Condensed Interim Consolidated Financial Statements of

Talon Metals Corp.

Three and Nine Months Ended September 30, 2026 and 2025

(Unaudited)

(Expressed in U.S. dollars)

Talon Metals Corp.

Condensed Interim Consolidated Statements of Financial Position
(Unaudited - in thousands of US dollars)

	Notes	As at		
		September 30, 2026	December 31, 2025	January 1 2025
			Restated (Note 2b)	Restated (Note 2b)
ASSETS				
Cash and cash equivalents		$ **42,422**	$ 11,985	$ 3,747
Treasury bills and term deposits	*4*	**32**	13,387	31
Trade and other receivables	*5*	**24,806**	23	1
Prepayments		**5,580**	170	62
Inventories	*6*	**18,570**	-	-
Deferred financing costs		**134**	119	66
Total current assets		**91,544**	25,684	3,907
Prepayments - long term	*7d*	**1,545**	1,418	1,264
Resource properties and deferred exploration and evaluation costs	*7*	**222,298**	194,239	171,712
Property, plant and equipment	*8*	**204,952**	2,386	2,762
Total non-current assets		**428,795**	198,043	175,738
Total assets		$ **520,339**	$ 223,727	$ 179,645
LIABILITIES				
Trade and other payables	*9*	**29,544**	5,769	1,723
Government grant advance payments	*7c(iv)*	**367**	620	-
Current portion of lease liabilities	*10*	**2,843**	-	-
Current portion of mortgage payable		**-**	16	16
Current portion of reclamation and closure provisions	*11*	**3,790**	-	-
Total current liabilities		**36,544**	6,405	1,739
Lease liabilities	*10*	**6,595**	-	-
Mortgage payable		**-**	113	117
Land contract payable		**-**	-	66
Reclamation and closure provisions	*11*	**60,538**	1,407	1,116
Production payment royalty	*12*	**3,800**	-	-
Other long-term liabilities		**695**	-	-
Contingencies		**19**	18	16
Deferred tax liabilities		**35,826**	-	-
Total non-current liabilities		**107,473**	1,538	1,315
Total liabilities		$ **144,017**	$ 7,943	$ 3,054
SHAREHOLDERS' EQUITY				
Share capital	*14a*	**419,439**	255,039	203,234
Warrants	*14b*	**669**	3,868	135
Contributed surplus		**28,455**	34,141	33,792
Accumulated other comprehensive income		**10,433**	10,421	23,499
Deficit		**(82,674)**	(87,685)	(84,069)
Total shareholders' equity		**376,322**	215,784	176,591
Total liabilities and shareholders' equity		$ **520,339**	$ 223,727	$ 179,645

Commitments and contingencies - Note 13

Nature of Operations and Going Concern - Note 1

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

Approved by the Board of Directors on November 16, 2026

Signed: "Victoria McMillan" "David E. Singer"

Talon Metals Corp.
Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Unaudited - in thousands of US dollars except for shares and per share amounts)

	Notes	*Three months ended September 30,*		*Nine months ended September 30,*	
		2026	2025	**2026**	2025
Revenue	*15*	**$ 58,426**	$ -	**$ 156,896**	$ -
Production costs	*16*	**(44,965)**	-	**(120,798)**	-
Depreciation, depletion and amortization	*8*	**(10,670)**	-	**(23,335)**	-
Gross profit		**2,791**	-	**12,763**	-
General and administrative expenses	*17*	**(1,618)**	(486)	**(4,283)**	(1,640)
Business development		**(1)**	-	**(588)**	-
Finance income	*18*	**166**	338	**446**	365
Finance costs	*18*	**(1,798)**	(13)	**(3,443)**	(37)
Other income		**315**	-	**385**	-
Foreign currency gain (loss)		**-**	156	**(226)**	(104)
Income (loss) before income taxes		**(145)**	(5)	**5,054**	(1,416)
Current tax expense		**(5)**	(4)	**(15)**	(15)
Deferred tax recovery (expense)		**299**	-	**(28)**	-
Net income (loss)		**149**	(9)	**5,011**	(1,431)
Other comprehensive (loss) income					
Currency translation differences		**(2,304)**	10,240	**12**	987
Total comprehensive (loss) income		**(2,155)**	10,231	**5,023**	(444)
Basic net income (loss) per share		**$ 0.00**	$ (0.00)	**$ 0.03**	(0.01)
Diluted net income (loss) per share		**$ 0.00**	$ (0.00)	**$ 0.03**	(0.01)
Weighted average number of shares outstanding					
Basic	*14d*	**162,195,331**	113,009,441	**156,609,350**	100,820,999
Diluted	*14d*	**168,242,610**	113,009,441	**162,557,322**	100,820,999

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

Talon Metals Corp.
Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited - in thousands of US dollars except for shares)

	Notes	Number of shares	Share capital	Warrants	Contributed surplus	Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Shareholders' equity
Balance at January 1, 2026		119,885,666	$ 255,039	$ 3,868	$ 34,141	$ (87,685)	$ 10,421	$ 215,784
Acquisition Eagle Mining US Ltd.	*14a & 25*	27,515,223	122,052	-	-	-	-	122,052
Private placement (January 2026)	*14a*	445,204	1,357	-	-	-	-	1,357
Private placement (March 2026)	*14a*	1,855,578	5,667	-	-	-	-	5,667
Warrants exercised	*14b*	7,893,746	18,905	(3,197)	-	-	-	15,708
Warrants expired	*14b*	-	-	(2)	2	-	-	-
Share-based compensation	*14c*	-	-	-	3,573	-	-	3,573
Stock options exercised	*14c*	5,427,584	16,419	-	(9,261)	-	-	7,158
Share consolidation cancelled shares	*14a*	(65)	-	-	-	-	-	-
Total comprehensive income (loss)		-	-	-	-	5,011	12	5,023
Balance at September 30, 2026		**163,022,936**	**$ 419,439**	**$ 669**	**$ 28,455**	**$ (82,674)**	**$ 10,433**	**$ 376,322**
Balance at January 1, 2025		93,471,897	$ 203,234	$ 135	$ 33,792	$ (84,069)	$ 23,499	$ 176,591
June 2025 private placement	*14a*	18,631,818	23,440	4,321	-	-	-	27,761
Warrants issued and vested	*14a*	-	-	600	-	-	-	600
Shares issued for accounts payable	*14a*	431,420	221	-	-	-	-	221
Stock options exercised	*14a*	560,000	949	-	(389)	-	-	560
Warrants exercised	*14b*	293,526	720	(125)	-	-	-	595
Share-based compensation	*14c*	-	-	-	1,398	-	-	1,398
Total comprehensive loss		-	-	-	-	(1,430)	(987)	(2,417)
Balance at September 30, 2025		113,388,661	$ 228,564	$ 4,931	$ 34,801	$ (85,499)	$ 22,512	$ 205,309

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

Talon Metals Corp.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - in thousands of US dollars)

	Notes	*Nine months ended September 30,*	
Cash provided by (used in)		**2026**	2025
Operating activities			
Net income (loss)		**$ 5,011**	$ (1,431)
Items not involving cash and other adjustments			
Depreciation, depletion and amortization		**23,335**	-
Stock option compensation		**2,045**	162
Finance costs, net		**495**	(127)
Accretion on reclamation and closure provisions	*11*	**2,663**	24
Accretion on production payment	*12*	**224**	-
Fair value adjustment to production payment royalty	*12*	**(624)**	-
Reclamation payments	*11*	**(1,948)**	(72)
Transaction costs in connection with acquistion of Eagle		**404**	
Deferred tax (recovery) expense		**28**	-
Unrealized foreign exchange loss (gain)		**182**	62
Working capital adjustments			
Change in trade and other receivables		**(15,392)**	(2)
Change in deferred financing costs		**(15)**	68
Change in prepayments		**(2,834)**	(12)
Change inventories		**4,674**	-
Change in advance payment		**-**	5,647
Change in trade and other payables		**3,319**	(25)
Cash provided by (used in) operating activities		**21,567**	**4,294**
Investing activities			
Acquisition of property, plant and equipment	*8*	**(13,512)**	(382)
Acquisition of resource properties and deferred expenditures		**(32,294)**	(13,493)
Acquisition of Eagle, net of cash acquired	*25*	**11,788**	-
Proceeds from government grants		**3,291**	2,724
Purchases of treasury bills and term deposits		**-**	(6,364)
Proceeds from sale of treasury bills and term deposits		**13,414**	-
Cash used in investing activities		**(17,313)**	(17,515)
Financing activities			
Private placement (January 2026)	*14a*	**1,357**	-
Private placement (March 2026)	*14a*	**5,667**	-
Proceeds from June 2025 Private Placement		**-**	27,761
Reduction in mortgage payable		**(129)**	(7)
Proceeds from exercise of stock options	*14c*	**7,158**	560
Proceeds from exercise of warrants	*14b*	**15,708**	595
Principal repayments of lease liabilities		**(2,788)**	-
Repayment other long-term liabilities		**(350)**	-
Interest paid		**(556)**	-
Cash provided by (used in) financing activities		**26,067**	28,909
Increase (decrease) in cash and cash equivalents		**$ 30,321**	**$ 15,688**
Effect of foreign exchange on cash balances		**116**	(517)
Cash and cash equivalents, beginning of the period		**11,985**	3,747
Cash and cash equivalents, end of the period		**$ 42,422**	**$ 18,918**

Supplemental cash flow information (Note 24)
The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Talon Metals Corp. ("Talon" or the "Company") is a mining company focused on the exploration and development of the Tamarack nickel-copper-cobalt project (the "Tamarack Project") in Minnesota, United States ("U.S.") (which comprises the Tamarack North Project and the Tamarack South Project) and as of January 9, 2026, the producing Eagle Mine and associated Humboldt Mill ("Eagle") located in Michigan, U.S. The Company's interest in the Tamarack Project is held through its indirect 100% owned Delaware, U.S. subsidiary, Talon Nickel (USA) LLC ("Talon Nickel"). The Company's interest in Eagle is held through its indirect 100% owned Delaware, U.S. subsidiary, Eagle Mine LLC.

