
**POWER METALLIC MINES INC.
(FORMERLY POWER NICKEL INC.)
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(EXPRESSED IN CANADIAN DOLLARS)**

To the Shareholders of Power Metallic Mines Inc.:

Opinion

We have audited the consolidated financial statements of Power Metallic Mines Inc. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of loss and comprehensive loss, cash flows, and, changes in shareholders' equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2025 and, as of that date, the Company had an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Matter

The consolidated financial statements for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on April 30, 2025.

Other Information

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS® Accounting Standards, 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 consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Isabella Lee.

Mississauga, Ontario

April 30, 2026

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

MNP

Power Metallic Mines Inc.
Formerly Power Nickel Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at,	December 31, 2025	December 31, 2024
ASSETS		
<i>Current</i>		
Cash	\$ 21,118,155	\$ 6,611,380
Sales tax receivables	2,195,637	548,041
Prepaid expenses (note 11)	235,284	473,199
Due from related parties (note 11)	471,121	158,913
Total current assets	24,020,197	7,791,533
Non-current assets		
Equipment (note 4)	9,508	13,588
Restricted cash (note 5)	383,670	-
Total assets	\$ 24,413,375	\$ 7,805,121
LIABILITIES		
<i>Current</i>		
Accounts payable and accrued liabilities (notes 11 and 13)	\$ 3,210,879	\$ 2,028,240
Flow-through liability (note 13)	15,329,169	1,187,852
Advances from shareholders (note 11)	7,000	7,000
Total liabilities	18,547,048	3,223,092
SHAREHOLDERS' EQUITY		
Issued capital (note 7)	137,498,226	99,522,339
Contributed surplus (note 8)	7,410,394	4,799,574
Warrants (note 9)	6,346,742	6,898,017
Deficit	(145,506,536)	(106,637,901)
Accumulated other comprehensive income	(10,803)	-
Non-controlling interest (note 18)	128,304	-
Total shareholders' equity	5,866,327	4,582,029
Total liabilities and shareholders' equity	\$ 24,413,375	\$ 7,805,121

Nature of operations and going concern (note 1)
Commitments and contingencies (notes 5 and 13)

On behalf of the Board:

(Signed) "Terry Lynch"
Terry Lynch, Director

(Signed) "Peter Kent"
Peter Kent, Director

Power Metallic Mines Inc.

Formerly Power Nickel Inc.

Consolidated Statements of Loss and Comprehensive Loss (Expressed in Canadian Dollars)

	Year ended December 31,	
	2025	2024
Operating expenses		
Administration fees (note 11)	\$ 1,989,211	\$ 1,220,000
Accretion, bank and interest fees	12,656	10,923
Business Development and Advisory (note 17)	3,285,780	3,172,663
Depreciation (note 4)	4,080	2,056
Exploration expenditures (note 5)	30,535,870	14,691,983
Foreign exchange loss (gain)	114,932	60,909
Interest income	(940,820)	-
Investor relations	2,334,475	1,212,429
Office and miscellaneous	171,376	150,980
Professional fees (notes 11 and 17)	1,375,970	577,405
Share-based payments (note 8)	3,362,430	3,165,243
Shareholder Communications (note 17)	1,308,697	859,179
Transfer and regulatory (note 17)	289,878	162,989
Travel, promotion and mining shows	548,375	265,302
Total expenses before other items	(44,392,910)	(25,552,061)
Other items		
Flow-through liability amortization (note 13)	5,364,983	4,494,683
Gain on write off of other liabilities	-	55,464
Net loss and comprehensive loss	\$ (39,027,927)	\$ (21,001,914)
Other Comprehensive items		
Foreign currency translation adjustment	(10,803)	-
Net loss and comprehensive loss	39,038,730	21,001,914
Net loss and comprehensive attributable to:		
- Non-controlling interest (note 18)	(468,624)	-
- Shareholders of the Company	(38,559,303)	(21,001,914)
	\$ (39,027,927)	\$ (21,001,914)
Net loss attributable to shareholders of the Company		
- basic and diluted (note 10)	\$ (0.18)	\$ (0.12)
Weighted average number of common shares outstanding		
- basic and diluted (note 10)	222,829,227	175,461,228

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

Power Metallic Mines Inc.
Formerly Power Nickel Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended December 31,	
	2025	2024
Operating activities		
Loss for the year	\$ (39,027,927)	\$ (21,001,914)
<i>Items not affecting cash:</i>		
Gain on write off of other liabilities	-	(55,464)
Depreciation	4,080	2,056
Share-based payments	3,362,430	3,165,243
Loss on disposal of equipment	-	39
Flow-through liability amortization	(5,364,983)	(4,494,683)
Li-Fi Acquisition	6,471,807	-
<i>Changes in non-cash working capital items:</i>		
Sales tax receivables	(1,647,596)	664,935
Prepaid expenses	237,915	(174,706)
Accounts payable and accrued liabilities	1,182,639	(117,229)
Due (from) to related parties	(312,208)	(199,081)
Net cash used in operating activities	(35,093,843)	(22,210,804)
Financing activities		
Proceeds from private placements	49,999,800	22,640,473
Share issuance costs	(2,429,534)	(459,120)
Subscription receipts	-	2,000,000
Exercise of options	1,402,125	1,326,484
Exercise of warrants	1,022,700	3,107,350
Net cash provided by financing activities	49,995,091	28,615,187
Investing activities		
Acquisition of equipment	-	(9,368)
Restricted cash	(394,473)	-
Net cash provided by investing activities	(394,473)	(9,368)
Increase in cash	14,506,775	6,395,015
Cash, beginning of year	6,611,380	216,365
Cash, end of year	\$ 21,118,155	\$ 6,611,380

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

Power Metallic Mines Inc.

Formerly Power Nickel Inc.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	<u>Common Shares</u>		Contributed Surplus	Warrants	Deficit	Non- Controlling interest	Accumulated other comprehensive income	Total
	Number	Amount						
Balance, December 31, 2023	149,873,243	\$ 77,376,535	\$ 2,648,929	\$ 3,304,353	\$ (85,875,865)	\$ -	\$ -	\$ (2,546,048)
Private placement	28,189,873	18,256,843	-	4,383,630	-	-	-	22,640,473
Flow-through liability	-	(1,650,439)	-	-	-	-	-	(1,650,439)
Share issuance costs	-	(459,120)	-	-	-	-	-	(459,120)
Broker warrants	-	(142,955)	-	142,955	-	-	-	-
Share based compensation	-	-	3,165,243	-	-	-	-	3,165,243
Exercise of warrants	12,663,950	3,997,037	-	(889,687)	-	-	-	3,107,350
Exercise of options	5,469,528	2,144,438	(817,954)	-	-	-	-	1,326,484
Option expiry	-	-	(196,644)	-	196,644	-	-	-
Warrant expiry	-	-	-	(43,234)	43,234	-	-	-
Net loss for the year	-	-	-	-	(21,001,914)	-	-	(21,001,914)
Balance, December 31, 2024	196,196,594	\$ 99,522,339	\$ 4,799,574	\$ 6,898,017	\$ (106,637,901)	\$ -	\$ -	\$ 4,582,029
Private placement	21,030,000	49,999,800	-	-	-	-	-	49,999,800
Flow-through liability	-	(19,506,300)	-	-	-	-	-	(19,506,300)
Share issuance costs	-	(2,429,534)	-	-	-	-	-	(2,429,534)
Li-Fi property acquisition	6,000,000	6,471,807	-	-	-	-	-	6,471,807
Share based compensation	-	-	3,362,430	-	-	-	-	3,362,430
Exercise of warrants	3,254,750	1,409,128	-	(423,585)	-	-	-	985,543
Exercise of options	5,385,472	2,030,986	(692,181)	-	-	-	-	1,338,805
Chilean Metals Inc. spin-out (note 6)	-	-	-	-	(387,360)	387,360	-	-
Change in non-controlling interest (note 18)	-	-	-	-	(109,091)	209,568	-	100,477
Warrant expiry	-	-	-	(127,690)	127,690	-	-	-
Option expiry	-	-	(59,429)	-	59,429	-	-	-
Net loss for the year	-	-	-	-	(38,559,303)	(468,624)	(10,803)	(39,038,730)
Balance, December 31, 2025	231,866,816	\$ 137,498,226	\$ 7,410,394	\$ 6,346,742	\$ (145,506,536)	\$ 128,304	\$ (10,803)	\$ 5,866,327

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

Power Metallic Mines Inc.

