

Nexcel Metals Corp.

Financial Statements

For the Year Ended February 28, 2026

and

the period from April 30, 2024 (date of incorporation) to February 28, 2025

(Expressed in Canadian Dollars)

DAVIDSON

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Nexcel Metals Corp.

Opinion

We have audited the accompanying financial statements of Nexcel Metals Corp. (the "Company"), which comprise the statements of financial position as at February 28, 2026 and 2025, and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year ended February 28, 2026 and the period from April 30, 2024 (date of incorporation) to February 28, 2025, and notes to the financial statements, including material accounting policy information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2026 and 2025, and its financial performance and its cash flows for the year ended February 28, 2026 and the period from April 30, 2024 (date of incorporation) to February 28, 2025 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company has a working capital of \$2,817,201 as at February 28, 2026 and incurred a loss of \$670,451 for the year then ended. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matter to be communicated in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Asset ("E&E Assets")

As described in Note 4 to the financial statements, the carrying amount of the Company's E&E Assets was \$10,135,189 as of February 28, 2026. As more fully described in Notes 2 and 3 to the financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the Company's E&E Assets is a key audit matter is that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate its assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the Company's E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity and expenditure budgets for future periods.
- Obtaining, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Carmen Newnham.

Davidson & Company LLP

Chartered Professional Accountants

Vancouver, Canada

May 20, 2026

NEXCEL METALS CORP.
Statements of Financial Position
(Expressed in Canadian dollars)

As at	Notes	February 28, 2026 \$	February 28, 2025 \$
Assets			
Current Assets			
Cash		2,574,371	312,625
Amounts receivable		54,972	6,184
Deferred financing costs	12	60,402	-
Prepaid expenses		348,194	20,000
Total current assets		3,037,939	338,809
Non-current assets			
Exploration and evaluation assets	4	10,135,189	129,527
Total non-current assets		10,135,189	129,527
Total assets		13,173,128	468,336
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities	6	137,438	33,623
Flow-through premium liability	5	83,300	-
Total liabilities		220,738	33,623
Shareholders' Equity			
Share capital	5	8,461,530	392,500
Special warrants	5	-	171,419
Reserves	5	5,290,517	-
Deficit		(799,657)	(129,206)
Total shareholders' equity		12,952,390	434,713
Total liabilities and shareholders' equity		13,173,128	468,336

Nature and Continuation of Operations (Note 1)
Subsequent Events (Note 12)

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

NEXCEL METALS CORP.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

		Year Ended February 28, 2026	Period from April 30, 2024 (date of incorporation) to February 28, 2025
	Notes	\$	\$
Expenses:			
Consulting	6	12,921	22,900
Director fees	6	14,000	–
Foreign exchange		9,492	564
Management fees	6	81,000	36,000
Marketing and advertising		52,623	–
Office and administration		58,092	4,045
Professional fees		282,485	56,174
Regulatory and filing fees		120,870	5,373
Rent	6	–	4,150
Transfer agent and investor relations		23,515	–
Travel and related		15,453	–
Loss and comprehensive loss for the period		(670,451)	(129,206)
Basic and diluted loss per share		(0.04)	(0.02)
Weighted average number of shares outstanding, basic and diluted		15,461,916	8,359,704

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

NEXCEL METALS CORP.
Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Number of Common Shares	Share Capital \$	Special Warrants \$	Reserves \$	Deficit \$	Total Equity \$
Balance, April 30, 2024 (date of incorporation)	–	–	–	–	–	–
Shares issued for cash	10,550,000	392,500	–	–	–	392,500
Special warrant financing, net of issuance costs	–	–	171,419	–	–	171,419
Loss for the period	–	–	–	–	(129,206)	(129,206)
Balance, February 28, 2025	10,550,000	392,500	171,419	–	(129,206)	434,713
Shares issued on exercise of special warrants	1,835,400	171,419	(171,419)	–	–	–
Shares issued for exploration and evaluation asset	5,336,869	4,695,111	–	–	–	4,695,111
Warrants issued for exploration and evaluation assets	–	–	–	4,871,933	–	4,871,933
Shares issued on exercise of warrants	2,344,000	282,800	–	–	–	282,800
Flow-through units issued for cash	1,410,000	526,500	–	–	–	526,500
Non-flow-through units issued for cash	8,714,285	3,050,000	–	–	–	3,050,000
Unit issuance costs	–	(238,216)	–	–	–	(238,216)
Finders' warrants	–	(418,584)	–	418,584	–	–
Loss for the year	–	–	–	–	(670,451)	(670,451)
Balance, February 28, 2026	30,190,554	8,461,530	–	5,290,517	(799,657)	12,952,390

