

MUSTANG ENERGY CORP.

Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2025, and 2024

DAVIDSON

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Mustang Energy Corp.

Opinion

We have audited the accompanying consolidated financial statements of Mustang Energy Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended 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 Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained 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 2 of the consolidated financial statements, which indicates that the Company's operating losses will require additional capital to continue operations and that the Company will depend almost exclusively on outside capital which may not be available or on terms acceptable to the Company. As stated in Note 2, 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 consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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

As described in Note 8 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was \$10,696,729 as of December 31, 2025. As more fully described in Note 4 to the consolidated 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 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 these 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 consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity.
- Assessing compliance with agreements including reviewing option agreements and vouching cash payments and share issuances.
- Assessing the Company's rights to explore E&E Assets including sending confirmation requests to optionors to ensure good standing of agreements.
- Evaluating on a test basis, 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 consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the 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 Consolidated Financial Statements

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

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

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

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

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

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

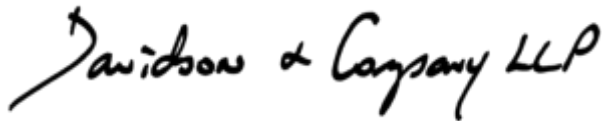
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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 Michael MacLaren.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Vancouver, Canada

April 29, 2026

Mustang Energy Corp.

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at

		December 31, 2025 \$	December 31, 2024 \$
	Notes		
Assets			
Current assets			
Cash and cash equivalents		536,906	3,368,699
Restricted cash	6	1,250,000	-
Other receivables		51,638	-
Prepaid expenses and deposits	7	175,381	344,269
Assets held for distribution	8	320,000	-
		2,333,925	3,712,968
Non-current assets			
Exploration and evaluation assets	5, 8	10,696,729	6,498,554
Total assets		13,030,654	10,211,522
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	9, 12	346,359	247,028
Flow-through premium liability	10	521,922	396,234
Subscription receipts	6	1,250,000	-
Total current liabilities		2,118,281	643,262
Shareholders' equity			
Share capital	5, 11	20,472,113	14,090,670
Commitment to issue shares	8, 11	-	410,000
Reserve	11	1,322,244	1,070,115
Deficit		(10,881,984)	(6,002,525)
Total shareholders' equity		10,912,373	9,568,260
Total liabilities and shareholders' equity		13,030,654	10,211,522

Nature of operations (Note 1)

Basis of preparation and going concern (Note 2)

Contingency (Note 16)

Subsequent events (Note 19)

On behalf of the Board:

"Constantine Carmichel" Director

"Nicholas Luksha" CEO, Director

Mustang Energy Corp.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

For the Years Ended December 31, 2025, and 2024

		For the year ended, December 31, 2025	For the year ended, December 31, 2024
	Notes	\$	\$
General and administrative expenses			
Accounting and auditing		188,214	42,130
Consulting		482,544	22,279
Conferences and seminars		12,721	-
Director fees	12	68,400	63,900
Legal and related		336,923	279,176
Management fees	12	190,313	154,350
Marketing fees		1,647,565	865,658
Travel and related		166,572	13,126
Office and miscellaneous		37,568	7,144
Foreign exchange		19,069	4,488
Registration and filing		21,210	122,189
Rent		44,800	10,500
Share-based compensation	11, 12	634,576	586,429
Shareholder communications		70,257	-
Transfer agent and shareholder costs		97,078	46,703
Operating loss for the year		(4,017,810)	(2,218,072)
Interest income		60,522	27,784
Recovery of flow through share premium	10	393,798	-
Impairment of exploration and evaluation assets	8	(1,315,969)	-
Net loss and comprehensive loss for the year		(4,879,459)	(2,190,288)
Weighted average number of common shares outstanding – basic and diluted		80,786,601	33,204,778
Loss per common share – basic and diluted		(0.06)	(0.07)

Mustang Energy Corp.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

For the Years Ended December 31, 2025, and 2024

	Notes	Share Capital		Reserve	Commitment to issue shares	Deficit	Total
		Number of common shares	Amount				
			\$	\$	\$	\$	\$
Balance December 31, 2023		25,209,207	4,861,202	535,701	-	(3,812,237)	1,584,666
Share issued for cash	11	12,626,862	3,552,950	-	-	-	3,552,950
Share issue costs		-	(310,948)	-	-	-	(310,948)
Flow-through share premium liability	11	-	(396,234)	-	-	-	(396,234)
Shares issued on acquisition of exploration and evaluation asset	11	13,003,750	5,529,088	-	-	-	5,529,088
Share issued on exercise of warrants	11	9,958,738	697,112	-	-	-	697,112
Shares issued for restricted share units	11	500,000	157,500	(157,500)	-	-	-
Fair value of finder warrants	11	-	-	105,485	-	-	105,485
Share-based compensation	11	-	-	586,429	-	-	586,429
Commitment to issue shares	8	-	-	-	410,000	-	410,000
Loss for the year		-	-	-	-	(2,190,288)	(2,190,288)
Balance, December 31, 2024		61,298,557	14,090,670	1,070,115	410,000	(6,002,525)	9,568,260
Share issued for cash	11	20,129,646	3,584,136	-	-	-	3,584,136
Shares issued on acquisition of Nucleus	5, 8, 11	9,000,000	2,340,000	-	-	-	2,340,000
Shares issued on acquisition of exploration and evaluation asset	8, 11	3,949,963	660,853	-	(410,000)	-	250,853
Share issue costs	11	-	(220,007)	-	-	-	(220,007)
Fair value of finder warrants	11	-	(90,053)	90,053	-	-	-
Flow-through share premium liability		-	(519,486)	-	-	-	(519,486)
Shares issued for restricted share units	11	1,500,000	472,500	(472,500)	-	-	-
Share issued for consulting fees	11	600,000	153,500	-	-	-	153,500
Share-based compensation	11, 12	-	-	634,576	-	-	634,576
Loss for the year		-	-	-	-	(4,879,459)	(4,879,459)
Balance, December 31, 2025		96,478,166	20,472,113	1,322,244	-	(10,881,984)	10,912,373

Mustang Energy Corp.

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

For the Years Ended December 31, 2025, and 2024

	For the year ended December 31, 2025	For the year ended December 31, 2024
	\$	\$
Operating activities		
Net loss for the year	(4,879,459)	(2,190,288)
Items not involving cash:		
Recovery of flow through share premium	(393,798)	-
Impairment of exploration and evaluation assets	1,315,969	-
Shares issued for consulting fees	153,500	-
Share-based compensation	634,576	586,429
Changes in non-cash working capital items:		
Account payable and accrued liabilities	32,001	90,551
Prepays	224,855	(326,594)
Other receivable	(51,638)	-
Total cash used in operating activities	(2,963,994)	(1,839,902)
Investing activities		
Deposits for exploration and evaluation expenditures	(108,892)	-
Exploration and evaluation assets	(3,092,763)	(525,026)
Acquisition of Nucleus - transaction costs	(42,873)	-
Total cash used in investing activities	(3,244,528)	(525,026)
Financing activities		
Shares issued on warrant exercise	-	697,112
Shares issued for private placement financing	3,584,136	3,552,950
Share issue costs	(207,407)	(115,010)
Restricted cash proceeds from financing	1,250,000	-
Total cash provided by financing activities	4,626,729	4,135,052
Change in cash and cash equivalents and restricted cash	(1,581,793)	1,770,124
Cash and cash equivalents and restricted cash, beginning of the year	3,368,699	1,598,575
Cash and cash equivalents and restricted cash, end of the year	1,786,906	3,368,699

Supplement disclosure with respect to cash flows (Note 15)

Mustang Energy Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Years Ended December 31, 2025, and 2024

1. NATURE OF OPERATIONS

Mustang Energy Corp. ("the Company", or "Mustang") was incorporated under the Canada Business Corporations Act on December 24, 2015 and was registered as an extra-provincial company in British Columbia on January 28, 2016. On September 5, 2017, the Company completed its initial public offering ("IPO") and trading of the Company's common shares commenced on the Canadian Securities Exchange ("CSE").