On January 11, 2018, Talon Nickel and Kennecott Exploration Company ("Kennecott"), a subsidiary of the Rio Tinto Group, entered into the mining venture agreement in respect of the Tamarack Project (the "Mining Venture Agreement"). On November 7, 2018, the Company entered into an option agreement (the "2018 Option Agreement") with Kennecott Exploration Company ("Kennecott"), pursuant to which Talon has the right to acquire up to a 60% interest in the Tamarack Project on the satisfaction of certain terms and conditions while the Mining Venture Agreement is held in abeyance. Talon Nickel currently owns a 51% interest in the Tamarack Project. See Note 7(a) for further information.

On August 9, 2022, Talon entered into an option and earn-in agreement with UPX Minerals Inc. to acquire an interest in mineral rights in the State of Michigan. Houghton Battery Minerals LLC ("Houghton"), an indirect 100% owned Delaware, U.S. subsidiary of the Company, is earning into the UPX Minerals Inc. mineral rights. See Note 7(b) for further information.

On January 9, 2026, Talon acquired a 100% interest in Eagle Mining US Ltd. ("Eagle Mining US", formerly Lundin Mining US Ltd.), which indirectly holds Eagle, from Lundin Mining Corporation ("Lundin Mining"). Eagle Mining US is a nickel-copper mining and exploration company with its operations located in Michigan, United States (see Note 25).

The Company's common shares are listed on the Toronto Stock Exchange ("TSX") in Canada. The Company's head office address is Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue 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 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 unfavorable to the Company. To support raising capital, the Company focuses its 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.

These circumstances create a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and ultimately on the appropriateness of the use of accounting principles applicable to a going concern.

These condensed interim consolidated financial statements do not give effect to any adjustments that would be necessary

to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION AND MEASUREMENT

(a) Basis of presentation and statement of compliance

Statement of compliance

The unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB") and IFRIC® Interpretations of the IFRS Interpretations Committee applicable to the preparation of condensed interim consolidated financial statement, including IAS 34 "Interim Financial Reporting". The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2025.

These condensed interim consolidated financial statements were approved by the Board of Directors of the Company on November 16, 2026.

Basis of preparation

The condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which have been measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The material accounting policies applied in these condensed interim consolidated financial statements are presented in Note 3 and have been applied consistently to all years presented, unless otherwise noted. In the preparation of these condensed interim consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed interim consolidated financial statements, and the reported amounts of expenses during the period. Actual results could differ from these estimates.

Basis of consolidation

The accompanying condensed interim consolidated financial statements include the assets, liabilities, and results of operations of Talon and its subsidiaries. Material subsidiaries of Talon and their principal activities are presented below:

Material Subsidiaries	Percentage Ownership	Principal Activity
Talon Nickel (USA) LLC	100%	Nickel and copper exploration and development
Talon Michigan LLC	100%	Nickel and copper exploration
Houghton Battery Minerals LLC	100%	Nickel and copper exploration
Talon Metals Services Inc.	100%	Management services
Eagle Mine LLC	100%	Nickel and copper production

All intercompany balances and transactions have been eliminated on consolidation.

A subsidiary is an entity that is controlled by the Company. In assessing control, potential voting rights that are presently exercisable or convertible are considered in the assessment of whether control exists. Subsidiaries are fully consolidated

from the date on which control is transferred to the Company.

(b) Change in presentation currency

On January 1, 2026, the Company elected to change its presentation currency from Canadian dollars to U.S. dollars. The change in presentation currency is to improve investors and other stakeholders' ability to compare the Company's financial results with other mining companies, which mostly report their results in U.S. dollars, and because with the acquisition of Eagle, an increased amount of the Company's business is transacted in U.S. dollars. Reference herein to $ or USD is to U.S. dollars, and C$ or CAD is to Canadian dollars.

In accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, this change in presentation currency was applied retrospectively as if the new presentation currency had always been the Company's presentation currency and, accordingly, prior year comparative figures have been restated (including in the notes to the condensed interim consolidated financial statements).

In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, the methodology followed in restating historical financial information from Canadian dollars to U.S. dollars was as follows:

- Assets and liabilities for each condensed interim consolidated statements of financial position presented were translated at the closing rate of the period;
- Income and expenses for each condensed interim consolidated statement of income or loss and comprehensive income or loss were translated at quarterly average exchange rates for the period (unless this average was not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses were translated at the rate on the dates of the respective transactions);
- Equity transactions were translated at historical exchange rates in effect on the date of the respective equity transaction; and
- All resulting change differences (currency translation adjustments) were recognized in equity under accumulated other comprehensive income.

The exchange rates used to reflect the change in presentation currency in the accompanying condensed interim consolidated financial statements were as follows:

- Closing CAD/USD exchange rate as of December 31, 2025, and 2024 of 1.3706 and 1.4389;
- Average CAD/USD exchange rate for the three months ended September 30, 2025, of 1.3803; and
- Average CAD/USD exchange rate for the nine months ended September 30, 2025, of 1.3999.

(c) New standards and interpretations

IFRS 18, Presentation and Disclosure in Financial Statements

IFRS 18 was issued by the International Accounting Standards Board (IASB) on April 9, 2024. IFRS 18 replaces IAS 1 and introduces changes to financial statement presentation and disclosure requirements. The new standard requires a revised income statement format with three categories: operating, investing, and financing, and mandates subtotals for operating profit or loss and profit or loss before financing and income taxes. Operating expenses must be presented directly on the income statement, with enhanced disclosure requirements.

IFRS 18 also provides guidance on aggregating and disaggregating information, introduces new disclosure requirements

for management-defined performance measures, and eliminates classification options for interest and dividends in the statement of cash flows. These changes aim to improve the clarity and consistency of financial statement presentation. The new standard is effective January 1, 2027, with retroactive application required. The Company is currently assessing the impact of IFRS 18 on the presentation and disclosure of its consolidated financial statements.

3. MATERIAL ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

The Company has consistently applied the accounting policies to all the periods presented. The material accounting policies applied in these condensed interim consolidated financial statements are set out below.

(a) Material accounting policies

i. Foreign Currency Transactions

Foreign currency transactions are translated into functional currencies at exchange rates in effect on the date of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated into functional currencies at the foreign exchange rate applicable at that period-end date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Realized and unrealized exchange gains and losses are recognized in the condensed interim consolidated statement of income or loss and comprehensive income or loss.

On consolidation, assets and liabilities of operations with a functional currency other than the United States dollar are translated into the United States dollar at period-end foreign currency rates. Expenses of such operations are translated into the United States dollar at average rates for the period. Foreign currency translation gains and losses are recognized in other comprehensive income. The relevant amount in cumulative foreign currency translation adjustment is reclassified into earnings upon disposition of a foreign operation. The entities with a functional currency other than the United States dollar include Talon Metals Corp. and Talon Metals Services Inc.

ii. Cash and cash equivalents

Cash and cash equivalents comprise cash on deposit with banks and highly liquid short-term interest-bearing investments with a term to maturity at the date of purchase of 90 days or less, which are subject to an insignificant risk of change in value.

iii. Treasury bills and term deposits

Treasury bills and term deposits comprise treasury bills issued by the U.S. and Canadian governments and term deposits with large banks with a term to maturity at the date of purchase of 1 year or less, which are subject to an insignificant risk of change in value.

iv. Inventories

Ore and concentrate stockpiles are valued at the lower of production cost and net realizable value (“NRV”).

Production costs include costs of materials and labor related directly to mining and processing activities, including depreciation of property, plant and equipment directly involved in the related mining and production process, and directly attributable overhead costs.

Materials and supplies inventories are valued at the lower of average cost less allowances for obsolescence and NRV.

If the carrying value of inventories exceeds NRV, a write-down is recognized. The write-down may be reversed in a subsequent period if the circumstances that caused the write-down no longer exist.

v. Resource properties and deferred exploration and evaluation costs

Resource properties and deferred exploration and evaluation costs are recorded at cost. Exploration and development expenditures, including an allocation of salaries, benefits, and consulting fees, other than those of a general nature, 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 exploration expenditures are written off or written down to the net recoverable amount of the deferred exploration expense.

The cost of mineral properties includes the cash consideration paid and the fair 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 condensed interim consolidated 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.

The amounts shown for resource properties and deferred expenditures represent cost to date less accumulated impairment, 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.

Once a project has been established as commercially viable and technically feasible and has been subject to an impairment analysis, further expenditures are capitalized and classified as development properties. The balance in resource properties and deferred exploration and evaluation costs is then transferred to assets under construction within property, plant, and equipment.

vi. Property, plant and equipment

Property, plant, and equipment are carried at cost less accumulated depreciation and any accumulated impairment charges. Assets under construction are carried at cost and are not depreciated or depleted until ready for use. For production property plant and equipment, depreciation is recorded on a units-of-production basis over proven and probable mineral reserves. Depreciation on all other property, plant, and equipment is recorded on a straight-line basis over the estimated useful life of the asset or over the estimated

remaining Life-of-mine ("LOM"), if shorter. Residual values and useful lives are reviewed annually. Gains and losses on disposals are calculated as proceeds received less the carrying amount and are recognized in the condensed interim consolidated statements of income (loss) and comprehensive income (loss).