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

NEXCEL METALS CORP.
Statements of Cash Flows
(Expressed in Canadian dollars)

	Year Ended February 28, 2026 \$	Period from April 30, 2024 (date of incorporation) to February 28, 2025 \$
Operating activities		
Loss for the period	(670,451)	(129,206)
Changes in non-cash operating working capital items:		
Amounts receivable	(48,788)	(6,184)
Prepaid expenses	(328,194)	(20,000)
Accounts payable and accrued liabilities	43,413	33,623
Net cash used in operating activities	(1,004,020)	(121,767)
Investing activities		
Exploration and evaluation asset expenditures	(438,618)	(129,527)
Cash used in investing activities	(438,618)	(129,527)
Financing activities		
Proceeds from share issuance	–	392,500
Proceeds from flow-through unit issuance	609,800	–
Proceeds from non-flow-through unit issuance	3,050,000	–
Unit issuance costs	(238,216)	–
Proceeds from exercise of warrants	282,800	–
Proceeds from special warrant issuance	–	183,540
Special warrant financing issuance costs	–	(12,121)
Cash provided by financing activities	3,704,384	563,919
Change in cash	2,261,746	312,625
Cash, beginning of period	312,625	–
Cash, end of period	2,574,371	312,625
Supplemental cash flow information:		
Interest paid	–	–
Income taxes paid	–	–
Non-cash transactions:		
Fair value of common shares and warrants issued for exploration and evaluation assets	9,567,044	–
Fair value of finders' warrants for private placements	418,584	–
Deferred financing costs	60,402	–
Conversion of special warrants	171,419	–
Flow-through premium liability	83,300	–

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

NEXCEL METALS CORP.
Notes to Financial Statements
For the Periods Ended February 28, 2026 and 2025
(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Nexcel Metals Corp. (the “Company” or “Nexcel”) was incorporated under the laws of the province of British Columbia on April 30, 2024. The Company is in the exploration stage, currently focusing on exploration, evaluation, and development of mineral resource properties in Canada. The Company’s registered office is located at 6071 Boundary Road E., Surrey, BC, Canada. The Company’s principal executive office is located at Suite 1710 – 1050 West Pender Street, Vancouver, BC, Canada.

On June 2, 2025, the Company’s common shares commenced trading on the Canadian Securities Exchange (“CSE”) under the ticker symbol “NEXX”. On September 18, 2025, the Company’s common shares commenced trading on the OTCQB Venture Market under the ticker symbol “NXXCF”.

These financial statements are prepared on a going-concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

To date, the Company has incurred losses and further losses are anticipated as the Company continues to develop its business. The continuing operations of the Company are dependent upon its ability to generate profitable operations in the future, and to continue to secure additional financing. There can be no assurance that the Company will be successful in its efforts to raise additional financing or, if financing is available, that it will be on terms that are acceptable to the Company. The Company has working capital of \$2,817,201 as at February 28, 2026 and incurred a loss of \$670,451 for the year then ended. The Company anticipates it will need further funding to maintain its operations and activities for the next twelve months. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. These financial statements do not include any adjustments related to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of Compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

These financial statements were authorized by the Company’s directors on May 19, 2026.

b) Basis of Presentation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value.

These financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

c) Use of Estimates and Judgments

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

NEXCEL METALS CORP.
Notes to Financial Statements
For the Periods Ended February 28, 2026 and 2025
(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (CONTINUED)

c) Use of Estimates and Judgments (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, accrued liabilities, impairment of exploration and evaluation assets, and unrecognized deferred income tax assets.

Significant judgments in applying accounting policies

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements:

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting impairment, the amount capitalized is written off in profit or loss in the period the new information becomes available.

