750.

As of August 29, 2025, all defaults have been waived by the lender effective June 30, 2025. The Company is currently in discussions with the lender relating to the revision of existing agreements. Due to a change in the anticipated timing of the senior secured loan payments the Company has recognized a loss on modification during the three months ended June 30, 2025 of $16 (June 30, 2024 – nil) and a gain on modification during the six months ended June 30, 2025 of $188 (June 30, 2024 – nil).

The Company has adjusted these condensed interim consolidated financial statements to reflect the non-current portion of the senior secured loan as a current liability.

Balance, December 31, 2023	$	19,309
Interest expense and accretion		4,216
Gain on modification		(346)
Foreign exchange loss		1,908
Balance, December 31, 2024		25,087
Current portion of senior secured loan		25,087
Non-current portion of senior secured loan		$

Balance, December 31, 2024	$	25,087
Interest expense and accretion		2,427
Gain on modification		(188)
Foreign exchange gain		(1,367)
Balance, June 30, 2025		25,959
Current portion of senior secured loan		25,959
Non-current portion of senior secured loan	$	-

(Unaudited - Stated in thousands of Canadian Dollars)

12. ROYALTY FINANCING

On April 29, 2022, the Company sold a 9% royalty on graphite concentrate sales revenue from LDI for gross proceeds of $5,117 (US$4,000) and issued the royalty purchaser 1,200,000 warrants each of which were exercisable to purchase one common share of the Company at an exercise price of $1.01 with an expiry date of April 29, 2024 (these warrants expired unexercised during the second quarter of 2024). The royalty was discounted at a market interest rate of 22.5%, with the residual proceeds allocated to the value of the warrants resulting in a value of $465.

The purchaser of the royalties has also been granted a right of first refusal with respect to any proposed grant of a stream, royalty or similar transaction on Bissett Creek. The deposits are subject to standard conditions and covenants.

In the fourth quarter of 2023, the Company sold an additional 4% graphite sales revenue royalty on LDI reducing to 0.25% once the additional royalty has been paid on 45,000 tonnes of sales for gross proceeds of $2,719 (US$2,000).

As at June 30, 2025, the Company had not met one of the covenants relating to the amended and restated royalty agreement dated November 29, 2023, consisting of the payment of certain royalty amounts due during the year ended December 31, 2024 and six months ended June 30, 2025 for a total of $3,218 (US$2,351). An additional royalty amount with respect to second quarter 2025 sales of $903 (US$661) was due on July 31, 2025 and is currently unpaid.

Due to a change in the anticipated timing of royalty payments the Company has recognized a gain on modification during the three and six months period ended June 30, 2025 of $745 and $947 respectively.

As of August 29, 2025, all defaults have been waived by the lender effective June 30, 2025. The Company is currently in discussions with the lender relating to the revision of existing agreements including the payment schedule of outstanding royalty amounts.

The Company has adjusted these condensed interim consolidated financial statements to reflect the non-current portion of the royalty as a current liability.

Balance, December 31, 2023	$	6,768
Interest expense and accretion		3,813
Payments made		(658)
Loss on extinguishment		4,364
Gain on modification		(520)
Foreign exchange loss		1,059
Balance, December 31, 2024		14,826
Current portion of royalty		14,826
Non-current portion of royalty	$	-

Balance, December 31, 2024	$	14,826
Interest expense and accretion		2,362
Gain on modification		(947)
Foreign exchange gain		(833)
Balance, June 30, 2025		15,408
Current portion of royalty		15,408
Non-current portion of royalty	$	-

(Unaudited - Stated in thousands of Canadian Dollars)

13. DEFERRED REVENUE

On April 29, 2022 the Company completed, in exchange for an upfront deposit of $25,584 (US$20,000), a minerals stream agreement for the purchase and sale of 11.25% of the graphite produced by Okanjande until 350,000 tonnes of contained graphite in concentrate have been produced and delivered, at which time, at the option of the stream purchaser, the stream may convert into a 1% royalty for the remaining life of the Okanjande deposit. The stream is secured by the assets of Okanjande. The stream purchaser has also been granted a right of first refusal with respect to any proposed grant of a stream, royalty or similar transaction on Okanjande.

