TALON METALS CORP

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2025

Dated: March 27, 2026

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*This Management's Discussion and Analysis ("**MD&A**") of financial condition and results of operations for the year ended December 31, 2025 should be read in conjunction with the consolidated financial statements of Talon Metals Corp. ("**Talon**" or the "**Company**") and notes thereto for the year ended December 31, 2025. The MD&A enables readers to assess material changes in financial condition and results of operations in comparison to the corresponding prior year periods.*

Unless otherwise indicated, all monetary statements in this document are in Canadian dollars.

FORWARD-LOOKING INFORMATION

This MD&A contains certain "forward-looking information". All information, other than information pertaining to historical fact, which addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future, including, among other things, the completion and timing of the Company's objectives, including exploration plans, drilling plans, geophysical work, mine plans, metallurgical and processing work, environmental studies, permitting, social/community impact and government relations work, engineering and feasibility study work (including, the completion of a feasibility study), and the costs and timing thereof; the environmental review process, including timing related to the EAW (defined below) process and the preparation of the EIS (defined below); payments to Kennecott (defined below) pursuant to the 2018 Option Agreement (defined below); the supply of nickel concentrate to Tesla Inc. and copper concentrate to one or more smelters pursuant to the Tesla Supply Agreement (defined below); the estimates in respect of mineral resource quantities, mineral resource qualities; US government support for building a domestic battery supply chain, including the DOE BMPF Grant (defined below) and the amount of funds to be received by the Company and timing in respect thereof; the amount and timing of funds to be received by the Company pursuant to the DOW Exploration Grant (defined below); the Company's targets, goals, objectives and plans, the Company's business plans, priorities, milestones and budget, projections in respect of capital expenditures and the Company's liquidity and capital resources (including, the Company's expected uses and requirements of working capital and the Company's plans to generate cash flow from Eagle (defined below), raise additional capital, receive government grant funding, and/or develop the Tamarack Project into a profitable mine) and the earn-in under the UPX Option Agreement (defined below), is forward-looking information.

Forward-looking information reflects the current expectations or beliefs of the Company based on information currently available to the Company. With respect to forward-looking information contained in this MD&A, the Company has made assumptions regarding, among other things, future currency and interest rates, the regulatory framework (including tax and trade laws and policies) in the countries in which the Company conducts its business, and the Company's ability to obtain suitably qualified staff and equipment in a timely and cost-efficient manner to meet the Company's needs.

Forward-looking information is subject to significant risks and uncertainties and other factors that could cause the actual results to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to: the failure of exploration programs to identify mineralization, the failure to establish estimated mineral resources and any reserves; the grade, quality and recovery of mineral resources varying from estimates; risks related to the exploration stage of the Company's properties; the possibility that future exploration results and metallurgical testing will not be consistent with the Company's expectations; changes in nickel, copper and/or PGE prices; the wars in Ukraine and the Middle East; increased global uncertainty; increasing interest rates; delays in obtaining or failures to obtain necessary regulatory permits and approvals from government authorities, including approval of applications for licences/permits required to conduct field based programs; uncertainties involved in interpreting drilling results, and the beneficiation process and other geological and product related data; changes in the anticipated demand for nickel, copper, cobalt and/or gold and PGEs; changes in equity and debt markets; inflation; changes in exchange rates; declines in U.S., Canadian and/or global economies; US government funding changes in respect of grants; uncertainties relating to the availability and costs of financing needed to complete exploration activities and demonstrate the feasibility of the Company's projects; exploration costs varying significantly from estimates; delays in the exploration, mineral processing and development of, and/or commercial production from the properties Talon has an interest in; equipment failure; unexpected geological or hydrological conditions; political risks; imprecision in preliminary resource estimates; success of future exploration and development initiatives; the existence of undetected or unregistered interests or claims, whether in contract or in tort, over the property of Talon or the Tamarack Project; changes in government regulations and policies; risks relating to labour; other exploration, development and operating risks; liability and other claims asserted against Talon; volatility in prices of publicly traded securities; and other risks involved in the mineral exploration and development industry and risks specific to the Company, including the risks discussed in this MD&A under *"Risks and Uncertainties"*.

Forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update forward-looking information, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.

The mineral resource figures referred to in this MD&A are estimates, and no assurances can be given that the indicated levels of minerals will be produced. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results, beneficiation tests and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that the resource estimates included in this MD&A are well established, by their nature, resource estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such estimates are inaccurate or are reduced in the future, this could have a material adverse impact on the Company.

Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that mineral resources can be upgraded to mineral reserves through continued exploration.

Additional information relating to the Company, including the Company's Annual Information Form for the year ended December 31, 2025, is available on SEDAR+ *at www.sedarplus.com.*

GOING CONCERN

The consolidated financial statements of the Company have been prepared on a going concern basis which presumes that the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

On January 9, 2026, the Company acquired the producing Eagle Mine and the associated Humboldt Mill (collectively, "**Eagle**") located in Michigan, USA (for further information see section below entitled "Acquisition of the Eagle Mine and Humboldt Mill").

The Company's ability to continue as a going concern is dependent on cash flows from Eagle combined with existing working capital and the receipt of government grant cost-share payments. There are risks and uncertainties regarding the cash flows from Eagle, including prevailing market prices for nickel and copper, operating costs, capital costs, operational risks and other factors which in turn are impacted by global events such as wars and recessions. In order to develop and construct the Tamarack Project, the Company will need to raise additional capital. The Company has a track record of raising capital, however, amounts, timing and the terms of capital raises are uncertain and may be unfavourable to the Company. To support raising capital, the Company focuses efforts on achieving milestones and value-added activities, such as cost and productivity improvements at Eagle, a feasibility study for the Tamarack Project and exploration at the Tamarack Project and in Michigan. There can be no assurance that the Company will be successful in carrying out any of these activities to meet the Company's future working capital requirements and commitments and continue operations for the foreseeable future.

The Company has not earned any revenue to date from the Tamarack Project. The Company, and its joint venture partner, Kennecott Exploration Company ("**Kennecott**"), are in the process of exploring the Tamarack Project (defined below) and the Company has not yet determined whether the Tamarack Project contains ore reserves that are economically recoverable. The recoverability of the Company's property carrying value and of the related deferred exploration expenditures depends on the Company's ability to maintain an interest in the Tamarack Project, discover economically recoverable reserves and on the Company's ability to obtain necessary financing to complete the development and to establish profitable production in the future, or the receipt of sufficient proceeds on disposal of its interest in the Tamarack Project.

As of December 31, 2025, the Company had working capital of $26.4 million (December 31, 2024 – $3.1 million). The working capital amount does not include government cost-share payments expected to be received by the Company as a result of expenditures made by the Company which are eligible for cost-share pursuant to the Company's government grants.

Working capital is defined as current assets less current liabilities. The Company has incurred losses and negative cashflows from operations and has an accumulated deficit of $114.2 million (December 31, 2024 – $109.2 million).

SUMMARY OF ANNUAL RESULTS

	Year ended Dec 31, 2025 (audited)	Year ended Dec 31, 2024 (audited)	Year ended Dec 31, 2023 (audited)
Interest income	$699,304	$442,484	$968,518
Net loss	(5,052,494)	(2,320,931)	(2,348,516)
Net loss per shares – basic and diluted	(0.05)	(0.02)[1]	(0.03)[1]
Comprehensive income (loss)	18,740,129	17,243,047	(7,236,717)
Total assets	306,640,596	258,490,200	237,065,859
Total non-current financial liabilities	154,753	263,750	-
Dividends	-	-	-

Effective January 23, 2026, the Company completed a share consolidation on the basis of one post-consolidation Talon common share for every ten pre-consolidation Talon common shares (1:10 basis) (the "**Share Consolidation**"). All 2024 and 2025 common share, options, warrants and per share amounts, including both the number and unit amounts, in the financial statements and MD&A, take into account the Share Consolidation.

REVIEW OF ANNUAL RESULTS

Interest income

Interest income is earned on the Company's cash equivalents, treasury bills and term deposits. Interest income for the year ended December 31, 2025 was $699,304 compared to $442,484 during the same period in the prior year. The increase in interest income for the current year compared to the prior year was due to an increase in the balance of cash equivalents, treasury bills and term deposits.

Expenses

Salaries, benefits, consulting and board fees increased to $1,979,873 for the year ended December 31, 2025, compared to $1,137,744 for the same periods in the prior year. The increase was due to fees paid to the board of directors relating to a one-time payment on account of board fees being unchanged for up to 15 years and at times deferred, and fees related to a special committee of the Board of Directors. The increase was also due to an additional payment related to the CEO, former President and CFO deferring their salary from November 2024 to February 2025 (see section entitled "Related Party Transactions and Balances" for more information). The remaining increase related to head office salaries and salaries attributable to greater allocation of employee time to investor relations and corporate development activities[2].

[1] The 2024 and 2023 per share amounts have been adjusted to take into account the Share Consolidation

[2] IFRS requires that investor relations, corporate development costs and certain other "head office" administration costs are expensed on the income statement and that work directly attributable to resource properties is capitalized to the balance sheet.

Professional fees increased to $2,004,801 for the year ended December 31, 2025, compared to $274,724 for the same period in the prior year. The increase was primarily related to financial advisory fees related to the acquisition of Eagle and higher legal costs.

Office and general expenses decreased to $48,547 for the year ended December 31, 2025, compared to $58,516 for the year ended December 31, 2024. The decrease was due to lower office expenses and bank fees.

Marketing and travel expenses decreased to $111,990 for the year ended December 31, 2025, compared to $165,936 for the year ended December 31, 2024. The decrease was primarily due to lower spending on investor marketing consultants and travel.

Listing, filing and shareholder communications expenses were relatively constant at $215,028 for the year ended December 31, 2025, compared to $209,576 for the same period in the prior year.

Stock option compensation expense decreased to $228,318 during the year ended December 31, 2025, compared to $1,512,866 for the same period in the prior year. The decrease was primarily due to fewer options granted in 2025 compared to 2024, as well as the accelerated vesting of certain employee stock options during 2024, which reduced the remaining amortization of stock compensation expense during the year ended December 31, 2025.

Foreign Currency Translation

Foreign currency translation resulted in a gain of $251,347 during the year ended December 31, 2025, compared to a gain of $724,840 for the year ended December 31, 2024. This balance is highly variable due to the volatility of exchange rates and the amount of U.S. dollars held by the Company. The Company generally holds approximately 75% to 85% of its cash, cash equivalents, treasury bills and term deposits in U.S. dollars.

Net Income (Loss)

Net loss for the year ended December 31, 2025 was $5,052,484, or $0.05 per share (basic and diluted). The net loss was primarily the result of administration expenses[1] and a loss on an advance that was settled with shares. This compares to a net loss of $2.3 million, or $0.02 per share (basic and diluted), for the year ended December 31, 2024, which was primarily attributable to administration expenses and stock option compensation.

Comprehensive Income (Loss)

During the year ended December 31, 2025, the Company recognized comprehensive loss of $18.7 million. During the year ended December 31, 2024, the Company recognized comprehensive income of $17.2 million. Both the comprehensive income and the comprehensive loss were primarily related to the foreign exchange conversion from United States dollars to Canadian dollars of the assets and liabilities of Talon Nickel, a U.S. subsidiary of the Company. This IFRS accounting requirement manifests itself on the statements of financial position as a change in the value of Resource properties and deferred expenditures where the Talon Nickel US-denominated balance at the end of each reporting period is converted to Canadian dollars at

[1] "administration expenses" include the following expenses: Office and general; Professional fees; Salaries, benefits, consulting and board Fees; Insurance; Marketing and travel; Listing, filing and shareholder communications.

the foreign exchange rate at the end of the reporting period. The foreign exchange rate can vary significantly from period to period so at times comprehensive income (loss) may be very volatile.

COMPANY OVERVIEW

The Company is a mineral exploration company currently focused on the exploration and development of the Tamarack nickel-copper-cobalt project (the "**Tamarack Project**") in Minnesota, USA (which comprises the "**Tamarack North Project**" and the "**Tamarack South Project**"). As of the date hereof, the only material property of the Company is the Tamarack North Project.