3. MATERIAL ACCOUNTING POLICY INFORMATION

a) Cash

Cash consists of cash on hand and deposits in banks with no restrictions.

b) Exploration and Evaluation Assets

Exploration and evaluation ("E&E") activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Examples of E&E activities include:

- acquiring the rights to explore;
- researching and analyzing historical exploration data;
- gathering exploration data through topographical, geological, geochemical, and geophysical activities;
- exploratory drilling, trenching and sampling;
- determining and interpreting the tonnage and grade of the resource;
- surveying transportation and infrastructure requirements; and
- compiling pre-feasibility and feasibility studies.

NEXCEL METALS CORP.
Notes to Financial Statements
For the Periods Ended February 28, 2026 and 2025
(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

b) Exploration and Evaluation Assets (continued)

Pre-license expenditures are expensed in the period in which they are incurred. Capitalization of E&E expenditures commences on acquisition of a beneficial interest or option in mineral rights. Subsequently, E&E assets are carried at cost, less any impairment. No amortization is charged during the exploration and evaluation phase as the asset is not available for use.

Exploration, development and field support costs directly related to mineral resources are deferred until the property to which they relate is developed for production, determined to be commercially viable, sold, abandoned, or subject to a condition of impairment. E&E expenditures are transferred to mining assets when the technical feasibility and commercial viability of a mineral resource have been demonstrated, and a development decision has been made and all necessary mine development permits issued.

Exploration and evaluation assets are assessed for impairment at each reporting period, or if facts and circumstances suggest that the carrying amount exceeds the recoverable value. If an indicator of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and the value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the year.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. A reversal of an impairment loss is recognized in profit or loss.

c) Foreign Currency Translation

The Company's functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Revenues and expenses are translated at average rates for the periods. Foreign exchange gains and losses are included in the statement of operations.

d) Financial Instruments

Classification and measurement – initial recognition

On initial recognition, all financial assets and liabilities are classified and recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as at fair value through profit or loss ("FVTPL").

NEXCEL METALS CORP.
Notes to Financial Statements
For the Periods Ended February 28, 2026 and 2025
(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

d) Financial Instruments (continued)

Classification and measurement – subsequent to initial recognition

Subsequent measurement of financial assets and liabilities depends on their classification and measurement basis.

Financial Assets

Subsequent to initial recognition, financial assets are measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss, depending on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income (“FVOCI”) if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that do not meet the above conditions are classified as FVTPL.

The Company’s cash is measured at amortized cost.

Financial liabilities

Subsequent to initial recognition, financial liabilities are measured at amortized cost, unless designated as FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are recognized in profit or loss.

The Company’s accounts payable and accrued liabilities are measured at amortized cost. The Company does not designate any financial liabilities as FVTPL.

Impairment of Financial Assets

The Company applies the expected credit loss (“ECL”) model to its financial assets measured at amortized cost. Under the ECL model, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

NEXCEL METALS CORP.
Notes to Financial Statements
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(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

d) Financial Instruments (continued)

Upon recognition of a financial asset, 12-month ECLs are recognized in the statement of operations and a loss allowance is established. At each reporting date, if the credit risk associated with a financial asset has increased significantly and is not considered low, lifetime ECLs are recognized in the statement of operations.

e) Share Capital

Common shares are classified as shareholders' equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity from the proceeds.

f) Share Purchase Warrants Issued in Unit Offerings

Proceeds from issuances by the Company of units consisting of shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the fair market value of the shares. If the proceeds from the offering are less than or equal to the fair market value of shares issued, a nil carrying amount is assigned to the warrants.

g) Earnings (Loss) Per Share

Basic earnings (loss) per share are computed using the weighted average number of common shares outstanding during the year. Diluted earnings per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. If the Company incurs net losses in a fiscal year, basic and diluted losses per share are calculated in the same manner. In the Company's case, diluted loss per share is the same as basic loss per share as the effect of any outstanding share options and warrants on loss per share would be anti-dilutive.

h) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations.

NEXCEL METALS CORP.
Notes to Financial Statements
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(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i) Flow-Through Shares and Units

Canadian income tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid, if any, for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in profit or loss on a pro-rata basis at the same time the qualifying expenditures are made.

j) Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also directly recognized as equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting year.

Deferred tax is provided for using temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. The carrying amount of deferred tax assets are reviewed at the end of each reporting year and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting year and are recognized to the extent it becomes probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset, and they relate to the income taxes levied by the same tax authority and the Company intends to settle current tax liabilities and assets on a net basis or their tax assets and tax liabilities will be realized simultaneously.

Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit.

NEXCEL METALS CORP.
Notes to Financial Statements
For the Periods Ended February 28, 2026 and 2025
(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

k) New Standards, Amendments, and Interpretations that are Not Yet Effective

IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which will replace IAS 1, Presentation of Financial Statements aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective for reporting periods beginning on or after January 1, 2027, with early adoption permitted.

The Company is currently assessing the impact of this amendment on its financial statements.

4. EXPLORATION AND EVALUATION ASSETS

The following expenditures were incurred on the Company's exploration and evaluation assets:

	Lac Ducharme Property \$	Burnt Hill Property \$	Total \$
Beginning balance, February 28, 2025	129,527	–	129,527
Costs Incurred:			
Acquisition Costs			
Option payments and other acquisition costs	41,000	9,746,043	9,787,043
Exploration Expenditures			
Geological consulting and technical fees	113,218	79,385	192,603
Assay	7,500	360	7,860
Resource claims maintenance	–	4,100	4,100
Field supplies	14,056	–	14,056
Ending balance, February 28, 2026	305,301	9,829,888	10,135,189

NEXCEL METALS CORP.
Notes to Financial Statements
For the Periods Ended February 28, 2026 and 2025
(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

	Lac Ducharme Property \$
Beginning balance, April 30, 2024 (date of incorporation)	–
Costs Incurred:	
Acquisition Costs	
Option payments	10,000
Exploration Expenditures	
Geological consulting and technical fees	70,228
Field supplies	42,244
Assay	5,284
Resource claims maintenance	1,771
Ending balance, February 28, 2025	129,527

A. Lac Ducharme Property

On August 1, 2024, the Company entered into an option agreement on the Lac Ducharme Property in the Cote-Nord region of Quebec, Canada. The Company can earn a 100% interest in the property by fulfilling the following requirements:

- a) Cash payments
 - i) \$10,000 on or before the date that is seven days after August 1, 2024 (paid);
 - ii) \$20,000 on or before the date that is seven days after a public listing event which occurred on June 2, 2025 (paid); and
 - iii) \$20,000 on or before the date that is twelve months after a public listing event.

- b) Shares
 - i) 50,000 shares on or before the date that is seven days after a public listing event which occurred on June 2, 2025 (issued);
 - ii) 100,000 shares on or before the date that is twelve months after a public listing event;
 - iii) 100,000 shares on or before the date that is twenty-four months after a public listing event; and
 - iv) 600,000 shares on or before the date that is thirty-six months after a public listing event.

- c) Exploration expenditures of \$1,000,000 as follows:
 - i) \$75,000 on or before December 31, 2024 (fulfilled);
 - ii) \$100,000 on or before the date that is twelve months after a public listing event which occurred on June 2, 2025 (fulfilled);
 - iii) \$225,000 on or before the date that is twenty-four months after a public listing event; and
 - iv) \$600,000 on or before the date that is thirty-six months after a public listing event.

The property is subject to a 2% net smelter return royalty (“NSR”), of which the Company has the right to purchase one half for \$1,000,000.

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4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

B. Burnt Hill Property

During the year ended February 28, 2026, the Company entered into a series of agreements to acquire ownership interest in the Burnt Hill Property (the "Property") located in New Brunswick, Canada.

a) Initial Interest and Assignment

On August 1, 2025, the Company entered into an assignment agreement with Northex Capital Partners Inc. ("Northex") and Cadillac Ventures Inc. ("Cadillac"), allowing Nexcel to assume Northex's rights to acquire Cadillac's 58% interest in the Property and the associated obligations. Nexcel had fulfilled the terms of the assignment by:

- (i) reimbursing Northex for \$5,000 non-refundable deposit and \$25,000 refundable deposit previously paid to Cadillac, totalling \$30,000 (paid);
- (ii) making monthly payments of \$5,000 to Cadillac until the completion of the transaction (paid);
- (iii) incurring \$52,495, inclusive of taxes, in exploration expenditures and renewal fees required to maintain the Project claims in good standing (incurred); and
- (iv) issuing 1,000,000 common shares of the Company to Northex at a fair value of \$0.78 per share for a total of \$780,000 (issued Note 5).