Useful lives are as follows:

	Number of years
Buildings	39
Plant and equipment	3 – 20
Mobile equipment	5 – 20
Support equipment	3 – 8

Assets under construction (which are located at Eagle) are non-depreciable until transferred out of assets under construction. Depreciation related to "plant and equipment – exploration" is capitalized to resource properties and deferred exploration and evaluation costs, while all other depreciation is recorded in inventory and cost of sales.

vii. Government grants

Government grants are recognized when there is reasonable assurance that (a) the Company will comply with the conditions attaching to the grants; and (b) the grants will be received. Since the government grants received are cost-share agreements related to resource properties and deferred exploration and evaluation costs, no amount is recorded in income at the time of recognition, but rather resource properties and deferred exploration and evaluation costs is reduced by the amount of the grant. Grants received in advance of spending are recognized as a government grant advance payment liability, which is reduced as the funds are spent.

viii. Impairment and impairment reversals

At the end of each reporting period, the Company assesses whether there is an indication that an asset or group of assets within a cash generating unit ("CGU") may be impaired. When impairment indicators exist, the Company estimates the recoverable amount of the asset or CGU and compares it against the asset or CGU's carrying amount. The recoverable amount is the higher of the fair value less cost of disposal ("FVLCD") and the asset or CGU's value in use ("VIU"). If the carrying value exceeds the recoverable amount, an impairment loss is recorded in the condensed interim consolidated statements of income (loss) and comprehensive income (loss) during the period. If either FVLCD or VIU exceeds the asset or CGU's carrying amount, the asset or CGU is not impaired, and the Company does not estimate the other amount.

In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU for which the estimates of future cash flows have not been adjusted. The cash flows are based on best estimates of expected future cash flows from the continued use of the asset or the CGU and its eventual disposal.

FVLCD is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, which is best evidenced if obtained from an active market or binding sale

agreement. Where neither exists, the fair value is based partly on a discounted cash flow projections model. Costs of disposal, other than those that have been recognized as liabilities, are deducted in measuring FVLCD.

Reversals of impairment are assessed at each reporting period where there is an indication that an impairment loss recognized previously may no longer exist or has decreased. If an impairment reversal indicator exists, the recoverable amount is calculated. If the recoverable amount exceeds the carrying amount, the carrying value of the CGU is increased to the recoverable amount net of depreciation and depletion. The increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the CGU in prior years. A reversal of an impairment loss is recognized as a gain in the condensed interim consolidated statements of income (loss) and comprehensive income (loss) in the period it is determined.

ix. Leases

At the inception of a contract, the Company assesses whether the contract is or contains a lease. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases of low-value assets. For these leases, the Company recognizes the lease payments as an expense in the condensed interim consolidated statements of income (loss) and comprehensive income (loss) on a straight-line basis over the term of the lease.

The Company recognizes a lease liability and a right-of-use asset at the lease commencement date.

The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, each operation's applicable incremental borrowing rate. The incremental borrowing rate is the rate that the operation would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the Company expects to exercise an option to terminate the lease.

The lease liability is subsequently measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option.

Each lease payment is allocated between the lease liability and finance cost. The finance cost is recorded as an expense in the condensed interim consolidated statements of income (loss) and comprehensive income (loss) over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is initially measured at cost, which comprises the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Company; and
- an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The right-of-use asset is subsequently measured at cost, less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. It is depreciated in accordance with the Company's accounting policy for property, plant and equipment, from the commencement date to the earlier of the end of its useful life or the end of the lease term.

On the condensed interim consolidated statements of financial position, right-of-use assets and lease liabilities are reported in property, plant, and equipment and lease liabilities, respectively.

x. Reclamation and Closure provisions

The Company incurs reclamation and other closure costs related to its mining properties, such as facility decommissioning and dismantling, end of mine life severance, site restoration, and ongoing environmental monitoring. These costs are a normal consequence of mining and are dependent on the requirements of the Company's legal and constructive obligations, as well as any other commitments made to stakeholders. The majority of these expenditures will be incurred at the end of the life of mine and are dependent upon a number of factors such as the life and nature of the asset, the operating license conditions and the environment in which the mine operates.

The future obligations for mine closure activities are estimated by the Company using mine closure plans or other similar studies, which outline the activities to be undertaken to meet regulatory and internal requirements. Since the obligations are dependent on the laws and regulations of the country in which the mine operates, they are regularly evaluated by management and external experts. Costs included in the obligations encompass all reclamation and other closure activities expected to occur progressively over the

life of the operation, at the time of closure, and post-closure in connection with disturbances as at the reporting date.

Obligations may change because of amendments in laws and regulations relating to environmental protection and/or other legislation affecting resource companies. Included in the estimated obligations are a number of significant assumptions made by management in determining closure provisions. Accordingly, closure provisions are more uncertain the further into the future mine closure activities are expected to be carried out.

The Company records the present value of its reclamation provision as a liability with a corresponding increase in the carrying value of the related asset. The provision is discounted to its net present value using a country-specific, current market, pre-tax discount rate. The unwinding of the discount, referred to as an accretion expense, is included in finance costs in the condensed interim consolidated statements of income (loss) and comprehensive income (loss) and results in an increase in the carrying amount of the liability. Reclamation obligations settled in the year are offset against the corresponding liability. Unplanned reclamation costs are reported as either part of the cost of inventory or recognized as a cost in the condensed interim consolidated statements of income (loss) and comprehensive income (loss), if they relate to either production activities or a closed site.

The capitalized cost of the reclamation and other closure activities is recognized in property, plant, and equipment and depreciated on a unit-of-production basis over the expected mine life of the operation or asset to which it relates. Depreciation costs are included in the condensed interim consolidated statements of income (loss) and comprehensive income (loss) as part of cost of goods sold.

Changes in obligations resulting from revisions to the timing or amount of expenditures or discount rate are recognized as an increase or decrease in the reclamation provision liability, and a corresponding change in the carrying amount of the related assets.

xi. Revenue recognition

Revenue from contracts with customers is recognized when a customer obtains control of the promised goods and the Company satisfies its performance obligation. Revenue is allocated to each performance obligation. The Company considers the terms of the contract in determining the transaction price. The transaction price is based upon the amount the entity expects to be entitled to in exchange for the transferring of promised goods. The Company earns revenue from contracts with customers related to its concentrate sales.

The Company satisfies its performance obligations for its concentrate sales per specified contract terms, which are generally upon delivery of an individual parcel. Revenue from concentrate sales is recorded based on forward market prices of the expected final sales price date. The Company recognizes revenue when concentrate has been delivered to a location specified by the customer.

xii. Current and deferred income taxes

Income tax expense represents the sum of current and deferred tax. Current taxes payable are based on taxable earnings for the year. Taxable earnings may differ from income or loss before income taxes as reported

in the condensed interim consolidated statements of income (loss) and comprehensive income (loss) because it may exclude items of income or expense that are taxable or deductible in other years, and it may further exclude items of income or expense that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the statement of financial position date.

Income tax assets and liabilities are offset when there is a legally enforceable right to offset the assets and liabilities and when they relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities, where there is an intention to settle the balance on a net basis.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the condensed interim consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences or tax loss carryforwards can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable earnings nor the accounting earnings. Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and investments in associates, except where the Company is able to control the reversal of the temporary differences, and it is probable that the temporary differences will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited to earnings, except when it relates to items charged or credited directly to equity, in which case the deferred tax is reflected in equity.

Uncertainty over Income Tax Treatments ("IFRIC 23") - The Company is required to assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings and to exercise judgment in determining whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision should be based on which approach provides better predictions of the resolution of the uncertainty. The Company also has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, assuming that the taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so. There is no material uncertain tax treatment the Company has taken.

xiii. Financial instruments

Financial instruments are recognized on the condensed interim consolidated statement of financial position on the trade date, the date on which the Company becomes a party to the contractual provisions of the financial instrument. The Company classifies its financial instruments in the following categories:

Financial Assets at Amortized Cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. The Company intends to hold these financial assets until cash flows are collected. The Company recognizes a loss allowance for expected credit losses on a financial asset that is measured at amortized cost.

Financial Assets at Fair Value through Profit or Loss ("FVTPL")

Financial assets measured at FVTPL are assets that do not qualify as financial assets at amortized cost or those not designated in hedge relationships.

Provisionally priced trade receivables are measured at FVTPL as some or all of the cash flows are dependent on commodity prices. These receivables are initially measured at their transaction price. Subsequent changes to provisionally priced trade receivables are recorded in the condensed interim consolidated statements of income (loss) and comprehensive income (loss) as revenue.

Financial Liabilities at Amortized Cost

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

The Company's trade and other payables, mortgage payable, and land contract payable do not fall into any of the exemptions and are therefore classified as measured at amortized cost. Other long-term liabilities is recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

Financial Liabilities at FVTPL

The production payment royalty in connection with the acquisition of Eagle is classified as contingent consideration and is measured at fair value at each reporting date, with the gain or loss included in the condensed interim consolidated statements of income (loss) and comprehensive income (loss).

Financial liabilities at FVTPL are liabilities that include embedded derivatives that cannot be classified as amortized cost or derivative liabilities not designated in hedge relationships. Financial liabilities at FVTPL are initially recognized at fair value with changes to fair values recognized in the condensed interim consolidated statements of income (loss) and comprehensive income (loss).

Provisionally priced trade payables are measured at FVTPL as some or all of the cash flows are dependent on commodity prices. These payables are initially measured at their transaction price. Subsequent changes to

provisionally priced trade payables are recorded in the condensed interim consolidated statements of income (loss) and comprehensive income (loss) as revenue.

The Company de-recognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership. Gains and losses on derecognition are generally recognized in the condensed interim consolidated statements of income (loss) and comprehensive income (loss).

The Company de-recognizes financial liabilities only when its obligations under the financial liabilities are discharged, canceled, or expelled. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the condensed interim consolidated statements of income (loss) and comprehensive income (loss).

(b) Estimation uncertainty and judgements in applying the entity's accounting policies

The preparation of condensed interim consolidated financial statements in accordance with IFRS Accounting Standards requires the use of certain critical accounting estimates and judgements. These estimates and judgements are based on management's best knowledge of the relevant facts and circumstances, considering previous experience, but actual results may differ materially from the amounts included in the condensed interim consolidated financial statements.