Formerly Power Nickel Inc.

Notes to Consolidated Financial Statements

Years Ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

1. Nature of operations and going concern

Power Metallic Mines Inc. (formerly Power Nickel Inc.) (the "Company" or "Power Metallic") is a mineral exploration company and is in the business of acquiring and exploring mineral properties in Chile and Canada. On February 20, 2025, the Company changed its name from "Power Nickel Inc." to "Power Metallic Mines Inc."

The Company is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of British Columbia. The Company's shares are listed on the TSX Venture Exchange ("TSX-V"), and Santiago Stock Exchange, Venture Market. The head office and principal address of the Company are located at the Canadian Venture Building, 82 Richmond Street East, Suite 202, Toronto, Ontario, M5C 1P1. The Company's registered and records office address is at Suite 700 – 595 Burrard Street, PO Box 49290, Vancouver, British Columbia, Canada, V7X 1S8.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements. The Company's property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty. The Company's Chilean mineral property maintenance payments are in arrears (see note 13) and as a result, the Copiapó Court has been notified by the General Treasury of the Republic of Chile. The Copiapó Court may initiate the auction of the properties. If the Company's claims are put up for auction the Company, as concession holder, is not allowed to place bids on its claims under auction; however, the Company understands that the concession holder may remove a concession from auction by paying the penalty amount which is equal to double the patent amount outstanding. Accordingly, there is a risk that the Company will not be able to retain title to its mineral claims in Chile.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. During the year ended December 31, 2025, the Company incurred a net loss of \$39,027,927 (year ended December 31, 2024 - \$21,001,914). As at December 31, 2025, the Company has incurred significant losses since inception totaling \$145,506,536 (December 31, 2024 - \$106,637,901). As at December 31, 2025, the Company has a working capital of \$5,473,149 (December 31, 2024 - \$4,568,441); the continuing operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that additional funds will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of material uncertainties that cast significant doubt as to the Company's ability to continue as a going concern and accordingly use accounting principles applicable to a going concern.

2. Basis of presentation

Statement of compliance

These financial statements have been prepared in accordance with IFRS® Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and IFRIC® Interpretations of the IFRS Interpretations Committee ("IFRIC").

The policies applied in these consolidated financial statements are based on IFRS, which have been applied consistently to all periods presented. These consolidated financial statements were issued and effective as of April 30, 2026, the date the Board of Directors approved the statements.

Power Metallic Mines Inc.

Formerly Power Nickel Inc.

Notes to Consolidated Financial Statements

Years Ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

2. Basis of presentation (continued)

Basis of consolidation

These consolidated financial statements incorporate the assets, liabilities and results of operations of all entities controlled by the Company. The effects of all transactions between entities in the consolidated group have been eliminated.

Prior to January 31, 2025, the consolidated financial statements included the accounts of the Company and its wholly owned Chilean subsidiary, Minera IPBX Ltda., and its wholly-owned Canadian subsidiaries, Tierra de Oro Resources Ltd. and Consolidated Copper and Gold Inc. (Previously Chilean Metals Exploration Ltd). The Company also indirectly owned 100% Canadian subsidiaries SPN Metals Exploration Ltd., TDO Metals Exploration Ltd., Pintada Minerals Inc., Pintada Holdings Inc., Palo Negro Mining Inc., Palo Negro Holdings Inc., Verna Exploration Ltd., and Verna Holdings Ltd. The Company also has a 100% indirect interest in three Chilean subsidiaries: Minera Tierra de Oro Ltda., Minera Palo Negro Ltda. and Minera Sierra Pintada Ltda. All material inter-company balances and transactions have been eliminated on consolidation.

On January 31, 2025, the Company completed a corporate reorganization whereby Chilean Metals Inc., was made the parent of the certain subsidiaries (see below). On February 3, 2025, the Company completed a spin-out transaction whereby approximately 50% of the shares in Chilean Metals Inc., were distributed to shareholders of the Power Metallic Inc.

On March 26, 2025, the Company incorporated a new limited liability company in Saudi Arabia called Power Metallic Company LLC ("KSA").

These consolidated financial statements include the accounts of the Company, the wholly owned KSA, its 50% owned subsidiary Chilean Metals Inc. and its subsidiaries. Chilean Metals Inc. has the following wholly-owned subsidiaries: Consolidated Gold and Copper Inc., SPN Metals Exploration Ltd., TDO Metals Exploration Ltd., Pintada Minerals Inc., Pintada Holdings Inc., Palo Negro Mining Inc., Palo Negro Holdings Inc., Verna Explorations Ltd., Verna Holdings Ltd., Minera Tierra de Oro Ltda., Minera Palo Negro Ltda., and Minera Sierra Pintada Ltda.

Subsidiaries are entities over which the Company has control, where control is defined to exist when the Company is exposed to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date control is transferred to the Company and are deconsolidated from the date control ceases.

Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis, except for the revaluation of certain financial assets and financial liabilities to fair value.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency. The functional currency of each individual entity is measured using the currency of the primary economic environment in which the entity operates, being the Canadian dollar, except for KSA which is the Saudi Riyal.

Power Metallic Mines Inc.

Formerly Power Nickel Inc.

Notes to Consolidated Financial Statements

Years Ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

2. Basis of presentation (continued)

Use of estimates and judgments

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates.

Significant judgments made by management in the preparation of these consolidated financial statements are outlined below.

(i) Going concern (note 1)

At the end of each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing the Company's performance, resources and future obligations. The conclusion that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short and long-term operating budgets, expected profitability, investment and financing activities and management's strategic planning. The assumptions used in management's going concern assessment are derived from actual operating results along with industry and market trends. Management believes there is sufficient capital to meet the Company's business obligations for at least the next 12 months, after taking into account expected cash flows, capital commitments, future financing and the Company's cash and cash equivalents position at year-end.

(ii) Determination of functional currency

Under IFRS, each entity must determine its own functional currency, which becomes the currency that entity measures its results and financial position in. In determining the functional currencies of the Company and its subsidiaries, the Company considered many factors, including but not limited to the currency that mainly influences sales prices for goods and services, the currency of the country whose competitive forces and regulations mainly determine the sales prices, and the currency that mainly influences labour material and other costs for each consolidated entity.

(iii) Control

Significant judgment is involved in the determination whether the Company controls another entity under IFRS 10. The Company is deemed to control an entity when it demonstrates: power over the investee, exposure, or rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the investor's returns. There is judgement required to determine whether these criteria are met. The Company determined it controlled Chilean Metals Inc. through control of the majority vote of its Chileans common shares.

Significant estimates made by management in the preparation of these consolidated financial statements are outlined below.

(i) Share-based payments

When stock options and warrants are issued by the Company, it calculates their estimated fair value using the Black-Scholes option pricing model, which may not reflect the actual value on exercise. The Company uses publicly available rates, where available, as inputs into the model including volatility assumptions. The Company recognizes the fair value of stock options on the consolidated statement of loss and comprehensive loss when vesting occurs.

Power Metallic Mines Inc.
Formerly Power Nickel Inc.
Notes to Consolidated Financial Statements
Years Ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

2. Basis of presentation (continued)

Significant estimates made by management in the preparation of these consolidated financial statements are outlined below. (continued)

(ii) Income taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid, based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date, an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters differs from the amounts initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

(iii) Restoration, rehabilitation and environmental provisions

The Company assumes no material restoration, rehabilitation and environmental provisions based on facts and circumstances that existed as of each reporting period. The Company must review this assumption in accordance with exploration results, existing laws, contracts and other policies. A material restoration obligation involves a number of estimates relating to timing, type of costs and associated contract negotiations, and a review of potential methods and technical advancements.

(iv) Contingencies

Provisions for contingencies are measured at the best estimate (including risks and uncertainties) of the expenditure required to settle the present obligation, and reflects the present value of expenditures required to settle the obligation where the time value of money is material.