As at December 31, 2025, the Company was a mineral exploration company focused on the exploration and development of the Tamarack nickel-copper-cobalt project (the "**Tamarack Project**") in Minnesota, USA (which comprises the "**Tamarack North Project**" and the "**Tamarack South Project**") and, as at that date, the only material property of the Company was the Tamarack North Project.

On January 9, 2026, the Company completed the acquisition of Eagle which expanded the Company's business to include mining operations.

Tamarack Project

Tamarack Earn-in Agreement

On June 25, 2014, Talon's wholly owned indirect subsidiary, Talon Nickel (USA) LLC ("**Talon Nickel**"), entered into an exploration and option agreement (the "**Tamarack Earn-in Agreement**") with Kennecott, part of the Rio Tinto Group, pursuant to which Talon Nickel received the right to acquire an interest in the Tamarack Project.

On January 4, 2016, pursuant to the terms of the Tamarack Earn-in Agreement, as amended, Talon Nickel earned an 18.45% interest in the Tamarack Project by making payments totalling US$25,520,800 broken down as follows:

Option payments	$ 1,000,000
Exploration	21,200,000
Land purchases	3,320,800
	$ 25,520,800

On December 16, 2016, Talon Nickel entered into an amending agreement with Kennecott (the "**Tamarack Earn-in Third Amending Agreement**") in respect of the Tamarack Earn-in Agreement (as amended). The Tamarack Earn-in Third Amending Agreement provided, among other things, that Kennecott may elect at any time up to and including September 25, 2017 to grant Talon Nickel the option to purchase the Tamarack Project for a total purchase price of US$114 million (the "**Tamarack Purchase Option**") or proceed with a joint venture (the "**Tamarack Joint Venture**") in respect of the Tamarack Project (the "**Kennecott Decision Deadline**").

On the Kennecott Decision Deadline, Talon Nickel received notification from Kennecott that it had decided to grant Talon Nickel the Tamarack Purchase Option on the terms of the Tamarack Earn-in Agreement (as amended).

On November 16, 2017, Talon Nickel elected not to exercise the Tamarack Purchase Option. As such, pursuant to the terms of the Tamarack Earn-in Agreement (as amended), Talon Nickel and Kennecott had 90 days to enter into the Mining Venture Agreement (defined below) governing the terms of the Tamarack Joint Venture.

On January 11, 2018, Talon Nickel and Kennecott entered into a fifth amending agreement (the "**Tamarack Earn-in Fifth Amending Agreement**") in respect of the Tamarack Earn-in Agreement (as amended), pursuant to which they agreed to (i) enter into the Mining Venture Agreement with immediate effect, and (ii) accelerate the timing of the approval process for the 2018 winter exploration program so that the 2018 winter exploration program was approved with immediate effect.

Following the Tamarack Earn-in Fifth Amending Agreement, Talon Nickel elected to not financially participate in any further funding made in respect of the Tamarack Project while Kennecott was the operator/manager of the Tamarack Project. This resulted in dilution of its interest from 18.45% to 17.56% (which was later increased to 51% and may increase further to 60%). Going forward, Talon Nickel is required to fund the Tamarack Project in accordance with the 2018 Option Agreement (defined below).

Tamarack Joint Venture

On January 11, 2018, Talon Nickel and Kennecott entered into the mining venture agreement in respect of the Tamarack Project (the "**Mining Venture Agreement**").

During the term of the 2018 Option Agreement (defined below), the Mining Venture Agreement is in abeyance and the terms of the 2018 Option Agreement govern the relationship between Talon Nickel and Kennecott in respect of the Tamarack Project.

2018 Option Agreement

On November 7, 2018, Talon Nickel entered into an exploration and option agreement (the "**2018 Option Agreement**") with Kennecott which provides Talon Nickel with the right to acquire up to a 60% interest in the Tamarack Project. The 2018 Option Agreement has an effective date of March 13, 2019.

Pursuant to the terms of the 2018 Option Agreement, Talon Nickel has taken over operatorship of the Tamarack Project and Talon had the right to acquire a 51% interest in the Tamarack Project upon:

(1) the payment of US$6 million in cash to Kennecott (the "**Initial Cash Payment**");

(2) the issuance of US$1.5 million worth of common shares of Talon to Kennecott (the "**Share Payment**");

(3) within 3 years of the effective date of the 2018 Option Agreement (March 13, 2022), Talon Nickel either spending US$10 million or completing a pre-feasibility study on the Tamarack Project; and

(4) within 3 years of the effective date of the 2018 Option Agreement (March 13, 2022), Talon Nickel paying Kennecott an additional US$5 million in cash.

In late September 2021, approximately 6 months ahead of schedule, Talon completed all of the requirements and earned a 51% interest in the Tamarack Project. Rather than receiving US$5 million in cash, Kennecott agreed to accept 10,543,333 units of Talon (each a "**KEX Earn-in Unit**") at a deemed issuance price of C$0.60 per KEX Earn-in Unit in full satisfaction of the US$5 million cash obligation. Each KEX Earn-in Unit was comprised of one common share of Talon and one-half of one purchase warrant. Each whole warrant is exercisable to acquire a Talon common share until September 29, 2022 at an exercise price of $0.80 per share.

On October 17, 2025, pursuant to an amendment to the 2018 Option Agreement, as amended, Talon was granted a 12-month extension for delivering a feasibility study on the Tamarack Project and making a US$10 million payment to KEX (the "**60% Earn-in Requirement**"), moving the deadline from March 14, 2026 to March 14, 2027. Upon completion of the 60% Earn-in Requirement, Talon will increase its ownership interest in the Tamarack Project from 51% to 60%.

Upon Talon Nickel vesting with its applicable joint venture interest in the Tamarack Project, the parties have agreed to enter into a new joint venture agreement, pursuant to which, so long as Talon Nickel has a majority interest, Talon Nickel will continue to act as operator of the Tamarack Project. In the event Talon Nickel has delivered a feasibility study on the Tamarack Project, upon the completion thereof, the parties have agreed to fund the Tamarack Project in accordance with their respective ownership interests or be subject to dilution.

Tamarack North Project

The Tamarack North Project is located adjacent to the town of Tamarack in north-central Minnesota approximately 100 km west of Duluth and 200 km north of Minneapolis, in Aitkin County.

The Tamarack Intrusive Complex ("**TIC**"), which sits within the Tamarack North Project boundaries, is an ultramafic intrusion that is associated with the early evolution of the failed, Midcontinental Rift (dated at 1105ma +/- 1.2). This age is significantly older than the Duluth Complex Intrusions which consistently date at 1099ma and is consistent with other earlier intrusions of the Midcontinental Rift that are often characterised by more primitive melts.

The TIC has intruded into Thomson Formation siltstones and sandstones of the Animikie Group and is preserved beneath shallow Quaternary glacial sediments.

To date, exploration by Kennecott and Talon has included diamond drilling and sampling, as well as a range of geophysical surveys, including, airborne magnetic and electromagnetic (EM, MegaTEM and AeroTEM), ground magnetic and EM, magnetotelluric (MT), gravity, seismic, resistivity/induced polarization and downhole EM.

On June 21, 2023, Talon Nickel submitted its Environmental Assessment Worksheet ("**EAW**") to the Minnesota Department of Natural Resources ("**MDNR**") to begin the State's Environmental Impact Statement scoping process for a proposed small-footprint, high-grade underground nickel mine that would be located within the Tamarack North Project. The EAW is the first step in the state environmental review process and is a document that provides a description of the proposed project and a brief analysis and overview of the potential environmental effects, and identifies the permits and approvals required for the proposed project. On September 18, 2023, the MDNR (as the responsible government unit on behalf of itself, other Minnesota government agencies and proximate sovereign tribal governments) provided a first round of comments on the EAW to which Talon responded on October 10, 2023. A second round of comments on the EAW was received on February 5, 2024 to which Talon responded on December 19, 2024. A third round of comments was received in April 2025 and in June 2025, Talon submitted its responses to this third round of comments. In September 2025, the MDNR returned the latest comments on the EAW and Talon submitted its response in December 2025, followed by an updated EAW data submittal in March 2026. See the section entitled "*Anticipated Timing and Costs to take the Tamarack North Project to the Next Milestone*" for further information.

On October 19, 2022, Talon released an updated mineral resource estimate prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Minerals Projects* ("**NI 43-101**") (the "**Resource Estimate**"). In support of the Resource Estimate, on November 2, 2022, Talon released an independent technical report prepared in accordance with NI 43-101 in respect of the Tamarack North Project (the "**November 2022 Technical Report**"). The November 2022 Technical Report is entitled "November 2022 National Instrument 43-101 Technical Report of the Tamarack North Project – Tamarack, Minnesota" with an effective date of November 2, 2022.

The Resource Estimate has an effective date of October 10, 2022 and was prepared by independent "Qualified Persons" (as that term is defined in NI 43-101) Mr. Brian Thomas and Mr. Roger Jackson of WSP Golder ("**Golder**") and is summarized below.

Domain	Classification	%Ni Cut-off	Tonnes (000)	Ni (%)	Cu (%)	Co (%)	Pt (g/t)	Pd (g/t)	Au (g/t)	Fe in Sulphides (%)	NiEq (%)
CGO East MMS/MSU	Indicated Resource	0.5	228	2.84	1.19	0.09	0.31	0.20	0.21	21	3.66
CGO East Disseminated	Indicated Resource	0.5	1,083	0.64	0.44	0.02	0.21	0.11	0.13	2	0.94
CGO West MMS/MSU	Indicated Resource	0.5	330	4.11	1.68	0.11	0.37	0.28	0.19	27	5.22
CGO West Disseminated	Indicated Resource	0.5	586	0.67	0.46	0.02	0.11	0.07	0.07	2	0.96
MSU	Indicated Resource	0.5	490	5.60	2.44	0.12	0.68	0.46	0.26	26	7.10
USMSU	Indicated Resource	0.5	3,338	1.24	0.74	0.03	0.20	0.12	0.12	5	1.70
LSMSU	Indicated Resource	0.5	2,506	1.94	1.05	0.05	0.57	0.34	0.26	8	2.68
Total Indicated	**Indicated Resource**	**0.5**	**8,564**	**1.73**	**0.92**	**0.05**	**0.34**	**0.21**	**0.17**	**8**	**2.34**
CGO East MMS/MSU	Inferred Resource	0.5	158	2.53	1.09	0.08	0.28	0.18	0.19	19	3.29
CGO East Disseminated	Inferred Resource	0.5	823	0.62	0.42	0.02	0.20	0.11	0.12	2	0.91
CGO West MMS/MSU	Inferred Resource	0.5	107	3.51	1.45	0.10	0.31	0.22	0.17	25	4.48
CGO West Disseminated	Inferred Resource	0.5	320	0.66	0.44	0.02	0.10	0.06	0.07	2	0.92
MSU	Inferred Resource	0.5	39	5.94	2.53	0.11	0.54	0.45	0.23	25	7.45
LSMSU	Inferred Resource	0.5	121	0.84	0.60	0.02	0.50	0.28	0.23	2	1.31
USMSU	Inferred Resource	0.5	2,932	0.67	0.41	0.02	0.25	0.14	0.12	2	0.96
138 - MZNO	Inferred Resource	0.5	3,957	0.82	0.63	0.02	0.21	0.12	0.14	2	1.21
Total Inferred	**Inferred Resource**	**0.5**	**8,461**	**0.83**	**0.55**	**0.02**	**0.23**	**0.13**	**0.13**	**3**	**1.19**

Mineral Resources are in situ and reported at a 0.50% Ni cut-off.
Tonnage estimates are rounded down to the nearest 1,000 tonnes.
Fe in Sulphides % is based on sulphur concentration associated with sulphide minerals and a calculation of stoichiometric Fe concentration in Pentlandite and Pyrrhotite.
Mining recovery and dilution factors have not been applied to the estimates.
NiEq grade based on metal prices in U.S. dollars of \$9.50/lb Ni, \$3.75/lb Cu, \$25.00/lb Co, \$1,000/oz Pt, \$1,000/oz Pd and \$1,400/oz Au using the following formula: NiEq% = Ni%+ Cu% x \$3.75/\$9.50 + Co% x \$25.00/\$9.50 + Pt[g/t]/31.103 x \$1,000/\$9.50/22.04 + Pd[g/t]/31.103 x \$1,000/\$9.50/22.04 + Au[g/t]/31.103 x \$1,400/\$9.50/22.04. Fe is not included in the NiEq calculation.
No adjustments were made for recovery or payability.