Areas where estimation uncertainty has the most significant effect on the amounts recognized in the condensed interim consolidated financial statements include:

Valuation of resource properties and deferred exploration and evaluation costs and property, plant and equipment – The Company carries its resource properties and deferred exploration and evaluation costs and property, plant and equipment at cost less accumulated depletion and any accumulated provision for impairment. The Company undertakes a review of the carrying values of resource properties and deferred exploration and evaluation costs and property, plant and equipment whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts determined by reference to estimated future operating results and discounted net cash flows. An impairment loss is recognized when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. At each reporting date, the Company assesses whether there is any indication that a previously recognized impairment loss may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. An impairment loss is reversed only when a change in the estimates used to determine recoverable amount since the last impairment loss was recognized results in recoverable amount exceeding carrying amount. The increased carrying amount is limited to the amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized. These assessments require management to make significant estimates and assumptions regarding future production and sales volumes, metal prices, mineral resource and reserve quantities, future capital expenditures and production costs, and reclamation costs over the remaining life of the mine. These estimates and assumptions are subject to risks and uncertainties, and changes in them could materially affect the recoverable amounts and carrying amounts of resource properties and deferred exploration and evaluation costs, and property, plant and equipment.

Provisional pricing impact on revenue and accounts receivable – Revenue and accounts receivable are estimated at the time of sale based on futures prices for the various commodities and metal assays of the nickel and copper concentrates sold. Estimation uncertainty arises because futures prices at the reporting date are estimates of actual future prices and because assays are preliminary until they are finalized and agreed to with customers.

Reclamation provision – The Company incurs reclamation and other closure costs related to its mining properties. The future obligations for mine closure activities are estimated by the Company using mine closure plans or other similar studies, which outline the activities to be undertaken to meet regulatory and internal requirements. Since the obligations are dependent on the laws and regulations of the country in which the mine operates, they are regularly reviewed by management and external experts and could change as a result of amendments to laws and regulations. Included in the estimated obligations are a number of significant assumptions made by management, including nominal discount rates and inflation rates.

Assessment of impairment and reverse impairment indicators for CGU – Management applies significant judgement in determining the Company's CGUs, which are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In making this determination, management considers how the Company's operations are managed and monitored, the degree of integration between assets (including shared processing infrastructure), and the independence of cash flows from each site or project. Management has identified Eagle, the Tamarack Project, and the Michigan Properties as separate CGUs, consistent with the Company's reportable segments (Note 20). Management also applies significant judgement in assessing whether indicators of impairment or reversal of impairment exist for a CGU that would necessitate impairment testing. Internal and external factors used by management to determine whether indicators exist include, but are not limited to, significant changes in the use of the asset, commodity prices, capital and production forecasts, R&R quantities, and discount rates. A change in how assets are grouped into CGUs could affect whether, and in what amount, an impairment is recognized.

Production payment royalty liability – The production payment royalty liability is carried at fair value and revalued each reporting period. Management applies significant judgement in assessing the inputs into the fair value determination, including timing, production rates, and the likelihood of when the production payment royalty will be paid.

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

Going concern – Management's assessment of the Company's ability to continue as a going concern requires significant judgement and estimation uncertainty, particularly where forecasts depend on uncertain assumptions such as future cash flows, financing availability, commodity prices, operating costs, or compliance with covenants. Changes in these assumptions could materially affect the going concern conclusion.

4. TREASURY BILLS AND TERM DEPOSITS

As of September 30, 2026, December 31, 2025 and January 1, 2025, the Company held U.S. government treasury bills and term deposits with Canadian Schedule I banks as follows:

	September 30, 2026	December 31, 2025	January 1, 2025
Weighted average term to maturity in months	0.7	4.1	9.5
Weighted average yield to maturity	2.60%	3.64%	3.50%

5. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of the following:

	September 30, 2026	December 31, 2025	January 1, 2025
Trade receivables - Eagle	**$ 22,187**	$ -	$ -
Other receivables	**2,619**	23	1
	$ 24,806	$ **23**	$ **1**

The Company does not have any significant balances that are past due nor any significant expected credit losses.

6. INVENTORIES

Inventories consist of the following:

	September 30, 2026	December 31, 2025
Materials and supplies	**$ 11,633**	$ -
Ore stockpiles	**666**	-
Finished goods - concentrate stockpiles	**6,271**	-
	$ 18,570	$ -

The cost of inventories expensed and included in total production costs for the three and nine months ended 2026 was $29.0 million (2025 – $nil) and $74.6 million (2025 – $nil), respectively (Note 16). As at September 30, 2026, the materials and supplies balance contains an inventory reserve for obsolescence of $3.0 million.

7. RESOURCE PROPERTIES AND DEFERRED EXPLORATION AND EVALUATIONS COSTS

The properties on which the Company's subsidiaries carry out exploration activities or hold an interest in an exploration project are in the U.S. (the Tamarack Project and the Michigan Properties, defined below). Details of the change for the year ended December 31, 2025, and for the nine months ended September 30, 2026, are as follows:

	Tamarack Project	Michigan Properties	Total
Balance at January 1, 2025	$ 161,322	$ 10,390	$ 171,712
Gross additions	19,959	4,640	24,599
Government grants received	(1,636)	(469)	(2,105)
Foreign exchange	33	-	33
Balance at December 31, 2025	179,678	14,561	194,239
Gross additions	28,345	5,843	34,188
Government grants received	(5,688)	(438)	(6,126)
Foreign exchange	(3)	-	(3)
Balance at September 30, 2026	**$ 202,332**	**$ 19,966**	**$ 222,298**

Although the Company believes it has taken reasonable measures to ensure proper title to its resource properties and those in which it has an interest, there is no guarantee that title to any of these mineral properties will not be challenged or impaired. Third parties may have valid claims underlying portions of the Company's interests, including prior unregistered liens, agreements, transfers, or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, the Company or Kennecott may be unable to operate their properties as permitted or to enforce their rights with respect to its properties.

(a) Tamarack Project

On November 7, 2018, Talon Nickel entered into the 2018 Option Agreement with Kennecott pursuant to which Talon Nickel has the right to acquire up to a 60% interest in the Tamarack Project (Kennecott and Talon Nickel, together "the Parties"). Pursuant to the terms of the 2018 Option Agreement, Talon Nickel took over operatorship of the Tamarack Project and vested at a 51% interest in the Tamarack Project on September 29, 2021.

Talon Nickel now has the right to increase its interest in the Tamarack Project by a further 9% to 60% by (i) completing a feasibility study on the Tamarack Project; and (ii) paying Kennecott the additional sum of $10.0 million in cash, both of which must occur on or before March 14, 2027. Should Talon Nickel vest its applicable joint venture interest in the Tamarack Project upon satisfaction of the aforementioned conditions, the Parties will 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. Upon Talon Nickel delivering a feasibility study on the Tamarack Project the Parties will be required to fund the Tamarack Project in accordance with their respective ownership interests or be diluted.

On January 10, 2022, Talon Nickel entered into an agreement with Tesla Inc. ("Tesla") for the supply and purchase of nickel concentrate to be produced from the Tamarack Project. Under the terms set out in the agreement, Tesla has committed to purchase 75,000 metric tonnes (165 million lbs.) of nickel in concentrate. Tesla also has a preferential right under the agreement to negotiate the purchase of additional nickel concentrate over and above the initial 75,000 metric tonnes commitment. The term of the agreement is six (6) years or until a total of 75,000 metric tonnes (165 million lbs.) of nickel in concentrate has been produced and delivered to Tesla. The agreement is conditional upon: (i) Talon Nickel

earning a 60% interest in the Tamarack Project; (ii) Talon Nickel commencing commercial production at the Tamarack Project; and (iii) the parties completing negotiations and executing detailed supply terms and conditions.

Two net smelter returns ("NSR") royalties are outstanding on the Tamarack Project. The first is a 1.85% NSR royalty held by TF R&S Canada Ltd, a subsidiary of Triple Flag Precious Metals Corp. (reduced from 3.5% in a buy-down on February 15, 2022), which is guaranteed by the Company and certain subsidiaries. It is calculated on Talon Nickel's interest in the Tamarack Project, with a minimum assumed interest of 51% (or 60% if vested at that level). The second is a royalty held by Triple Flag USA Royalties Ltd, which was originally a 1.67% NSR sold on July 5, 2024. On July 20, 2026, Talon exercised its buy-down right by paying $5.0 million to repurchase 0.67%, reducing this royalty to 1.0%. This $5.0 million was recorded as an addition of amount invested in Tamarack Project. This royalty is based on a deemed 60% interest in the project regardless of Talon's actual ownership. The combined royalty payable to Triple Flag subsidiaries is 2.85% of NSR once Talon vests at 60% of 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, create liens or other encumbrances, 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.

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 Beulah Minerals Processing Facility ("BMPF"). 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 any time at its sole discretion over the ensuing 3-year period (the "Option Period"). In consideration for the Purchase Option, Talon issued Westmoreland 1,500,000 consideration options (the "Consideration Options") to purchase common shares of Talon with an exercise price of C$4.00 and an expiration date of August 27, 2028. Subject to certain terms and conditions of the Consideration Options, one-third of the Consideration Options vested immediately on August 27, 2025; an additional one-third of the Consideration Options vested on the first anniversary date on August 27, 2026; and the last one-third of the Consideration Options will vest on the second anniversary date on August 27, 2027. In the event that at any time during the Option Period Talon Nickel 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 canceled. 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 $10.0 million. The warrants were valued based on the assumptions provided in note 14(b). The cost of the warrants is included

in Resource properties and deferred exploration and evaluation costs. The warrants were valued at C$1.69 each or C$2.5 million in total or C$0.8 million per tranche, with two tranches or C$1.7 million currently included in resource properties and deferred exploration and evaluation costs.

(b) Michigan Properties

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 $5.0 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"), 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%.

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 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".