Of these payments, items (i) and (ii) were credited against cash consideration payable to Cadillac, and item (iii) was credited against share consideration payable to Cadillac.

b) Option Agreement

On October 3, 2025, the Company entered into an option agreement with Cadillac (the "Optionor") and Wyloo Ring of Fire Ltd. (the "Minority Owner") pursuant to which the Company may earn up to a 58% interest in the Property. The Property was owned 58% by the Optionor and 42% by the Minority Owner.

Under the terms of this agreement, the Company may acquire the Optionor's 58% interest in the Property in four stages as follows:

- First Option (to 29.6%): by paying \$200,000 in cash, of which \$30,000 is payable to Northex for reimbursement of deposits, issuing \$330,000 in common shares of the Company, and making \$5,000 monthly payments until the first cash installment is made;
- Second Option (to 38.3%): by paying \$25,000 in cash and issuing \$200,000 in common shares of the Company on or before the first anniversary of this agreement;
- Third Option (to 46.4%): by paying \$25,000 in cash and issuing \$200,000 in common shares of the Company on or before the second anniversary of this agreement; and
- Fourth Option (to 58%): by paying \$200,000 in cash and issuing \$200,000 in common shares of the Company any time after the second anniversary of this agreement.

In December 2025, the Company fulfilled the First Option and earned an initial 29.6% interest in the Property through i) an aggregate cash payment of \$200,000, consisting of \$170,000 to Cadillac and \$30,000 to Northex as reimbursement of deposits, and ii) the issuance of 355,775 common shares at a fair value of \$0.78 per share for a total of \$277,505 to Cadillac (Note 5). The fair value of the shares issued, together with the exploration expenditures of \$52,495 incurred, fulfils the \$330,000 share consideration requirement.

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4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

B. Burnt Hill Property (continued)

c) Acquisition of Minority Interest

On February 17, 2026, the Company closed a definitive purchase agreement (dated January 30, 2026 and amended February 4, 2026) to acquire an additional 42% interest in the Property from the Minority Owner. This transaction increased the Company's total interest in the project to 71.6%

The Company fulfilled its consideration for the 42% interest through the following:

- Common Shares: the issuance of 3,931,094 common shares at a fair value of \$0.92 per share for a total fair value of \$3,616,606 (Note 5). These shares are subject to a voluntary resale restriction released over a 36-month period; and
- Warrants: the issuance of 6,250,000 non-transferrable common share purchase warrants with a fair value of \$4,871,933. The fair value of the finder's warrants was estimated using the Black-Scholes option pricing model with a share price of \$0.92, exercise price of \$0.90, volatility of 162%, risk free interest rate of 2.58%, dividend rate of 0%, and expected life of 3 years. Each warrant is exercisable to acquire one common share of the Company at a price of \$0.90 for a period of 36 months following the closing date. The warrants include a restriction preventing exercise if the holder's ownership exceeds 19.99% of the Company's outstanding shares, unless disinterested shareholder approval is obtained.

As the Company currently maintains exclusive control over all operational and strategic decision-making and bears 100% of the exploration costs to advance the Burnt Hill Project, it recognizes and capitalizes 100% of the exploration and evaluation expenditures incurred as exploration and evaluation assets.

5. SHARE CAPITAL

a) Common Shares

Authorized

The authorized capital stock of the Company is an unlimited number of common shares without par value.

Issued and Outstanding

Transactions during the Year Ended February 28, 2026

- i) On June 2, 2025, the Company's 1,835,400 special warrants were deemed to have been exercised in accordance with the terms of the special warrants subscription agreement as the Company obtained a receipt from British Columbia Securities Commission for the Company's long form prospectus. As a result, 1,835,400 common shares were issued.
- ii) On June 9, 2025, the Company issued 50,000 common shares pursuant to the Lac Ducharme Property option agreement (Note 4). The fair value of these shares was based on the closing price of the Company's common shares as traded on the CSE at \$0.42 per share, for a total fair value of \$21,000.