The Resource Estimate did not apply metallurgical recovery factors, however, there would be no material change to the nickel-equivalent grades reported in the Resource Estimate if reasonable assumptions for those factors were applied.

Please refer to the November 2022 Technical Report for further information, including the QA/QC, analytical and testing procedures employed at the Tamarack North Project. The November 2022 Technical Report is available under Talon's SEDAR+ profile at www.sedarplus.com and on the Company's website at www.talonmetals.com.

Tesla Supply Agreement

In January 2022, Talon Nickel entered into an agreement with Tesla for the supply and purchase of 75,000 metric tonnes (165 million lbs) of nickel in concentrate (the "**Tesla Supply Agreement**"). Talon Nickel agreed to use commercially reasonable efforts to achieve commercial production on or before January 1, 2026, which may be extended by the parties for up to 12 months (the "**SOP Date"**) following which Tesla has the right to terminate the agreement and Talon Nickel may elect to sell to other parties. The SOP Date was subsequently agreed to be extended to September 1, 2027. Given the agreement with Tesla, the Company has focused its metallurgical testing with the objectives of producing a nickel concentrate for Tesla and a copper concentrate for selling to one or more smelters.

Beulah Minerals Processing Facility – North Dakota

On October 19, 2022 Talon Nickel was selected as a recipient of the first set of projects funded by the *Bipartisan Infrastructure Law*.

Under its application for funding, Talon Nickel proposed an ore processing and tailings management facility (the "**Beulah Minerals Processing Facility"** or the **"BMPF"**) located at an existing industrial brownfields site in Mercer County, North Dakota, receiving feedstock from the future underground Tamarack Project mine and other potential sources in North America. Removing the processing facilities from the Tamarack mine site in Minnesota significantly reduces land disturbance and the scope of environmental review and permitting. Both facilities will undergo the science based permitting process in both states that include an opportunity for public comment and government-to-government consultations with tribal sovereign governments.

Effective November 1, 2023, Talon Nickel entered into the definitive agreement with the US Department of Energy setting the terms, conditions, and performance milestones for $157.4 million (US$114.85 million) in grant funding on a cost-share basis towards project development, construction and execution costs of the Beulah Minerals Processing Facility (**"DOE BMPF Grant"**).

In May 2025, Talon Nickel and Westmoreland Mining LLC ("**Westmoreland**") signed an option agreement for Talon Nickel to secure an approximately 256 acre portion of the former Westmoreland coal mine site near Beulah, North Dakota and the associated 7-mile rail spur (the "**Westmoreland Property**") for the development of the BMPF. Subject to an initial 3-month due diligence period for Talon Nickel, Westmoreland granted Talon Nickel the sole and exclusive right and option to purchase (the "**Purchase Option**") the Westmoreland Property. Talon Nickel may exercise the Purchase Option at anytime at its sole discretion over the ensuing 3-year period (the "**Option Period**").

In consideration for the Purchase Option, on August 27, 2025, Talon issued Westmoreland 15,000,000 consideration options (the "**Consideration Options"**) to purchase common shares of Talon with an exercise price of $0.40 and an expiration date of August 27, 2028.

Subject to the terms and conditions of the Consideration Options, one-third of the Consideration Options vested immediately on the date of issuance (August 27, 2025); an additional one-third of the Consideration Options will vest on the one year anniversary of the date of issuance (August 27, 2026); and the last one-third of the Consideration Options will vest on the two year anniversary of the date of issuance (August 27, 2027). In the event that at any time during the Option Period

Talon shall elect to terminate the Purchase Option, Westmoreland shall retain any Consideration Options which shall at such time have vested in accordance with the vesting schedule set out above, and all such vested Consideration Options shall remain outstanding and exercisable and any unvested Consideration Options at such time shall be deemed to be cancelled. In the event that at any time during the Option Period the Company shall elect to exercise the Purchase Option, any Consideration Options which at such time shall not yet have vested in accordance with the vesting schedule set out above shall automatically vest upon the exercise of the Purchase Option and all such Consideration Options shall be exercisable.

Upon the exercise of the Purchase Option by Talon Nickel, title to the Westmoreland Property will be transferred to Talon Nickel in consideration for Talon Nickel making future ore delivery payments to Westmoreland (the "**Purchase Price**"). Effective as of the first delivery of nickel bearing ore to the BMPF, Talon Nickel will pay Westmoreland $0.50 per metric ton of ore delivered to the BMPF (based on the nickel bearing ore having a grade between 1% and 5%). Any ore delivered that has a nickel grade of 1% or less will not be subject to any payment to Westmoreland in respect of such ore. Any ore delivered that has a nickel grade greater than 5% will be subject to a pro-rata increased payment relative to 5%. The Purchase Price is capped at $10 million.

US Department of War – Support for Talon's Nickel Exploration

Effective September 11, 2023, Talon Nickel entered into a definitive agreement with the US Department of War's Office of Manufacturing Capability Expansion and Investment Prioritization to accelerate and expand the Company's efforts to discover and secure additional domestic supply of nickel for the growing US battery manufacturing base and defense related supply chains. Utilizing *Defense Production Act (DPA) Title III* authorities and funds appropriated by the Additional *Ukraine Supplemental Appropriations Act*, the US Department of War ("**DOW**") will contribute funding on a cost-share basis to Talon's in-house drilling and geophysics teams to, among other things, accelerate the Company's efforts to discover and delineate more high-grade nickel deposits within the Midcontinent Rift geology of the United States.

On August 8, 2025, Talon and the DOW agreed to expand the scope of work under the DOW Exploration Grant to include costs associated with the feasibility study and associated studies at the Tamarack North Project.

As part of the agreement, the DOW will contribute $28.2 million (US$20.6 million) (**"DOW Exploration Grant"**) and Talon will contribute $29.8 million (US$21.8 million) in matching funding on a cost-share basis (including, use of existing equipment and current employee cost) by December 31, 2027.

In order for the DOW to contribute funding, on a cost share basis, for any of Talon's drilling and related activities only, Talon and the DOW will be required to complete (i) consultation under Section 106 of the *National Historic Preservation Act,* and (ii) an environmental assessment pursuant to the *National Environmental Protection Act*. This work has been completed with respect to portions of Michigan where Talon is active, while work in this regard in connection with Minnesota is still ongoing.

Defense Logistics Agency – Support for New Mineral Extraction Approaches

On December 11, 2024, Talon Nickel was awarded a research and development contract from the Department of War's Defense Logistics Agency ("**DLA**") to fund scientific research on new approaches for extracting nickel, cobalt and iron from domestic nickel sulphide ores and tailings. As part of this agreement, the DLA will provide funding in the fixed amount of $3.4 million (US$2.5 million) over a period of 15 months.

Work Completed/Expenditures – Tamarack North Project and Tamarack South Project

During the year ended December 31, 2025, the Company incurred $25.6 million of net expenditures, comprised of $29.3 million of exploration and development costs and deferred expenditures, respectively, on resource properties, substantially all on the Tamarack North Project, offset by government grants received of $3.7 million as detailed in the table below.

Category	**Amount (C$)**
Exploration, drilling and assays	$8,743,636
Geophysics	974,177
Mining, engineering and geotechnical studies	7,700,020
Metallurgical testing	380,508
Environmental, permitting, community and government relations	6,174,659
Economic studies	9,794
Mineral leases, property tax and land purchases	1,912,491
Professional fees	2,135,893
Site costs, travel and general	1,229,296
Site remediation	44,005
Gross additions	**$29,304,479**
Government grants received	(3,715,526)
Total	**$25,588,953**

The above spending was in connection with the following: (i) drilling to expand the current resource, make new discoveries, infill drilling and since March 2025, drilling the Vault Zone; (ii) geophysical work to identify new prospective drilling targets at the Tamarack Project; (iii) work towards a feasibility study; (iv) additional metallurgical test work and downstream processing options; (v) responding to comments on the EAW, and (vi) work undertaken on studies and models to estimate potential environmental impacts and work towards reports that will provide the information needed for development of the Environmental Impact Statement.

Between July 2020 and November 2022, the Company acquired five drill rigs and hired full-time dedicated teams of drillers to operate the drill rigs along with support staff including health and safety, project management and logistics. The primary objective of bringing drilling in-house was to materially increase the number of meters drilled at the Tamarack Project at a substantially reduced cost while maintaining first-in-class health and safety standards. Drill rigs have been deployed to Talon's exploration of the Tamarack Intrusive Complex to explore for additional high-grade nickel deposits.

Upcoming Work – Tamarack North Project and the BMPF

Exploration, Drilling, Geophysics and Mineral Resource

From an exploration standpoint at the Tamarack North Project, the Company is focused on exploration of the Vault Zone. Exploration drilling is targeting borehole electromagnetic ("**BHEM**") anomalies generated from recent drill hole surveys. Drill targets are generally being planned with the use of directional drilling which branches out of an existing drill hole and drills a short daughter hole to effectively test the target without needing to drill from surface. This method saves approximately 500 meters of drilling per daughter hole and the directional drilling technology also ensures the target is precisely intersected as the drill bit can be steered.

For 2026, the Company is budgeting approximately 5,000 meters of drilling at the Vault Zone, most of which will be spent targeting BHEM anomalies before starting to take larger step-outs and extending holes to evaluate for additional mineralization at depth.

Environmental Studies and Permitting

Tamarack North Project, Minnesota:

Following submission of responses to the fourth coordinated comment round in December 2025, the MDNR, as responsible governmental unit, has continued coordination on the project description and environmental review materials. In March 2026, the Company submitted an updated EAW data package reflecting design refinements. The MDNR is developing potential project alternatives for evaluation as part of the Environmental Impact Statement ("**EIS**") process. Scoping of the EIS is anticipated to begin in July 2026 with the issuance of the Scoping EAW and Draft Scoping Decision Document.

Beulah Minerals Processing Facility, North Dakota:

An option agreement to acquire the Westmoreland brownfields site in Mercer County, North Dakota has been executed and the Federal Environmental Assessment is progressing. (see *"Engineering and Feasibility Study").*

Community Engagement

Across all project locations, the Company continues to engage with local communities and tribal sovereign nations. Key initiatives include identifying potential community impacts and opportunities, developing community capacity building strategies aligned with long-term regional priorities, maintaining transparent engagement on project activities, and supporting the creation of high-quality employment opportunities.

Engineering and Feasibility Study

The Company continues to advance the feasibility study in in parallel with the environmental review and permitting processes in Minnesota and North Dakota. The feasibility study covers the mine, ore transfer facility and rail yard at the Tamarack North Project, as well as the rail yard, processing facilities and tailings storage at the BMPF.

Following the acquisition of the Humboldt Mill, the Company is evaluating the potential to process

Tamarack ore at this facility as an alternative development pathway. While feasibility work for the BMPF will continue as planned, evaluation of this option is expected to defer the final project configuration decision and publication of the feasibility study to the second half of 2026. The EIS process with the MDNR is expected to proceed as scheduled, and the Company will maintain alignment between project design and feasibility work to avoid impacts to permitting timelines and key decision milestones, while continuing to engage with regulators, communities and other stakeholders.

The updated estimated cost of completing the feasibility study, including the trade-off studies, is expected to be approximately $5.4 million which will be funded from cash on hand and cash flow from operations. The cost of completing the feasibility study excludes other costs such as environmental review and permitting, acquiring and maintaining land packages, local costs, cost of operations, community and external engagement, overhead, public company costs and all infill drilling and exploration. In order to earn a 60% interest in the Tamarack Project, the Company must deliver a feasibility study to Kennecott and pay Kennecott US$10 million, both by March 14, 2027.

There is no assurance the various business objectives, plans or milestone as detailed above will be completed on the timelines outlined (or at all). The exploration, development and construction of mineral projects are subject to a number of risks and uncertainties. See section below entitled *"Risks and Uncertainties"*.

June 2025 Private Placement

On June 18, 2025, the Company completed the June 2025 Private Placement (defined below).