As partial consideration for entering into the stream, the Company issued 4,500,000 warrants, each of which was exercisable to purchase one common share of the Company at an exercise price of $1.01 with an expiry date of April 29, 2024 (these warrants expired unexercised in the second quarter of 2024). The value of the warrants was $1,742 and was determined using the Black-Scholes option pricing model and has been recognized as a contractual asset which will be expensed over the term of the contract, beginning once sales commence.

The Company will have the option, subject to any consents or approvals required under the secured loan, to reduce the stream percentage by up to 50% upon payment of $25,181 (US$17,500) in 2025. This option will be exercisable in whole or in part on a pro rata basis and was assigned a nil value at inception.

The deposit does not contain cross-default provisions with the senior secured loan (note 11) or the royalty (note 12) but is subject to standard conditions and covenants. As at June 30, 2025, the Company was in compliance with all covenants.

Balance, December 31, 2023	$	32,305
Interest accretion		4,258
Foreign exchange loss		3,052
Balance, December 31, 2024	$	39,615

Balance, December 31, 2024	$	39,615
Interest accretion		2,367
Foreign exchange gain		(2,129)
Balance, June 30, 2025	$	39,853

14. BANK LOAN

On April 14, 2025, the Company entered into an agreement for a loan of $500 (€350) bearing interest at 5.175% per annum. The drawn loan amounts and related interest are all repayable between September 30, 2027 and June 30, 2032. The loan is limited to the activities of the Company’s NGC Battery Materials GmbH subsidiary.

Balance, December 31, 2024	$	-
Funds received		114
Balance, June 30, 2025	$	114

(Unaudited - Stated in thousands of Canadian Dollars)

15. LEASES

The Company has lease agreements relating to mobile equipment and a land and building use with interest rates ranging from 4.5% to 10.0%.

	June 30, 2025	December 31, 2024
Balance, beginning of year	$ 1,189	$ 1,470
Principal payments	(183)	(448)
Derecognition of leases	(111)	-
Interest expense and accretion	59	135
Foreign exchange loss	7	32
Balance, end of period	961	1,189
Less: current portion of leases	236	411
Non-current portion of leases	$ 725	$ 778

16. SHARE CAPITAL

Authorized
The Company is authorized to issue an unlimited number of common shares having no par value.

For the Six Months Ended June 30, 2025

During the six months ended June 30, 2025, the Company completed a non-brokered private placement of 2,631,579 common shares on a flow-through basis at a price of $0.19 per share for gross proceeds of $500. In connection with the private placement, the Company paid a cash finders' fee of $30 on closing. Also during the six months ended June 30, 2025, 522,500 vested RSUs were exercised for the issuance of 522,500 common shares of the Company.

Stock option and RSU issuances
On May 14, 2025 the Company issued 125,000 stock options to an officer and an employee of the Company at an exercise price of $0.105 which expire on May 10, 2030.

On March 13, 2025, the Board of Directors approved a grant of 350,000 RSUs to an officer and an employee of the Company. The vesting terms of these RSUs are as follows: 250,000 RSUs vest 40 percent on April 1, 2026; 30 percent on April 1, 2027; and, 30 percent on April 1, 2028; and, 100,000 RSUs vest 25 percent on April 1, 2026; 25 percent on April 1, 2027; and, 50 percent on April 1, 2028.

On June 25, 2025, the Board of Directors approved a grant of 200,000 RSUs to an employee of the Company vesting one quarter after each of years one and two, and half after year three.

Year Ended December 31, 2024

During the year ended December 31, 2024, 307,692 stock options with an exercise price of $0.325 per share were exercised for gross proceeds of $100 in exchange for 307,692 common shares of the Company and 447,500 vested RSUs were exercised for the issuance of 447,500 common shares of the Company.

Stock option and RSU issuances

The Company's Board of Directors has granted RSUs and Stock options as part of its long-term incentive and retention plan for key executives and employees.

On January 11, 2024, the Company announced the appointment of Samantha Espley as a director of the Company. In connection with her appointment, the Company granted Ms. Espley a total of 400,000 stock options under the Company's amended and restated stock option plan, which have an exercise price of $0.55 per share, an exercise period of five years and which vested immediately upon grant.