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5. SHARE CAPITAL (CONTINUED)

a) Common Shares (continued)

- iii) On July 18, 2025, the Company completed a non-brokered private placement of 220,000 flow-through units ("FT Units") at a price of \$0.50 per FT Unit for gross proceeds of \$110,000. Each FT Unit comprises one common share qualifying as a "flow-through share" under the Income Tax Act (Canada) and one common share purchase warrant ("FT Warrant"). Each FT Warrant entitles the holder to purchase one additional non-flow-through common share at an exercise price of \$0.75 for a period of 24 months from the date of issuance. There was no flow-through share premium upon issuance.

Total unit issuance costs were \$14,468 in connection with this private placement, which include \$7,800 of cash and \$6,668 related to 15,400 finder's warrants issued to agents. Each finder's warrant entitles the holder to purchase one non-flow-through common share of the Company at a price of \$0.50 per share until July 18, 2027. The fair value of the finder's warrants was estimated using the Black-Scholes option pricing model with share price of \$0.54, exercise price of \$0.50, volatility of 177%, risk free interest rate of 2.8%, dividend rate of 0%, and expected life of 2 years.

- iv) On December 4, 2025, the Company closed a non-brokered private placement for aggregate gross proceeds of \$3,549,800. The financing was completed through the issuance of (i) 1,190,000 flow-through units ("FT Units") at a price of \$0.42 per FT Unit for gross proceeds of \$499,800 and (ii) 8,714,285 non-flow-through units ("NFT Units") at a price of \$0.35 per NFT Unit for gross proceeds of \$3,050,000. The FT common shares had an associated flow-through premium liability of \$83,300 on issuance.

Each FT Unit consists of one flow-through common share of the Company (a "FT Unit Share") and one transferable common share purchase warrant ("FT Unit Warrant"). Each FT Unit Warrant entitles the holder to purchase one non-flow-through common share of the Company at an exercise price of \$0.50 until December 4, 2027.

Each NFT Unit consists of one non-flow-through common share of the Company and one transferable common share purchase warrant ("NFT Unit Warrant"). Each NFT Unit Warrant entitles the holder to purchase one non-flow-through common share of the Company at an exercise price of \$0.45 until December 4, 2027.

Total unit issuance costs of \$642,332 were incurred in connection with this private placement, consisting of \$230,416 in cash and \$411,916 representing the fair value of 641,272 non-transferable finder's warrants issued to agents. Each finder's warrant entitles the holder to purchase one non-flow-through common share of the Company at prices ranging from \$0.35 to \$0.50 per share until December 4, 2027. The fair value of the finder's warrants was estimated using the Black-Scholes option pricing model with share price of \$0.78, exercise prices ranging from \$0.35 to \$0.50, volatility of 162%, risk free interest rate of 2.4%, dividend rate of 0%, and expected life of 2 years.

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5. SHARE CAPITAL (CONTINUED)

a) Common Shares (continued)

- v) On December 8, 2026, the Company issued 1,000,000 common shares to Northex a in connection with the acquisition of the Burnt Hill Property (Note 4). The fair value of these shares was based on the closing price of the Company's common shares as traded on the CSE at \$0.78 per share for a total fair value of \$780,000.
- vi) On December 8, 2026, the Company issued 355,775 common shares to Cadillac in connection with the acquisition of the Burnt Hill Property (Note 4). The fair value of these shares was based on the closing price of the Company's common shares as traded on the CSE at \$0.78 per share for a total fair value of \$277,505.
- vii) On February 17, 2026, the Company issued 3,931,094 common shares to Wyloo in connection with the acquisition of the Burnt Hill Property (Note 4). The fair value of these shares was based on the closing price of the Company's common shares as traded on the CSE at \$0.92 per share for a total fair value of \$3,616,606.
- viii) During the year ended February 28, 2026, the Company issued a total of 2,344,000 common shares for gross proceeds of \$282,800 in connection with the exercise of 2,344,000 share purchase warrants, with exercise prices ranging from \$0.10 to \$0.20 per share.

As at February 28, 2026, there were 2,880,000 common shares subject to escrow which includes 2,700,000 shares issued to officers of the Company with the initial release date from escrow being no earlier than ten days following public announcement of the results of the Lac Ducharme Phase I Work Program ("Initial Release Date"). The remaining tranches will be released over 36 months from the date of the Initial Release Date which was October 24, 2025.