New standards adopted

During the year ended December 31, 2025, the Company adopted a IAS 21 - The Effects of Exchange in Foreign Exchange Rates. This standards did not have any material impact on the Company's consolidated financial statement.

New standards not yet adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2026. Many are not applicable or do not have a significant impact to the Company and have been excluded.

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

Power Metallic Mines Inc.
Formerly Power Nickel Inc.
Notes to Consolidated Financial Statements
Years Ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

2. Basis of presentation (continued)

New standards not yet adopted (continued)

In May 2024, the IASB issued amendments to the classification and measurement requirements in IFRS 9. The amendments will address diversity in accounting practice by making the requirements more understandable and consistent. These include: (1) Clarifying the classification and assessment of contractual cash flows of financial assets with environmental, social and corporate governance (“ESG”), (2) Settlement of liabilities through electronic payment systems - the amendments clarify the date on which a financial asset or financial liability is derecognized. The IASB also decided to develop an accounting policy option to allow a company to derecognize a financial liability before it delivers cash on the settlement date if specified criteria are met. With these amendments, the IASB has also introduced additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, for example features tied to ESG-linked targets. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. The Company does not expect any material impact as a result of this new accounting standard on its consolidated financial statements.

3. Material accounting policies

(a) Equipment

Equipment is recorded at cost less accumulated depreciation less impairment losses. Depreciation method, useful life and residual values are assessed annually and currently is recognized on the declining balance basis at the following rates per annum:

Automobile	30%
Furniture and office equipment	30%
Field equipment	30%

Where an item of equipment comprises significant components with different useful lives, the components are accounted for as separate items of equipment. Subsequent costs to replace parts of an item of equipment are recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and the cost of the item can be measured reliably. The costs of day-to-day servicing are recognized in profit or loss as incurred.

(b) Exploration and evaluation

Exploration and evaluation (“E&E”) expenditures include the direct costs of mineral exploration rights, licenses, technical services and studies, environmental studies, exploration drilling and testing, production scale manufacturing tests, directly attributable overhead and administrative expenses including remuneration of operating personnel and supervisory management, and all costs relating to the acquisition of mineral properties determined to be the acquisition of assets and liabilities for accounting purposes.

E&E expenditures are expensed as incurred to the date that costs incurred are determined to be economically recoverable, the assessment of which would require the completion of a feasibility study that demonstrates a positive commercial outcome, and for the Company to decide to move forward with development of the property into a commercial operation such that it is probable that the future economic benefits will flow to the Company.

Government assistance

Government assistance related to exploration properties is recognized as a recovery of exploration expenses in the consolidated statement of loss and comprehensive loss when there is reasonable assurance that the Company will comply with the conditions attached to them and that the assistance will be received.

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(Expressed in Canadian Dollars)

3. Material accounting policies (continued)

(c) Impairment

The Company's tangible assets are reviewed for indications of impairment at each statement of financial position date. If indications of impairment exist, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(d) Decommissioning liabilities

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities and may from time to time incur decommissioning liabilities and the associated retirement costs related to site reclamation and abandonment. The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding increase to the asset is depreciated over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. As at December 31, 2025 and 2024, the Company had not incurred any decommissioning liabilities related to the exploration of its mineral properties.

(e) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

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3. Material accounting policies (continued)

(f) Foreign currency translation

The reporting currency of the Company is the Canadian dollar.

The functional currency of the Company and its Canadian and Chilean subsidiaries is the Canadian dollar. The functional currency of KSA is the Saudi Riyal.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-translation of monetary assets and liabilities not denominated in the functional currency of an entity at period end exchange rates are recognized in the statement of loss and comprehensive loss.

Management determines the functional currency by examining the primary economic environment in which it operates. The Company considers the following factors in determining its functional currency:

- (i) The currency that mainly influence labor, material and other costs of providing goods;
- (ii) The currency in which funds from financing activities are generated;
- (iii) The currency in which receipts from operating activities are usually retained; and
- (iv) Whether the activities are carried out as an extension of the Company rather than being carried out with a significant degree of autonomy.

(g) Income taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under this method, deferred income taxes and liabilities are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying value and the tax bases of the deferred tax assets and liabilities and are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred tax assets are not recognized if it is probable that the asset will not be realized.

The following temporary differences do not result in deferred tax assets or liabilities:

- (v) the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit; and
- (vi) investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

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

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3. Material accounting policies (continued)

(h) Financial instruments

Financial instruments are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial instruments: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

Classification	Measurement
Cash	Amortized cost
Security Deposit	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due from (to) related parties	Amortized cost
Advances from shareholders	Amortized cost

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss.

Financial assets (continued)

ii. Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

Financial liabilities

Financial liabilities are classified as either financial liabilities at amortized cost, or financial liabilities recorded FVTPL. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's accounts payable and accrued liabilities, debentures payable, due to related parties, advances from shareholders and other liabilities do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

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3. Material accounting policies (continued)

ii. Financial liabilities recorded FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected credit loss impairment model

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

(i) Share-based payments

The Company has a stock option plan, which is described in Note 8. The Company applies the fair value method to all share-based payments and to all grants that are direct awards of stock that call for settlement in cash or other assets. Options granted under the Company's stock option plan vest as determined by the directors at the time of grant. Compensation expense is recognized over the applicable vesting period with a corresponding increase in contributed surplus. When the options are exercised, share capital is credited for the consideration received and the related contributed surplus is decreased.

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Where the stock options are awarded to employees, the fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

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Notes to Consolidated Financial Statements

Years Ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

3. Material accounting policies (continued)

(i) Share-based payments (continued)

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of loss and comprehensive loss, unless the fair value cannot be estimated reliably, in which case they are recorded at the fair value of the equity instruments granted.

(j) Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity.

(k) Loss per share

Basic loss per share is computed by dividing losses available to common shareholders by the weighted average number of common shares outstanding during the period. For the years ended December 31, 2025 and 2024, the existence of warrants and options causes the calculation of diluted loss per share to be anti-dilutive and have been excluded from the calculation of diluted weighted average number of common shares.

(l) Warrants

Warrants exercisable in the Company's functional currency are recorded to equity on the consolidated statements of financial position and valued using the Black-Scholes option pricing model. Warrants exercisable in a currency other than the Company's functional currency are recorded to warrant liability on the consolidated statement of financial position and valued initially and at each period end using the Black-Scholes option pricing model. Any gains or losses are recognized in the statements of loss.

(m) Flow-through share financings

The Company periodically finances a portion of its exploration activities through the issue of flow-through shares, which transfers the tax deductibility of exploration expenditures to the investor (referred to as renunciation). Proceeds received on the issuance of such shares up to the value of similar non-flow through shares are credited to capital stock and any difference between that amount and the issue price is recognized as a flow-through share premium and recognized as a liability in the consolidated statement of financial position. Upon renunciation to the investor of the tax benefits associated with the related expenditures, a deferred income tax liability and corresponding deferred income tax expense is recognized, and the liability previously recorded as a flow through share premium is recorded to flow-through share premium income. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred income tax liability and record a recovery on the consolidated statement of loss and comprehensive loss. The related exploration costs are expensed as incurred.