(Unaudited - Stated in thousands of Canadian Dollars)

On February 28, 2024, the Board of Directors approved a grant of stock options to certain new officers and employees to purchase a total of 1,011,000 common shares of the Company at a price of $0.35 per share, vesting one third after each of years one, two, and year three, which are exercisable for a period of five years.

On August 28, 2024**,** the Board of Directors approved a grant of stock options to certain employees to purchase a total of 1,700,000 common shares of the Company at a price of $0.20 per share, vesting one quarter after each of years one and two and one half after year three, and which are exercisable for a period of five years. In addition, the Board of Directors approved a grant of 5,100,000 RSUs to certain officers and employees with a vesting period of one quarter after each of years one and two, and one half after year three.

Warrants

The Company's warrants outstanding as at December 31, 2024 and June 30, 2025 are as follows:

	Number of warrants	Weighted average exercise price $
Balance, December 31, 2024	1,680,000	0.75
Warrants expired	(1,680,000)	0.75
Balance, June 30, 2025	-	-

As at June 30, 2025, the weighted average remaining contractual life of warrants outstanding nil (December 31, 2024 – 0.32 years).

Restricted share units

The Company has a DSU/RSU Plan which is a fixed security-based compensation plan with the maximum number of common shares of the Company that may be issued to participants under the DSU/RSU Plan being 12,036,052 shares, subject to customary adjustments as provided for in the DSU/RSU Plan. The maximum aggregate number of common shares issuable to insiders of the Company (as a group) under the DSU/RSU Plan and the Company's Option Plan shall together collectively not exceed 10% of the issued and outstanding number of shares at any time.

A summary of the RSU activity is presented below:

	Number of Restricted stock units
Balance, December 31, 2023	1,465,000
Granted	5,100,000
Exercised	(447,500)
Forfeited	(850,000)
Balance, December 31, 2024	5,267,500
Granted	550,000
Exercised	(522,500)
Forfeited	(1,425,000)
Balance, June 30, 2025	**3,870,000**

(Unaudited - Stated in thousands of Canadian Dollars)

A summary of the Company's outstanding RSU's at June 30, 2025 is as follows:

Issue price	RSU's outstanding	RSU's exercisable
$0.45	120,000	-
$0.07	3,200,000	-
$0.10	550,000	-
Balance, June 30, 2025	**3,870,000**	-

As at June 30, 2025, there was $171 of unrecognized share-based compensation costs related to unvested RSU awards granted under the Company's DSU/RSU Plan. In the three and six month periods ended June 30, 2025, $55 and $111 of share-based compensation costs were recognized (three and six months ended June 30, 2024 - $68 and $141).

Stock options

The Company has adopted the Option Plan for directors, officers, employees and consultants of the Company. Under the Option Plan, the Company may grant non-transferable stock options to purchase common shares of the Company for a period of up to ten years from the date of the grant. The maximum aggregate number of common shares issuable to insiders of the Company (as a group) under the Option Plan and the DSU/RSU Plan shall together collectively not exceed 10% of the issued and outstanding number of shares at any time.

A summary of the stock option activity is presented below:

	Number of options	Weighted average exercise price $
Balance, December 31, 2023	**9,810,384**	**0.53**
Granted	3,111,000	0.29
Exercised	(307,692)	0.33
Forfeited	(1,121,692)	0.52
Expired	(100,000)	0.75
Balance, December 31, 2024	**11,392,000**	**0.47**
Granted	125,000	0.11
Forfeited	(1,773,000)	0.53
Balance, June 30, 2025	**9,744,000**	**0.45**

(Unaudited - Stated in thousands of Canadian Dollars)

A summary of the Company's outstanding stock options at June 30, 2025 is as follows:

Exercise price	Stock options outstanding	Stock options exercisable	Expiry date
$0.11	125,000	125,000	May 10, 2030
$0.20	1,100,000	1,100,000	July 23, 2025
$0.20	1,400,000	-	August 29, 2029
$0.35	811,000	336,998	October 27,2025
$0.50	2,350,000	2,350,000	April 15, 2026
$0.55	950,000	950,000	January 20, 2028
$0.55	190,000	110,000	May 4, 2028
$0.55	100,000	66,667	June 29, 2028
$0.55	400,000	400,000	January 10,2029
$0.60	468,000	468,000	October 4, 2025
$0.75	250,000	250,000	March 8, 2026
$0.75	500,000	500,000	December 31, 2026
$0.75	1,100,000	1,100,000	January 30, 2027
	9,744,000	**7,756,665**	

As at June 30, 2025, the weighted average remaining contractual life of stock options outstanding is 1.65 years (December 31, 2024 – 2.41 years).

The value of stock options granted during the six months ended June 30, 2025 and the year end December 31, 2024 was determined utilizing the Black-Scholes option pricing model with input factors and assumptions as follows:

	Six Months Ended June 30, 2025	Year Ended December 31, 2024
Stock options granted during the period	**125,000**	**3,111,000**
Weighted-average exercise price	**0.11**	**0.29**
Expected stock option life	**5 years**	**5 years**
Expected volatility	**104.79%**	**101.65% to 103.96%**
Risk free interest	**2.78%**	**2.97% to 3.63%**
Dividend yield	**Nil**	**Nil**
Forfeiture rate	**Nil**	**Nil**
Weighted average fair value (Black-Scholes value)	**0.08**	**0.08**

As at June 30, 2025 there was $60 of unrecognized share-based compensation costs related to unvested stock option awards granted under the Company's Option Plan. In the three and six month periods ended June 30, 2025, $26 and $48 of share-based compensation costs were recognized (three and six month periods ended June 30, 2024 - $57 and $164).

(Unaudited - Stated in thousands of Canadian Dollars)

17. PRODUCTION COSTS

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Raw materials and consumables	$ 831	$ 651	$ 1,252	$ 1,516
Salaries and employee benefits	2,169	1,324	3,275	2,842
Contracted services	1,345	936	1,829	1,884
Electricity and energy	765	629	1,110	1,233
Freight	342	172	439	433
Insurance	510	342	767	587
Other	335	270	474	661
	$ 6,297	$ 4,324	$ 9,146	$ 9,156

18. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Legal and audit	$ 281	$ 197	$ 814	$ 345
Office and management	1,494	1,641	3,428	3,663
Promotion and investor relations	-	63	-	151
Regulatory and transfer agent	23	24	34	37
Depreciation	29	23	55	49
	$ 1,827	$ 1,948	$ 4,331	$ 4,245

19. LICENSE REVENUE & REVENUE FROM CONTRACTS WITH CUSTOMERS

In June 2025, the Company entered into agreements for certain intellectual property transactions related to its carbon material processing technology. As part of the agreement, the Company acquired the patents, trademarks and other intellectual property of the carbon material processing technology that had previously been licensed to develop, produce and sell a high-performance carbon based material. The Company also entered into an agreement to license its carbon material processing technology for synthetic carbon to an arm's length third party for industrial applications.

In a first phase under the license of its carbon material processing technology, the Company will receive a technology transfer and exclusivity reservation fee of up to US$7,000 ($C9,550), payable in instalments, subject to certain conditions including the licensee conducting due diligence on the technology to its satisfaction, the execution of a definitive long form license agreement with the licensee in respect of the carbon material processing technology, and the Company's completion of the acquisition of the intellectual property which was completed in July 2025 for €600 (C$960), exclusive of VAT. As part of the purchase agreement, the counter-party will receive a 0.5% royalty on the transfer and exclusivity reservation fees and is obliged to pay to the counter-party 12.5% of any royalties received.

In a second phase, the Company will receive royalties based on the definitive licensing agreement for the carbon material processing technology. For the year 2026 and year 2027, the licensee will prepay US$1,000 (C$1,364) each year to the Company in respect of the royalty to be agreed by the parties in the definitive agreements, subject to the fulfillment of certain conditions as set out in the first phase.