Transactions During the Period from April 30, 2024 (date of incorporation) to February 28, 2025

- i) On May 3, 2024, the Company issued 3,000,000 common shares to its founders and directors at a price of \$0.005 per share, for gross proceeds of \$15,000.
- ii) On July 26, 2024, the Company completed a non-brokered private placement of 7,550,000 units of the Company at a price of \$0.05 per unit for aggregate gross proceeds of \$377,500. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable to acquire one further common share at a price of \$0.10 per warrant share for a period of three years from the date of listing on a recognized stock exchange in Canada or the United States.

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5. SHARE CAPITAL (CONTINUED)

b) Share Purchase Warrants

The following table summarizes the continuity of the Company's warrants:

	Number of Warrants #	Weighted Average Exercise Price \$
Balance at incorporation on April 30, 2024	–	–
Issued	7,550,000	0.10
Balance at February 28, 2025	7,550,000	0.10
Issued	18,866,357	0.58
Exercised	(2,344,000)	0.12
Balance at February 28, 2026	24,072,357	0.47

As at February 28, 2026, the Company had outstanding warrants as follows:

Expiry Date	Weighted Average Exercise Price \$	Number of Warrants Outstanding #
July 18, 2027	0.50	15,400
July 18, 2027	0.75	220,000
December 4, 2027	0.35	161,000
December 4, 2027	0.42	66,500
December 4, 2027	0.45	9,111,257
December 4, 2027	0.50	1,206,800
June 2, 2028	0.10	5,690,000
June 2, 2028	0.20	1,351,400
February 17, 2029	0.90	6,250,000
		<u>24,072,357</u>

As at February 28, there were 180,000 share purchase warrants subject to escrow and will be released over 36 months from the date of the Initial Release Date, as defined in Note 5(a).

c) Special Warrants

On December 31, 2024, the Company issued 1,835,400 special warrants at \$0.10 per special warrant for gross proceeds of \$183,540. The Company incurred \$12,121 in issuance costs associated with the issuance of this offering.

Each special warrant will, upon exercise, entitle the holder to receive one common share of the Company and one common share purchase warrant. Each warrant will be exercisable into a common share at a price of \$0.20 for a period of three years from the date the Company's shares are listed on a recognized stock exchange in Canada or the United States.

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5. SHARE CAPITAL (CONTINUED)

c) Special Warrants

The special warrants are deemed to have been exercised on the earlier of: (i) the fifth business day after the date on which a receipt for the final prospectus of the Company has been issued; and (ii) 18 months after the date of issuance of the Special Warrants, at which time each Special Warrant shall be automatically exercised. On June 2, 2025, the special warrants were deemed exercised.

The following table summarizes the continuity of the Company's special warrants:

	Number of Special Warrants #	Weighted Average Exercise Price \$
Balance at incorporation on April 30, 2024	–	–
Issued	1,835,400	–
Balance at February 28, 2025	1,835,400	–
Exercised	(1,835,400)	–
Balance at February 28, 2026	–	–

d) Stock option plan and Restricted share unit plan

The Company has a stock option plan (the “Plan”) by which the directors may grant options to purchase common shares to directors, officers, employees, and service providers of the Company on the terms that the directors may determine within the limitations set forth in the Plan. The maximum number of common shares issuable upon the exercise of options granted pursuant to the Plan is set at 10% of the total issued and outstanding shares. Options granted under the Plan will have the term, exercise price and vesting determined by the directors.

The Company has a RSU plan (the “RSU Plan”) dated effective December 3, 2025 by which the directors are authorized to provide for the granting, vesting, settlement, and method of settlement of RSUs. The aggregate maximum number of common shares made available for issuance under the RSU Plan, including any other share compensation arrangements, shall not exceed 20% of the total issued and outstanding shares.

There have been no Plan or RSU Plan grants to date.

6. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for planning, directing, and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers its directors, Chief Executive Officer, and Chief Financial Officer to be key management personnel.

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6. RELATED PARTY TRANSACTIONS (CONTINUED)

- a) For the year ended February 28, 2026, the Company incurred \$45,000 (2025 - \$20,000) in management fees to the CEO and a company controlled by the CEO of the Company.
- b) For the year ended February 28, 2026, the Company incurred \$36,000 (2025 - \$16,000) in management fees to a company controlled by the CFO of the Company.
- c) For the year ended February 28, 2026, the Company incurred \$nil (2025 - \$4,000) in consulting fees to a director of the Company.
- d) For the year ended February 28, 2026, the Company incurred \$14,000 (2025 - \$nil) in directors' fees to the Company's directors. As at February 28, 2026, the Company owed \$4,000 (2025 - \$nil) in accounts payable and accrued liabilities to these directors for directors' fees not yet paid.
- e) For the year ended February 28, 2026, the Company incurred rent expense of \$nil (2025 - \$4,150) to a company where both the CEO and CFO of the Company serve as officers.