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4. Equipment

<i>Cost</i>	Automobiles	Field Equipment	Furniture and office equipment	Total
Balance, December 31, 2023	\$ 16,342	\$ 83,278	\$ 126,697	\$ 226,317
Additions	-	-	9,368	9,368
Disposals	-	-	(3,721)	(3,721)
Balance, December 31, 2024 and December 31, 2025	\$ 16,342	\$ 83,278	\$ 132,344	\$ 231,964

<i>Accumulated depreciation</i>	Automobiles	Field Equipment	Furniture and office equipment	Total
Balance, December 31, 2023	\$ 11,067	\$ 82,950	\$ 125,985	\$ 220,002
Additions	1,584	100	372	2,056
Disposals	-	-	(3,682)	(3,682)
Balance, December 31, 2024	12,651	83,050	122,675	218,376
Additions	1,108	68	2,904	4,080
Balance, December 31, 2025	\$ 13,759	\$ 83,118	\$ 125,579	\$ 222,456

<i>Net book value</i>	Automobiles	Field Equipment	Furniture and office equipment	Total
Balance, December 31, 2024	\$ 3,691	\$ 228	\$ 9,669	\$ 13,588
Balance, December 31, 2025	\$ 2,583	\$ 160	\$ 6,765	\$ 9,508

5. Mineral exploration expenditures

Exploration and acquisition costs for the year ended December 31, 2025 and December 31, 2024 are as follows:

	Zulema and Others	Nisk	Golden Ivan	KSA	Total
Assays	\$ -	\$ 174,416	\$ -	\$ -	\$ 174,416
Claim costs	162,123	7,211	-	-	169,334
Drilling	3,502	4,837,555	-	-	4,841,057
Feasibility study	-	2,625,200	-	-	2,625,200
Field costs	133,053	678,333	-	-	811,386
Geophysics and geological	172,340	5,772,649	125,601	-	6,070,590
Year ended December 31, 2024	\$ 471,018	\$ 14,095,364	\$ 125,601	\$ -	\$ 14,691,983

	Zulema and Others	Nisk	Golden Ivan	KSA	Total
Assays	\$ -	\$ 789,069	\$ -	\$ -	\$ 789,069
Claim costs	438,715	18,976	-	-	457,691
Drilling	1,469	8,676,371	-	-	8,677,840
Feasibility study	-	634,735	-	-	634,735
Field costs	90,086	1,682,648	-	-	1,772,734
Geophysics and geological	96,382	10,882,934	51,596	1,082	11,031,994
Acquisition costs	-	7,171,807	-	-	7,171,807
Year ended December 31, 2025	\$ 626,652	\$ 29,856,540	\$ 51,596	\$ 1,082	\$ 30,535,870

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5. Mineral exploration expenditures (continued)

(a) *Tierra de Oro, Chile*

Tierra de Oro is an exploration project located in Region III on the eastern flank of Chile's Coastal Iron Oxide Copper Gold belt. The Company owns a 100% interest in exploration concessions in Region III, Chile. See Note 1 and 13 for status of claims in Chile.

(b) *Zulema also known as Chicharra Property, Chile*

The Company owns 100% of the rights to certain exploitation concessions and certain exploration concessions in Region III, Chile. See Note 1 and 13 for status of claims in Chile.

(c) *Other Properties, Chile*

During the year ended December 31, 2020, the Government of Chile, released the Company from paying for a number of claims which had taxes owing. These claims related to non-core properties, and properties where the Company had ceased its exploration programs. See Note 1 and 13 for status of claims in Chile.

(d) *Nisk Property, Quebec, Canada*

On December 22, 2020 (the "Effective Date"), the Company entered into an option agreement with Critical Elements Limited ("Critical") whereby it acquired 80% ownership. Critical received a 2% net smelter return from the extraction and production of lithium products, of which the Company may, following the payment of \$2,000,000 in cash, reduce to 1%.

On June 9, 2025 (the "Effective Date") the Company entered into a purchase agreement with LI-FT Power Ltd. ("LI-FT") to acquire a 100% interest in the 313 mineral claims. Additionally, LI-FT retains a 0.5% NSR on all acquired claims under a royalty agreement between LI-FT and the Company effective the closing date. Certain of the claims also retain certain underlying royalties and in some cases buy back rights that were contained in previous agreements between LI-FT and prior property vendors. Under the terms of the agreement the Company paid \$700,000 in cash and issued 6,000,000 common shares. The shares are valued at the market price on the day of the closing of the acquisition except for 3,000,000 shares that have a one year trading restriction and a discount on lack of marketability of 17% was applied when determining the fair value of the shares.

(e) *Golden Ivan, British Columbia, Canada*

On January 14, 2021, the Company announced it finalized an option agreement dated October 7, 2020, to acquire 100% of the Golden Ivan property via a series of option payments and work commitments. On June 29, 2021, the agreement was revised to eliminate the cash payments and work commitment and expedite the payment by shares while reducing the overall quantity of shares by 1,000,000 shares from the original agreement. The revised terms are as follows:

- (i) 3,900,000 common shares within five Business Days after receipt of the TSXV Approval. These common shares were valued at \$1,209,000 based on the trading price of the Company's shares on the date of issuance.
- (ii) 6,500,000 common shares on or before June 29, 2021 subject to TSXV Approval. These common shares were valued at \$620,100 based on the trading price of the Company's shares on the date of issuance.

The Company has completed all option payments and has acquired a 100% interest subject only to a 2.5% NSR royalty. The Company retains the option to purchase 40% of this royalty for a one-time payment of \$1,000,000.

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5. Mineral exploration expenditures (continued)

(e) *KSA, Saudi Arabia*

The Company acquired a 100% interest in the Jabul Baudan exploration license in the Kingdom of Saudi Arabia's Jabal Said Belt.

As part of the requirement for the license the Company placed a bond with Ministry of Industry and Mineral Resources of Saudi Arabia in the amount of \$383,670 (Saudi Riyal 1,050,000), which will be returned in March 2030.

6. Spin-out pursuant to the plan of arrangement

On February 3, 2025, the Company completed the plan of arrangement (the "Arrangement") whereby the Company spun out its Golden Ivan and Chilean properties assets and liabilities (the "Spin-Out"), at book value through an equity distribution. Prior to the completion of the Spin-out, the Company subscribed to 3,298,598 common shares of Chilean Metals Inc. ("Chilean") for gross proceeds of \$1,000,000. Immediately before the Spin-out transaction Power Metallic Inc. had 19,725,617 common shares of Chilean Metals Inc, and 50% was retained by Power Metallic Inc., and 50% was provided to the shareholders of the Power Metallic Inc. on a basis of one common share of Chilean for each twenty common share of the Company. In addition, option holders of the Company were issued, for each stock option held, one replacement stock option to acquire one New Share of the Company and one Chilean stock option to acquire 0.05 of a Chilean share. Subsequent to the spin-out transaction any warrants held prior to the Spin-out, when exercised also granted 0.05 of a Chilean share.

As the shareholders of the Company held their respective interests in Chilean; there was no resulting change of control Chilean Metals Inc. The Company retained control after the spin out transaction through its ownership and management of the Company's ownership of common shares on a combined basis being greater than 50%. As a result of the Arrangement there was a reduction in the ownership of Chilean. As such, the assets and liabilities assumed by Chilean, were originally recognized at the date of the acquisition at their historical costs as follows:

	February 3, 2025
Assets	\$ 1,022,855
Liabilities	(248,136)
Total	\$ 774,719
Distribution of 50% of Chilean Metals Inc.'s equity	\$ 387,360

7. Issued capital

a) Authorized share capital

At December 31, 2025, the authorized share capital consisted of an unlimited number of common shares, non-voting Class A preference shares with a par value of \$4.00 and Class B preference shares with a par value of \$20.00. The common shares do not have a par value. No Class A or Class B preference shares have been issued.

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7. Issued capital (continued)

b) Common shares issued

	Number of Shares	Amount
Balance, December 31, 2023	149,873,243	\$ 77,376,535
Private placement (v)(vi)(vii)	28,189,873	18,256,843
Flow-through liability (vi)(vii)	-	(1,650,439)
Share issuance costs (v)(vi)(vii)	-	(459,120)
Broker warrants (v)(vii)	-	(142,955)
Exercise of warrants (ii)	12,663,950	3,997,037
Exercise of options (i)	5,469,528	2,144,438
Balance, December 31, 2024	196,196,594	\$ 99,522,339
Private placement (viii)	21,030,000	49,999,800
Flow-through liability (viii)	-	(19,506,300)
Share issuance costs (viii)	-	(2,429,534)
LI-FT property acquisition (note 5)	6,000,000	6,471,807
Exercise of warrants (iv)	3,254,750	1,409,128
Exercise of options (iii)	5,385,472	2,030,986
Balance, December 31, 2025	231,866,816	\$ 137,498,226

(i) During the year ended December 31, 2024, 5,469,528 stock options were exercised with a weighted average exercise price of \$0.24 and a black scholes value of \$817,954.

(ii) During the year ended December 31, 2024, 12,663,950 warrants were exercised with a weighted average exercise price of \$0.25 and a black scholes value of \$889,687.