The Company has accounted for the licensing of its carbon material processing technology under IFRS 15, *Revenue from Contracts with Customers.* For the six months ended June 30, 2025, the Company recognised revenue of $2,014 relating to the license agreement (June 30, 2024 – nil). This consisted of an initial US$1,500 payment with respect to the overall US$7,000 technology transfer and exclusivity reservation fee.

The balance of trade receivables relating to revenue from contracts with customers at June 30, 2025 was nil (December 31, 2024 – nil).

(Unaudited - Stated in thousands of Canadian Dollars)

20. FINANCE EXPENSE

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Interest expense and accretion (including notes 11 – 15)	$ 3,550	$ 3,021	$ 7,179	$ 6,137
Accretion of reclamation provision (note 26)	11	23	23	27
Gain on modifications (notes 11 and 12)	(729)	-	(1,135)	-
	$ 2,832	$ 3,044	$ 6,067	$ 6,164

During the three and six months ended June 30, 2025 the Company paid interest expense of $66 and $133 respectively (three and six months ended June 30, 2024 - $133 and $281).

21. OTHER INCOME

The Company's subsidiary NGC Battery Materials GmbH ("NGCBM") provides lab and other services to third parties. Some of these are on a cost recovery basis, of which, $660 (June 30, 2024 – nil) relates to one customer for a fixed monthly fee.

22. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration, development and operation of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders.

The Company's capital consists of items included in shareholders' equity, the senior secured loan and leases net of cash and cash equivalents and current restricted cash.

Management reviews the Company's capital structure on a regular basis to ensure the above-noted objectives are met. The Company manages its capital structure and makes adjustments to it considering changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue common shares, or acquire or dispose of assets or issue debt if circumstances permit.

23. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash transactions not reflected in the statements of cash flows are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Exploration and evaluation costs in accounts payable and accrued liabilities	$ (593)	$ 9	$ (645)	$ 206
Reclamation provision – change in estimate	$ 96	$ 6	$ (26)	$ 145
Okanjande in process costs in accounts payable and accrued liabilities	$ (35)	$ 11	$ (23)	$ 3

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

As at June 30, 2025 the levels in the fair value hierarchy into which the Company's financial assets and liabilities are measured and recognized on the condensed interim consolidated statements of financial position at fair value on a recurring basis are categorized as follows: cash and cash equivalents and marketable securities (Level 1) of $2,123 (December 31, 2024 - $373).

As at June 30, 2025 and December 31, 2024, there were no financial assets and liabilities measured and recognized at fair value on a non-recurring basis. The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. There were no transfers between Level 1, Level 2 and Level 3 for the six months ended June 30, 2025 and the year ended December 31, 2024. As at June 30, 2025 and December 31, 2024, there were no financial assets or liabilities measured and recognized in the condensed interim consolidated statements of financial position at fair value that would be categorized as Level 3 in the fair value hierarchy.

The carrying value of receivables and accounts payable and accrued liabilities approximates fair value due to the short-term nature of these financial instruments. The carrying value of the senior secured loan approximates its fair value as it bears a market rate of interest. The Company has performed a sensitivity analysis which indicates that the carrying value of the royalty obligation would approximate its fair value with a 3% increase in the market rate.

Currency risk

Foreign currency exchange rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate as a result of changes in foreign exchange rates. Some of the Company's operating and corporate administration expenditures are incurred in US dollars and the fluctuation of the US dollar in relation to the Canadian dollar will have an impact on the Company's profitability and the carrying amounts of the Company's financial assets and liabilities. At June 30, 2025, the Company had the following financial assets and liabilities denominated in US dollars: cash and cash equivalents of $139 (December 31, 2024 - $199); trade receivables of $700 (December 31, 2024 - $603); accounts payable and accrued liabilities of $561 (December 31, 2024 - $378); senior secured loan of $19,027 (December 31, 2024 - $17,435), and royalty of $11,294 (December 31, 2024 - $10,303). At June 30, 2025, with other variables unchanged, a 1% increase on the USD/CAD exchange rate would result in an unrealized foreign exchange loss of $808 (December 31, 2024 - $789). The Company has not entered into any formal arrangements to hedge currency risk but does maintain cash balances within each currency.