During fiscal 2024, the Company completed a name change from Glorious Creation Limited to Mustang Energy Corp., completed the re-listing of its common shares on the CSE, and changed its business to mineral exploration and development on the closing of an acquisition of uranium assets in Eastern Athabasca Basin of Saskatchewan as further described in Note 7.

The Company's head office and principal address is 480 - 789 West Pender Street, Vancouver, BC, Canada and the registered and records office of the Company is 2501 – 550 Burrard, Bentall 5, Vancouver, BC, V6C 2B5, Canada.

2. BASIS OF PREPARATION AND GOING CONCERN

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The accounting policies applied in preparation for these consolidated financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2024.

Certain comparative figures have been reclassified to conform to the current year presentation.

These consolidated financial statements were authorized for issue by the Board of Directors on April 29, 2026.

Going concern

These consolidated financial statements have been prepared on a going-concern basis which assumes that the Company will be able to continue its operations for the foreseeable future and meet its obligations and commitments in the normal course of business. At December 31, 2025, the Company had cash and cash equivalents and restricted cash of \$1,786,906 (December 31, 2024 - \$3,368,699), a working capital of \$215,644 (December 31, 2024 – \$3,069,706) and a deficit of \$10,881,984 (December 31, 2024- \$6,002,525). The Company's operating losses will require that it obtain additional capital to continue operations. The Company will depend almost exclusively on outside capital. Such outside capital will include the issuance of additional equity shares. There can be no assurance that capital will be available to meet the continuing exploration costs or, if the capital is available, that it will be on terms acceptable to the Company. The issuances of additional equity securities by the Company may result in significant dilution to the equity interests of its current shareholders. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the business and future success may be adversely affected. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not include any adjustments relating to the recoverability and reclassification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

Mustang Energy Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Years Ended December 31, 2025, and 2024

2. BASIS OF PREPARATION AND GOING CONCERN (continued)

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cashflow information.

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled subsidiary. Details of controlled subsidiary is noted below:

	Country of incorporation	Functional currency	Percentage owned*	
			December 31, 2025	December 31, 2024
Allied Strategic Resources Corp. ("Allied")	Canada	Canadian Dollar	100%	0%
Nucleus Uranium Ltd. ("Nucleus")	Canada	Canadian Dollar	100%	0%

*Percentage of voting power is in proportion to ownership.

On May 13, 2025, the Company acquired all of the outstanding and issued shares of Nucleus pursuant to the share exchange and acquisition agreement (Note 5).

On July 3, 2025, the Company incorporated a subsidiary, Allied, under the *Business Corporations Act* (British Columbia). Allied is currently a wholly-owned subsidiary of the Company. Allied has not yet commenced active operations and intends to acquire exploration and evaluation assets from Mustang in connection with a statutory plan of arrangement (Note 7 and 19).

The subsidiaries are entities controlled by the Company, where control is achieved by the Company being exposed to, or having rights to, variable returns from its involvement with the entity and having the ability to affect those returns through its power over the entity. The subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases. All intercompany transactions, balances, income and expenses are eliminated on consolidation.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

Mustang Energy Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Years Ended December 31, 2025, and 2024

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(i) Going concern evaluation

As discussed in Note 2, these consolidated financial statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period.

(ii) Income taxes

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

(iii) Valuation of Exploration and Evaluation assets

The carrying amount of Company's exploration and evaluation assets does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to commence and complete development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

(iv) Share based compensation

The Company grants stock options to directors, officers and consultants. All share-based awards are measured and recognized using a fair value-based method. The fair value of options and other share-based awards to employees or consultants, issued or altered in the period, are determined using the Black-Scholes option pricing model. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received. The vesting of share-based payments is subject to estimation uncertainty.

The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can significantly change the fair value estimate and the Company's earnings and equity reserves.

Restricted share units are calculated based on the fair value of the equity instruments effected for estimated forfeiture rates.

(v) Business Combinations

The determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or economic benefits. The acquisition of Nucleus (Note 5) was determined to constitute an acquisition of assets.

Mustang Energy Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Years Ended December 31, 2025, and 2024

4. MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents includes cash deposits in financial institutions and other deposits that are highly liquid and readily convertible into cash at a known value.

Share-based payment transactions

The share option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. For employees, the fair value is measured at grant date and each tranche is recognized separately over the period during which the share options vest. The fair value of the share options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable and the Company considers the market value of the common shares issued as fair value. The balance, if any, was allocated to the attached warrants. Warrants that are issued as payment for an agency fee or other transaction costs are accounted for as share-based payments.

Loss per share

Basic loss per share is calculated by dividing the loss for the year attributable to the ordinary shareholders by the weighted average number of common shares issued and outstanding during the year. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. In years in which a loss is incurred, the effect of potential issuances of shares under options and warrants would be antidilutive and therefore basic and diluted loss per share are the same.

Mustang Energy Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Years Ended December 31, 2025, and 2024

4. MATERIAL ACCOUNTING POLICIES (continued)

Exploration and evaluation assets

Upon acquiring the legal right to explore, all costs related to the acquisition, exploration and development of exploration and evaluation assets are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of an exploration and evaluation asset is impaired, that property is written down to its estimated net realizable value. An exploration and evaluation asset are reviewed for indicators of impairment at each reporting date or whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Recoveries on mineral properties are recorded against the related property cost as amounts are received, with any net excess recorded to profit or loss.

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of its exploration and evaluation assets, when those obligations result from the acquisition, construction, development, or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related assets along with a corresponding increase in the decommission liability in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as related assets.

The Company's estimates of decommissioning costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed at the end of each reporting period for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of decommissioning costs, are charged to profit or loss.

Estimated future removal and site restoration costs will be provided for on the unit-of-production method. Costs will be based on estimates in accordance with current legislation and industry practices. Actual removal and site restoration expenditures will be charged to the accumulated provision account as incurred.

The Company is not aware of any existing material obligations associated with the retirement of its exploration and evaluation assets as at December 31, 2025 and 2024.

Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Mustang Energy Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Years Ended December 31, 2025, and 2024

4. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

At December 31, 2025 and 2024, the Company measured cash and cash equivalents, restricted cash, share subscription receipts, and accounts payable and accrued liabilities at amortized cost.

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Mustang Energy Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Years Ended December 31, 2025, and 2024

4. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(ii) Measurement (continued)

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment reversal or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iii) Derecognition

Financial assets

The Company derecognizes 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 of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss and comprehensive loss.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognizes financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit and loss.

Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the financial position reporting date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

Mustang Energy Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Years Ended December 31, 2025, and 2024

4. MATERIAL ACCOUNTING POLICIES (continued)

Flow-Through Shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. When eligible expenditures are incurred, the premium is reduced and recognized through the statement of loss and comprehensive loss.

New, amended and future accounting pronouncements

Accounting standards and amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it may change what an entity reports as its 'operating profit or loss'. Key new concepts introduced in IFRS 18 relate to:

- (i) the structure of the statement of profit or loss;
- (ii) required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- (iii) enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. The Company is currently assessing the effects of IFRS 18 on the financial statements.