(iii) During the year ended December 31, 2025, 5,385,472 stock options were exercised with a weighted average exercise price of \$0.25 and a black scholes value of \$692,181.

(iv) During the year ended December 31, 2025, 3,254,750 warrants were exercised with a weighted average exercise price of \$0.31 and a black scholes value of \$423,585.

(v) On April 12, 2024, the Company closed a private placement of 11,889,875 common shares of the Company, at a price of \$0.20 per share for aggregate gross proceeds of \$2,377,975. The directors of the Company participated in the private placement for aggregate investment of \$333,125. The Company had share issuance costs including finder's fees of \$138,998 and issued 117,250 non-transferable finder's warrants. Each finders warrant is exercisable into one non-flow-through common share at exercise price of \$0.20 per share for a period of three years. The broker warrants were valued at \$15,265 using the relative fair value approach and the Black-Scholes option-pricing model. The following weighted average assumptions were used: share price - \$0.25; risk free interest rate – 4.26%; expected volatility – 95% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 3 years.

(vi) On June 10, 2024, the Company closed the private placement of 250,000 flow-through units of the Company, at a price of \$0.80 per flow-through units for aggregate gross proceeds of \$200,000. The Company had share issuance costs including finder's fees of \$2,412. Each unit is comprised of one flow-through share, and one non transferable non-flow-through common share purchase warrant. Each warrant will be exercisable into one non-flow-through common share at exercise price of \$0.80 per share for a period of three years from the date of issuance. The warrants were valued at \$95,570 using the relative fair value approach and the Black-Scholes option-pricing model. The following weighted average assumptions were used: share price - \$0.80; risk free interest rate – 3.86%; expected volatility – 106% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 3 years.

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7. Issued capital (continued)

(vii) On June 21, 2024, the Company closed a private placement of 16,049,998 flow-through units of the Company, at a price of \$1.25 per flow-through units for aggregate gross proceeds of \$20,062,498. The Company had share issuance costs including finder's fees of \$317,710 and issued 265,727 non-transferable finder's warrants. Each unit is comprised of one flow-through share, and one-half of one transferable non-flow-through common share purchase warrant. Each warrant and finders warrant will be exercisable into one non-flow-through common share at exercise price of \$1.25 per share for a period of three years and one and a half years, respectively from the date of issuance. The warrants and broker warrants were valued at \$4,288,060 and \$127,630 respectively using the relative fair value approach and the Black-Scholes option-pricing model. The following weighted average assumptions were used: share price - \$1.25; risk free interest rate – 3.75% - 3.93%; expected volatility – 108% - 139% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 1.5 - 3 years.

(viii) On February 27, 2025, the Company closed a private placement of 14,135,000 flow-through shares of the Company, at a price of \$2.83 per flow-through shares, and 6,895,000 common shares at a price of \$1.45 per share for aggregate gross proceeds of \$49,999,800. The Company had share issuance costs including finder's fees of \$2,429,534.

8. Stock options

The Company has implemented a stock option plan ("the Plan") to be administered by the Board of Directors. Pursuant to the Plan the Board of Director's has discretion to grant options for up to a maximum of 10% of the issued and outstanding common shares of the Company at the date the options are granted. The option price under each option shall be not less than, the discounted market price on the grant date. The expiry date of an option shall be set by the Board of Directors at the time the option is awarded, and shall not be more than ten years after the grant date. Options granted to directors, employees and consultants, other than consultants engaged in investor relations activities, will vest immediately upon granting, unless otherwise approved by the relevant regulatory authorities. Options granted to employees and consultants engaged in investor relations activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the options vesting in any three-month period.

Power Metallic Inc. Stock Options

The following table reflects the continuity of stock options for the years presented:

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2023	12,475,000	0.25
Expired	(850,000)	0.25
Granted (i)(ii)(iii)(iv)(v)(vi)(vii)(viii)(ix)(x)(xi)	12,650,000	0.53
Exercised (note 7(b)(i))	(5,469,528)	0.24
Balance, December 31, 2024	18,805,472	0.44
Expired	(250,000)	0.71
Granted (xii)(xiii)(xiv)(xv)(xvi)(xvii)	5,325,000	1.43
Exercised (note 7(b)(iii))	(5,385,472)	0.25
Balance, December 31, 2025	18,495,000	0.76

(i) During the year ended December 31, 2025, the Company recorded share-based compensation of \$nil (December 31, 2024 - \$8,463) related to the grant of stock options prior to fiscal 2024 in the consolidated statement of loss and comprehensive loss .

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8. Stock options (continued)

Power Metallic Inc. Stock Options (continued)

(ii) During the year ended December 31, 2024, the Company granted stock options to consultants of the Company for the purchase of a total of 1,150,000 common shares, exercisable for 3 years from grant. The options have an exercise price of \$0.24, and vest immediately. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$0.25; risk free interest rate – 3.99%; expected volatility – 111% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 3 years. During the year ended December 31, 2025, the Company recorded share-based compensation of \$nil (December 31, 2024 - \$181,740) related to the grant in the consolidated statements of loss and comprehensive loss.

(iii) During the year ended December 31, 2024, the Company granted stock options to a company controlled by a family member of the CEO and Director of the Company for the purchase of a total of 1,000,000 common shares, exercisable for one year from grant. The options have an exercise price of \$0.25, and vest immediately. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$0.25; risk free interest rate – 4.41%; expected volatility – 76% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 1 year. During the year ended December 31, 2025, the Company recorded share-based compensation of \$nil (December 31, 2024 - \$71,430) related to the grant in the consolidated statements of loss and comprehensive loss.

(iv) During the year ended December 31, 2024, the Company granted stock options to consultants of the Company for the purchase of a total of 2,350,000 common shares, exercisable for one year from grant. The options have an exercise price of \$0.25, and vest immediately. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$0.25; risk free interest rate – 4.25%; expected volatility – 73% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 1 year. During the year ended December 31, 2025, the Company recorded share-based compensation of \$nil (December 31, 2024 - \$118,255) related to the grant in the consolidated statements of loss and comprehensive loss.

(v) During the year ended December 31, 2024, the Company granted stock options to consultants of the Company for the purchase of a total of 1,000,000 common shares, exercisable for one year from grant. The options have an exercise price of \$0.64, and vest immediately. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$0.64; risk free interest rate – 4.24%; expected volatility – 103.3% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 1 year. During the year ended December 31, 2025, the Company recorded share-based compensation of \$nil (December 31, 2024 - \$354,885) related to the grant in the consolidated statements of loss and comprehensive loss.

(vi) During the year ended December 31, 2024, the Company granted stock options to consultants of the Company for the purchase of a total of 1,000,000 common shares, exercisable for one year from grant. The options have an exercise price of \$0.82, and vest immediately. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$0.82; risk free interest rate – 4.05%; expected volatility – 101.6% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 2 year. During the year ended December 31, 2025, the Company recorded share-based compensation of \$nil (December 31, 2024 - \$394,170) related to the grant in the consolidated statements of loss and comprehensive loss.

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(Expressed in Canadian Dollars)

8. Stock options (continued)

Power Metallic Inc. Stock Options (continued)

(vii) During the year ended December 31, 2024, the Company granted stock options to an officer, directors and consultants of the Company for the purchase of a total of 4,300,000 common shares, exercisable for one year from grant. The officers and directors were granted 2,400,000 stock options. The options have an exercise price of \$0.66, and vest immediately. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$0.66; risk free interest rate – 3.60%; expected volatility – 93.5% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 2 year. During the year ended December 31, 2025, the Company recorded share-based compensation of \$nil (December 31, 2024 - \$1,348,960) related to the grant in the consolidated statements of loss and comprehensive loss.

(viii) During the year ended December 31, 2024, the Company granted stock options to consultants of the Company for the purchase of a total of 300,000 common shares, exercisable for one year from grant. The options have an exercise price of \$0.66, and vest immediately. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$0.66; risk free interest rate – 3.31%; expected volatility – 93.5% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 2 year. During the year ended December 31, 2025, the Company recorded share-based compensation of \$nil (December 31, 2024 - \$112,190) related to the grant in the consolidated statements of loss and comprehensive loss.

