



STRATEGIC RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

TSX-V: SR



www.strategic-res.com

October 22, 2025

Management Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Company have been prepared by, and are the responsibility of, the management of the Company. The consolidated financial statements are prepared in accordance with IFRS Accounting Standards and reflect management's best estimates and judgment based on currently available information. The Board of Directors meets periodically with management and the Company's independent auditor to review the scope and results of the annual audit and to review the consolidated financial statements and related financial reporting matters prior to the consolidated financial statements being approved by the Board. The Company's independent auditor, KPMG LLP, who are appointed by the shareholders, conduct an audit in accordance with Canadian generally accepted auditing standards. Their report outlines the scope of their audit and gives their opinion on the consolidated financial statements. Management has developed and maintains a system of internal control to provide reasonable assurance that the Company's transactions are authorized, assets safeguarded, and proper records maintained.



KPMG LLP
Tour KPMG
600 de Maisonneuve Blvd West, Suite 1500
Montréal, QC H3A 0A3
Canada
Telephone 514 840 2100
Fax 514 840 2187

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Strategic Resources Inc.

Opinion

We have audited the consolidated financial statements of Strategic Resources Inc. (the "Entity"), which comprise:

- the consolidated statements of financial position as at June 30, 2025 and June 30, 2024
- the consolidated statements of loss and comprehensive loss for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at June 30, 2025 and June 30, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Entity does not derive any revenue from the development and exploration of its mining properties and has incurred a net loss and negative cash flows from operations for the year ended June 30, 2025. Accordingly, the Entity's business plan is dependent on raising additional funds to finance operations within and beyond the next 12 months.

As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended June 30, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Evaluation of the carrying value of property, plant and equipment

Description of the matter

We draw attention to Notes 4 (b) and 9 to the financial statements. The carrying amount of the Entity's property, plant and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indicator exists, the Entity performs an impairment test. Such a test was performed on property, plant and equipment as at June 30, 2025 for two of its cash generating units ("CGU"). One CGU relates to the mineral property in development and related mine under construction, and the other CGU relates to the pellet plant under construction.

The impairment test for the mineral property in development and related mine under construction CGU resulted in an impairment charge of \$15.6 million. The impairment test for the pellet plant under construction CGU resulted in an impairment charge of \$13.7 million.

The Entity's estimate of the recoverable amount for each CGU is determined using the fair value less costs of disposal approach, which uses a market approach. The significant assumptions used in determining the recoverable amounts of each CGU were: 1) for the mineral property in development and related mine under construction: mineral reserve and resource estimates and estimated market value per pound of combined resources and reserve, for which the Entity engaged an external expert; 2) for the pellet plant under construction: iron ore pellet estimated selling price, total estimated operating costs, estimated capital construction costs, estimated useful life of the pellet plant, discount rate and an applied market multiple, for which the Entity engaged external experts.



Why the matter is a key audit matter

We identified the evaluation of the carrying value of property, plant, and equipment as a key audit matter. This matter represented an area of significant risk of material misstatement as minor changes to certain significant assumptions had a significant effect on the estimated recoverable amount of the CGUs. As a result, significant auditor judgment was required in evaluating the results of our audit procedures. Further, professionals with specialized skills and knowledge were required to evaluate certain significant assumptions.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter.

For the mineral property in development and related mine under construction:

- We evaluated the Entity's mineral reserves and resources by reconciling them to the technical report prepared by the Entity's external experts.
- We assessed the professional competence, experience and objectivity of the Entity's external experts who prepared the reserve and resource statement, including the industry and regulatory standards they applied.

For the pellet plant under construction, we assessed the professional competence, experience and objectivity of the Entity's external experts.

We involved valuation professionals with specialized skills and knowledge who assisted in evaluating the appropriateness of the Entity's:

- Combined reserves and resources and estimated market value per pound of combined resources and reserve by comparing these estimates using publicly available third-party sources and data for comparable entities for the mineral property in development and related mine under construction.
- Assumptions, including iron ore pellet estimated selling prices, total estimated operating costs, estimated capital construction costs, estimated useful life of the pellet plant, discount rate, and an applied market multiple by comparing these estimates using publicly available third-party sources and data for comparable entities and assessing overall reasonability of the recoverable amount of the net assets of the Entity's CGU by reconciling it to its market capitalization for the pellet plant under construction.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.



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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.