In May 2024, the IASB issued amendments to IFRS 9, Financial Instruments, and IFRS 7, Financial Instruments: Disclosures to address the classification and measurement of financial instruments, with an emphasis to clarify the date of recognition and derecognition of financial asset and liabilities, effective January 1, 2026, with early adoption permitted. The Company is currently assessing the effects of IFRS 18 on the consolidated financial statements.

5. ACQUISITION

On the effective date of May 5, 2025, the Company entered into a share exchange agreement (the "Agreement") with Golden Mile Resources Corp. ("Golden Mile"), the sole shareholder of Nucleus, pursuant to which the Company will acquire all of the issued and outstanding common shares of Nucleus. Nucleus is the sole registered and beneficial owner of the Nucleus Saskatchewan project, which consists of certain mineral claims in the Athabasca Basin, Saskatchewan ("Nucleus Project").

Pursuant to the Agreement, the Company agreed to acquire all of the outstanding shares of Nucleus from Golden Mile in consideration for the issuance of 9,000,000 common shares which were issued with a fair value of \$2,340,000.

At acquisition date, the Company determined that the acquisition of Nucleus did not constitute a business as defined under IFRS 3, "Business Combination", and the transaction was accounted for as an asset acquisition. The consideration paid was attributed to the exploration and evaluation asset.

Mustang Energy Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Years Ended December 31, 2025, and 2024

5. ACQUISITION (continued)

The fair value of the acquisition was recorded as follows:

Total consideration:		
Fair value of 9,000,000 common shares issued to acquire Nucleus (Note 11)	\$	2,340,000
Transaction cost		42,873
	\$	2,382,873
Allocated to:		
Exploration and evaluation asset (Note 8)	\$	(2,382,873)

6. RESTRICTED CASH AND SUBSCRIPTION RECEIPTS

Subscription Receipt Offering

On December 16, 2025, the Allied closed a non-brokered private placement of subscription receipts by issuing an aggregate of 25,000,000 subscription receipts for aggregate gross proceeds of \$1,250,000. The subscription receipts are governed pursuant to the subscription receipt and will automatically convert into one unit of Allied upon satisfaction of the escrow release conditions. Each unit will be comprised of one share and one transferable share purchase warrant. Each warrant will entitle the holder thereof to acquire one common share at a price of \$0.06 per common share for a period of four years from the date of issuance of the subscription receipt.

The gross proceeds from the offering are being held in escrow by an escrow agent will be released to Allied upon satisfaction and/or waiver of certain escrow release conditions including but not limited to, the receipt of all required approvals in connection with the arrangement agreement and the listing (Note 19).

7. PREPAID

	December 31, 2025	December 31, 2024
As at	\$	\$
<u>Current:</u>		
Prepaid marketing expense	20,272	89,600
Prepaid consulting fees	18,750	241,925
Prepaid insurance	5,781	6,094
Other prepaid	18,186	3,150
Deposit	3,500	3,500
Deposits for exploration and evaluation expenditures	108,892	-
	175,381	344,269

Mustang Energy Corp.

Notes to the Consolidated Financial Statements

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For the Years Ended December 31, 2025, and 2024

8. EXPLORATION AND EVALUATION ASSETS

Ford Lake, Roughrider South, and Cigar Lake East Projects

On May 29, 2024, the Company acquired mineral claims located in Eastern Athabasca Basin of Saskatchewan, Canada, the Ford Lake Project, by way of definitive purchase and sale agreement with Stallion Uranium Corp. ("Stallion").

Pursuant to the definitive agreement, the Company acquired the Ford Lake Project for the following consideration:

- an initial cash payment of \$100,000 (paid) on signing the definitive agreement;
- a cash payment of \$300,000 on the date of the closing (paid);
- an aggregate of 2,500,000 common shares to be issued by the Company to Stallion as follows:
 - 500,000 common shares on the date which is six (6) months following the closing date, (issued)
 - 500,000 common shares on the date which is twelve (12) months following the closing date, (issued) (Note 10),
 - 500,000 common shares on the date which is eighteen (18) months following the closing date (issued) (Note 10), and
- 1,000,000 common shares on the date which is twenty-four (24) months following the closing date (issued) (Note 10); and
- a 3.0% net smelter return royalty on the claims in favour of Stallion.

The royalty agreement includes a 1.5% buy-back right in favour of the Company which can be exercised at any point prior to commercial production as follows: (a) \$500,000 for 0.5%; (b) \$750,000 for a second 0.5%; and (c) \$1,000,000 for a third 0.5%. In connection with the transaction, the Company issued 350,000 common shares valued at market value of \$71,750, recorded to acquisition costs, issued to an eligible arm's length finder as a finder's fee in consideration for the finder's services.

During 2024, in connection to the acquisition of the Ford Lake Project, the Company issued 500,000 common shares valued at \$120,000 to Stallion as per terms of agreement.

During the year ended December 31, 2025, the Company issued 2,000,000 common shares valued at \$410,000 in connection to the acquisition of the Ford Lake Project (Note 11). These common shares had been previously recognized as a commitment to issue shares (December 31, 2024 – 2,000,000 share commitment at \$410,000). The purchase consideration has been allocated amongst the acquired properties using a market approach considering the land package attributes.

Mustang Energy Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Years Ended December 31, 2025, and 2024

8. EXPLORATION AND EVALUATION ASSETS (continued)

Ford Lake, Roughrider South, and Cigar Lake East Projects (continued)

On October 9, 2025, the Company entered into an arrangement agreement (the “Arrangement”) with Allied, its wholly owned subsidiary, whereby the Company intends to, among other things:

- i. transfer all of its rights, title and interest in and to its Ford Lake, Roughrider South and Cigar East Properties, located in the Athabasca Basin, Saskatchewan, Canada (the “Properties”) in exchange for common shares in the capital of Allied (each, a “Allied Share”); and
- ii. spin out the Allied Shares received in consideration for the Properties to Company’s security holders on a pro rata basis, all pursuant to a statutory plan of arrangement to be effected under Part 9, Division 5 of the Business Corporations Act,

The aggregate purchase price payable to the Company for the Properties will be paid and satisfied by Allied issuing to the Company 6,400,000 Allied Shares. On completion of the Arrangement, the Company shareholders and holders of the Company stock options, warrants and restricted share units will maintain their interest in the Company and will obtain a proportionate interest in Allied.

In connection with the Arrangement, Allied will seek approval for the listing (the “Listing”) of the Allied Shares on the Canadian Securities Exchange (“CSE”), and undertake a financing of approximately \$1,250,000.

The Arrangement will result in Allied becoming a separate “reporting issuer” in each of Alberta, British Columbia and Ontario.

On November 14, 2025, the Company shareholders approved the Arrangement at an annual general and special meeting.

On November 24, 2025, the British Columbia Supreme Court rendered a final order approving the Arrangement. Closing of the Arrangement was completed subsequent to year end (Note 19).

In connection with the Arrangement, the Company reclassified the properties, recording \$320,000 (December 31, 2024 - \$nil) as held for distribution and recognizing impairment of \$803,851. The recoverable amount of the Properties was estimated based on the expected proceeds from the distribution (Note 19).

Brown Lake Project

On October 10, 2024, the Company closed on a mineral property acquisition agreement with Standard Uranium Ltd., pursuant to the acquisition agreement, the Company acquired a 90% interest in the Brown Lake Project located in the Province of Saskatchewan for consideration of 60,000 common shares with a fair value of \$26,400.