On March 5, 2025, Talon entered into an exclusivity agreement with Lundin Mining (the "Lundin Option Agreement") pursuant to which Lundin Mining could acquire up to a 70% ownership interest in an area of interest (the "Lundin Optioned Properties"). The Lundin Optioned Properties form part of the Michigan Properties. Lundin Mining advanced Talon $5.0 million (the "Advance Payment") to, among other things, commence drilling on the Lundin Optioned Properties. On September 30, 2025, Talon terminated the exclusivity agreement with Lundin Mining. On October 7, 2025, Talon issued 1,850,291 common shares to repay the Advance Payment (see Note 14), resulting in a loss on

settlement of the Advance Payment of C$1.3 million for the year ended December 31, 2025.

(c) Government Grants

The Company has been awarded four U.S. federal government grants as discussed in further detail below. The tables that follow summarize the total potential amount of the grants, the amount received to date, and the balance of the grant that may be received. There is no guarantee that the full amount of the grants will be received.

US$ thousands	DOE BMPF Grant Note 7(c)(i)	DOW Exploration Grant Note 7(c)(ii)	Columbia Grant Note 7(c)(iii)	DLA Grant Note 7(c)(iv)	Total
Total amount of grant	$ 114,846	$ 20,607	$ 721	$ 2,469	$ 138,643
Government grant received as of Dec 31, 2022	-	-	-	-	-
Received in 2023	-	-	142	-	142
Government grant received as of Dec 31, 2023	$ -	$ -	$ 142	$ -	$ 142
Received in 2024	362	3,237	556	-	4,155
Government grant received as of Dec 31, 2024	$ 362	$ 3,237	$ 698	$ -	$ 4,297
Received in 2025	554	1,547	11	1,026	3,138
Government grant received as of Dec 30, 2025	$ 916	$ 4,784	$ 709	$ 1,026	$ 7,435
Received in 2026	1,202	4,013	-	911	6,126
Government grant received as of Sep 30, 2026	**$ 2,118**	**$ 8,797**	**$ 709**	**$ 1,937**	**$ 13,561**
Balance of grant to be received	**$ 112,728**	**$ 11,810**	**$ 12**	**$ 532**	**$ 125,082**

(i) U.S. Department of Energy – Beulah Minerals Processing Facility (North Dakota) (“DOE BMPF Grant”)

Effective November 1, 2023, Talon Nickel (as operator of the Tamarack Project) entered into an agreement with the U.S. Department of Energy setting the terms, conditions, and performance milestones for $114.9 million in grant funding on a cost-share basis towards project development, including engineering and permitting, construction and execution costs, as well as operational readiness of the Beulah Minerals Processing Facility. On September 10, 2026, Talon announced it selected its existing Humboldt Mill in Michigan as the processing location. As a result, Talon will not be advancing the construction of the previously proposed BMPF. Talon is working with the DOE regarding the future of the award following the Company’s decision to select Humboldt Mill as the processing location for material from the Tamarack Project.

(ii) U.S. Department of War – Nickel Exploration in Minnesota and Michigan (“DOW Exploration Grant”)
Effective September 11, 2023, Talon Nickel entered into an agreement with the U.S. 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 U.S. battery manufacturing base and defense-related supply chains. As part of the agreement, the U.S. Department of War will contribute $20.6 million on a cost-share basis by December 31, 2027, for exploration in Minnesota and Michigan.

(iii) U.S. Department of Energy – Columbia University Processing (“Columbia Grant”)

On February 24, 2023, Talon Nickel was selected as a subrecipient under a project led by Columbia University. Talon Nickel’s role in the project is to provide nickel concentrate so that Columbia University can research and test its novel hydrometallurgical process for recovering and refining metals from the nickel concentrate. The maximum amount receivable under this grant is $0.7 million on a cost-share basis over a 3-year period.

(iv) U.S. Department of War – Defense Logistics Agency ("DLA Grant")

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 $2.5 million. The DLA Grant received amount excludes amounts that have been received but not yet earned.

(d) Prepayment – long term

In connection with the Tamarack Project, the Company has deposited $1.5 million with the Minnesota Department of Natural Resources ("MNDNR") to pay for certain environmental review costs incurred by the MNDNR and other Minnesota state agencies. As the deposit is spent, the Company reclassifies the amount spent from prepayment to resource properties and deferred exploration and evaluation costs.

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment ("PP&E") are comprised of the following:

Cost	Land and mineral rights	Plant and equipment - exploration	Mine development	Plant and equipment	Assets under construction	Total
As at January 1, 2025	$ 336	$ 4,912	$ -	$ -	$ -	5,248
Additions	-	388	-	-	-	388
Government Grants received	-	(4)	-	-	-	(4)
As at September 30, 2025	336	5,296	-	-	-	5,632
Additions	-	281	-	-	-	281
Government Grants received	-	(5)	-	-	-	(5)
As at December 31, 2025	336	5,572	-	-	-	5,908
Acquisition of Eagle	3,460	-	-	214,639	703	218,802
Additions	2,517	1,150	6,828	1,339	4,449	16,283
Disposals	-	-	-	(1,948)	-	(1,948)
Change in rehabilitation and closure provision	-	-	-	(6,513)	-	(6,513)
Government Grants received	-	(22)	-	-	-	(22)
As at September 30, 2026	**$ 6,313**	**$ 6,700**	**$ 6,828**	**$ 207,517**	**$ 5,152**	**232,510**

Accumulated depreciation, depletion and amortization	Land and mineral rights	Plant and equipment - exploration	Mine development	Plant and equipment	Assets under construction	Total
As at January 1, 2025	$ -	$ 2,486	$ -	$ -	$ -	2,486
Depreciation	-	761	-	-	-	761
As at September 30, 2025	-	3,247	-	-	-	3,247
Depreciation	-	276	-	-	-	276
As at December 31, 2025	-	3,523	-	-	-	3,523
Depreciation	10	700	516	22,809	-	24,035
Disposals	-	-	-	-	-	-
As at September 30, 2026	**$ 10**	**$ 4,223**	**$ 516**	**$ 22,809**	**$ -**	**27,558**

Net book value	Land and mineral rights	Plant and equipment - exploration	Mine development	Plant and equipment	Assets under construction	Total
As at January 1, 2025	$ 336	$ 2,426	$ -	$ -	$ -	2,762
As at December 31, 2025	336	2,049	-	-	-	2,386
As at September 30, 2026	**6,303**	**2,477**	**6,312**	**184,708**	**5,152**	**204,952**

The Company leases various assets, including railcars, storage facilities, office space, and machinery and equipment.

The following table summarizes the changes in right-of-use assets, which are included in property, plant, and equipment:

	Net book value
As at December 31, 2025	-
Additions	12,201
Depreciation	(5,074)
Disposals	(191)
As at September 30, 2026	$ **6,936**

9. TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

	September 30, 2026	December 31, 2025	January 1, 2025
Trade payables - Eagle	**$ 4,499**	$ -	$ -
Trade payables - Eagle capital expenditures	**936**	-	-
Trade payables - exploration and evaluation	**4,602**	5,616	1,370
Trade payables - general and administrative	**1,254**	153	353
Unbilled goods and services	**2,903**	-	-
Royalties payable	**3,647**	-	-
Payroll obligations	**4,797**	-	-
Pricing provisions on concentrate sales	**2,503**	-	-
Severance Tax Payable	**4,403**	-	-
	$ 29,544	$ 5,769	$ 1,723

Provisional pricing adjustments on concentrate sales include balances owing to customers and provisions arising from forward market price adjustments.

10. LEASE LIABILITIES

Lease liabilities are comprised of the following:

	September 30, 2026	December 31, 2025
Lease liabilities	**$ 9,438**	$ **-**
Less: current portion	(2,843)	-
Long-term portion	**$ 6,595**	$ **-**

Lease liabilities relate to leases on buildings and storage facilities, rail cars, vehicles, machinery, and equipment, which have remaining lease terms of one to four years and interest rates of 6.1% to 7.0% over the terms of the leases.

The Company has short-term leases related to mining equipment and office space. Short-term lease expense for the three and nine months ended September 30, 2026, was $118,135 and $264,226, respectively.

The changes in lease liabilities are comprised of the following:

As at December 31, 2025		-
Additions	$	12,273
Payments		(3,321)
Disposals		(47)
Interest		533
As at September 30, 2026		9,438
Less: current portion		(2,843)
Long-term portion	$	**6,595**

The schedule of undiscounted lease payment obligations is as follows:

Less than one year	$	3,516
One to three years		7,688
Three to five years		176
More than five years		-
Total undiscounted obligations as at September 30, 2026	$	**11,380**

11. RECLAMATION AND CLOSURE PROVISIONS

Reclamation and closure provisions relating to the Company's mining operation are as follows:

	Eagle	Tamarack Project	Michigan Properties	Total
Balance, January 1, 2025	$ -	$ 1,045	$ 71	$ 1,116
Accretion	-	23	1	24
Changes in estimate	-	68	37	105
Changes in discount rate	-	31	2	33
Reclamation incurred	-	(72)	-	(72)
Balance, Sept 30, 2025	-	1,095	111	1,206
Accretion	-	23	4	27
Changes in estimate	-	25	185	210
Changes in discount rate	-	7	(1)	6
Reclamation incurred	-	(30)	(12)	(42)
Balance, December 31, 2025	-	1,120	287	1,407
Acquisition date opening balance	68,607	-	-	68,607
Accretion	2,614	40	9	2,663
Changes in estimate	(10,002)	73	149	(9,780)
Changes in discount rate	3,489	(92)	(18)	3,379
Reclamation incurred	(1,900)	(24)	(24)	(1,948)
Balance, Sept 30, 2026	$ 62,808	$ 1,117	$ 403	$ 64,328
Less: current portion	(3,688)	(102)	-	(3,790)
Long-term portion	**$ 59,120**	**$ 1,015**	**$ 403**	**$ 60,538**

Period over which liabilities expected to be settled	2026 to 2052	2026 to 2038	2028 to 2029
Pre-tax discount rates used to discount reclamation and closure provision			
December 31, 2025	-	4.16%	3.57%
January 9, 2026	6.00%	-	-
September 30, 2026	5.08%	5.27%	5.02%

The discount rate is based on U.S. treasury bills of a term of similar average maturity of the closure costs for each segment.