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- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's 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 auditor's report is Marc-André Fontaine.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Montréal, Canada

October 22, 2025

Strategic Resources Inc.
Consolidated Statements of Financial Position
As at June 30, 2025 and 2024

(expressed in thousands of Canadian dollars)

	Notes	June 30, 2025	June 30, 2024
ASSETS			
Current			
Cash		314	560
Short-term investments	5	4,270	2,700
Receivables	7	132	681
Prepaid expenses and advances		343	441
		<u>5,059</u>	<u>4,382</u>
Non-current			
Restricted investments	6	1,289	5,562
Exploration and evaluation assets	8	6,744	6,722
Property, plant, and equipment	9	47,640	77,018
		<u>55,673</u>	<u>89,302</u>
		<u>60,732</u>	<u>93,684</u>
LIABILITIES			
Current			
Payables and accrued liabilities	10	1,082	947
Lease obligation	11	1,038	998
Restricted share unit liability	13c	289	790
		<u>2,409</u>	<u>2,735</u>
Non-current			
Lease obligation	11	17,053	16,630
Deferred mining taxes	14b	-	766
Asset retirement obligations	12	1,035	1,039
		<u>18,088</u>	<u>18,435</u>
		<u>20,497</u>	<u>21,170</u>
EQUITY (DEFICIENCY)			
Share capital	13a	231,908	231,908
Contributed surplus		20,974	20,380
Accumulated other comprehensive income (loss)		19	(4)
Deficit		(212,666)	(179,770)
		<u>40,235</u>	<u>72,514</u>
		<u>60,732</u>	<u>93,684</u>

Nature of operations and going concern (Note 1)

Commitments (Note 17)

Contingencies (Note 21)

ON BEHALF OF THE BOARD:

“Sean Cleary”, Director & Chief Executive
Officer

“Amyot Choquette”, Director

Strategic Resources Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended June 30, 2025 and 2024
(expressed in thousands of Canadian dollars, except for loss per share and weighted average number of shares outstanding)

	Notes	For the year ended	
		June 30, 2025	June 30, 2024
Expenses			
General and administrative		904	990
Salaries, benefits and directors' fees		875	1,083
Professional fees		1,279	1,351
Restructuring fees		-	2
Depreciation and amortization	9	1	1
Impairment of property, plant and equipment	9	29,314	72,871
Share-based compensation	13c, d	594	3,692
Loss before other income (expenses)		(32,967)	(79,990)
Other income (expenses)			
Finance expenses, net	16	(929)	(392)
Foreign exchange gain (loss)		2	(1)
Change in fair value of restricted share unit liability	13c	151	1,573
Reversal of contribution agreement expenses	17	53	759
Other income		31	-
		(692)	1,939
Loss before taxes		(33,659)	(78,051)
Income and mining tax recovery (expense)	14a	763	4,794
Net loss for the year		(32,896)	(73,257)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation adjustments		23	3
Comprehensive loss for the year		(32,873)	(73,254)
Basic and diluted loss per share		(0.56)	(1.24)
Weighted average number of common shares outstanding		59,027,995	59,027,449

Strategic Resources Inc.

Consolidated Statements of Changes in Equity (Deficiency)

For the years ended June 30, 2025 and 2024

(expressed in thousands of Canadian dollars, except for number of shares)

	Share capital		Contributed surplus	Other comprehensive income (loss)		Deficit	Total
	Number of shares	Amount					
Balance at July 1, 2023	58,827,995	231,533	17,985	(7)	(106,513)		142,998
Settlement of restricted share units (Note 13a)	200,000	375	–	–	–		375
Share-based compensation (Note 13d)	–	–	2,395	–	–		2,395
Net loss for the year	–	–	–	–	(73,257)		(73,257)
Foreign currency translation adjustments	–	–	–	3	–		3
Balance at June 30, 2024	59,027,995	231,908	20,380	(4)	(179,770)		72,514
Balance at July 1, 2024	59,027,995	231,908	20,380	(4)	(179,770)		72,514
Share-based compensation (Note 13d)	–	–	594	–	–		594
Net loss for the year	–	–	–	–	(32,896)		(32,896)
Foreign currency translation adjustments	–	–	–	23	–		23
Balance at June 30, 2025	59,027,995	231,908	20,974	19	(212,666)		40,235

Strategic Resources Inc.
Consolidated Statements of Cash Flows
For the years ended June 30, 2025 and 2024
(expressed in thousands of Canadian dollars)