Mustang Energy Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Years Ended December 31, 2025, and 2024

8. EXPLORATION AND EVALUATION ASSETS (continued)

Dutton, Yellowstone, and Yellowstone East Projects

On October 10, 2024, the Company closed a binding purchase and sale agreement with Proton Uranium Ltd. and Electron Uranium Ltd. (together, the "Vendors"). Pursuant to the purchase agreement, the Company acquired a 100% undivided interest in mineral claims, the Yellow Stone Project, located in the Cluff Lake region of the Athabasca Basin of Saskatchewan. During 2024, pursuant to the purchase agreement, the Company acquired the claims in exchange for 12,000,000 common shares with a fair value of \$5,280,000. Also, during 2024, the Company staked additional claims in the Dutton Project for \$2,870 and Yellowstone Project for \$4,269. The purchase consideration has been allocated amongst the acquired properties using a market approach considering the land package attributes.

During the year ended December 31, 2025, the Company has determined that no further exploration work will be undertaken on Yellowstone East, Wrangler and Lasso projects and will allow the three mineral claims to lapse upon their expiry on April 23, 2026. Accordingly, the Company recognized an impairment of \$512,118, reducing the carrying amount of the related exploration and evaluation assets to \$1 for each project.

914W Uranium Project

On November 12, 2024, entered into a strategic option agreement with Skyharbour Resources Ltd. to acquire an undivided 75% interest in Skyharbour's 914W Uranium Project, located in the Athabasca Basin of Northern Saskatchewan. Pursuant to the terms of the option agreement, the Company can acquire a 75% interest in the 914W Uranium Project, by satisfying the following conditions over three years:

- Share Issuance: The Company will issue common shares with a total value of \$480,000.
- Cash Payments: The Company will make aggregate cash payments of \$275,000.
- Exploration Expenditures: The Company will incur \$800,000 towards exploration on the 914W Uranium Project.

On November 27, 2024 (the "Closing Date"), the Company completed the first milestone by making a cash payment of \$15,000 and issuing 93,750 common shares with fair value of \$30,938 to Skyharbour.

On November 21, 2025, the Company completed the cash and share issuance milestone for the first anniversary date milestone by making a cash payment of \$20,000 and issuing 1,098,901 common shares with fair value of \$93,407 to Skyharbour (Note 11). As at the current date, the Company has not completed the expenditure requirement milestone of \$100,000 on or before the first anniversary of the agreement, the Company and Skyharbour are in communications to extend the balance of \$100,000 in exploration expenditures for inclusion in the second anniversary milestone.

The committed cash payments, share issuances and exploration expenditures required to exercise the option in full are as follows:

Date	Cash payments	Exploration expenditures	Value of shares issued
	\$	\$	\$
On the Closing Date	15,000	-	30,000 ⁽¹⁾
On or before the first anniversary of Closing Date	20,000	100,000	100,000 ⁽¹⁾
On or before the second anniversary of Closing Date	40,000	200,000	150,000 ⁽¹⁾
On or before the third anniversary of Closing Date	200,000	500,000	200,000 ⁽¹⁾
TOTAL:	275,000	800,000	480,000

(1) Share values will be based on a five-day volume-weighted average price on the Canadian Securities Exchange ("CSE") prior to issuance, or such other price as required by the policies of the CSE.

Mustang Energy Corp.

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(Expressed in Canadian dollars)

For the Years Ended December 31, 2025, and 2024

8. EXPLORATION AND EVALUATION ASSETS (continued)

Nucleus Project

On May 5, 2025, the Company entered into a Agreement with Golden Mile, the sole shareholder of Nucleus, pursuant to which the Company will acquire all of the issued and outstanding common shares of Nucleus. Nucleus is the sole registered and beneficial owner of the Nucleus Project.

Pursuant to the Agreement, the Company agreed to acquire all of the outstanding shares of Nucleus from Golden Mile in consideration for the issuance of 9,000,000 common shares.

The fair value of the acquisition was recorded as follows:

Total consideration:		
Fair value of 9,000,000 common shares issued to acquire Nucleus (Note 11)	\$	2,340,000
Transaction cost		42,873
	\$	2,382,873
Allocated to:		
Exploration and evaluation asset	\$	(2,382,873)

Staked Claims

During the years ended December 31, 2025 and 2024, the Company acquired by way of staking certain mineral claims:

- i. Mineral claims in the Athabasca Basin in Saskatchewan as further detailed below:
 - o **Spur** – staked for \$Nil as at December 31, 2025 (December 31, 2024 - \$5,613)
 - o **Spur North** – staked for \$Nil as at December 31, 2025 (December 31, 2024 - \$5,613)
 - o **Konigsstuhl** – staked for \$Nil as at December 31, 2025 (December 31, 2024 - \$6,939)
 - o **914W** – staked for \$1,050 as at December 31, 2025 (December 31, 2024 - \$Nil)
- ii. **Bridal Veil** – The Company staked the Onyx Uranium Project and the Bridal Veil Copper-Silver Project in Newfoundland and Labrador for \$325 (December 31, 2024 - \$Nil).

Option Agreements

On June 16, 2025, the Company entered into two option agreements with Thunderbird Resources Ltd. ("Thunderbird") to acquire:

- (i) An undivided 80% interest in certain mineral tenements held by Thunderbird in and around Cluff Lake (the "Cluff Lake Project").
- (ii) An undivided 80% interest in certain mineral tenements held by Thunderbird in and around Surprise Creek, Pring Lake, and Ellis Bay/Bob Lake (the "Surprise Creek Project").

Mustang Energy Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Years Ended December 31, 2025, and 2024

8. EXPLORATION AND EVALUATION ASSETS (continued)

Option Agreements (continued)

Cluff Lake Project

On June 16, 2025, the Company completed a cash payment of \$20,000 and issued 425,531 common shares with fair value of \$73,723 (Note 11) to Thunderbird as initial consideration for the Cluff Lake option agreement.

The cash payments, share issuance and exploration expenditure schedules for the remaining consideration for the Cluff Lake option agreement is as follows:

Interest Earned	Cash payments	Exploration expenditures	Value of shares issued
	\$	\$	\$
For the Company to earn a 60% interest on or before June 3, 2027 ("Stage 1 Cluff Lake Interest")	50,000	1,000,000	-
For the Company to earn a 20% interest on or before the second anniversary of earning the Stage 1 Cluff Lake Interest ("Stage 2 Cluff Lake Interest")	50,000	2,000,000	100,000 ⁽¹⁾
TOTAL:	100,000	3,000,000	100,000

(1) Share value will be determined by the market price at the time of issuance, as determined in accordance with the policies of the CSE.

Upon the Company earning the Stage 2 Cluff Lake Interest, Thunderbird will retain a 2% net smelter return royalty on the Cluff Lake Project in respect of any minerals, mineral products, ore or concentrates produced from the tenements comprising the Surprise Creek Project.

Surprise Creek Project

On June 16, 2025, the Company completed a cash payment of \$20,000 and issued 425,531 common shares with fair value of \$73,724 (Note 11) to Thunderbird as initial consideration for the Surprise Creek option agreement.