The schedule of undiscounted reclamation and other closure payments is as follows:

	Eagle	Tamarack Project	Michigan Properties	Total
Less than one year	$ 3,688	$ 102	$ -	$ 3,790
One to five years	15,232	336	284	15,852
More than five years	60,327	1,578	-	61,905
Total undiscounted reclamation costs as at September 30, 2026	**$ 79,247**	**$ 2,016**	**$ 284**	**$ 81,547**

12. PRODUCTION PAYMENT ROYALTY

In connection with the purchase of Eagle (Note 25), Talon granted a production payment royalty (the "Production Payment Royalty") on ore from sources other than the Eagle Mine that is processed through the Humboldt Mill at a rate of $1.00 per tonne, up to a maximum aggregate payment of $20.0 million, representing 20 million tonnes of ore.

As of January 9, 2026 and September 30, 2026, the Production Payment Royalty liability was valued using the net present value of future cash flows approach at $4.2 million and $3.8 million, respectively. Key assumptions were total royalty payment of $20.0 million and a discount rate of 6.0% as of January 9, 2026 and 7.12% as of September 30, 2026. The timing and whether payments will be made regarding this royalty is uncertain and depends on numerous factors including the size of various resources and the probability that a resource is converted to a reserve, permitted and enters production. Changes in fair value have been recognized on the condensed interim consolidated statements of income (loss) and comprehensive income (loss) in other income or expense as follows:

	Three and nine months ended September 30, 2026
Balance beginning of the year	$ -
Acquisition	4,200
Accretion (interest expense)	224
Fair value adjustment	(624)
Balance, end of the period	**$ 3,800**

The measurement of the Production Payment Royalty is sensitive to changes in the discount rate. A 1.0% increase or decrease in the discount rate would, respectively, decrease or increase the fair value of the liability, by approximately $0.5 million or $0.7 million, respectively, resulting in a pre-tax fair value gain or loss, respectively, that would be recognized on the condensed interim consolidated statements of income (loss) and comprehensive income (loss) in other income or expense.

13. COMMITMENTS AND CONTINGENCIES

As at September 30, 2026, the Company has capital commitments of $2.4 million on mine and mill equipment, which is expected to be paid in the remainder of 2026 and $5.2 million on mine equipment which is expected to be paid in 2027.

14. SHARE CAPITAL AND OTHER EQUITY

(a) Authorized, issued, and outstanding common shares

Authorized – 1,000,000,000 common shares, no par value.

Issued and outstanding – 119,885,666 common shares at December 31, 2025, and 163,022,936 common shares at September 30, 2026.

On January 23, 2026, the Company completed a share consolidation ("Share Consolidation") on the basis of one post-consolidation Talon share for every ten pre-consolidation Talon shares (1:10 basis). All 2025 and 2026 common shares, options, warrants, and per share amounts, including both the number and unit amounts, in these condensed interim consolidated financial statements, reflect this Share Consolidation.

Common share financings

On June 18, 2025, the Company completed two private placements of 11,500,000 units and 7,131,818 units for a total of 18,631,818 units at a price of C$2.20 per unit, for aggregate gross proceeds of C$41.0 million (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 9,315,909 warrants (the "June 2025 Investor Warrants"). Each whole June 2025 Investor Warrant entitled the holder to acquire one common share at a price of C$2.80 for a period of three years following the closing of the June 2025 Private Placement. In connection with these two private placements, the Company issued 575,000 broker warrants (the "June 2025 Broker Warrants") with an exercise price of C$2.20 expiring three years following the closing of the June 2025 Private Placement. Issuance costs were C$3.0 million for items such as legal fees, stock exchange fees and commissions, resulting in net proceeds before the June 2025 Broker Warrants of C$37.9 million. The June 2025 Broker Warrants were valued at C$0.4 million using the estimates provided in Note 14(b).

The net proceeds of the June 2025 Private Placement of C$38.0 million were allocated C$32.1 million to the Common Shares and C$5.9 million to the June 2025 Investor Warrants. The June 2025 Investor Warrants were valued at C$5.9 million using the estimates provided in Note 14(b).

Shares issued for accounts payable

On April 24, 2025, the Company issued 431,420 common shares of the Company valued at C$0.70 per common share to settle accounts payable of C$0.3 million. Issuance costs were C$37,627 for legal and listing fees.

Shares issued to settle liability

On October 7, 2025, the Company issued 1,850,291 common shares to Lundin Mining to settle a deposit liability of C$7.0 million or $5.0 million related to an earn-in agreement with Lundin Mining on the Michigan Properties that was not completed (see note 14(b) for further information). The shares were valued at C$4.45 per common share or C$8.2 million in aggregate, resulting in a loss on the settlement of the liability of C$1.3 million. Issuance costs were C$25,980 for legal and listing fees.

Acquisition of Eagle Mining US

In connection with the acquisition of Eagle, on the Closing Date (defined below) the Company issued 27,515,223 common shares of Talon to Lundin Mining (see note 25 for further information). The fair value of the common shares issued was determined using the Company's share price of C$6.70 (or $0.67 before the Share Consolidation) on the Closing Date, a discount for lack of marketability of 8% and an exchange rate on the Closing Date of CAD/USD 1.3896.

Concurrent private placements in connection with the Acquisition of Eagle Mining US

On January 28, 2026, the Company closed a private placement with a strategic investor that has existing pre-emptive rights and issued 445,204 common shares at a price of C$4.19 per share for gross proceeds of C$1.9 million and net proceeds of $1.4 million. Net proceeds include deductions for closing costs such as legal fees and stock exchange fees.

On March 5, 2026, with shareholder approval, the Company closed a private placement of 1,855,578 common shares at a price of C$4.19 per share to an entity controlled by trusts settled by the late Adolf H. Lundin for aggregate gross proceeds of C$7.8 million and net proceeds of $5.7 million. Net proceeds include deductions for closing costs such as legal fees and stock exchange fees.

Shares issued in connection with the exercise of stock options

During the year ended December 31, 2025, 2,847,111 shares were issued as a result of the exercise of 2,847,111 options, resulting in gross proceeds of C$3.9 million. The fair value of the options on the grant date was C$3.9 million. During the nine months ended September 30, 2026, 5,427,584 shares were issued as a result of the exercise 5,427,584 options, resulting in gross proceeds of $7.2 million. The fair value of the options on the grant date was $9.3 million.

(b) Warrants

Warrant transactions for the nine months ended September 30, 2026, and the year ended December 31, 2025, were as follows:

	Nine months ended September 30, 2026			Year ended December 31, 2025		
	Number of warrants	Exercise price per share C$	Carrying amount	Number of warrants	Exercise price per share C$	Carrying amount
Outstanding – beginning of the year	9,537,779	$ 2.91	$ 3,868	800,000	$ 2.00	$ 142
Issued - June 18, 2025	-	-	-	9,315,909	2.80	3,998
Issued - June 18, 2025	-	-	-	575,000	2.20	303
Issued - August 27, 2025	-	-	-	1,500,000	4.00	605
Exercised-Investor Warrants	(7,093,746)	2.80	(3,058)	(2,221,880)	2.80	(953)
Exercised-Broker Warrants	-		-	(431,250)	2.20	(227)
Exercised-Triple Flag Warrants	(800,000)	2.00	(141)	-	-	-
Expired	(283)	2.80	-	-	-	-
Outstanding – end of the period	1,643,750	$ 3.84	$ 669	9,537,779	$ 2.91	$ 3,868

The June 2025 Investor Warrants issued on June 18, 2025, had a contractual life of 3 years and an exercise price of C$2.80. The June 2025 Investor Warrants were valued using the following estimates: share price of C$2.80, risk-free interest rate – 2.85%, expected life – 3 years, expected volatility – 60%, and dividend yield – 0%. On April 6, 2026, the Company exercised its right to accelerate the expiry of the June 2025 Investor Warrants. The accelerated expiry date was set to May 6, 2026. Of the total 9,315,909 warrants issued, 9,315,626 warrants were exercised for proceeds of C$26.1 million or approximately $19.1 million.

The June 2025 Broker Warrants issued on June 18, 2025, have a contractual life of 3 years and an exercise price of C$2.20. The June 2025 Broker Warrants were valued using the following estimates: share price of C$2.80, risk-free interest rate – 2.85%, expected life – 3 years, expected volatility – 60%, and dividend yield – 0%.

The Westmoreland Warrants issued on August 27, 2025, have a contractual life of 3 years and an exercise price of C$4.00. The Westmoreland Warrants were valued using the following estimates: share price of C$4.00, risk-free interest rate –

2.74%, expected life – 3 years, expected volatility – 60%, and dividend yield – 0%. These warrants vest in three equal tranches on the issuance date, August 27, 2026, and August 27, 2027. The Company has recognized the cost of the first and second tranche and will recognize the cost of the third tranche when the warrants vest. The cost is included in Resource properties and deferred exploration and evaluation costs.

The following table reflects the warrants issued and outstanding as of September 30, 2026:

Outstanding	Exercise price C$	Expiration date
143,750	2.20	June 18, 2028
1,500,000	4.00	August 27, 2028
1,643,750	$ 3.84	

Of the 1,500,000 August 27, 2028 warrants, 1,000,000 are exercisable as of September 30, 2026.