The Company intends to use the net proceeds of the June 2025 Private Placement, together with pre-existing working capital and additional sources of funds, as disclosed in the section titled "Use of Available Funds" in the Company's amended and restated offering document under the Listed Issuer Financing Exemption dated June 9, 2025 ("**June 2025 Offering Document**") that has been filed on SEDAR+ for advancing the Company's planned exploration and development program at the Tamarack North Project and for general corporate and working capital purposes. The table below is a comparison of the "Use of Available Funds" from the June 2025 Offering Document with the amount spent by the Company to date since the closing of the June 2025 Private Placement.

Intended use of available funds	"Use of Available Funds" from June 2025 Offering Document	Actual Expenditures as of December 31, 2025	Balance of Expenditures (Additionally Allocated) as of December 31, 2025
Tamarack North Project and BMPF			
Exploration	$14,900,000	$3,736,365	$11,163,635
Feasibility study	6,100,000	5,582,781	517,219
Environmental review	7,100,000	3,807,509	3,292,491
Tailings to products development	2,600,000	1,292,999	1,307,001
Support costs	4,300,000	1,485,235	2,814,765
Mineral leases and land	1,600,000	253,486	1,346,514
Michigan Properties	900,000	4,825,181	(3,925,181)
General and administrative expenses	2,500,000	2,656,248	(156,248)

Intended use of available funds	"Use of Available Funds" from June 2025 Offering Document	Actual Expenditures as of December 31, 2025	Balance of Expenditures (Additionally Allocated) as of December 31, 2025
Unallocated working capital	5,682,000	-	5,682,000
Total	**$45,682,000**	**$23,639,804**	**$22,042,196**

The higher than planned spending from the "Use of Available Funds" from the June 2025 Offering Document in respect of the Michigan Properties was due to spending in anticipation of a binding earn-in agreement in connection with the Lundin Option Agreement whereby Talon received the Advance Payment.

Additional Triple Flag Royalty

On July 5, 2024, in return for $10.9 million (US$8.0 million) gross cash consideration (the "**Triple Flag US Transaction**"), (a) Talon Nickel granted Triple Flag USA Royalties Ltd. ("**Triple Flag US**"), a subsidiary of Triple Flag Precious Metals Corp. an additional 1.67% net smelter returns royalty on the Company's interest in the Tamarack Nickel Project (subject to the Talon Buy-Back Right further described below) (the "**New Royalty**"); and (b) the Company issued 8 million common share purchase warrants to TF R&S Canada Ltd., each exercisable to acquire one common share of the Company for a period of two years (July 5, 2026) at an exercise price of C$0.20 per share.

Up until July 5, 2026, subject to acceleration in certain circumstances, the Company has a buy-back right (the "**Talon Buy-Back Right**") of 0.67% of the New Royalty for US$5.0 million, which would thereby reduce the New Royalty to 1.0%. The exercise of the Talon Buy-Back Right is at the Company's discretion.

Triple Flag US has a right to increase the designated percentage of the New Royalty by an additional 0.50% on the payment of an additional US$2.0 million in the event that the Company's cash balance decreases to an amount that is less than US$2.0 million and such decrease is not cured within a period of 60 days. The Talon Buy-Back Right would also terminate in these circumstances. The right of Triple Flag US to increase the designated percentage terminates with respect to an applicable cash balance reduction if such right is not exercised within a further period of 60 days after the expiry of the Company's cure period.

Qualified Persons

Etienne Dinel, Vice President, Geology of Talon is a Qualified Person within the meaning of NI 43-101. Dr. Dinel has reviewed, approved and verified the technical information disclosed in this MD&A (other than the Resource Estimate), including sampling, analytical and test data underlying the technical information.

The Qualified Persons who are responsible for the Resource Estimate in this MD&A are Mr. Brian Thomas and Mr. Roger Jackson, both independent of Talon. Mr. Thomas and Mr. Jackson have reviewed, approved and verified the data disclosed in this MD&A relating to the Resource Estimate including, sampling, analytical and test data underlying the Resource Estimate and have visited the site and reviewed and verified the QA/QC procedures used at the Tamarack North Project and found them to be consistent with industry standards.

CAPITAL EXPENDITURES ON EXPLORATION PROJECTS

Deferred exploration and development expenditures of the Company are comprised as follows:

	Dec 31, 2024	2025 Additions	2025 Government Grants Received	Foreign Exchange Gain (Loss)	Dec 31, 2025
Mineral properties - Resource properties and deferred expenditures					
Tamarack Project	$232,126,851	29,304,478	(3,715,525)	(11,448,166)	246,267,638
Michigan Properties	14,950,082	6,401,960	(642,521)	(752,877)	19,956,645
Total	$247,076,933	$35,706,438	$(4,358,046)	$(12,201,043)	$266,224,283

Total deferred exploration and development expenditures for the year ended December 31, 2025 were $35.7 million.

As detailed in the table above under "*Tamarack Project - Work Completed/Expenditures – Tamarack North Project and Tamarack South Project*" amounts incurred on the exploration of mineral properties for the year ended December 31, 2025 amounted to $29.3 million in respect of the Tamarack Project.

The foreign exchange loss of $12.2 million is a non-cash item that is the result of fluctuations in the Canadian dollar denominated carrying value of the project which has been converted from United States dollars, as a result of the change in the Canadian dollar/United States dollar exchange rate from 1.4389 at December 31, 2024 to 1.3706 at December 31, 2025. IFRS requires that the year-end or period-end United States dollar balance of Resource properties and deferred expenditures be converted to Canadian dollars, which is the reporting currency, at the year-end or period-end exchange rate.

Amounts incurred on the exploration of mineral properties for the year ended December 31, 2024 amounted to $34.2 million and was the result of amounts incurred by Talon in respect of the Tamarack Project in accordance with the 2018 Option Agreement, primarily for exploration, drilling, geophysics and payments required pursuant to mineral leases.

FINANCIAL INSTRUMENTS

	December 31, 2025	December 31, 2024
Held for trading, measured at fair value:		
Cash and cash equivalents	$ 16,426,979	$ 5,390,841
Treasury bills and term deposits	18,347,862	44,312

Talon is exposed to various risks related to its financial assets and liabilities. The most significant of these risks are discussed below and are managed on an ongoing basis.

Credit Risk Management

Certain of the Company's financial assets are exposed to a degree of credit risk. The Company endeavors to mitigate credit risk by holding its cash and cash equivalents as cash deposits, short-term government treasury bills, money market funds and term deposits with major commercial banks. The cash deposits and term deposits are held with major international banks.

Credit risk relating to accounts receivable arises from the possibility that any counterparty to an instrument fails to perform. The Company does not feel there is significant counterparty risk that could have an impact on the fair value of cash and cash equivalents and receivables.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due or at reasonable cost. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its capital, development and exploration expenditures.

As of December 31, 2025, the Company had a cash, cash equivalents, treasury bills and term deposits balance of $34.8 million, (December 31, 2024 – $5.4 million) to settle current liabilities of $8.8 million (December 31, 2024 – $2.5 million).

On July 5, 2024, the Company received $10.9 million (US$8 million) in respect of the Triple Flag US Transaction.

On June 18, 2025, the Company completed a LIFE offering private placement of 11,500,000 units and a concurrent private placement of 7,131,818 units for a total of 18,631,818 units at a price of $2.20 per unit, for aggregate gross proceeds of $40,990,000 (the "**June 2025 Private Placement**"). Each unit consisted of one common share and one-half of a share purchase warrant of the Company, resulting in the issuance of 18,631,818 common shares and 931,590 warrants (the "**June 2025 Investor Warrants**"). Each whole June 2025 Investor Warrant entitles the holder to acquire one common share at a price of $2.80 for a period of three years following the closing of the June 2025 Private Placement. In connection with the LIFE offering private placement, the Company issued 575,000 broker warrants (the "**June 2025 Broker Warrants**") with an exercise price of $2.20 expiring three years following the closing of the June 2025 Private Placement.

Net proceeds from the issuance of common shares and warrants for the year ended December 31, 2025 was $37.9 million (year ended December 31, 2024 – nil). Proceeds from the exercise of warrants for the year ended December 31, 2025 was $8.8 million (year ended December 31, 2024 – nil). Proceeds from the exercise of options for the year ended December 31, 2025 was $7.8 million (year ended December 31, 2024 – nil).

The Company receives government cost-share payments of amounts incurred by the Company related to government grants (see Note 6(c) of the financial statements for further information).

Pursuant to the termination of the Lundin Option Agreement (defined below) between Lundin Mining and Talon, on September 30, 2025, Talon issued 1,850,291 common shares on October 7, 2025 to Lundin Mining as repayment of the Advance Payment (see also the section below entitled "*Exclusivity Agreement with Lundin Mining*").

Subsequent to year-end, on January 9, 2026, the Company acquired Eagle and as such the Company expects to have access to positive cash flow from Eagle.

On January 23, 2026, the Company completed the Share Consolidation.

On January 28, 2026, the Company closed a private placement with a strategic investor that was exercising its pre-emptive rights under the Strategic Investor Agreement and issued 445,204 common shares at a price of $4.19 per share for gross proceeds of $1,867,168.

On March 5, 2026, with shareholder approval, the Company closed a private placement of 1,855,578 common shares at a price of $4.19 per share to an entity controlled by trusts settled by the late Adolf H. Lundin for aggregate gross proceeds of $7,782,294.

World events, including the wars in Ukraine, Israel, Iran and the broader Middle East, government policy, trade wars, increases in tariffs, increases in interest rates, high inflation, capital and stock market volatility and the decrease in global nickel prices have had a negative impact on the Company's ability to raise capital and/or operations.

See "*Financial Condition, Cash Flow, Liquidity and Capital Resources – Liquidity and Capital Resources" and "Risks and Uncertainties"* for further important information.

Market Risk

Market risk is the risk that changes in market prices, including foreign exchange rates and interest rates will affect the Company's income or the value of its financial instruments.

The Company records its investments using the closing price at the end of the reporting period. Changes in the closing price will affect the fair value of these investments.

As of December 31, 2025 and December 31, 2024, the Company held no investments other than cash and cash equivalents, treasury bills and term deposits which management considers to not be materially susceptible to market risks.

Foreign Exchange Risk

The Company is exposed to movements in the United States dollar. Payments made to Kennecott and substantially all of the costs associated with the operatorship of the Tamarack Project are denominated in United States dollars. Talon's head-office salaries, administrative costs and fees to Canadian-based consultants are denominated in Canadian dollars. Talon's financing activities have been primarily in Canadian dollars.

Given the above, the Company maintains funds in both Canadian and U.S. dollars taking into account cash needs over the medium term.

As of December 31, 2025, Talon was exposed to movements in the United States dollar as a result of cash on hand, certain accounts payable and the majority of costs associated with the development of the Tamarack Project.

At December 31, 2025, the Company had net monetary assets in United States dollars of $23.8 million (Canadian dollar equivalent). If foreign exchange rates had changed by 5% on the last day of the period with all other facts/assumptions held constant, there would be a change in the net income or loss of the Company for the year ended December 31, 2025 of approximately $1.2 million.

The majority of costs associated with the development of the Tamarack Project are denominated in United States dollars. Volatility of the Canadian/U.S. dollar exchange rate, such as due to world events, may increase the Canadian dollar denominated cost of the Company's operations.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk to the extent of its interest income on holding of cash equivalents, government treasury bills, money market funds and term deposits.

The cash equivalents, government treasury bills, money market funds and term deposits typically have a term to maturity of three to twelve months. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from the cash equivalents, government treasury bills, money market funds and term deposits due to their short maturities and high credit ratings of the counterparty. The Company mitigates its risk by holding investments that are low in risk and have a relatively short term to maturity.

The carrying values of the Company's financial instruments approximate their fair values unless otherwise noted.

The Company's financial instruments are classified as current assets or liabilities on the statement of financial position of the Company. For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

Fair Value Hierarchy

The fair value hierarchy establishes three levels to classify inputs to the valuation techniques used to measure fair value. Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly, such as prices, or indirectly (derived from prices). Level 3 inputs are unobservable (supported by little or no market activity), such as non-corroborative indicative prices for a particular instrument provided by a third party.