7. SEGMENT INFORMATION

The Company operates in one segment, with all assets and operations located in Canada.

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its business and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company considers its capital for this purpose to be its shareholders' equity.

The Company's primary source of capital is through the issuance of equity. The Company manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding. The Company may require additional capital resources to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required in the long term but recognizes there will be risks involved that may be beyond its control. There are no external restrictions on the management of capital.

9. COMMITMENTS

On February 27, 2026, the Company entered into a consulting agreement for technical advisory services for a term of twelve months. As consideration for these services, the Company has committed to granting 50,000 stock options to the consultant. Each option entitles the consultant to acquire one common share of the Company at an exercise price equal to the market price on the date of grant. These options vest immediately upon issuance. As at February 28, 2026, these options have not yet been formally granted.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

The Company's financial instruments consist of cash and accounts payable and accrued liabilities, which are classified as and measured at amortized cost. The fair values of these instruments approximate their carrying values due to their short-term nature.

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10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The Company's financial instruments are characterized using a fair value hierarchy based on whether the inputs to those valuation techniques are observable (inputs reflect market data obtained from independent sources) or unobservable (inputs reflect the Company's market assumptions).

The three levels of fair value estimation are:

- Level 1 – unadjusted quoted prices in active markets for identical instruments.
- Level 2 – quoted prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Risk Management

The Company has exposure to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The type of risk exposure and the way in which such exposure is managed is provided as follows:

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure.

The Company's cash is held with a major financial institution in Canada, and management believes the exposure to credit risk with respect to such institutions is not significant.

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company currently has no debt subject to variable interest rates. Accordingly, the Company has limited exposure to interest rate movements.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company is exposed to liquidity risk through accounts payable and accrued liabilities. To mitigate this risk, the Company has a planning and budgeting process in place by which it projects the funds required to support its operations.

The Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

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11. INCOME TAXES

A summary of the Company's reconciliation of income taxes (recovery) at statutory rates for the year ended February 28, 2026 and the period from April 30, 2024 (date of incorporation) to February 28, 2025 is as follows:

	February 28, 2026 \$	February 28, 2025 \$
Loss before income taxes	(670,451)	(129,206)
Expected income tax (recovery)	(180,000)	(36,000)
Tax effect of:		
Adjustment to prior year provisions versus statutory tax returns	12,000	–
Impact of flow through shares	30,000	–
Share issue cost	(64,000)	(3,000)
Change in unrecognized deductible temporary differences	202,000	(39,000)
Income tax expense (recovery)	–	–
Current income tax	–	–
Deferred tax recovery	–	–

The significant components of the Company's deferred tax assets that have not been included on the statement of financial position are as follows:

	2026 \$	2025 \$
Deferred income tax assets (liabilities)		
Share issue costs	53,000	3,000
Non-capital losses carried forward	188,000	36,000
	241,000	39,000
Unrecognized deferred income tax assets	(241,000)	(39,000)
Net deferred income tax assets	–	–

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	2026 \$	Expiry Date Range
Temporary Differences		
Share issue costs	198,000	2047 to 2050
Non-capital losses	696,000	2045 to 2046

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12. SUBSEQUENT EVENTS

- a) Subsequent to the year ended February 28, 2026, the Company issued a total of 2,734,506 common shares for gross proceeds of \$394,153 in connection with the exercise of 2,734,506 share purchase warrants, with exercise prices ranging from \$0.10 to \$0.45 per share.

- b) On March 9, 2026, the Company received a final receipt for its short-form base shelf prospectus with the British Columbia Securities Commission, acting as principal regulator, and the securities regulatory authorities in each of the other provinces and territories of Canada. As at February 28, 2026, the Company had incurred \$60,402 (2025 - \$nil) in professional fees related to the Company's short-form base shelf prospectus which are recorded as deferred financing fees. These costs are offset to share capital on completion.