(c) Stock options

The Company has adopted a stock option plan (the "Plan") for its directors, officers, employees, and consultants to acquire common shares of the Company. The exercise price of each option is determined by the Board of Directors of the Company, but, in any event, is not lower than the closing market price on the TSX on the trading day immediately preceding the date the option is granted. The terms and conditions of the options are determined by the Board of Directors of the Company pursuant to the rules of the Plan. All options are granted for a term not exceeding ten years from the grant date. The total number of options that can be granted is limited to 15% of the issued and outstanding share capital of the Company. A summary of the change in options outstanding during the nine months ended September 30, 2026, and the year ended December 31, 2025, is as follows:

	Nine months ended September 30, 2026			Year ended December 31, 2025		
	Number of stock options	Weighted average exercise price C$	Proceeds from exercise C$ thousands	Number of stock options	Weighted average exercise price C$	Proceeds from exercise C$ thousands
Outstanding – beginning of the year	11,380,686	$ 1.80	$ -	13,645,450	$ 1.68	$ -
Granted	3,440,227	7.87	-	1,732,356	2.08	-
Exercised	(5,427,584)	1.82	9,870	(2,847,111)	1.37	3,899
Forfeited	(225,000)	7.25	-	(772,500)	2.00	-
Expired	(5,000)	4.00	-	(377,500)	1.14	-
Rounding difference from share consolidation	-	-	-	(9)		-
Outstanding – end of the period	9,163,329	$ 3.93	$ 9,870	11,380,686	$ 1.80	$ 3,899

The weighted average share price on the date of exercise of the options exercised during the year ended December 31, 2025, was C$5.17. The weighted average share price on the date of exercise of the options exercised during the nine months ended September 30, 2026, was C$8.70.

Except as noted below, all options issued during the year ended December 31, 2025 and through to February 28, 2026 vest over one year and expire five years from the date of grant.

On April 10, 2025, the Company issued 532,400 stock options with an exercise price of C$1.00 to officers and directors, which vested on the date of grant.

On April 10, 2025, the Company issued 100,000 stock options with an exercise price of C$1.00 to a consultant, which vest in six months.

On July 22, 2025, the Company issued 350,986 stock options with an exercise price of C$2.70 to a consultant, which vested on the date of grant.

On December 23, 2025, the Company issued 16,470 stock options with an exercise price of C$6.10 to directors, which vested on the date of grant.

All options issued to employees after March 1, 2026 vest over three years and expire five years from the date of grant.

On September 22, 2026, the Company issued 45,227 stock options with an exercise price of C$9.72 to directors, which vested on the date of grant.

On September 30, 2026, the Company had the following stock options outstanding:

Expiration Year	Number of options issued	Exercise price C$	Weighted average remaining life in years	Number of options exercisable	Weighted average remaining life in years
2026	145,711	$ 1.14	0.1	145,711	0.1
2027	539,600	2.19	0.7	539,600	0.7
2028	645,950	2.05	1.8	645,950	1.8
2029	2,920,111	1.41	2.9	2,920,111	2.9
2030	1,717,731	2.31	4.0	1,639,606	4.0
2031	3,194,227	7.92	4.6	209,227	4.5
Total	9,163,330	$ 3.93	3.4	6,100,205	2.8

The Company determined the fair value of the stock options issued or amended during the three and nine months ended September 30, 2026 and 2025 using the Black-Scholes option pricing model using the following assumptions:

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
Share price	C$6.00 - C$9.72	C$1.00	C$6.00 - C$9.72	C$1.00
Exercise price	C$6.00 - C$9.72	C$1.00	C$6.00 - C$9.72	C$1.00
Risk-free interest rate	3.14% - 3.57%	2.79% - 2.80%	2.68% - 3.57%	2.79% - 2.80%
Expected life	5 years	5 years	5 years	5 years
Expected volatility	60%	60%	60%	60%
Dividend yield	0%	0%	0%	0%
Forfeiture rate	0%	0%	0%	0%

(d) Basic and diluted weighted average number of shares outstanding:

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	**2026**	2025
Basic weighted average number of shares outstanding	**162,195,331**	113,009,441	**156,609,350**	100,820,999
Effect of dilutive securities	**6,047,279**	-	**5,947,972**	-
Diluted weighted average number of shares outstanding	**168,242,610**	113,009,441	**162,557,322**	100,820,999

The effect of dilutive securities relates to in-the-money outstanding stock options and warrants.

15. REVENUE

The Company's analysis of revenue from contracts with customers, segmented by product, is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	**2026**	2025
Revenue from contracts with customers:				
Nickel	**$ 30,332**	$ -	**$ 82,018**	-
Copper	**24,954**	-	**66,761**	-
Other	**3,792**	-	**8,418**	-
	59,078	-	**157,197**	-
Provisional pricing adjustments	**(652)**	-	**(301)**	-
Revenue	**$ 58,426**	$ -	**$ 156,896**	-

In 2026, 100% of the Company's revenue from contracts with customers related to sales with destination points in Canada. The Company has only one customer, and so there is significant concentration risk.

16. PRODUCTION COSTS

The Company's production costs are comprised of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	**2026**	2025
Direct mine and mill cost	**$ 24,384**	$ -	**$ 69,498**	-
Transportation	**4,508**	-	**12,496**	-
Royalties	**3,907**	-	**9,716**	-
Severance tax royalty	**1,633**	-	**4,316**	-
Inventory adjustment	**4,625**	-	**5,134**	-
General administrative and laboratory	**5,401**	-	**18,732**	-
Share-based compensation	**507**	-	**906**	-
Total production costs	**$ 44,965**	$ -	**$ 120,798**	-

17. GENERAL AND ADMINISTRATIVE EXPENSES

The Company's general and administrative expenses are comprised of the following:

GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	**2026**	2025
Salaries, benefits, consulting and board fees	**$ 704**	$ 336	**$ 1,940**	$ 766
Professional fees	**177**	49	**601**	459
Office and general	**74**	10	**96**	29
Insurance	**33**	16	**64**	46
Marketing and travel	**91**	17	**193**	41
Listing, filing and shareholder communications	**7**	26	**250**	143
Share-based compensation	**532**	32	**1,139**	156
Total general and administrative expenses	**$ 1,618**	$ 486	**$ 4,283**	$ 1,640

18. FINANCE INCOME AND COSTS

The Company's finance income and costs are comprised of the following:

	Notes	Three months ended September 30, 2026	Three months ended September 30, 2025	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Interest income		**$ 166**	$ 338	**$ 446**	$ 365
Accretion on reclamation activities	*11*	**(1,414)**	(13)	**(2,663)**	(37)
Lease liability interest	*10*	**(184)**	-	**(533)**	-
Accretion on production payment royalty	*12*	**(224)**	-	**(224)**	-
Interest expense and bank fees		**24**	-	**(23)**	-
Total finance costs, net		**$ (1,632)**	$ 325	**$ (2,997)**	$ 328
			-		
Finance income		**$ 166**	$ 338	**$** 446	$ 365
Finance costs		**(1,798)**	(13)	(3,443)	(37)
Total finance costs, net		**$ (1,632)**	$ 325	**$ (2,997)**	$ 328

19. FINANCIAL INSTRUMENTS

Fair values of financial instruments

The Company's financial assets and financial liabilities have been classified into categories that determine the basis of measurement. The following table shows the carrying values, fair values, and fair value hierarchy of the Company's financial instruments as at September 30, 2026, and December 31, 2025:

	September 30, 2026 Carrying value and fair value	December 31, 2025 Carrying value and fair value
Financial assets		
Fair value through profit or loss		
Level 1		
Cash and cash equivalents	**$ 42,422**	$ 11,985
Treasury bills	**$ -**	$ 9,858
Level 2		
Trade receivables	**$ 22,187**	$ 23
Financial liabilities		
Fair value through profit or loss		
Level 2		
Pricing provisions on concentrate sales	**$ 2,503**	$ -
Level 3		
Production payment royalty	**$ 3,800**	$ -

Fair values of financial instruments are determined by valuation methods depending on hierarchy levels as defined below:

Level 1 – Quoted market price in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted market prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., observed prices) or indirectly (i.e., derived from prices).

Level 3 – Inputs for the assets or liabilities are not based on observable market data.

The Company estimates fair values based on the following methods of valuation and assumptions:

Trade receivables/pricing provisions on concentrate sales – The fair value of trade receivables that contain provisional pricing sales arrangements are valued using quoted forward market prices.

The carrying values of certain financial instruments maturing in the short term approximate their fair values. These financial instruments include cash, term deposits, trade and other receivables other than those provisionally priced, trade and other payables other than those provisionally priced, which are classified as amortized cost.

Production payment royalty liability – The fair value of the production payment royalty liability was valued using Level 3 inputs, such as discount rates and the probability and timing of the cash flows.

20. SEGMENT ANALYSIS

The Company is engaged in exploration, development, and mining of mineral properties at three operating sites located in the U.S. Operating segments are reported in a manner consistent with the internal reporting provided to the executive leadership team which acts as the operating decision-makers. The chief operating decision makers consider the business from a site and project-level perspective. Executive management is responsible for allocating resources and assessing the performance of the operating segments. The Company has identified three reportable segments, namely the Tamarack Project, the Michigan Properties, and Eagle.