The Company has classified its financial assets and liabilities as follows at December 31, 2025:

Level 1	
Cash and cash equivalents	$ 16,426,979
Treasury bills and term deposits	18,347,862

FINANCIAL CONDITION, CASH FLOW, LIQUIDITY AND CAPITAL RESOURCES

Cash Flow Highlights

	Year ended Dec 31, 2025	Year ended Dec 31, 2024
Operating activities	$(2,501,290)	$(1,275,333)
Investing activities	(42,992,984)	(893,572)
Financing activities	58,034,991	481,153
Increase (decrease) in cash & cash equivalents	12,540,717	(1,687,752)
Effect of foreign exchange on consolidation	(1,504,579)	92,242
Beginning cash & cash equivalents	5,390,841	6,986,351
Ending cash & cash equivalents	$16,426,979	$5,390,841

Operating Activities

Operating activities for the year ended December 31, 2025 consumed $2.5 million of cash primarily due to net operating expenses. This compares to $1.3 million consumed during the year ended December 31, 2024.

Investing Activities

Investing activities for the year ended December 31, 2025 consumed $43.0 million compared to $0.9 million generated in the same period in the prior year. The increase was primarily the result of no sales of treasury bills and term deposits. Excluding the investments in treasury bills and term deposits, investing activities for the year ended December 31, 2025 consumed $24.1 million primarily relating to capitalized exploration costs compared to $17.5 million in the same period in the prior year. During the year ended December 31, 2025, the Company received government grants of $4.4 million compared to $5.8 million in the prior year. For details on the spending during the year ended December 31, 2025, see the section titled *"Work Completed/Expenditures – Tamarack North Project and Tamarack South Project"*, with the difference due to non-cash expenditures, working capital adjustments, and capitalized fixed assets that are being depreciated to Resource properties and deferred expenditures.

Financing Activities

Financing activities for the year ended December 31, 2025 generated $58 million compared to $0.5 million in the same period in the prior year.

On June 18, 2025, the Company completed the June 2025 Private Placement.

Liquidity and Capital Resources

As of December 31, 2025, the Company had working capital of $26.4 million (December 31, 2024 – $3.1 million). The working capital amount does not include government cost-share payments expected to be received by the Company as a result of expenditures made by the Company which are eligible for cost-share pursuant to the Company's government grants (see Note 6(c) for further information). Working capital is defined as current assets less current liabilities.

Subsequent to year-end, on January 9, 2026, the Company acquired Eagle. Cash flow from Eagle combined with government grants and existing working capital is expected to allow the Company to meet its financial obligations as they come due over the next 12 months beginning March 2026. Existing liquidity is also expected to be sufficient to meet the next milestone discussed in the section above *"Anticipated Timing and Costs to take the Tamarack North Project to the Next Milestone".*

The Company's monthly cash inflows and outflows are dependent on numerous factors including cash flow from Eagle, whether and to what extent the Company is pursuing exploration and development activities and the receipt of government grants. Eagle's cash flows are dependent on numerous factors given that it is an operating business, some of which are metal prices, mining rates, the ability to transport ore from the mine to the mill and transport concentrate from the mill to smelters in Canada including disruptions from weather or lack of available transport capacity, mill uptime and mill recoveries and numerous other factors, some of which are highly unpredictable. The Company's monthly cash outflows are also dependent on the outlook for raising additional capital and the current amount of working capital which can modulate operating and investing spending to adjust for periods when access to financing may be constrained.

Pursuant to an investment agreement dated November 7, 2018 between the Company and Resource Capital Fund VI L.P. ("**RCF**"), for as long as RCF and its affiliates, on a partially diluted basis, hold common shares of the Company equal to or exceeding 10% of all common shares issued and outstanding, RCF has the right to participate in any equity financings of the Company (other than certain exempt issuances) at the same price and on the same terms, on a pro rata basis, such that RCF is entitled to maintain its percentage interest in common shares of the Company on a partially diluted basis. On October 30, 2024, RCF sold all of its common shares of the Company and, as such, the rights provided to RCF in the investment agreement terminated on that date.

In connection with a private placement that closed on October 17, 2023, the Company entered into an investment agreement on that date pursuant to which the Company granted the investor a contractual participation right in respect of future equity financings by the Company (other than certain exempt issuances) to allow the investor the ability to maintain its ownership interest in the Company as long at the investor and its affiliates, on a partially diluted basis, hold common shares of the Company equal to or exceeding 5% of all common shares issued and outstanding (the "**Strategic Investor Agreement**").

See "*Financial Instruments – Liquidity Risk*" and *"Risks and Uncertainties"* for further important information.

A summary of Contributed Surplus for the period from January 1, 2024 to December 31, 2025 is as follows:

Balance	December 31, 2023	$43,304,605
Stock options	Stock option compensation	5,318,024
Stock options	Stock options exercised	-
Balance	December 31, 2024	$48,622,629
Stock options	Stock option compensation	2,047,480
Stock options	Stock options exercised	(3,875,866)
Balance	December 31, 2025	$46,794,243

DISCLOSURE OF OUTSTANDING SHARE DATA

As of March 26, 2026, the Company had 153,866,225 common shares issued and outstanding.

The following table details the common shares and convertible securities of the Company which are outstanding as of March 26, 2026:

	Expiry Date	Exercise Price	Total
Common Shares			153,866,225
Warrants	18-Jun-2028	2.80	6,523,654
Warrants	18-Jun-2028	2.20	143,750
Warrants	27-Aug-2028	4.00	1,500,000
Stock Options	28-May-2026	2.00	40,000
Stock Options	28-May-2026	2.50	150,000
Stock Options	25-Jun-2026	2.00	311,200
Stock Options	22-Oct-2026	2.00	30,000
Stock Options	01-Nov-2026	1.00	139,996

	Expiry Date	Exercise Price	Total
Stock Options	13-Jan-2027	2.50	160,000
Stock Options	03-Feb-2027	2.00	460,000
Stock Options	18-Feb-2027	2.00	50,000
Stock Options	09-Mar-2027	2.00	55,000
Stock Options	16-May-2027	2.00	20,000
Stock Options	29-Sep-2027	2.00	10,000
Stock Options	20-Dec-2027	2.00	280,000
Stock Options	20-Dec-2027	2.50	100,000
Stock Options	16-Jan-2028	2.00	55,000
Stock Options	15-Feb-2028	2.00	10,000
Stock Options	23-May-2028	2.00	330,000
Stock Options	15-Jun-2028	2.00	85,000
Stock Options	01-Nov-2028	2.00	45,000
Stock Options	21-Dec-2028	2.05	20,000
Stock Options	21-Dec-2028	2.00	20,000
Stock Options	31-Dec-2028	1.00	50,000
Stock Options	15-Jan-2029	2.00	20,000
Stock Options	22-Mar-2029	0.95	680,997
Stock Options	15-Apr-2029	2.00	22,500
Stock Options	21-May-2029	2.00	20,000
Stock Options	30-May-2029	2.00	867,000
Stock Options	06-Jun-2029	1.80	313,084
Stock Options	02-Oct-2029	1.80	100,000
Stock Options	28-Oct-2029	1.65	550,000
Stock Options	28-Oct-2029	1.00	50,000
Stock Options	26-Nov-2029	0.85	385,596
Stock Options	12-Dec-2029	1.45	32,500
Stock Options	19-Dec-2029	0.90	562,500
Stock Options	13-Mar-2030	1.00	50,000
Stock Options	22-Jul-2030	1.45	35,000
Stock Options	23-Jul-2030	1.45	50,000
Stock Options	14-Aug-2030	2.00	15,000
Stock Options	15-Aug-2030	2.00	20,000
Stock Options	28-Oct-2030	2.00	20,000
Stock Options	28-Dec-2030	2.00	675,000
Stock Options	28-Dec-2030	2.50	511,600
Stock Options	10-Apr-2030	1.00	415,140
Stock Options	25-Apr-2030	1.05	75,000
Stock Options	22-Jul-2028	2.70	115,000
Stock Options	22-Jul-2030	2.70	235,986
Stock Options	2-Oct-2030	4.00	311,875
Stock Options	23-Dec-2030	6.10	16,470
Stock Options	20-Jan-2031	6.00	200,000
Stock Options	20-Feb-2031	6.63	260,000
Stock Options	15-Mar-2031	7.99	2,100,000
Total number of shares issuable on exercise of convertible securities (i.e., fully-diluted shares outstanding):			173,165,073

Stock options were issued by the Company during 2024, 2025 and 2026 primarily to employees and consultants.

The following summarizes the change in stock options outstanding of the Company during the year ended December 31, 2025:

	Options	Exercise Price
Outstanding – beginning of year	13,645,450	$1.68
Granted	1,732,356	2.08
Exercised	(2,847,111)	1.37
Cancelled	(772,500)	2.00

	Options	Exercise Price
Expired	(377,500)	1.14
Rounding difference due to 1:10 share consolidation	(9)	-
Outstanding – end of period	11,380,686	$1.81

All of the stock options outstanding have been issued pursuant to the Company's stock option plan.

Estimated fair value of stock options

The Company determined the fair value of the stock options issued or amended during the year ended December 31, 2025 and 2024 using the Black-Scholes option pricing model using the following assumptions:

	Year ended December 31, 2025	Year ended December 31, 2024
Share Price	Closing price on the day prior to the grant date	
Risk-free interest rate	2.78% - 3.04%	3.40% - 4.43%
Expected life	5 years	5 years
Expected volatility	60%	60%
Dividend yield	0%	0%
Forfeiture rate	0%	0%

Stock option compensation expense for the year ended December 31, 2025 and 2024, presented in the table below, was recognized in the consolidated statements of loss and comprehensive loss and includes the cost of the stock option amendment. In addition, amounts related to stock option compensation attributable to work carried out on the Tamarack Project were capitalized to Resource properties and deferred expenditures for the year ended December 31, 2025 and 2024, also presented in the table below.

	Year ended December 31, 2025	Year ended December 31, 2024
Stock option compensation - expensed	$ 228,318	$ 1,512,866
Stock option compensation - capitalized	1,819,162	3,805,158
Stock option compensation - total	$ 2,047,480	$ 5,318,024

RISKS AND UNCERTAINTIES

Talon is subject to a number of risk factors due to the nature of the mineral business in which it is engaged, the nature of the Company's assets and their stage of development.

The exploration operations of the Company, namely the Tamarack Project and the Michigan Properties, are speculative due to the high-risk nature of such business.

The production operations of the Company, namely Eagle, are subject to numerous risks commensurate with the complex and wide-ranging activity of a revenue-producing mining company.

Combined, the Company's activities in pursuit of its objectives are subject to a number of risks and uncertainties.

The following is a summary of the most significant of those risks and uncertainties affecting or that could affect the financial condition or results of operations of the Company. For a further discussion of the risks and uncertainties facing the Company, please refer to the Company's Annual Information Form for the year ended December 31, 2025 under the heading "Risk Factors" available on SEDAR+ at www.sedarplus.com. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. The Company may face additional risks and uncertainties, including, risks and uncertainties that are unknown to the Company or risks and uncertainties that the Company now believes to be unimportant, which could have a material adverse effect on the business of the Company. If any of the risks actually occur, the business, financial condition or results of operations of the Company could be negatively affected.

Mining Operations, Infrastructure and Geotechnical Risk

Mining operations at the Eagle mine are subject to hazards and risks normally encountered in underground mining, including geotechnical instability, falls of ground, seismic activity, fire, flooding and equipment interaction. Certain areas, including the western extension of Eagle East and deeper portions of the orebody, may be subject to elevated stress conditions, which may increase the risk of ground instability. The Eagle mine has previously experienced geotechnical events, including a fall of ground in 2024 that resulted in reduced production and required rehabilitation of underground access. There can be no assurance that similar events will not occur in the future, and any such occurrence could have a material adverse effect on production, costs and financial performance.

In addition, the Company's mining, processing and development activities depend on reliable infrastructure, including roads, bridges, power supply and water systems. Disruptions due to adverse weather conditions, equipment failure, sabotage or government interference in the maintenance or provision of such infrastructure could adversely affect operations.

Eagle also relies on aging infrastructure and equipment, which may be subject to corrosion, fatigue or other time-dependent failure modes. Unexpected failure of critical infrastructure or equipment could result in injury or fatality, production disruption, increased maintenance costs and regulatory action.

Mineral Resource, Reserve and Mine Life Uncertainty

The Eagle mine's ability to sustain production and optimize value depends on the accurate estimation, conversion and extraction of mineral resources and reserves. Mineral resource and reserve estimates are inherently uncertain and are based on geological interpretations, sampling, engineering assumptions and economic inputs that may prove to be inaccurate.