The cash payments, share issuance and exploration expenditure schedules for the remaining consideration for the Surprise Creek option agreement is as follows:

Interest Earned	Cash payments	Exploration expenditures	Value of shares issued
	\$	\$	\$
For the Company to earn a 51% interest on or before June 3, 2027 ("Stage 1 Surprise Creek Interest")	50,000	1,000,000	-
For the Company to earn a 29% interest on or before the second anniversary of of earning the Stage 1 Surprise Creek Interest ("Stage 2 Surprise Creek Interest")	50,000	2,000,000	100,000 ⁽¹⁾
TOTAL:	100,000	3,000,000	100,000

(1) Share value will be determined by the market price at the time of issuance, as determined in accordance with the policies of the CSE.

Upon the Company earning the Stage 2 Surprise Creek Interest, Thunderbird will retain a 2% net smelter return royalty on the Surprise Creek Project in respect of any minerals, mineral products, ore or concentrates produced from the tenements comprising the Surprise Creek Project.

Mustang Energy Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Years Ended December 31, 2025, and 2024

8. EXPLORATION AND EVALUATION ASSETS (continued)

Summary of Exploration and Evaluation Assets

The following table summarizes the cumulative costs capitalized as exploration and evaluation assets as of December 31, 2025 by their nature:

	Ford Lake	Roughrider South	Cigar Lake East	Brown Lake	Dutton	Yellowstone	Yellowstone East	Wrangler	Lasso	914W	Spur	Spur North	Konigsstuhl	Surprise Creek	Cluff Lake	Nucleus Project	Bridal Veil	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Acquisition costs																		
Balance, December 31, 2024	685,000	104,750	212,000	26,400	1,242,870	3,549,269	495,000	-	-	45,938	5,613	5,613	6,939	-	-	-	-	6,379,392
Additions	-	-	-	-	-	-	-	-	-	114,457	-	-	-	98,724	98,723	2,382,873	325	2,695,102
Balance, December 31, 2025	685,000	104,750	212,000	26,400	1,242,870	3,549,269	495,000	-	-	160,395	5,613	5,613	6,939	98,724	98,723	2,382,873	325	9,074,494
Exploration costs																		
Balance, December 31, 2024	48,738	13,719	13,719	1,850	14,328	11,076	1,850	-	-	1,850	5,091	5,091	1,850	-	-	-	-	119,162
Permits and fees	20,348	333	333	4,683	2,846	3,754	-	-	-	21,634	2,739	-	-	42,214	42,215	-	-	141,099
Geological consulting	3,407	7,597	7,596	3,407	13,445	35,579	5,716	3,407	3,407	39,002	11,652	4,121	3,407	183,214	38,922	-	9,910	373,789
Drilling	-	-	-	-	-	-	-	-	-	-	1,181	-	-	398,147	-	-	-	399,328
Geophysics	1,517	137	137	137	146,937	213,436	137	137	137	7,999	291,414	137	136	1,278,664	106,007	-	22,305	2,069,374
Administrative	840	840	840	840	885	650	650	840	840	5,235	10,976	840	840	697	697	650	-	27,160
Reporting	2,000	-	-	-	7,315	21,214	-	-	-	-	634	-	-	12,718	9,985	-	30,606	84,472
Other	-	-	-	-	13,297	2,085	-	-	-	1,518	24,120	-	-	2,800	-	-	-	43,820
Balance, December 31, 2025	76,850	22,626	22,625	10,917	199,053	287,794	8,353	4,384	4,384	77,238	347,807	10,189	6,233	1,918,454	197,826	650	62,821	3,258,204
Assets held for distribution	(217,005)	(66,788)	(36,207)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(320,000)
Impairment	(544,845)	(60,588)	(198,418)	-	-	-	(503,352)	(4,383)	(4,383)	-	-	-	-	-	-	-	-	(1,315,969)
Carrying amounts																		
Balance, December 31, 2024	733,738	118,469	225,719	28,250	1,257,198	3,560,345	496,850	-	-	47,788	10,704	10,704	8,789	-	-	-	-	6,498,554
Balance, December 31, 2025	-	-	-	37,317	1,441,923	3,837,063	1	1	1	237,633	353,420	15,802	13,172	2,017,178	296,549	2,383,523	63,146	10,696,729

Mustang Energy Corp.

Notes to the Consolidated Financial Statements

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8. EXPLORATION AND EVALUATION ASSETS (continued)

The following table summarizes the cumulative costs capitalized as exploration and evaluation assets as of December 31, 2024 by their nature:

	Ford Lake	Roughrider	Cigar Lake	Brown			Yellowstone			Spur		Total
	\$	South	East	Lake	Dutton	Yellowstone	East	914W	Spur	North	Konigsstuhl	\$
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Acquisition costs:												
Balance, December 31, 2023	-	-	-	-	-	-	-	-	-	-	-	-
Additions:	685,000	104,750	212,000	26,400	1,240,000	3,545,000	495,000	45,938	-	-	-	6,354,088
Additions: staking	-	-	-	-	2,870	4,269	-	-	5,613	5,613	6,939	25,304
Balance, December 31, 2024	685,000	104,750	212,000	26,400	1,242,870	3,549,269	495,000	45,938	5,613	5,613	6,939	6,379,392
Exploration costs:												
Balance, December 31, 2023	-	-	-	-	-	-	-	-	-	-	-	-
Permits and fees	3,784	-	-	-	-	-	-	-	-	-	-	3,784
Consulting	8,055	8,055	8,055	604	13,082	9,830	604	604	3,845	3,845	604	57,183
Geological	36,899	5,664	5,664	1,246	1,246	1,246	1,246	1,246	1,246	1,246	1,246	58,195
Balance, December 31, 2024	48,738	13,719	13,719	1,850	14,328	11,076	1,850	1,850	5,091	5,091	1,850	119,162
Carrying amounts:												
Balance, December 31, 2023	-	-	-	-	-	-	-	-	-	-	-	-
Balance, December 31, 2024	733,738	118,469	225,719	28,250	1,257,198	3,560,345	496,850	47,788	10,704	10,704	8,789	6,498,554

Mustang Energy Corp.

Notes to the Consolidated Financial Statements

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9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2025	December 31, 2024
As at	\$	\$
Accounts payable	258,443	182,656
Accrued liabilities	53,376	64,372
Due to related parties (Note 12)	34,540	-
	346,359	247,028

10. FLOW-THROUGH SHARE PREMIUM LIABILITY

For the purpose of calculating any premium related to the issuance of flow-through shares, the Company compares the fair value of its shares to the subscription price of the flow-through shares to determine if there was a premium paid on the flow-through shares. As a result, the Company's flow-through liability on issuance of flow-through shares in connection with private placement is as follows:

	December 31, 2025	December 31, 2024
	\$	\$
Balance, opening	396,234	-
Liability incurred on flow-through shares issued (Note 11)	519,486	396,234
Settlement of flow-through share premium upon incurring qualifying expense	(393,798)	-
Balance, December 31, 2025	521,922	396,234

During the year ended December 31, 2025, the Company recorded an addition to the committed qualifying expenditures of \$2,034,436 in connection with its flow-through arrangements.

During the year ended December 31, 2025, the Company incurred a total of \$2,855,032 (year ended December 31, 2024 - \$Nil) qualifying flow-through expenditures. The Company derecognized the associated flow-through share premium liability and recognized a deferred income tax recovery of flow-through share premium of \$393,798 for the year ended December 31, 2025 (year ended December 31, 2024- \$Nil).

As at December 31, 2025, the Company is committed to spending approximately \$2,052,104 of qualifying expenditures in connection with its flow-through offerings (December 31, 2024 - \$2,872,700).

11. SHAREHOLDERS' EQUITY

Share capital

Authorized:

Unlimited common shares without par value

As at December 31, 2025, the Company has 96,478,166 (December 31, 2024 - 61,298,557) common shares outstanding.