For the three months ended September 30, 2026

	Tamarack Project	Michigan Properties	Eagle	Total of US Operations	Corporate	Total
Revenue	$ -	$ -	$ 58,426	$ 58,426	$ -	$ 58,426
Cost of goods sold						-
Direct mine and mill costs	-	-	(37,249)	(37,249)	-	(37,249)
Transportation	-	-	(4,508)	(4,508)	-	(4,508)
Royalties	-	-	(3,208)	(3,208)	-	(3,208)
Depreciation, depletion and amortization	-	-	(10,670)	(10,670)	-	(10,670)
Gross profit	-	-	2,791	2,791	-	2,791
General and administrative expenses	-	-	-	-	(1,618)	(1,618)
Corporate development	-	-	403	403	(404)	(1)
Finance income	-	-	-	-	166	166
Finance costs	(15)	(4)	(1,779)	(1,798)	-	(1,798)
Other income	-	-	315	315	-	315
Foreign currency gain (loss)	-	-	-	-	-	-
Current tax expense	-	-	-	-	(5)	(5)
Deferred tax expense	-	-	299	299	-	299
Net (loss) income	**$ (15)**	**$ (4)**	**$ 2,029**	**$ 2,010**	**$ (1,861)**	**$ 149**
Capital expenditure additions						
Resource properties and deferred exploration and evaluation costs before grants	13,168	4,510	-	17,678	-	17,678
Resource properties and deferred exploration and evaluation costs net of grants	10,099	4,442	-	14,541	-	14,541
PPE and intangible capital movements (including transfers/reclasses)	196	(1,814)	6,602	4,984	-	4,984

For the nine months ended September 30, 2026

	Tamarack Project	Michigan Properties	Eagle	Total of US Operations	Corporate	Total
Revenue	$ -	$ -	$ 156,896	$ 156,896	$ -	$ 156,896
Cost of goods sold						-
Direct mine and mill costs	-	-	(94,269)	(94,269)	-	(94,269)
Transportation	-	-	(12,496)	(12,496)	-	(12,496)
Royalties	-	-	(14,033)	(14,033)	-	(14,033)
Depreciation, depletion and amortization	-	-	(23,335)	(23,335)	-	(23,335)
Gross profit	-	-	12,763	12,763	-	12,763
General and administrative expenses	-	-	-	-	(4,283)	(4,283)
Corporate development	-	-	(184)	(184)	(404)	(588)
Finance income	-	-	-	-	446	446
Finance costs	(40)	(9)	(3,394)	(3,443)	-	(3,443)
Other income	-	-	385	385	-	385
Foreign currency loss	-	-	-	-	(226)	(226)
Current tax expense	-	-	-	-	(15)	(15)
Deferred tax expense	-	-	(28)	(28)	-	(28)
Net (loss) income	**$ (40)**	**$ (9)**	**$ 9,542**	**$ 9,493**	**$ (4,482)**	**$ 5,011**
Capital expenditure additions						
Resource properties and deferred exploration and evaluation costs before grants	28,345	5,843	-	34,188	-	34,188
Resource properties and deferred exploration and evaluation costs net of grants	22,657	5,405	-	28,062	-	28,062
Property, plant and equipment and intangible asset additions	665	594	15,024	16,283	-	16,283

21. RELATED PARTY TRANSACTIONS

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. Lundin Mining is a related party by virtue of two common directors and an 18.0% ownership interest in the Company as of September 30, 2026.

Accounts payable and accrued liabilities payable to board members amounted to $56,491 as at September 30, 2026 (December 31, 2025 – Nil).

The remuneration, including benefits, of directors and officers of the Company for the three and nine months ended September 30, 2026 and 2025 was as follows:

	Three months ended September 30, 2026	2025	Nine months ended September 30, 2026	2025
Salaries and benefits of officers	$ 850	$ 571	$ 3,000	$ 1,713
Board fees	$ 233	$ 35	$ 485	$ 114
Stock-based compensation	$ 1,056	$ 74	$ 2,334	$ 334
Total Aggregate Compensation	$ 2,139	$ 680	$ 5,819	$ 2,161
Capitalized portion included in Total Aggregate Compensation (capitalized to Resource properties and deferred expenditures):				
Salaries and benefits of officers	$ 688	$ 443	$ 2,121	$ 1,249
Stock-based compensation	$ 200	$ 66	$ 460	$ 245
Total	$ 888	$ 509	$ 2,581	$ 1,494

Cash compensation and stock option compensation are recorded on the condensed interim consolidated statements of income (loss) and comprehensive income (loss) in salaries, benefits, consulting and board fees within general and

administrative expenses and on the condensed interim consolidated statements of financial position in resource properties and deferred exploration and evaluation costs.

The former 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. An additional payment related to the former CEO and CFO deferring salary was settled by issuing stock options on April 10, 2025 (see below) while an additional payment related to the former President deferring salary was paid in cash on June 27, 2025.

On April 10, 2025, 222,900 options were issued to the former 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 noted 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 an 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.

On February 20, 2026, 160,000 options were issued to directors with an exercise price of $6.63 that vest over 12 months and have an expiration date that is five years from the date of grant.

On March 15, 2026, 1,800,000 options were issued to officers with an exercise price of $7.99 that vest over three years and have an expiration date that is five years from the date of grant.

On September 22, 2026, 45,227 options were issued to directors with an exercise price of $9.72 that vested on the date of grant and have an expiration date that is five years from the date of grant.

During the three and nine months ended September 30, 2026, the Company paid Lundin Mining $0.5 million and $1.2 million, respectively, for accounting systems, information technology transition services and commercial assistance related to concentrate sales.

22. MANAGEMENT OF FINANCIAL RISK

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, and commodity price risk. Interest rate risk is not considered to be material as the Company is not exposed to variable interest rates.

(a) Credit risk

The exposure to credit risk arises through the failure of a customer or another third party to meet its contractual obligations to the Company. The Company believes that its maximum exposure to credit risk as at December 31, 2025 and September 30, 2026, is the carrying value of its trade and other receivables. Substantially all the receivables have been outstanding for less than 30 days.

Concentrate produced at Eagle is sold primarily to one strategic customer with whom the Company has established a long-term relationship. The strategic customer is a large multi-national mining and metals company, and credit risk is not considered to be significant. The failure of the Company's strategic customer could have a material adverse effect on the Company's financial position. Alternatives to this customer include another multi-national mining company and selling on the spot market to off takers.

(b) Liquidity risk

The Company has in place a planning and forecasting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there is sufficient available capital to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings of cash, cash equivalents, treasury bills, and term deposits.

All current liabilities are due to be settled within one year. The other long-term liabilities are due within two years.

(c) Commodity price risk

The Company is subject to price risk associated with fluctuations in the market prices for metals. A significant change in metal prices could have a material effect on the Company's revenues.

The Company is also subject to price risk on the final settlement of its provisionally priced trade receivables.

The following table illustrates the sensitivity of the Company's risk on the final settlement of its provisionally priced trade receivables:

Metal	Payable metal	Provisional price on September 30, 2026	Change	Effect on Revenue ($millions)
Nickel	681 t	$7.16/lb	+/- 10%	+/- $1.1M
Copper	651 t	$6.56/lb	+/- 10%	+/- $0.9M

23. CAPITAL RISK MANAGEMENT

Capital is comprised of equity, which at September 30, 2026, was $376.3 million (December 31, 2025 – $215.8 million). The Company manages its capital structure and attempts to adjust it to have funds available to support its exploration, development, and operating activities.

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, pursue the exploration and development of its mineral properties, operate Eagle, and earn an appropriate risk-adjusted return on capital provided by shareholders and government. The Company satisfies its capital requirements through careful management of its cash resources and by utilizing loans or equity issuances, as necessary, based on prevailing economic conditions in the industry and capital markets and the underlying risk characteristics of the related assets.

Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the year ended December 31, 2025. During the three and nine months ended September 30, 2026, the Company's approach to capital management changed to reflect the acquisition of Eagle and

the resulting increase in the scale and complexity of the Company's business. The Company now manages capital with consideration to both its exploration and development activities and the working capital, operating cash flow, sustaining capital, and other requirements associated with operating Eagle.

For further discussion related to Capital Risk Management, see Note 22(b) "Liquidity Risk".

24. SUPPLEMENTAL CASH FLOW INFORMATION

	Nine months ended September 30,	
	2026	2025
Share-based compensation included in resource properties and deferred exploration and evaluation costs	**$ 1,528**	$ 1,236
Plant and equipment depreciation included in resource properties and deferred exploration and evaluation costs	**700**	954

25. ACQUISITION OF EAGLE AND PURCHASE PRICE ALLOCATION

On January 9, 2026 (the "Closing Date"), the Company, through its subsidiary Talon Metals (USA) Inc., completed the acquisition of all of the issued and outstanding shares of Eagle Mining US from Lundin Mining pursuant to a share purchase agreement (the "Share Purchase Agreement") dated December 18, 2025 (the "Transaction").

Pursuant to the Share Purchase Agreement, Talon acquired 100% of the issued and outstanding shares of Eagle Mining for the following consideration:

- the issuance of 27,515,223 post-consolidation common shares of Talon ("Talon Shares") and
- a production payment royalty payable to Lundin Mining on ore from sources other than the Eagle Mine that is processed through the Humboldt Mill at a rate of $1.00 per tonne.

The purchase price of Eagle Mining US was as follows:

Fair value of 27,515,223 common shares issued by the Company	$ 122,052
Production payment royalty	4,200
Purchase price adjustment related to normal working capital	(11,477)
Total purchase price	**$ 114,775**

The fair value of the common shares issued was determined using the Company's share price of C$6.70 (or $0.67 before the Share Consolidation) on the Closing Date, a discount for lack of marketability of 8% and an exchange rate on the Closing Date of CAD/USD 1.3896.

Assets acquired and liabilities assumed of Eagle Mining US were as follows:

Cash and cash equivalents	$	715
Accounts receivable		6,787
Inventories		23,244
Prepaid expenses		2,703
Property, plant and equipment		218,802
Total assets	$	252,251
Current liabilities		
Accounts payable - trade	$	(21,027)
Reclamation and closure provision, current		(3,634)
Lease liabilities, current		(1,775)
Non-current liabilities		
Lease liabilities		(9,223)
Other long-term liabilities		(1,045)
Reclamation and closure provision		(64,973)
Deferred tax liabilities		(35,799)
Total liabilities	$	(137,476)
Total assets acquired and liabilities assumed, net	**$**	**114,775**

The Company continues to assess and review the fair values of the net assets acquired and the fair value of the production payment royalty. Since the Company continues to finalize the valuation of the purchase price and the assets and liabilities acquired at the date of the acquisition, the allocation of the purchase price could vary from the amounts used in these unaudited condensed interim consolidated financial statements. During the quarter ended June 30, 2026, the transaction purchase price adjustment related to normal working capital was finalized and the amount of $11.5 million was received from Lundin Mining. As of September 30, 2026, the fair value of the purchase price, inventory, property, plant and equipment and the reclamation and closure provision are provisional which upon finalization may impact deferred tax liabilities.