Any adverse revision to grade, tonnage, recoveries, geotechnical assumptions or mine sequencing could reduce production, shorten mine life and impair asset value. As Eagle approaches the end of its mine life, the margin for error in reserve estimation and mine planning may decrease, increasing sensitivity to such revisions.

Commodity Prices, Global Supply Dynamics and Market Structure

The economic performance of Eagle and the potential development of the Tamarack Project are highly dependent on the market prices of nickel and copper, which are cyclical and subject to significant volatility. Prices for nickel and copper are influenced by numerous factors, including global macroeconomic conditions, supply and demand balances, substitution risk, foreign exchange rates, inventory levels and investor activity in commodity markets.

Commodity markets may also be subject to disruption, including trading suspensions or other actions by commodity exchanges, which may affect price discovery and market liquidity.

Commodity markets may also experience significant disruptions, including trading suspensions or other extraordinary measures by commodity exchanges, as occurred in March 2022 when trading in nickel was suspended on the London Metal Exchange. Such events may impair price discovery, reduce liquidity and increase volatility.

The global nickel market has experienced significant structural changes, including a substantial increase in supply from Indonesia, which accounts for a significant portion of global nickel production. The concentration of global nickel supply in Indonesia provides Indonesia with the ability to exert significant influence over global nickel pricing, including the potential to convert market share into pricing power. Oversupply conditions, including those driven by Indonesian production, have contributed to periods of depressed prices, resulting in mine closures and asset write-downs across the mining industry.

Demand for nickel may also be negatively affected by substitution, including shifts toward lower-nickel or nickel-free battery chemistries or alternative materials in stainless steel production, which may further contribute to downward pressure on prices.

Sustained low or volatile nickel or copper prices, or adverse changes in concentrate payabilities, could materially adversely affect operating margins, cash flow, earnings, reserve economics and production decisions at Eagle. For the Tamarack Project and other properties, such conditions could adversely affect development decisions, financing, reserve economics and overall project viability.

Health and Safety Risk

The Company’s mining and exploration activities involve inherent health and safety risks. These risks include, but are not limited to, falls of ground, seismic activity, fire, explosions, equipment interaction, ventilation failures, transportation incidents and other hazards associated with underground mining and material handling.

Such events may result in serious injury or loss of life, damage to property or equipment, environmental harm, regulatory investigations, enforcement actions, operational suspension and reputational damage.

Despite the implementation of safety management systems, training programs and operational controls, there can be no assurance that such measures will be effective in preventing incidents. Any significant health and safety event could have a material adverse effect on the Company’s business, financial condition and results of operations.

Working Capital Requirements

In order to meet its future working capital requirements, the Company will be required to continue to generate sufficient cash flow from Eagle, raise additional capital, receive government grant funding and/or develop the Tamarack Project or another property into a profitable mine. There can be no assurance that the Company will be successful in generating sufficient cash flow from Eagle, raising additional capital, obtaining government funding or developing the Tamarack Project or another property into a profitable mine.

If the Company seeks to raise additional capital, such capital may not be available when required or, if available, may not be available on terms acceptable to the Company. Global securities markets have experienced significant volatility due to factors including geopolitical conflicts, inflation, interest rates, trade policies, tariffs and recessionary conditions, which may adversely affect the Company's ability to raise equity or debt financing. Any issuance of equity securities may result in substantial dilution to existing shareholders.

If the Company is unable to meet its working capital requirements, it could have a material adverse effect on the Company's business, financial condition and results of operations and, in certain circumstances, its ability to continue operations.

Ability to Continue as a Going Concern

The Company's financial statements have been prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company's ability to continue as a going concern is dependent upon its ability to generate sufficient cash flow from the Eagle mine, obtain additional financing, receive government funding and/or successfully develop the Tamarack Project or another property into a profitable mine. There can be no assurance that the Company will be successful in achieving these objectives or that it will be able to meet its obligations as they become due.

Environmental Compliance, Permitting and Social License Risk

The Company's operations are subject to extensive environmental laws, regulations, permits and reporting obligations. Failure to obtain, maintain or comply with required permits or permit conditions could result in enforcement actions, fines, operational curtailment, capital expenditures or reputational harm.

Environmental incidents may result in significant consequences, including loss of life, personal injury, damage to property, contamination of natural resources, regulatory investigations, civil or criminal penalties, suspension of operations and substantial remediation costs. Such events could have a material adverse effect on the Company's business, financial condition and results of operations.

Environmental regulation is evolving and may become more stringent over time. In particular, regulatory requirements in Minnesota relating to the protection of waters in which wild rice inhabits may impose strict water quality standards that could constrain project design, water management approaches and discharge limits for the Tamarack Project.

Environmental review processes, including the Environmental Assessment Worksheet process in Minnesota, may involve multiple rounds of comments and revisions from regulatory authorities and Tribal governments, which may extend timelines, increase costs and create uncertainty regarding project approvals.

The development of the Tamarack Project is dependent on the receipt of numerous regulatory approvals and permits, the timing and outcome of which are inherently uncertain. Delays in permitting, including as a result of regulatory review processes, stakeholder engagement or legal challenges, may delay or prevent the advancement of the project and could result in increased costs or the inability to achieve development timelines.

The Company may also be subject to opposition from local communities, Indigenous stakeholders and non-governmental organizations, which could adversely affect permitting, reputation and the ability to advance its projects.

United States Department of War Funding

In order for the US Department of War to contribute funding, on a cost share basis, for any of Talon's drilling and related activities only, Talon and the US Department of War will be required to complete (i) consultation under Section 106 of the *National Historic Preservation Act,* and (ii) an environmental assessment pursuant to the *National Environmental Protection Act*. If these regulatory matters are not completed or not completed satisfactorily, the US Department of War will not contribute funding for such activities and may also potentially revoke further funding.

Talon is required to fund its portion of project costs under the applicable cost-share arrangements. If Talon fails to meet its funding obligations, the Department of War will not provide additional funding. In addition, the Department of War may terminate the agreement at any time.

Delays in reimbursement of eligible expenditures, rejection of expenditures deemed ineligible by the applicable government authority, or timing mismatches between expenditures and reimbursement may adversely affect the Company's cash flow and liquidity. The Company may be required to fund expenditures in advance without assurance of timely reimbursement.

United States Department of Energy Funding and the Beulah Minerals Processing Facility

The Company has entered into a definitive agreement with the United States Department of Energy to provide grant funding for the proposed Beulah Minerals Processing Facility.

The availability of such funding is subject to the achievement of specified milestones, satisfaction of cost-sharing requirements and compliance with regulatory and contractual obligations. Talon Nickel is required to arrange financing for its portion of project costs and to meet all applicable milestone requirements.

If Talon Nickel fails to meet such requirements, the Department of Energy may withhold funding, terminate the agreement, decline to fund future expenditures or require repayment of previously disbursed amounts.

Delays in reimbursement, rejection of expenditures or failure to meet applicable requirements may adversely affect the Company's cash flow and financial condition. There can be no assurance that the Company will be able to complete the development of the Beulah Minerals Processing Facility or that the associated funding will be received in full or on a timely basis.

Logistics, Off-Site Processing and Supply Chain Dependency

The Eagle mine depends on an integrated logistics and processing chain, including the transportation of ore over significant distances on public roads to the Humboldt Mill and the shipment of concentrate by rail. These activities increase exposure to risks associated with weather conditions, road hazards and third-party traffic.

Ore haulage on public roads may result in collisions involving third parties, which could result in injury or fatality, environmental contamination, reputational damage and disruption to operations. Delays in ore delivery to the Humboldt Mill could adversely affect production.

The Company is also dependent on the availability and performance of critical equipment, replacement parts, reagents, contractors and transportation providers. Supply chain disruptions, vendor performance issues, inflationary pressures or delays in obtaining critical materials may result in increased downtime, reduced production and higher operating costs.

The Company utilizes leased railcars to transport concentrate and may be exposed to contractual liability under applicable agreements, including liability for corrosion or damage beyond ordinary wear and tear. Such liabilities could result in additional costs and disputes with counterparties.

2018 Option Agreement

Pursuant to the terms of the 2018 Option Agreement, Talon Nickel has the right to acquire up to a 60% interest in the Tamarack Project from Kennecott, subject to the satisfaction of certain expenditure and other requirements.

If Talon Nickel fails to meet the requirements necessary to earn or maintain its interest in the Tamarack Project, in certain circumstances, Talon Nickel may revert to a minority interest and cease to be the operator of the Tamarack Project. In such event, Kennecott, as operator, would determine future programs and budgets, including the amount and timing of expenditures required to advance the project.

If Talon Nickel does not fund its proportionate share of such expenditures, its interest in the Tamarack Project would be diluted in accordance with the terms of the 2018 Option Agreement. Continued dilution could ultimately result in a loss of a significant portion of the Company’s interest in the Tamarack Project.

In order to satisfy its funding obligations and earn its interest in the Tamarack Project, the Company may be required to raise additional capital. There can be no assurance that such capital will be available on acceptable terms or at all. Any financing may result in substantial dilution to existing shareholders.

Trade Policy, Tariffs and Global Supply Chain Risk

The Company’s operations and development activities may be adversely affected by changes in United States and international trade policy, including the imposition of tariffs, export controls and other protectionist measures. Actions by the United States and potential retaliatory measures by other jurisdictions may contribute to increased trade tensions or broader trade disputes.

Such measures may increase the cost of equipment, materials and consumables required for mining operations and project development, including for the Tamarack Project and the proposed Beulah Minerals Processing Facility. Trade restrictions may also affect the transportation and sale of concentrate, including rail logistics, export routes, market access and commercial terms.

In addition, disruptions to global supply chains or transportation networks, whether arising from trade restrictions, geopolitical tensions or other factors, may result in delays, increased costs or reduced availability of critical inputs required for operations or development.

Any such developments could have a material adverse effect on the Company's capital expenditures, operating costs, financial performance and growth prospects.

Exploration, Development and Operating Risks

The exploration for and development of mineral deposits involves significant risks and uncertainties. Substantial expenditures are required to establish mineral reserves, develop metallurgical processes and construct mining and processing facilities. There can be no assurance that exploration or development activities will result in the discovery of economically viable mineral deposits.

Metallurgical testing may not produce results consistent with expectations, which could adversely affect recoveries, processing methods and project economics.

The economic viability of mineral projects, including the Tamarack Project, depends on numerous factors, including the size, grade and characteristics of the deposit, proximity to infrastructure, commodity prices, capital and operating costs, applicable government regulations and the interpretation and application of royalty obligations under applicable state mineral leases, which may vary and could impact project economics.

Mining and processing operations are subject to hazards and risks normally encountered in the mining industry, including unusual or unexpected geological conditions, seismic activity, cave-ins, flooding, equipment failure and metallurgical challenges, any of which could result in damage to property, environmental impacts, personal injury or loss of life, operational delays and potential legal liability.

The Company's ability to realize value from its mineral projects also depends on its ability to secure and maintain off-take arrangements and access to processing or smelting facilities. There can be no assurance that such arrangements will be available on acceptable terms, or at all.

Processing, Metallurgical and Tailings Management Risk

The Company's operations depend on the effective processing of ore at the Humboldt Mill and the safe and compliant management of tailings, water and waste streams. Metallurgical performance is subject to variability in ore characteristics, and there is a risk that recoveries, concentrate quality or throughput may not perform as expected.

The Company relies on the Humboldt Tailings Disposal Facility, which is designed and operated in accordance with applicable standards, including the Global Industry Standard on Tailings Management. However, risks remain relating to facility performance, capacity constraints, environmental compliance and evolving regulatory requirements.

Mining and processing activities generate wastewater, contact water, waste rock and tailings that must be managed in accordance with strict environmental requirements. Any failure of containment, treatment or monitoring systems could result in groundwater or surface water contamination, leading to remediation obligations, regulatory enforcement, penalties and reputational harm.

Macroeconomic Conditions, Energy Markets and Geopolitical Risk

The Company's operations are exposed to broader macroeconomic conditions, including global or regional recessions, reduced industrial activity and financial market volatility, which may reduce demand for base metals and contribute to lower or more volatile commodity prices.