(ix) During the year ended December 31, 2024, the Company granted stock options to consultants of the Company for the purchase of a total of 600,000 common shares, exercisable for five years from grant. The options have an exercise price of \$0.66, and vest immediately. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$0.66; risk free interest rate – 2.77%; expected volatility – 125.1% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 5 year. During the year ended December 31, 2025, the Company recorded share-based compensation of \$nil (December 31, 2024 - \$280,935) related to the grant in the consolidated statements of loss and comprehensive loss.

(x) During the year ended December 31, 2024, the Company granted stock options to consultants of the Company for the purchase of a total of 350,000 common shares, exercisable for one year from grant. The options have an exercise price of \$0.75, and vest immediately. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$0.76; risk free interest rate – 3.08%; expected volatility – 76.3% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 1 year. During the year ended December 31, 2025, the Company recorded share-based compensation of \$nil (December 31, 2024 - \$83,200) related to the grant in the consolidated statements of loss and comprehensive loss.

(xi) During the year ended December 31, 2024, the Company granted stock options to consultants of the Company for the purchase of a total of 600,000 common shares, exercisable for two years from grant. The options have an exercise price of \$0.78, and vest immediately. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$0.78; risk free interest rate – 3.08%; expected volatility – 80.9% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 2 year. During the year ended December 31, 2025, the Company recorded share-based compensation of \$nil (December 31, 2024 - \$211,015) related to the grant in the consolidated statements of loss and comprehensive loss.

(xii) During the year ended December 31, 2025, the Company granted stock options to consultants of the Company for the purchase of a total of 350,000 common shares, exercisable for two years from grant. The options have an exercise price of \$0.99, and vest immediately. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$1.01; risk free interest rate – 3.15%; expected volatility – 77.7% (which is based on historical volatility of the Company's share price); expected dividend

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8. Stock options (continued)

yield - nil; expected life - 2 years. During the year ended December 31, 2025, the Company recorded share-based compensation of \$156,080 (December 31, 2024 - \$nil) related to the grant in the consolidated statements of loss and comprehensive loss.

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(Expressed in Canadian Dollars)

8. Stock options (continued)

Power Metallic Inc. Stock Options (continued)

(xiii) During the year ended December 31, 2025, the Company granted stock options to consultants of the Company for the purchase of a total of 500,000 common shares, exercisable for three years from grant. The options have an exercise price of \$0.99, and vest immediately. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$1.01; risk free interest rate - 3.09%; expected volatility - 96.6% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 3 years. During the year ended December 31, 2025, the Company recorded share-based compensation of \$312,920 (December 31, 2024 - \$nil) related to the grant in the consolidated statements of loss and comprehensive loss.

(xiv) During the year ended December 31, 2025, the Company granted stock options to consultants of the Company for the purchase of a total of 1,475,000 common shares, exercisable for one years from grant. The options have an exercise price of \$1.63, and vest immediately. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$1.63; risk free interest rate - 2.55%; expected volatility - 87.4% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 1 year. During the year ended December 31, 2025, the Company recorded share-based compensation of \$832,730 (December 31, 2024 - \$nil) related to the grant in the consolidated statements of loss and comprehensive loss.

(xv) During the year ended December 31, 2025, the Company granted stock options to a consultants of the Company for the purchase of a total of 600,000 common shares exercisable for two years from grant, The options have an exercise price of \$1.45, and vest immediately. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$1.42; risk free interest rate - 2.55%; expected volatility - 74.6% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 2 years. During the year ended December 31, 2025, the Company recorded share-based compensation of \$350,310 (December 31, 2024 - \$nil) related to the grant in the consolidated statements of loss and comprehensive loss.

(xvi) During the year ended December 31, 2025, the Company granted stock options to a consultants of the Company for the purchase of a total of 2,050,000 common shares, which vest immediately. 1,150,000 stock options expiry five years after grant, 250,000 options expire two years after grant, and the remaining 100,000 expire one year after grant. The options have an exercise price of \$1.45. The fair value of these options at the date of grant was estimated using the weighted average Black-Scholes option pricing model with the following assumptions: share price - \$1.39; risk free interest rate - 2.92%; expected volatility - 99.96% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 4.11 years. During the year ended December 31, 2025, the Company recorded share-based compensation of \$1,659,335 (December 31, 2024 - \$nil) related to the grant in the consolidated statements of loss and comprehensive loss.

(xvii) During the year ended December 31, 2025, the Company granted stock options to a consultants of the Company for the purchase of a total of 350,000 common shares, which quarterly over one year. The options have an exercise price of \$1.45. The fair value of these options at the date of grant was \$154,450 using an estimated using the weighted average Black-Scholes option pricing model with the following assumptions: share price - \$1.20; risk free interest rate - 2.42%; expected volatility - 76% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 2 years. During the year ended December 31, 2025, the Company recorded share-based compensation of \$51,055 (December 31, 2024 - \$nil) related to the grant in the consolidated statements of loss and comprehensive loss.

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8. Stock options (continued)

Power Metallic Inc. Stock Options (continued)

The following table reflects the stock options issued and outstanding as of December 31, 2025:

Expiry Date	Exercise Price (\$)	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
February 25, 2026	0.29	0.15	3,850,000	3,850,000
March 18, 2026	1.63	0.21	1,475,000	1,475,000
May 24, 2026	0.61	0.39	470,000	470,000
July 2, 2026	0.78	0.50	1,000,000	1,000,000
August 16, 2026	0.63	0.62	300,000	300,000
August 25, 2026	1.45	0.65	650,000	650,000
November 27, 2026	0.74	0.91	600,000	600,000
January 14, 2027	0.99	1.04	350,000	350,000
August 25, 2027	1.45	1.65	250,000	250,000
September 17, 2027	1.45	1.71	600,000	600,000
November 3, 2027	1.45	1.84	350,000	-
November 28, 2027	0.19	1.91	450,000	450,000
January 15, 2028	0.99	2.04	500,000	500,000
June 15, 2028	0.24	2.46	1,600,000	1,600,000
July 26, 2029	0.63	3.57	4,300,000	4,300,000
September 9, 2029	0.63	3.69	600,000	600,000
August 25, 2030	1.45	4.65	1,150,000	1,150,000
	0.76	1.83	18,495,000	18,145,000

Chilean Metals Inc. Stock Options

The following table reflects the continuity of Chilean Metals Inc. stock options for the years presented:

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2024	-	-
Expired	(13,290)	0.75
Granted through plan of arrangement (i)	962,250	0.41
Exercised	(247,960)	0.26
Balance, December 31, 2025	701,000	0.48

(i) In accordance with the Plan of Arrangement, the Company granted stock options to purchase a total of 962,250 common shares, exercisable for 0.04 - 4.48 years from the date of grant. The options have an exercise price of \$0.20 - \$1.00, and vest immediately. The fair value of these options at the date of grant was \$10,803 estimated using the Black-Scholes option pricing model with the following weighted assumptions: share price - \$0.07; risk free interest rate - 2.63%; expected volatility - 89.78% (which is based on historical volatility of Power Metallic's share price); expected dividend yield - nil; expected life - 0.04 - 4.48 years.