Mustang Energy Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Years Ended December 31, 2025, and 2024

11. SHAREHOLDERS' EQUITY (continued)

Share capital (continued)

During the year December 31, 2025, the Company had the following share capital transactions:

On February 21, 2025, the Company closed a non-brokered private placement financing, for gross proceeds of \$1,255,000, by issuing 6,275,000 units at \$0.20 per unit, comprised of one common share and one share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.27 per warrant, expiring October 21, 2025. The Company recorded of share issuance cost of \$48,053 in relation to the non-brokered private placement financing including the fair value of finder warrants of \$6,315.

On May 13, 2025, the Company issued 9,000,000 common shares with a fair value of \$2,340,000 to Golden Mile pursuant to the share exchange transaction and acquisition of Nucleus (Note 5).

On June 16, 2025, the Company issued an aggregate of 851,062 common shares with aggregate fair value of \$157,446 pursuant to the option agreements with Thunderbird (Note 8).

On July 9, 2025, the Company closed a first tranche non-brokered private placement financing consisted of the following:

- 1,980,000 Non-Flow Through ("NFT") units at a price of \$0.14 per unit for gross proceeds of \$277,200;
- 5,424,806 Flow through ("FT") units at a price of \$0.165 per unit for gross proceeds of \$895,093.

Each unit consists of one common share and one share purchase warrant. Each share purchase warrants is exercisable into one common share at a price of \$0.21 per warrant, expiring July 9, 2028. In connection to the financing, the Company paid an aggregate of \$141,270 in finders' fees consisting primarily of finders' fees, legal fees and the fair value of 518,336 finder warrants of \$50,396. Each finder warrant is exercisable into one common share at a price of \$0.175 per warrant, expiring July 9, 2028. The Company recorded initial flow-through premium liability of \$135,620 related to the value of the flow-through components (Note 10).

On July 22, 2025, the Company closed a second tranche non-brokered private placement financing consisted of the following:

- 125,000 NFT units at a price of \$0.14 per unit for gross proceeds of \$17,500;
- 814,200 FT units at a price of \$0.165 per unit for gross proceeds of \$134,343;
- 3,510,640 FT units sold to charitable purchasers at a price of \$0.235 per unit for gross proceeds of \$825,000.

Each unit consists of one common share and one share purchase warrant. Each share purchase warrants is exercisable into one common share at a price of \$0.21 per warrant, expiring July 22, 2028. In connection to the financing, the Company paid an aggregate of \$96,544, consisting primarily of finders' fees and the fair value of 311,489 finder warrants of \$28,165. Each finder warrant is exercisable into one common share at a price of \$0.175 per warrant, expiring July 22, 2028. The Company recorded initial flow-through premium liability of \$353,866 related to the value of the flow-through components (Note 10).

On November 21, 2025, in connection to the acquisition of the 914W Uranium Project, the Company issued 1,098,901 common shares valued at \$93,407 (Note 8).

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11. SHAREHOLDERS' EQUITY (continued)

Share capital (continued)

During the year December 31, 2025, the Company had the following share capital transactions (continued):

On December 31, 2025, the Company completed non-brokered private placement and issued an aggregate of 2,000,000 flow-through units at a price of \$0.09 per unit for proceeds of \$180,000. Each unit consisted of one common share and one-half a share purchase warrant, each whole warrant is exercisable at \$0.15 per share, expiring on December 31, 2027. In connection to the financing, the Company paid \$12,600 in finders fees and issued 140,000 finders warrants with a fair value of \$5,177. Each finder's warrants exercisable into common shares priced at \$0.15, expiring on December 31, 2027. The Company recorded initial flow-through premium liability of \$30,000 related to the value of the flow-through components (Note 10).

During the year ended December 31, 2025, the Company issued an aggregate of 2,000,000 common shares with a fair value of \$410,000 in connection to the acquisition of the Ford Lake Project, pursuant to the terms of agreement with Stallion (Note 8).

During the year ended December 31, 2025, the Company issued an aggregate of 600,000 common shares with a fair value of \$153,500 to a corporate advisor pursuant to the amended consulting agreement.

During the year ended December 31, 2025, the Company issued an aggregate of 1,500,000 common shares pursuant to the settlement of restricted share units. The fair value of \$472,500 for the restricted share units vested was reallocated from reserve to share capital.

During the year December 31, 2024, the Company had the following share capital transactions:

On December 31, 2024, in connection to the acquisition of the Ford Lake Project, the Company issued 500,000 common shares valued at \$120,000 to Stallion as per terms of agreement (Note 8).

In December 2024, the Company completed non-brokered private placements and issued an aggregate 2,721,000 non-flow-through common shares at a price of \$0.25 per share for proceeds of \$680,250.

In December 2024, the Company completed non-brokered private placements and issued an aggregate 9,905,862 flow-through common shares at a price of \$0.29 per share for proceeds of \$2,872,700. The flow-through share premium liability value was \$396,234 (Note 10).

On November 27, 2024, in connection to the acquisition of the 914W Uranium Project, the Company issued 93,750 common shares valued at \$30,938 (Note 8).

On October 10, 2024, in connection to the acquisition of the Yellowstone Project, the Company issued 12,000,000 common shares valued at \$5,280,000 (Note 8).

On October 10, 2024, in connection to the acquisition of the Brown Lake Project, the Company issued 60,000 common shares valued at \$26,400 (Note 8).

On October 4, 2024, the Company issued 500,000 common shares pursuant to the settlement of restricted share units. The fair value of \$157,500 for the restricted share units vested was reallocated from reserve to share capital.

Mustang Energy Corp.

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For the Years Ended December 31, 2025, and 2024

11. SHAREHOLDERS' EQUITY (continued)

Share capital (continued)

During the year December 31, 2024, the Company had the following share capital transactions (continued):

In July 2024, the Company issued 9,958,738 common shares pursuant to exercise of warrants priced at \$0.07 for proceeds of \$697,112.

On May 29, 2024, in connection to the acquisition of the Ford Lake Project, the Company issued 350,000 common shares valued at \$71,750, to an eligible arm's length finder as a finder's fee in consideration for the Finder's services (Note 8).

During the year ended December 31, 2024, in connection to the acquisition of the Ford Lake Project, recorded commitment to issue shares of \$410,000 in connection to the future share issuances as further described in (Note 8).

Commitment to issue shares

Commitment to issue shares consists of:

	December 31, 2025	December 31, 2024
	\$	\$
Balance, opening	410,000	-
Additions	-	410,000
Share issuance	(410,000)	-
Balance, ending	-	410,000

In connection with the acquisition of the Ford Lake Project, the Company recorded a commitment to issue 2,000,000 shares. On May 29, 2025, the Company issued 500,000 common shares and on August 12, 2025, the Company issued 1,500,000 common shares to settle its obligation (Note 8).

Omnibus Equity Incentive Plan

On May 9, 2024, the Board adopted the Omnibus Equity Incentive Plan (the "2024 Plan"). The 2024 Plan provides flexibility to the Company to grant equity - based incentive awards in the form of options ("Options"), restricted share units ("RSUs"), performance share units ("PSUs") and deferred share units ("DSUs"). The 2024 Plan is a rolling plan which, subject to the adjustment provisions provided for therein, provides that the aggregate maximum number of shares that may be issued upon the exercise or settlement of awards granted under the 2024 Plan shall not exceed 10% of the Company's issued and outstanding shares from time to time. The 2024 Plan is considered an "evergreen" plan, since the shares covered by awards that have been exercised, settled or terminated shall be available for subsequent grants under the 2024 Plan and the number of awards available to grant increases as the number of issued and outstanding shares increases.