Commodity price risk

The Company is subject to commodity price risk from fluctuations in the market prices for graphite. Commodity price risks are affected by many factors that are outside the Company's control including global or regional consumption patterns, the supply of and demand for graphite, inflation and political and economic conditions. Management closely monitors trends in commodity prices of graphite as part of its routine activities, as these trends could significantly impact future cash flows. A 10% increase or decrease in the price of graphite at June 30, 2025 would have resulted in a decrease or increase of $701 and $1,105 in the Company's income from mine operations for the three months and six months ended June 30, 2025, respectively (June 30, 2024 - $547 and $1,100).

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. Substantially all trade receivables at June 30, 2025 have since been collected from these customers.

The Company invests cash and cash equivalents, restricted cash and reclamation deposits with financial institutions that are financially sound based on their credit rating. The Company's exposure to credit risk associated with receivables is influenced mainly by the individual characteristics of each customer. Given the Company's relatively short operating history at LDI, current customers have limited history of credit default with the Company. The Company had nominal credit losses during the three and six months ended June 30, 2025.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet is financial obligations as they come due. The

(Unaudited - Stated in thousands of Canadian Dollars)

Company manages its liquidity risk through the management of its capital structure. Further discussion on liquidity and management's plans are outlined in note 1 and further analysis relating to the maturity of the Company's financial obligations are outlined in note 25.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at June 30, 2025, with other variables unchanged, a 1% increase on the Company's floating rate debt would increase annual interest expense by $308. The Company closely monitors its exposure to interest rate risk and has not entered into any derivative contracts to manage this risk.

25. RELATED PARTY TRANSACTIONS AND COMPENSATION OF KEY MANAGEMENT

During the three and six months ended June 30, 2025, the Company expensed salary and compensation to key management personnel of $392 and $858, respectively, (three and six months ended June 30, 2024 - $573 and $1,137) and management fees to a company owned and controlled by key management personnel of $12 and $21 (three and six months ended June 30, 2024 - $15 and $27). During the three and six months ended June 30, 2025, the Company expensed directors' fees of $40 and $88 (three and six months ended June 30, 2024 - $41 and $81). During the three and six months ended June 30, 2025, the Company expensed share-based payments for stock options and RSUs granted to key management personnel and directors of $53 and $102 (three and six months ended June 30, 2024 - $95 and $250).

As at June 30, 2025, $360 (December 31, 2024 – $246) was included in accounts payable and accrued liabilities owing to officers and directors relating to management and directors' fees and for reimbursement of expenses.

During the six months ended June 30, 2025, 522,500 vested RSUs were exercised by related parties for the issuance of 522,500 common shares of the Company. On March 13, 2025, the Company issued 250,000 RSUs to an officer.

On May 14, 2025 the Company issued 100,000 stock options to an officer at an exercise price of $0.105 which expire on May 10, 2030.

26. COMMITMENTS AND CONTINGENCIES

At June 30, 2025, the Company had the following contractual obligations outstanding:

	Within 1 Year	2-3 years	4-5 years	5+ Years	Total
Accounts payable and accrued liabilities	$ 10,577	$ -	$ -	$ -	$ 10,577
Senior secured loan	29,391	-	-	-	29,391
Royalty	5,803	9,761	8,316	12,777	36,657
Deferred revenue	-	7,160	14,610	52,225	73,995
Bank loan	6	121	2	-	129
Lease commitments	236	361	181	578	1,356
Reclamation provisions	-	-	-	9,765	9,765
Firm commitments	3,229	-	-	-	3,229
	$ 49,242	$ 17,403	$ 23,109	$ 75,345	$ 165,099

(Unaudited - Stated in thousands of Canadian Dollars)

27. RECLAMATION PROVISIONS

The Company has an obligation to undertake decommissioning, reclamation and environmental work when environmental disturbance is caused by the development and ongoing production of a mining operation. Movements in the reclamation provisions during the six months ended June 30, 2025 and the year ended December 31, 2024 are allocated as follows:

	Six months ended June 30, 2025	Year ended December 31, 2024
Balance, beginning of period	$ 6,769	$ 6,402
Change in estimate	26	277
Accretion	23	90
Balance, end of period	$ 6,818	$ 6,769

Of the total balance of $6,818 at June 30, 2025, $425 was attributable to Bissett Creek and $6,393 was attributable to LDI. The reclamation provision for LDI is based on an updated report prepared by an independent third party.