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(Expressed in Canadian Dollars)

8. Stock options (continued)

Chilean Metals Inc. Stock Options (continued)

The following table reflects the stock options issued and outstanding as of December 31, 2025:

Expiry Date	Exercise Price (\$)	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
February 25, 2026	0.20	0.15	192,500	192,500
May 24, 2026	0.60	0.39	23,500	23,500
July 2, 2026	0.80	0.50	50,000	50,000
July 26, 2026	0.60	0.57	30,000	30,000
August 16, 2026	0.60	0.62	15,000	15,000
November 27, 2026	0.80	0.91	30,000	30,000
January 14, 2027	1.00	1.04	17,500	17,500
November 28, 2027	0.20	1.91	22,500	22,500
January 14, 2028	1.00	2.04	25,000	25,000
June 15, 2028	0.20	2.46	80,000	80,000
July 26, 2029	0.60	3.57	185,000	185,000
September 9, 2029	0.60	3.69	30,000	30,000
	0.48	1.71	701,000	701,000

9. Warrants

The following table reflects the continuity of warrants for the years presented:

	Number of warrants	Weighted average exercise price (\$)
Balance, December 31, 2023	40,590,030	0.28
Granted (note 7(b))	8,657,976	1.22
Expired	(421,080)	0.50
Exercised (note 7(b)(ii))	(12,663,950)	0.25
Balance, December 31, 2024	36,162,976	0.52
Expired	(265,727)	1.25
Exercised (note 7(b)(iv))	(3,254,750)	0.31
Balance, December 31, 2025	32,642,499	0.53

The following table reflects the warrants outstanding as of December 31, 2025:

Expiry Date	Exercise Price (\$)	Remaining Contractual Life (years)	Number of Warrants Outstanding	Grant date Fair Value (\$)
December 29, 2026	0.50	0.99	1,880,000	128,487
October 23, 2026	0.50	0.81	2,000,000	249,850
November 14, 2026	0.50	0.87	1,100,000	151,733
June 10, 2027	0.80	1.44	250,000	95,570
June 21, 2027	1.25	1.47	8,024,999	4,288,060
November 22, 2027	0.20	1.89	16,500,000	799,220
March 30, 2028	0.50	2.25	621,500	133,570
April 25, 2028	0.50	2.32	1,650,000	368,237
May 4, 2028	0.50	2.34	516,000	120,015
August 14, 2028	0.25	2.62	100,000	12,000
	0.53	1.67	32,642,499	6,346,742

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10. Net loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2025 was based on the loss attributable to common shareholders of \$38,559,303 (year ended December 31, 2024 - \$21,001,914) and the weighted average number of common shares outstanding of 222,829,227 (year ended December 31, 2024 - 175,461,228). Diluted loss per share did not include the effect of 18,495,000 options outstanding (December 31, 2024 - 18,805,472 options outstanding) or the effect of 32,642,499 warrants outstanding (year ended December 31, 2024 - 36,162,976 warrants outstanding) as they are anti-dilutive.

11. Related party balances and transactions

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

As at December 31, 2025 and December 31, 2024, the Company is not aware of any insiders that control a significant portion of the total common shares outstanding. To the knowledge of directors and officers of the Company, the remainder of the outstanding common shares are held by diverse shareholders. These holdings can change at any time at the discretion of the owner.

(a) The Company entered into the following transactions with related parties:

		Year ended December 31,	
		2025	2024
Administration expense	(i)(iii)	\$ 1,787,000	\$ 1,270,000
Accounting expense	(ii)	\$ 97,581	\$ 93,625
Share-based compensation		\$ 980,273	\$ 1,033,843

(i) For the year ended December 31, 2025, the Company incurred consulting fees from a company controlled by an officer and a director of \$975,000 (December 31, 2024 - \$650,000) and is recorded in administration fees.

(ii) For the year ended December 31, 2025, the Company incurred accounting expenses from companies related to an officer of \$97,581 (December 31, 2024 - \$93,625) and is recorded in professional fees.

(iii) For the year ended December 31, 2025, the Company incurred consulting fees from directors of \$812,000 (year ended December 31, 2024 - \$620,000) and is recorded in administration fees.

(iv) As at December 31, 2025, included in amounts due from related parties, the Company has a receivable of \$435,033 (December 31, 2024 - \$158,913) from an officer and director. This amount is unsecured, non-interest bearing and due on demand.

(v) As at December 31, 2025, included in accounts payable and accrued liabilities is \$24,000 (December 31, 2024 - \$54,000) due to directors, these amounts are unsecured, non-interest bearing, and due on demand.

(vi) As at December 31, 2025, included in accounts payable and accrued liabilities is \$106,213 (December 31, 2024 - \$51,000) due to family members of an officer and director of the Company. As at December 31, 2025, included in amounts due from related parties is \$36,088 (December 31, 2024 - prepaid expenses - \$63,417) paid to these family members.

(vii) For the year ended December 31, 2025, the Companies incurred consulting fees of \$579,765 (December 31, 2024 - \$205,009), to companies controlled by family members of an officer and director of the Company, and they are recorded in professional fees, investor relation fees, share issuance costs, and website development fees.

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11. Related party balances and transactions (continued)

(viii) As at December 31, 2025, the Company has a balance payable to shareholders of \$7,000 (December 31, 2024 - \$7,000). This amount is unsecured, due on demand, and non-interest bearing.

(ix) See note 7, 8 and 13.

Payments to directors and key management personnel of the Company include certain transactions with related parties in above, noted transactions are in the normal course of business and approved by the Board of Directors.

12. Segmented information

The Company operates in one industry segment, namely exploration of mineral resources in three geographic regions, Canada and Chile. Geographical segmentation of the Company's non-current assets is as follows:

December 31, 2025	Canada	Chile	Saudi Arabia	Total
Equipment	\$ -	\$ 9,508	\$ 383,670	\$ 393,178
December 31, 2024	Canada	Chile	Saudi Arabia	Total
Equipment	\$ -	\$ 13,588	\$ -	\$ 13,588

Year ended December 31, 2025	Canada	Chile	Saudi Arabia	Total
Operating expenses				
Administration fees	\$ 1,989,211	\$ -	\$ -	\$ 1,989,211
Depreciation	-	4,080	-	4,080
Accretion, bank and interest fees	12,484	172	-	12,656
Exploration expenditures	29,908,136	626,652	1,082	30,535,870
Foreign exchange loss (gain)	86,355	28,577	-	114,932
Investor relations	2,334,475	-	-	2,334,475
Office and miscellaneous	138,311	33,065	-	171,376
Professional fees	1,361,194	14,776	-	1,375,970
Share-based payments	3,362,430	-	-	3,362,430
Transfer and regulatory	289,878	-	-	289,878
Travel, promotion and mining shows	523,177	-	25,198	548,375
Interest income	(940,820)	-	-	(940,820)
Business Development and Advisory	3,199,717	-	86,063	3,285,780
Shareholder Communications	1,308,697	-	-	1,308,697
Total expenses before other items	(43,573,245)	(707,322)	(112,343)	(44,392,910)
Other items				
Flow-through liability amortization	5,364,983	-	-	5,364,983
Net loss and comprehensive loss for the year	\$(38,208,262)	\$(707,322)	\$(707,322)	\$(39,027,927)

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12. Segmented information (continued)

Year ended December 31, 2024	Canada	Chile	Total
Operating expenses			
Administration fees	\$ 1,220,000	\$ -	\$ 1,220,000
Depreciation	-	2,056	2,056
Accretion, bank and interest fees	10,436	487	10,923
Exploration expenditures	14,220,965	471,018	14,691,983
Foreign exchange loss (gain)	39,166	21,743	60,909
Investor relations	1,212,429	-	1,212,429
Office and miscellaneous	108,313	42,667	150,980
Professional fees (note 11)	566,171	11,234	577,405
Share-based payments	3,165,243	-	3,165,243
Transfer and regulatory	162,989	-	162,989
Travel, promotion and mining shows	265,302	-	265,302
Business Development and Advisory	3,172,663	-	3,172,663
Shareholder Communications	859,179	-	859,179
Total expenses before other items	(25,002,856)	(549,205)	(25,552,061)
Other items			
Flow-through liability amortization	4,494,683	-	4,494,683
Gain on write off of other liabilities	55,464	-	55,464
Net loss and comprehensive loss for the year	\$ (20,452,709)	\$ (549,205)	\$ (21,001,914)

13. Commitments and contingencies

Consulting

The Company has entered into five consulting agreements with a Director and companies controlled by Directors of the Company. The obligation under these agreements amounts to \$950,000 per year.

Flow-through

The Company was obligated to spend \$20,262,497 by December 31, 2025, and is obligated to spend \$40,002,050 by December 31, 2026. The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to flow-through participants. The Company has indemnified the subscribers for any related tax amounts that become payable by the subscribers as a result of the Company not meeting its expenditure commitments. The Company does not have sufficient working capital to cover its flow-through commitment, and intends to cover its flow-through commitment through additional equity financing.