Mustang Energy Corp.

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For the Years Ended December 31, 2025, and 2024

11. SHAREHOLDERS' EQUITY (continued)

Restricted Share Units ("RSU")

The following table summarizes the continuity of RSU for the years ended December 31, 2025 and 2024:

	Number of RSUs	Weighted average price \$
Balance, December 31, 2023	-	-
Issued	2,000,000	0.315
Settled	(500,000)	0.315
Balance, December 31, 2024	1,500,000	0.315
Settled	(1,500,000)	0.315
Balance, December 31, 2025	-	-

During the year ended December 31, 2025, there were no RSU issued by the Company.

During the year ended December 31, 2024, the Company issued 2,000,000 RSUs with a fair value of \$630,000.

The total share-based payments expense for the year ended December 31, 2025, of \$237,541 for RSUs granted in previous year (year ended December 31, 2024 - \$392,458).

During the year ended December 31, 2025, Company issued 1,500,000 common shares pursuant to the settlement of RSUs. As of December 31, 2025, no RSUs remained vested or issuable, and the fair value of outstanding RSUs was \$Nil.

Stock options

The following table summarizes the continuity of the Company's stock options:

	Number of stock options outstanding and exercisable	Weighted average exercise price \$
Balance, December 31, 2023	-	-
Granted	1,600,000	0.30
Balance, December 31, 2024	1,600,000	0.30
Granted	6,300,000	0.11
Balance, December 31, 2025	7,900,000	0.15

Mustang Energy Corp.

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11. SHAREHOLDERS' EQUITY (continued)

Stock options (continued)

Additional information regarding stock options outstanding as at December 31, 2025 is as follows:

Number of Options Outstanding and exercisable	Exercise price (\$)	Expiry date
100,000	0.12	August 22, 2028
5,500,000	0.10	August 20, 2028
100,000	0.30	April 5, 2028
1,200,000	0.30	April 5, 2027
500,000	0.26	September 30, 2026
300,000	0.305	June 23, 2026
200,000	0.090	December 3, 2028
7,900,000		

The average remaining life of the stock options is 2.22 years as of December 31, 2025

During the year ended December 31, 2025, the Company granted and aggregate 6,300,000 stock options to its directors, officers and consultants.

The Company used the Black-Scholes Option Pricing model under the following weighted average assumptions and recorded total share-based payments expense for the year ended December 31, 2025 of \$397,035 for the vested portion of stock options granted (year ended December 31, 2024 - \$193,971).

The fair value of the stock options granted was determined using the Black-Scholes option pricing model, assuming no expected dividends or forfeitures, with the following weighted average assumptions:

	December 31, 2025	December 31, 2024
Risk-free interest rate	2.73%	3.79%
Expected life	2.89 years	2.72 years
Estimated volatility	92.45%	100.00%
Dividend rate	N/A	N/A

Mustang Energy Corp.

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(Expressed in Canadian dollars)

For the Years Ended December 31, 2025, and 2024

11. SHAREHOLDERS' EQUITY (continued)

Warrants

The following table summarizes the continuity of warrants:

	Number of warrants	Exercise price \$
Balance, December 31, 2023	18,181,818	0.07
Issued	710,910	0.33
Expired	(8,223,080)	0.07
Exercised	(9,958,738)	0.07
Balance, December 31, 2024	710,910	0.33
Issued	20,155,471	0.22
Expired	(6,331,000)	0.27
Balance, December 31, 2025	14,535,381	0.21

On February 21, 2025, in connection with the non-brokered private placement financing, the Company issued 6,275,000 share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.27 per warrant, expiring October 21, 2025. There was no fair value allocated to the warrants using the residual value method. In connection to the financing, the Company issued 56,000 finder's warrants with a fair value of \$6,315. Each warrant is exercisable into one common share at a price of \$0.27 per warrant, expiring October 21, 2025.

On July 9, 2025, in connection with the first tranche non-brokered private placement financing, the Company issued 7,404,806 share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.21 per warrant, expiring July 9, 2028. There was no fair value allocated to the warrants using the residual value method. In connection to the financing, the Company issued 518,336 finder's warrants with a fair value of \$50,396. Each warrant is exercisable into one common share at a price of \$0.175 per warrant, expiring July 9, 2028.

On July 22, 2025, in connection with the second tranche non-brokered private placement financing, the Company issued 4,449,840 share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.21 per warrant, expiring July 22, 2028. In connection to the financing, the Company issued 311,489 finder's warrants with a fair value of \$28,165. Each warrant is exercisable into one common share at a price of \$0.175 per warrant, expiring July 22, 2028.

On Dec 31, 2025, in connection with non-brokered private placement financing, the Company issued 1,000,000 share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.15 per warrant, expiring December 31, 2027. There was no fair value allocated to the warrants using the residual value method. In connection to the financing, the Company issued 140,000 finder's warrants with a fair value of \$5,177. Each warrant is exercisable into one common share at a price of \$0.15 per warrant, expiring December 31, 2027.

During the year ended December 31, 2024, the company issued 710,910 finder warrants with fair value of \$105,485 to an eligible arm's length finder as a finder's fee in consideration for the finder's services.

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11. SHAREHOLDERS' EQUITY (continued)

Warrants (continued)

As at December 31, 2025, the following share purchase warrants were outstanding:

	Exercise price	
	\$	Date of expiry
381,500	0.33	December 16, 2026
329,410	0.33	December 27, 2026
7,404,806	0.21	July 9, 2028
518,336	0.175	July 9, 2028
4,449,840	0.21	July 22, 2028
311,489	0.175	July 22, 2028
1,000,000	0.150	December 31, 2027
140,000	0.150	December 31, 2027
14,535,381		

The average remaining life of the warrants is 2.42 years as at December 31, 2025.

The fair value of the finder warrants issued was determined using the Black-Scholes pricing model, assuming no expected dividends or forfeitures, with the following weighted average assumptions:

	December 31, 2025	December 31, 2024
Risk-free interest rate	2.75%	3.00%
Expected life	2.74 years	2 years
Estimated volatility	97.80%	100.00%
Dividend rate	N/A	N/A

12. RELATED PARTY DISCLOSURES

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and includes directors, executive officers, and entities controlled by such persons.

Balances

As at December 31, 2025, included in accounts payable and accrued liabilities were \$34,540 of amounts owing to directors and officers of the Company (December 31, 2024 - \$Nil) (Note 9).

Mustang Energy Corp.

Notes to the Consolidated Financial Statements

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For the Years Ended December 31, 2025, and 2024

12. RELATED PARTY DISCLOSURES (continued)

Transactions

The Company incurred the following compensation with companies controlled by members of management and with directors

	Year ended December 31 2025 \$	Year ended December 31 2024 \$
Management fees to companies controlled by the CEO	126,000	110,250
Management fees to a company controlled by the CFO	64,312	44,100
Management fees to a Company controlled by a director	50,400	50,400
Management fees to a director	18,000	13,500
Rent expense paid to a company controlled by a director	44,800	10,500
Share-based compensation - stock options	290,748	149,684
Total	594,260	378,434

During the year ended December 31, 2025, the Company granted incentive stock options to officers and directors of the Company to purchase a total of 4,750,000 common shares price range of \$0.10 to \$0.26, expiring between September 30, 2026 and August 20, 2028. Pursuant to the option grant, the Company recorded total share-based compensation of \$290,748 for the year ended December 31, 2025 for stock options granted to related parties (year ended December 31, 2024 - \$149,684).