The undiscounted liability as at June 30, 2025 was $2,329 (December 31, 2024 - $2,329) for Bissett Creek (assuming operations go ahead as planned). This represents the estimated amount that would be required to restore Bissett Creek to its original environmental state but only after a mine has been constructed and operations cease.

The undiscounted liability as at June 30, 2025 was $6,784 (December 31, 2024 - $6,784) for LDI. The discount and inflation rates used for LDI are 2.6% and 2.0%, respectively (December 31, 2024, 3.1% and 2.0%, respectively). The Company has entered into a surety bond for $8,231 to guarantee its reclamation obligations, including $850 relating to Bissett Creek, and the bond is secured by a cash deposit of $1,968 (December 31, 2024 - $1,942).

On July 7, 2025, the Company received a demand from its environmental bonding company for the full discharge of the bonding company from the surety bond guaranteeing the Company's reclamation obligations by August 7, 2025 in accordance with the bonding company's rights under the bond. The demand provided that if that was not possible, the Company would be required to deposit cash or collateral with the bonding company equal to the undischarged liability of the bond in accordance with the bonding company's rights under the bond. The bond is for $8,231 and the Company has a cash deposit against the bond of $1,968. The Company does not currently have the financial resources to procure the discharge of the bonding company from the bond nor to deposit cash or collateral with the bonding company equal to the undischarged liability of the bond. The Company is currently in discussions with the bonding company regarding the bonding company's demand in an effort to negotiate a resolution to the matter. In the event that parties are unable to resolve the matter, the bonding company could seek to enforce whatever rights in may have against the Company under the bond.

(Unaudited - Stated in thousands of Canadian Dollars)

28. SEGMENTED INFORMATION

Operating segments are those operations whose operating results are reviewed by the chief operating decision makers ("CODM") to make decisions about resources to be allocated to the segments and assess their performance, provided those operations pass certain quantitative thresholds. The CODM for the Company are the Chief Executive Officer and the Chief Financial Officer.

Since the acquisition of the LDI and Namibian assets in April 2022, management has viewed the operations as two separate geographical units, Canada and Namibia, but three operational units, Corporate, LDI and Namibia. The Company has only one revenue source, being the sale of graphite concentrate from its operations in LDI.

The following geographic data includes assets based on their location as at June 30, 2025 and December 31, 2024.

June 30, 2025	Canada	Namibia	Other	Total
Non current assets	$ 31,812	$ 31,234	$ 137	$ 63,183
Net loss	$ (7,647)	$ (551)	$ 1,854	$ (6,344)

December 31, 2024	Canada	Namibia	Other	Total
Non current assets	$ 34,203	$ 31,066	$ 126	$ 65,395
Net loss	$ (36,568)	$ (1,641)	$ (595)	$ (38,804)

The following table presents revenue from sales to major customers that exceeded 10% of the Company's revenue for the periods ended June 30, 2025 and 2024:

	Six months ended June 30, 2025	Six months ended June 30, 2024
Customer 1	$ 3,816	$ 3,201
Customer 2	1,292	1,614
Customer 3	1,205	1,170
Customer 4	-	1,275
Total revenue from major customers	6,313	7,260
Total revenue from major customers as a percentage of total revenue	57%	66%

Revenue from major customers is entirely based in the Canadian segment. During the first six months of 2025, $9,371 or 85% (June 30, 2024- $10,264 or 93%) of total revenue was from customers in the United States.

29. SUBSEQUENT EVENTS

On August 26, 2025, the Company entered into an interest-free repayable contribution with the Canadian government. The contribution, provided by Natural Resources Canada and delivered by The Economic Development Agency of Canada for Quebec Regions, under the Regional Economic Growth Through Innovation Program, will finance 75% of the eligible costs for the pit extension at LDI, is unsecured and is for a maximum of $6,225 and is repayable in 84 equal monthly instalments commencing December 1, 2030. Funds will be advanced to the Company as costs are incurred.