Global financial markets have experienced increased volatility, reduced liquidity and constraints on the availability of credit, which may adversely affect the Company's ability to raise capital and fund its operations.

Mining operations can be energy-intensive and sensitive to fluctuations in oil, fuel and other energy prices. Elevated or sustained high energy prices may increase operating costs and, in certain circumstances, contribute to or result in recessionary conditions.

Geopolitical conflicts, including conflicts in Ukraine and the Middle East, may disrupt energy markets, supply chains, transportation routes and financial systems, and may contribute to inflationary pressures and broader economic uncertainty.

Any of these factors could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Government Regulation, Permitting and Policy Risk

The Company's operations at Eagle and the potential development of the Tamarack Project or other properties are subject to extensive federal, state and local laws and regulations in the United States, including those governing mineral rights and tenure, permitting, environmental protection, land use, water use, mine safety, taxation and labour practices.

Changes in government policy, political priorities, administrative interpretation or regulatory frameworks may adversely affect the Company's operations, development activities, permitting timelines, costs and profitability. Such changes may also affect decisions to continue funding or advancing development of the Tamarack Project or other properties.

Regulatory approvals and permits required for ongoing operations and future development may be delayed, modified or denied, and may impose conditions that materially increase capital or operating costs. Failure to comply with applicable laws, regulations or permit conditions could result in fines, penalties, suspension or curtailment of operations or the loss, reduction or revocation of mineral rights, permits or other key authorizations.

The timing and outcome of regulatory processes are inherently uncertain and could materially adversely affect the Company's business, financial condition and results of operations.

Broader Political, Economic and Industry Risk

Although the Company's current operations are conducted in the United States, the mining industry is exposed to a range of broader political, economic and industry risks, including trade disputes, civil unrest, terrorism, expropriation or nationalization of assets, changes in taxation regimes, currency controls, restrictions on the repatriation of funds, and requirements to source goods or employ labour locally.

In addition, illegal or unregulated mining activities in certain jurisdictions may impact global supply dynamics and commodity prices.

While such risks may not directly affect the Company's current operations, they may influence global commodity markets, investor sentiment, regulatory frameworks and the broader operating environment. Any such developments could have a material adverse effect on the Company's business, financial condition and results of operations.

Ownership Transition and Integration Risk

The Company may be exposed to risks associated with the transition and integration of Eagle and its personnel into the Company, including risks relating to governance structures, systems, personnel, reporting processes, transitional service arrangements and commercial relationships. If integration activities are not effectively executed, the Company could experience operational disruption, increased costs, delays in decision-making or loss of key personnel.

Mine Closure, Reclamation and Transition Risk

The Eagle mine is a late-stage asset with a limited remaining mine life, which may reduce operational flexibility and increase risks associated with workforce retention, contractor availability and supplier continuity.

As the mine approaches the end of its operating life, the Company may experience challenges in attracting and retaining qualified personnel due to job security concerns associated with a finite mine life and competition for skilled mining labour. Reduced workforce stability may impact operational performance, safety outcomes and the effective execution of closure activities. Closure activities may also have socio-economic impacts on local communities and workforce transition, which may result in additional obligations or stakeholder expectations.

The Company is subject to closure, reclamation, environmental monitoring and financial assurance obligations. The actual costs of satisfying such obligations may differ materially from current estimates due to changes in regulatory requirements, remediation scope, environmental conditions, inflationary pressures and evolving standards for closure and post-closure monitoring.

As operations transition toward closure and post-closure activities, there can be no assurance that closure sequencing, reclamation execution or associated workforce and community impacts will occur without additional cost, delay or disruption.

Any of these factors could have a material adverse effect on the Company's financial condition, liquidity and results of operations.

Triple Flag Royalty Arrangements

The Triple Flag US Transaction provides Talon Nickel with a one-time right up to July 5, 2026 to reduce the percentage of the New Royalty to 1.00% in exchange for cash in the amount of US$5 million. There is a risk that prior to Talon Nickel's one-time right expiring, Talon Nickel does not have the cash on hand required or does not elect to use cash on hand to reduce the percentage of the New Royalty. In such case, in respect of the New Royalty, Triple Flag US will continue to have a royalty of 1.67% (along with the original royalty, a total of 3.52%) of net smelter returns (to be paid out of Talon Nickel's participating interest in the Tamarack Project), which could negatively impact the overall economic viability of the Tamarack Project.

Pursuant to the terms of the royalties, Talon and its related entities have provided security to the Triple Flag entities to support the payment and performance obligations related to the royalty and the guarantees. In the event Talon Nickel fails to meet such obligations, the Triple Flag entities have the right to exercise its security and may, among other things, acquire Talon Nickel's entire interest in the Tamarack Project.

The royalty agreements contain restrictive covenants that limit the discretion of management with respect to certain business matters. These covenants place restrictions on, among other things, the ability of the Company to amend the 2018 Option Agreement, cease to be the operator of the Tamarack Project, sell or dispose of Talon Nickel's interest in the Tamarack Project, incur additional indebtedness, to create liens or other encumbrances, to sell or otherwise dispose of assets and merge or consolidate with another entity. A failure to comply with these obligations could result in an event of default (as defined under the royalty agreements) which, if not waived, could permit the Triple Flag entities to exercise their security and, among other things, acquire Talon Nickel's entire interest in the Tamarack Project.

Pursuant to the royalty agreements, Talon Nickel is required to make payment to the Triple Flag entities based on an assumed ownership percentage in the Tamarack Project of 60%. In the event that Talon Nickel dilutes below the assumed ownership percentage or does not acquire a 60% ownership percentage in the Tamarack Project, it will nevertheless still be required to make payment to the Triple Flag entities at the assumed ownership percentage of 60%. Given this, there is a risk that the Company may not have enough money to make the required payments to the Triple Flag entities. In such circumstance, the failure by Talon Nickel to make adequate payment to the Triple Flag entities would constitute an event of default under the royalty agreements, thereby entitling the Triple Flag entities to exercise their security and, among other things, acquire Talon Nickel's entire interest in the Tamarack Project.

Tesla Supply Agreement

The Tesla Supply Agreement is conditional upon: (i) Talon earning a 60% interest in the Tamarack North Project; (ii) Talon commencing commercial production at the Tamarack North Project; and (iii) the parties completing negotiations and executing detailed supply terms and conditions. Additionally, Talon will use commercially reasonable efforts to achieve commercial production on or before September 1, 2027 at the Tamarack North Project, following which Tesla has a right to terminate the agreement and Talon may elect to sell to other parties. There is no assurance that any such conditions will be met or that Talon will achieve commercial production at the Tamarack North Project. If such conditions are not met or if the Tesla Supply Agreement is terminated in accordance with its terms, it may have a material adverse effect on the Company and its business and operations (including the market price of the common shares of the Company).

Mineral Resource and Reserve Uncertainty

The Tamarack Project currently includes inferred and indicated mineral resources. Inferred mineral resources are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no assurance that further exploration will result in inferred mineral resources being upgraded to indicated or measured mineral resources, or that indicated mineral resources will be converted into proven or probable mineral reserves.

If mineral resources are not converted into mineral reserves, the economic viability of the Tamarack Project may be adversely affected.

Litigation and Legal Proceedings Risk

The Company may be subject to litigation, regulatory proceedings and other legal claims arising in the ordinary course of its business. Such proceedings may include, but are not limited to, claims relating to environmental matters, permitting, contractual disputes, property rights, employment matters, securities laws and other matters.

The Company may also be subject to legacy or ongoing legal proceedings in jurisdictions where it has operated or holds interests, including proceedings relating to historical activities or assets.

Litigation and regulatory proceedings may be time-consuming, costly and unpredictable. The outcome of such proceedings may result in monetary damages, fines, penalties, injunctions, delays to operations or development activities, or other adverse consequences.

In addition, the Company may be subject to securities class action litigation or other claims following periods of volatility in the market price of its common shares.

There can be no assurance that any current or future legal proceedings will be resolved in the Company's favour. Any adverse outcome could have a material adverse effect on the Company's business, financial condition, results of operations and reputation.

Internal Controls and Disclosure Controls Risk

The Company is subject to requirements relating to internal controls over financial reporting and disclosure controls and procedures.

The Company may not be able to maintain effective internal controls over financial reporting or disclosure controls and procedures, particularly as it continues to evolve its operations, integrate acquired assets and advance development projects.

Any failure to maintain effective internal controls or to implement required new or improved controls could result in material misstatements in financial reporting, delays in reporting obligations, regulatory scrutiny or loss of investor confidence.

There can be no assurance that the Company will not identify material weaknesses or significant deficiencies in its internal controls in the future.

Information Systems and Cybersecurity Risk

The Company relies on information technology systems and digital infrastructure in the conduct of its operations, including systems used for financial reporting, communications, operational control and supply chain management.

The Company may be subject to cyber-attacks, unauthorized access, data breaches or other cybersecurity incidents, including those affecting third-party service providers.

Such incidents could result in disruption of operations, loss of sensitive data, financial loss, regulatory penalties and reputational damage.

There can be no assurance that the Company's systems and controls will be effective in preventing or mitigating such risks.

Key Personnel

The Company is dependent on the services of key executives, employees and consultants. The loss of such individuals or the inability to attract and retain qualified personnel could adversely affect the Company's operations, development activities and future prospects.

Land Title Risk

The Company's interests in mineral properties, including the Tamarack Project, are held through a combination of leases, agreements and fee ownership, including interests held through Kennecott.

Title to mineral properties may be subject to defects, disputes or competing claims, including unregistered interests, boundary disputes or Indigenous land claims. There can be no assurance that the Company will be able to maintain or extend its mineral rights or successfully defend its title to such properties.

These risks could have a material adverse effect on the Company's business, financial condition and results of operations.

Market Price of Common Shares and Volatility

The market price of the Company's common shares may be volatile and may not reflect the underlying value of the Company. The price of the Company's common shares may be affected by a variety of factors, including commodity prices, financial results, market conditions, investor sentiment, changes in analyst coverage and general economic conditions.

The market price may also be affected by the ownership or disposition of a significant number of shares by major shareholders. Sales of a large number of shares, or the perception that such sales may occur, could adversely affect the market price of the Company's common shares.

Securities class action litigation has often been brought against companies following periods of volatility. The Company may become the subject of similar litigation, which could result in substantial costs and a diversion of management's attention and resources.

These risks could have a material adverse effect on the Company's business, financial condition and results of operations.

Insurance and Uninsured Risks

The Company maintains insurance coverage that it considers appropriate for its operations; however, such insurance may not cover all risks associated with mining operations. Certain risks, including environmental contamination, pollution and other hazards, may not be insurable on acceptable terms or at all. Certain risks, including environmental contamination, may not be insurable on acceptable terms or at all. The Company may incur significant liabilities that exceed available insurance coverage or are not covered by insurance, which could materially adversely affect its financial condition.

Uninsured losses or liabilities, or losses in excess of insured limits, could have a material adverse effect on the Company's financial condition and results of operations.

Exchange Rate Risk

The Company is exposed to fluctuations in exchange rates between the Canadian dollar and the United States dollar. A significant portion of the Company's expenditures, including operating and development costs at the Tamarack Project and Eagle, are denominated in United States dollars, while certain financing activities may be conducted in Canadian dollars.

Adverse movements in exchange rates may increase costs, affect cash balances and require the Company to raise additional capital. Exchange rate fluctuations may also affect the Company's ability to meet funding obligations in respect of the Tamarack Project, which could result in dilution of its interest or loss of project rights.

These risks could have a material adverse effect on the Company's business, financial condition and results of operations.

Competition

The mining industry is highly competitive for mineral properties, capital, skilled personnel and technical expertise. The Company competes with other mining companies, many of which have greater financial, technical and operational resources.

Such competition may adversely affect the Company's ability to acquire additional mineral properties, attract and retain qualified personnel or obtain financing on acceptable terms.

These risks could have a material adverse effect on the Company's business, financial condition and results of operations.

Foreign Subsidiaries and Repatriation of Funds

The Company is a foreign corporation and conducts its operations through subsidiaries, including its United States operating subsidiaries. A substantial portion of the Company's assets is held through such subsidiaries.

Restrictions on the transfer of funds between such entities, including tax considerations or regulatory limitations, may affect the Company's ability to efficiently manage its operations and liquidity.