	Flow-through Liability (\$)	Flow-through commitment (\$)
Balance, December 31, 2023	\$ 4,032,096	\$ 7,155,365
Recognition of flow-through liability	1,650,439	20,262,497
De-recognition of flow-through liability	(4,494,683)	(13,028,511)
Balance, December 31, 2024	1,187,852	14,389,351
Recognition of flow-through liability	19,506,300	40,002,050
De-recognition of flow-through liability	(5,364,983)	(22,915,467)
Balance, December 31, 2025	\$ 15,329,169	\$ 31,475,934

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(Expressed in Canadian Dollars)

13. Commitments and contingencies (continued)

Flow-through indemnification

The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to flow-through participants. Certain interpretations are required to assess the eligibility of flow-through expenditures that if changed, could result in the denial of renunciation. The Company indemnified the subscribers for any related tax amounts that become payable by the subscribers as a result of the Company not meeting its expenditure commitments. If the Canadian Revenue Agency ("CRA") determined that the Company was not compliant with their flow-through expenditure commitments, the Company may be liable to indemnify subscribers for any related tax amounts. No provision has been recorded in these consolidated financial statements related to this contingency as various triggering events have not taken place.

Environmental and legal

The Company's operations are subject to government environmental protection legislation. Environmental consequences are difficult to identify in terms of results, timetable and impact. At this time, to management's best knowledge, the Company's operations are in compliance with current laws and regulations.

The Company may be subject to various claims, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable and the amounts are estimable. Although the outcome of such matters cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material adverse effect on the Company's financial condition, operations or liquidity.

Property taxes

As at December 31, 2025, the Company has unpaid property tax for various mineral exploration property claims totaling approximately 392,773,681 Chilean Pesos (\$598,925) (December 31, 2024 - 154,298,974 Chilean Pesos (\$222,365)) which has been included in accounts payable and accrued liabilities as at December 31, 2025. In the event that the claims are put up for tax auction, the Company expects to have a notice period to make the payment for the portion of this amount required (note 1). The property tax commitment for 2026 fiscal year is 146,714,392 Chilean Pesos (\$223,719).

14. Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate on the net loss for the years ended December 31, 2025 and December 31, 2024 is as follows:

	Year ended December 31,	
	2025	2024
Net loss before income taxes	\$ (39,027,927)	\$ (21,001,914)
Combined federal and provincial statutory income tax rate	26.50 %	26.50 %
Expected income tax recovery	\$ (10,342,000)	\$ (5,566,000)
Permanent differences	203,000	248,000
Change in tax benefits not recognized	10,139,000	5,318,000
Income tax expense (recovery)	\$ -	\$ -

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14. Income taxes (continued)

Deferred income taxes reflect the net tax effects of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	As at December 31, 2025	As at December 31, 2024
Non-capital losses carried forward	\$ 94,991,000	\$ 75,616,000
Capital losses carried forward	348,000	341,000
Finance costs and other	2,460,000	746,000
Mineral exploration properties and equipment	33,890,000	17,452,000
	\$ 131,689,000	\$ 94,155,000

The Company has approximately \$53,000,000 of Chilean non-capital losses that carry forward indefinitely. The Company also has Canadian non-capital losses of approximately \$36,867,056 expiring as follows:

	Canada	
2026	\$	974,000
2027		1,192,000
2028		882,000
2029		725,000
2030		1,265,000
2031		1,648,000
2032		1,253,000
2033		1,970,000
2034		1,263,000
2035		449,000
2036		995,000
2037		1,095,000
2038		1,270,000
2039		806,000
2040		1,110,000
2041		1,394,000
2042		2,349,000
2043		4,277,000
2044		4,299,000
2045		7,651,056
	\$	36,867,056

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

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15. 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 development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders, to maintain creditworthiness and to maximize returns for shareholders over the long term. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares and alternative financing activities dependent on market conditions.

The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2025. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX-V which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2025, the Company is compliant with Policy 2.5. The Company includes the components of shareholders' equity in its management of capital.

As at December 31, 2025 and 2024, the Company had capital resources consisting of cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, obtain loans or issue debenture securities to raise cash.

The Company's investment policy is to invest its cash in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

16. Financial instruments and risk

Fair value

The Company's financial instruments consist of cash, due from related parties, advances from shareholders, accounts payable and accrued liabilities. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature and current market rates for similar financial instruments.

The following table summarizes the carrying values of the Company's financial instruments:

	As at December 31, 2025	As at December 31, 2024
	\$	\$
Assets:		
<i>Amortized cost</i>		
Cash	21,118,155	6,611,380
Security deposit	383,670	-
Due from related parties	471,121	158,913

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16. Financial instruments and risk (continued)

Fair value (continued)

The following table summarizes the carrying values of the Company's financial instruments: (continued)

	As at December 31, 2025	As at December 31, 2024
	\$	\$
Liabilities:		
<i>Amortized cost</i>		
Accounts payable and accrued liabilities	3,210,879	2,028,240
Advances from shareholders	7,000	7,000

The Company thoroughly examines the various financial instrument risks to which it is exposed, and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management. There have not been any significant changes from the previous year as to how these risks are reviewed and monitored by management. The types of financial instrument risk exposures and the objectives and policies for managing these risk exposures is described below:

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities,

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and

Level 3 – Inputs that are not based on observable market data.

As at December 31, 2025 and 2024, the Company did not have any assets measured at fair value and that require classification within the fair value hierarchy.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and security deposit. To minimize the credit risk the Company places cash with financial institutions. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts. Security deposits are held with the Saudi Ministry of Investment

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at December 31, 2025, the Company had cash, sales tax receivable, and amounts due from related parties of \$23,784,913 (December 31, 2024 - \$7,318,334) to settle current liabilities excluding the flow-through liability of \$3,217,879 (December 31, 2024 - \$2,035,240). All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms, except for the debentures payable. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity and the Company's ability to continue as a going concern.

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16. Financial instruments and risk (continued)

The following are the undiscounted amounts and contractual maturities of the Company's financial liabilities as at December 31, 2025:

	<1 year	1-2 years	>2 years
Accounts payable and accrued liabilities	\$ 3,210,879	\$ -	\$ -
Advances from shareholders	7,000	-	-
Total	\$ 3,217,879	\$ -	\$ -

Foreign Exchange Risk

The Company's functional currency is the Canadian dollar. However, the Company is exposed to the currency risk related to the fluctuation of foreign exchange rates as some of the Company's operations are located in Chile and Saudi Arabia. A significant change in the currency exchange rates between the Canadian dollar relative to the Chilean peso could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations. The sensitivity of the Company's net loss and comprehensive loss to changes in the exchange rate between the Canadian dollar and the Chilean peso resulting from a 1% change in the Chilean peso exchange rate relative to the Canadian dollar would change the Company's net loss by approximately \$705 (December 31, 2024 - \$727).

The Company is also exposed to the currency risk related to the fluctuation of US Dollar as some of the Company's expenses are denominated in US Dollars. As at December 31, 2025, currency risk for the US Dollar was not significant.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to interest rate risk because it does not have loans that have a floating interest rate.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of gold and copper. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

17. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation. This reclassification had no impact on total expenses or net loss for the comparative periods.

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18. Non-Controlling Interest

Through the Plan of Agreement, Power Metallic acquired 50% of Chilean on February 3, 2025 (note 6). As of December 31, 2025, the Company has a 51.47% ownership interest in Chilean through its ownership of common shares. The non-controlling interest represents the Chilean Common Shares not attributable to the Company.

Reconciliation of non-controlling interest is as follows:

Balance, December 31, 2024	\$ -
Spin-out	387,360
Subscription to private placement	300,000
Change in ownership interest	(90,432)
Net loss for the period	(468,624)
Balance, December 31, 2025	\$ 128,304

The consolidated financial statements incorporate the assets and liabilities of Chilean as of December 31, 2025. The following is summarized financial information for Chilean, prepared in accordance with IFRS. The information is before inter-company eliminations with other companies in the Group.

Summarized statement of financial position	\$
Current assets	867,179
Non-current assets	9,508
Current liabilities	(612,289)
Non-current liabilities	-
Net assets	264,398
Net assets attributable to NCI	128,304
	\$
Net loss for the period ended December 31, 2025	921,602
Net loss attributable to NCI	468,624
	\$
Net cash used in operating activities	(621,212)
Net cash provided by financing activities	1,465,301
Net increase in cash	844,089