13. CAPITAL RISK MANAGEMENT

The Company defines capital as the items included in shareholders' equity. The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern, ensure sufficient capital and liquidity to complete its technology developments, establish commercial markets and pursue its growth strategy.

To support these objectives, the Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash. In order to maximize the development efforts, the Company does not pay out dividends during its development stage.

The Company is not subject to any externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the reporting year.

Mustang Energy Corp.

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For the Years Ended December 31, 2025, and 2024

14. FAIR VALUE AND RISK MANAGEMENT

IFRS 13, Fair Value Measurement, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company measured its cash and cash equivalents, restricted cash, other receivables, share subscription receipts, and accounts payable and accrued liabilities at amortized cost. The carrying values of these items approximate their fair value due to the relatively short periods to maturity of the instruments.

Credit risk

Credit risk arises from cash and cash equivalents and restricted cash held with financial institutions as well as credit exposure on outstanding receivables.

The Company's cash is held at high-credit rating financial institutions. The Company's maximum exposure to credit risk is the carrying amounts of cash on its consolidated statement of financial position.

Currency risk

Foreign currency risk arises from fluctuations in foreign currencies versus the Canadian dollar that could adversely affect reported balances and transactions denominated in those currencies. The Company currently has no significant assets or liabilities and has no revenue or expenses denominated in a foreign currency; accordingly, it is not exposed to foreign currency risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at December 31, 2025, the Company had a cash and cash equivalents balance and restricted cash of \$1,786,906 (December 31, 2024 - \$3,368,699) to settle current liabilities of \$2,118,281 (December 31, 2024 - \$643,262). All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company currently has no interest-bearing financial instruments other than cash, so its exposure to interest rate risk is insignificant.

Mustang Energy Corp.

Notes to the Consolidated Financial Statements

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For the Years Ended December 31, 2025, and 2024

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Other than transactions disclosed elsewhere, there were no significant non-cash investing and financing transactions during the years ended December 31, 2025, and 2024.

	December 31, 2025	December 31, 2024
	\$	\$
Non-cash investing and financing activities:		
Shares issued for acquisition (Notes 5 & 11)	2,340,000	-
Reclassification from exploration and evaluation assets to assets held for distribution	320,000	
Shares issued for restricted share units transferred from reserves (Note 11)	472,500	157,500
Exploration and evaluation assets in accounts payable and accrued liabilities	89,170	34,440
Reclassification from obligation to issue shares to share capital	410,000	-
Flow-through-share liability	519,486	396,234
Shares issued for property	250,853	5,529,088
Reclassification of prepaid expenses to exploration and evaluation assets	52,925	-
Share issue cost in accounts payable and accrued liabilities	12,600	90,454
Commitment to issue shares	-	410,000
Issued finder's fee warrants (Note 11)	90,053	105,485

16. CONTINGENCY

During 2023, the Company was a party to a terminated definitive business combination agreement with Aerobloom. During 2024, the Company received notice that Aerobloom commenced a lawsuit naming the Company and is seeking an accounting of the monies which represented the termination fee, return of the termination fee, damages, litigation costs, other relief as the court deems proper, punitive damages, reasonable attorney's fees and pre-judgement interest. The Company intends to defend against the claim.

As at the year ended December 31, 2024 and 2025, the Company assessed the likelihood of an outflow of resources is remote, and cannot reliably be estimated, as such, no amounts have been accrued in these financial statements. Subsequent to the year ended December 31, 2025, the matter was dismissed without prejudice.

17. SEGMENTED INFORMATION

The Company currently conducts its operations in Canada, in one business segment, being the exploration of resource properties. The value of the Company's Canadian exploration and evaluation assets as at December 31, 2025 was \$10,696,726 (December 31, 2024 - \$6,498,554).

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Notes to the Consolidated Financial Statements

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For the Years Ended December 31, 2025, and 2024

18. INCOME TAXES

A reconciliation of income taxes at statutory rates (2025 – 27%; 2024 – 27%) with the reported taxes is as follows:

	December 31, 2025	December 31, 2024
Income loss for the year	\$ (4,879,459)	\$ (2,190,288)
Expected income tax recovery	(1,317,000)	(591,000)
Change in statutory, foreign tax, foreign exchange rates and other	48,000	(1,000)
Permanent difference	1,000	158,000
Impact of flow through shares	771,000	-
Share issue cost	(59,000)	(55,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(278,000)	-
Change in unrecognized deductible temporary differences	834,000	489,000
Total income tax expenses (recovery)	\$ -	\$ -

The significant components of the Company's net unrecognized deferred tax assets are as follows:

	December 31, 2025	December 31, 2024
Deferred tax assets		
Exploration and evaluation assets	\$ (329,000)	\$ -
Non-capital losses available for future periods	329,000	-
Net deferred tax assets	\$ -	\$ -

The significant components of the Company's temporary differences and unused tax losses are as follows:

	December 31, 2025	Expiry date range	December 31, 2024	Expiry date range
Temporary Differences				
Share issue costs	\$ 303,000	2026 to 2029	\$ 172,000	2025 to 2028
Allowable capital losses	\$ 635,000	No expiry date	\$ 1,142,000	No expiry date
Non-capital losses available for future periods	\$ 6,416,000	2038 to 2045	\$ 2,967,000	2038 to 2044

Tax attributes are subject to review, and potential adjustment, by tax authorities.

Mustang Energy Corp.

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19. SUBSEQUENT EVENTS

Subsequent to December 31, 2025, the Company had the following transactions:

- a) On February 6, 2026, in connection to consulting agreements with consultants, the Company issued an aggregate of 4,000,000 of RSUs of the Company, which vested immediately, redeemable for one common share.
- b) Cancelled stock options:
 - i. 1,200,000 stock options to officers and directors priced at \$0.30, originally expiring on April 5, 2027.
 - ii. 300,000 stock options to a consultant priced at \$0.305, originally expiring on June 23, 2026.
 - iii. 500,000 stock options to officer and consultant priced at \$0.26, originally expiring on September 30, 2026.
 - iv. 5,500,000 stock options to officers, directors and consultants priced at \$0.10, originally expiring on August 20, 2028.
 - v. 100,000 stock options to a consultant priced at \$0.12, originally expiring on August 22, 2028.
 - vi. 200,000 stock options to a consultant priced at \$0.09, originally expiring on December 3, 2028.
- c) Plan of Arrangement and Spin-off of Allied

On March 27, 2026, the Company completed the previously announced Arrangement involving the spin-off of Allied. The Arrangement was approved by the Company shareholders on November 14, 2025 and received a final order from the Supreme Court of British Columbia on November 24, 2025.

Under the Arrangement, the Company transferred all of its ownership, rights, title, and interests in the Ford Lake, Roughrider South, and Cigar East properties (collectively, the "SpinCo Properties") to Allied in exchange for 6,400,000 Allied common shares. The Company also completed a capital reorganization that included the renaming and re-designation of its existing common shares and the creation of a new class of common shares ("New Mustang Shares"). Shareholders of record on March 26, 2026 received one New Mustang Share and approximately 0.066336253 Allied Shares for each Company share held.

Following completion of the Arrangement, Allied became a separate listed reporting issuer in British Columbia, Alberta, and Ontario and now holds all rights and interests in the SpinCo Properties, and changed its name to Americas Uranium Corp.

- d) On April 7, 2026, the Company converted 4,000,000 of RSUs issued on February 6, 2026 to common shares.