These risks could have a material adverse effect on the Company's business, financial condition and results of operations.

RELATED PARTY TRANSACTIONS AND BALANCES

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

Included in accounts payable is nil board fees payable to directors of the Company (December 31, 2024 – $101,368 – payable to directors and the Chairman of the Company) and nil salaries payable to the CEO, former President and CFO (December 31, 2024 – $168,233).

The remuneration, including benefits, of directors and officers of the Company for the year ended December 31, 2025 and 2024 was as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Salaries and benefits of officers	$ 3,525,390	$ 3,911,375
Board fees	603,804	82,500
Stock-based compensation	501,786	3,218,283
Total Aggregate Compensation	$ 4,630,980	$ 7,212,158
Capitalized portion included in Total Aggregate Compensation (capitalized to Resource properties and deferred expenditures):		
Salaries and benefits of officers	$ 2,493,060	$ 3,005,419
Stock-based compensation	370,588	1,812,362
Total	$ 2,863,648	$ 4,817,781

Cash compensation and stock option compensation are recorded on the Consolidated Statements of Loss and Comprehensive Loss in “Salaries, benefits, consulting and board fees” and on the Consolidated Statements of Financial Position in “Resource properties and deferred expenditures”.

By agreement, the fees earned by the Chairman of the Company during the year ended December 31, 2024 were reduced from $100,000 to $18,868.

In order to preserve cash, commencing November 1, 2024, the CEO, former President and CFO of the Company agreed to defer payment of their salaries until the earlier of certain conditions being met related to the Company being in a sufficiently strong financial position to pay these salaries or May 1, 2025 in exchange for the vesting of all stock options issued to these executives and an additional payment of 50% of the amount of the deferred salaries, if and when, the deferred salaries are paid. The CEO and CFO deferred four months of salaries for the period November 1, 2024 to February 28, 2025, which were paid on March 15, 2025. The former President deferred two months of salaries for the period November 1, 2024 to December 31, 2024, which was paid on April 10, 2025. The additional 50% payment related to the CEO and CFO deferring salary was settled by issuing stock options on April 10, 2025 (see below) while the additional 50% payment related to the former President deferring salary was paid in cash on June 27, 2025.

On February 27, 2024, after receiving shareholder and TSX approval, certain stock options issued to directors and officers were amended by (i) reducing the exercise price to $2.00, and in the case of stock options held by the directors, the CEO, the former President and the CFO, reducing the exercise price to $2.50; and/or (ii) extending the expiration date by five years from their original expiration date (only if the stock options were expiring on or before December 28, 2025). All stock options that were amended are subject to a new vesting schedule: 50% of the stock options vest on February 27, 2025 and 50% vest on August 27, 2025. A total of 2,250,773 stock options issued to directors and officers had a change in exercise price only, a total of 1,236,500 stock options issued to directors and officers had a change in both the exercise price and the expiry date, and a total of 3,598,543 stock options issued to directors and officers had a change in the expiry date only.

In May 2024, 225,000 options were issued to officers with an exercise price of $2.00 that vest over one year and have an expiration date that is five years from the date of grant.

In November 2024, 435,596 options were issued to officers which included 50,000 options with an exercise price of $1.00 and 385,596 options with an exercise price of $0.85. These options vested at the time of issuance and have an expiration date that is five years from the date of grant.

In December 2024, 125,000 options were issued to officers with an exercise price of $0.90 that vest over one year and have an expiration date that is five years from the date of grant.

On April 10, 2025, 222,900 options were issued to the CEO and CFO with an exercise price of $1.00 which vested on the date of grant and have an expiration date that is five years from the date of grant to settle accounts payable related to the additional payment associated with deferring their salaries as discussed above.

On April 10, 2025, 309,500 options were issued to directors with an exercise price of $1.00 that vested on the date of grant and have an expiration date that is five years from the date of grant to settle deferred chairman and board fees payable related to the period from January 2024 to March 2025.

On December 23, 2025, 16,470 options were issued to directors with exercise price of $6.10 that vested on the date of grant and have an expiration date that is five years from the date of grant to settle board fees earned in 2025.

UPX OPTION AGREEMENT - MICHIGAN

On August 9, 2022, Talon entered into an option and earn-in agreement (the “**UPX Option Agreement**”) with UPX Minerals Inc. (a wholly-owned subsidiary of Sweetwater Royalties) (“**UPX**”) to acquire up to an 80% ownership interest in the mineral rights over a land package comprised of approximately 400,000 acres located in the Upper Peninsula of the State of Michigan (the “**Michigan UPX Properties**”). Pursuant to the terms of the UPX Option Agreement, Talon has agreed to a minimum spending obligation of US$5 million in exploration expenditures or drilling of at least 7,500 meters, with any minimum spending deficiency payable to UPX. Talon has five years (until August 2027) to complete these minimum requirements. Talon will earn a 51% undivided interest in the Michigan UPX Properties upon the completion of 25,000 meters of drilling (the “**Stage One Requirement**”). Talon will have five years (until August 2027) to complete the Stage One Requirement, which may be extended in certain circumstances.

Talon will then have the option to earn an additional 29% interest in the Michigan UPX Properties (resulting in an 80% ownership interest) upon delivering a feasibility study prepared in accordance with NI 43-101 over a portion of the Michigan UPX Properties (the “**Stage Two Requirement**”). In the event that Talon does not complete the Stage Two Requirement within eight-years (which may be extended in certain circumstances) of determining a “mineral resource” as specifically defined in the UPX Option Agreement at the Michigan UPX Properties, Talon's interest in the Michigan UPX Properties will be reduced to 49%.

As partial consideration for entering into the UPX Option Agreement, Talon issued Kennecott 15,321,933 common shares of Talon at a deemed price of $0.51 per share (based on the 5-day VWAP of the Talon shares on the TSX) in satisfaction of US$6 million in payment obligations of UPX to KEX as a previous owner of the Michigan UPX Properties. Upon Talon completing the Stage Two Requirement, UPX will be granted a 2% NSR royalty on the Michigan UPX Properties and have the right to participate in proportion to its participating 20% joint venture interest. In the event UPX does not participate in proportion to its participating 20% joint venture interest, its interest in the joint venture will be subject to dilution, and in the event UPX's joint venture interest ultimately dilutes below 10%, UPX's interest in the joint venture will be reduced to 0% and UPX will be entitled to an additional 1% NSR royalty on the Michigan UPX Properties.

In addition to the Michigan UPX properties, on June 26, 2024, the Michigan Department of Natural Resources issued leases for approximately 21,000 acres of additional mineral leases in the Upper Peninsula of Michigan to Talon Michigan LLC (the **"Michigan State Leases**"). The Company also has rights to explore certain other properties in Michigan that are not subject to the UPX Option Agreement (together with the Michigan State Leases, the "**Michigan Talon Properties**"). To the extent the Michigan Talon Properties are within an area of interest defined in the UPX Option Agreement, a royalty of 0.25% is payable to UPX. Collectively, the Michigan UPX Properties and the Michigan Talon Properties are referred to as the "**Michigan Properties**".

In June 2024, Talon began mineral exploration drilling on the Michigan Properties.

Michigan Exploration, Drilling, and Geophysics

The Company completed drilling of approximately 9,900 meters in 2025 using two company-owned drill rigs and one contractor drill rig at the Boulderdash and Roland prospects within the Michigan Properties. The Company has also completed core logging, geophysical surveys and is presently awaiting the return of drill core assay results.

No further field work is planned in 2025. Activity is anticipated to resume in Q2 2026.

To date, Talon has drilled a total of approximately 14,000 meters towards the Stage One Requirement.

EXCLUSIVITY AGREEMENT WITH LUNDIN MINING

On March 5, 2025 Talon entered into an exclusivity agreement with Lundin Mining Corporation ("**Lundin Mining**") for the parties to negotiate an earn-in agreement (the "**Lundin Option Agreement**") pursuant to which Lundin Mining may acquire up to a 70% ownership interest in an area of interest that includes the Boulderdash and Roland exploration targets (the "**Lundin Optioned Properties**"), which are in close proximity to Lundin Mining's Eagle Mine. The Lundin Optioned Properties form part of the Michigan Properties.

Lundin Mining advanced Talon $6.8 million (US$5 million) (the "**Advance Payment**") to, among other things, commence drilling on the Lundin Optioned Properties as soon as the Lundin Option Agreement is entered into.

On September 30, 2025, Talon terminated the Lundin Option Agreement in accordance with its terms.

On October 7, 2025, Talon issued 1,850,291 common shares to Lundin Mining to repay the Advance Payment. The share price increased after the agreement was reached on September 30, 2025, resulting in a loss of $1,258,293 on the advance settled with shares.

ACQUISITION OF THE EAGLE MINE AND HUMBOLDT MILL

On January 9, 2026, the Company acquired the producing Eagle Mine and the associated Humboldt Mill located in Michigan, USA from Lundin Mining Corporation ("**Lundin Mining**") by issuing 27,515,223 common shares and granting a production payment royalty, in favour of Lundin Mining, on ore from sources other than the Eagle Mine that is processed through the Humboldt Mill at a rate of US$1.00 per tonne, up to a maximum aggregate payment of US$20.0 million representing 20 million tonnes of ore. The acquisition resulted in Talon becoming a multi-asset U.S. nickel-copper company and expands the Company's operational portfolio beyond the Tamarack Nickel Project. The Company is currently assessing the accounting treatment and fair value allocation for the acquired assets and assumed liabilities, which will be reflected in the Company's financial statements in the period in which the acquisition occurred.

CRITICAL ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING POLICIES

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of each reporting period and for the periods then ended, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the valuation of resource properties, the estimation of contingencies and the valuation of the asset retirement obligation.

The uncertainty regarding the valuation of resource properties arises as a result of estimates and judgments such as forecasts of metal prices, operating costs, capital costs and income taxes among numerous other valuation inputs, discount rates, comparability of the Company's properties to those of other market participants and the selection of market-participant assumptions used to determine recoverable value.

The uncertainty regarding the estimation of contingencies arises as result of the uncertainty as to legal proceedings that are before the courts, as well the amount and probability of a future payment or award.

The uncertainty regarding the valuation of the asset retirement obligation arises as result of certain key inputs such as future estimated costs, future inflation, the possibility of changing laws and requirements, including changes in constructive obligations and the discount rate used to present value the future estimated costs.

Talon considers the following accounting policies to be critical in the preparation of its financial statements:

Resource properties and deferred exploration and evaluation costs

Interests in mineral exploration properties are recorded at cost. Exploration expenditures relating to mineral properties in which an interest is retained are deferred and carried as an asset until the results of the projects are known. If the project is unsuccessful or if exploration has ceased because continuation is not economically feasible, the cost of the property and the related deferred exploration expenditures are written off.

The cost of mineral properties includes the cash consideration paid and the negotiated value of shares issued on the acquisition of properties. Properties acquired under option agreements, whereby option payments are made at the discretion of the company, are recorded in the financial statements at the time payments are made. The proceeds from options granted or royalties sold on properties are credited to the cost of the related property.

Deferred exploration costs are amortized over the estimated useful life of the related mineral property as commercial production commences. If the net carrying amount of the deferred exploration expenses is not recoverable, these costs are written down to net recoverable amount of the deferred exploration expense.

The amounts shown for mineral properties and deferred exploration costs represents cost to date, and do not necessarily represent present or future values as they are entirely dependent upon the economic recovery of future reserves.

The Company does not accrue the estimated future costs of maintaining its mineral properties in good standing.

Asset retirement obligations

A provision is recognized on the consolidated statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The Company's asset retirement obligations arise from its obligations to undertake site reclamation and remediation in connection with its resource properties. The estimated costs of reclamation are based on current regulatory requirements and the present value of estimated reclamation costs at the future date of purchase. Future changes to those regulations and standards, as well as changes resulting from operations may result in actual reclamation costs differing from the estimate.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The CEO and the CFO, with the assistance of management, have conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as at December 31, 2025. Based on the evaluation, the CEO and the CFO have concluded that as at December 31, 2025, the Company’s internal control over financial reporting is effective, based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) on Internal Control – Integrated Framework.

No changes were made to the Company’s internal control over financial reporting during the three months ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

OUTLOOK

Please see the section titled *“Upcoming Work – Tamarack North Project and BMPF”*.