		For the year ended	
		June 30, 2025	June 30, 2024
Cash flow provided by (used in)	Notes		
Operating activities			
Net loss for the year		(32,896)	(73,257)
Items not affecting cash			
Depreciation and amortization		1	1
Deferred income and mining tax recovery		(766)	(4,794)
Interest expense	16	1,171	1,137
Finance income	16	(283)	(902)
Share-based compensation	13c, d	594	3,692
Change in fair value of restricted share unit liability	13c	(151)	(1,573)
Impairment of property, plant and equipment	9	29,314	72,871
Reversal of contribution agreement expenses		(53)	(759)
Changes in non-cash working capital			
Decrease (increase) in receivables		543	(394)
Decrease (increase) in prepaid expenses and advances		98	(78)
Increase (decrease) in payables and accrued liabilities		138	(27)
Payment of restricted share unit liability		(350)	(1,757)
Cash used in operating activities		(2,640)	(5,840)
Interest received		342	967
Net cash used in operating activities		(2,298)	(4,873)
Investing activities			
Acquisition of property, plant, and equipment	9	(427)	(457)
Additions to exploration and evaluation assets	8	(1)	(3)
Additions to short-term investments		(1,570)	(2,700)
Proceeds from restricted investments, net of repayments of letters of credit		4,273	2,146
Refund of environmental deposits		–	40
Net cash provided by (used in) investing activities		2,275	(974)
Financing activities			
Repayment of lease obligation	11	(222)	(213)
Net cash used in financing activities		(222)	(213)
Net decrease in cash		(245)	(6,060)
Effect of foreign exchange rate changes on cash		(1)	1
Cash – beginning of year		560	6,619
Cash – end of year		314	560
Non-cash transactions:			
Shares issued for settlement of restricted share unit		–	375

Strategic Resources Inc.
Notes to the Consolidated Financial Statements
For the years ended June 30, 2025 and 2024

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

1. Nature of operations and going concern

Strategic Resources Inc. ("Strategic" or the "Company") is a publicly listed company incorporated under the Ontario Business Corporations Act on October 25, 2004 and continued under the British Columbia Business Corporations Act on June 7, 2016. The Company is listed on the TSX-Venture Exchange ("TSXV"), having the symbol SR.V.

Strategic is a high purity metallic iron and critical minerals company with assets in two world class mining jurisdictions. The Company is in the development stage of its mining property located in Chibougamau, Québec ("BlackRock property") and its pellet plant located in Saguenay, Québec. The Company also holds a vanadium project in Finland. The Company is focused on providing the highest purity metallic iron on the market to be utilized in the decarbonizing efforts of the foundry and steel producers in North America and Europe. The Company's headquarters are located at 1155 Metcalfe Street, Suite 1539, Montréal, Québec, Canada and its activities are conducted in Canada and Finland.

Based on discussions and feedback with industry participants, the Company has prioritized the construction of a four million tonne per annum pellet plant at Port Saguenay.

Going concern

The accompanying consolidated financial statements have been prepared using accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to 12 months from the end of the reporting period.

The Company does not derive any revenue from the development and exploration of its mining properties. The development of mineral deposits involves significant financial risks. The success of the Company will depend on a number of factors including development, construction, extraction risks and regulatory issues, environmental and other regulations and generating sufficient financing to finalize the plant and mine under construction.

The Company's ability to continue as a going concern is dependent upon the confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of the plant and mine, and future profitable production.

As at June 30, 2025, the Company had a working capital (current assets less current liabilities) of \$2,650 (2024 - \$1,647), and a shareholders' equity of \$40,235 (2024 - \$72,514) and had generated a net loss and negative cash flows from operations of \$32,896 and \$2,299, respectively for the year then ended. Management estimates that the current funds will not be sufficient to meet the Company's obligations and commitments and to complete the development of its project. The Company intends to obtain new electricity and natural gas contracts for the proposed pellet plant as part of the construction timeline.

Strategic Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2025 and 2024

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

1. Nature of operations and going concern (continued)

The Company's business plan is dependent on raising additional funds to finance operations within and beyond the next 12 months. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company. If management is unable to obtain new funding, the Company may be unable to continue its operations, project development, and amounts realized for assets might be less than amounts reflected in these consolidated financial statements.

To date, the Company has been able to finance its operations through proceeds from the issuance of long-term debt and equity financing.

The conditions and uncertainties described above indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and asset and liability classifications that would be necessary were the going concern assumption not appropriate. These adjustments could be material.

2. Material accounting policy information

a) Basis of preparation

The Company prepares its consolidated financial statements in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The accounting policies set out below have been applied consistently to both years presented in these consolidated financial statements.

The Board of Directors approved these consolidated financial statements and authorized their publication on October 22, 2025.

b) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the existing rights that give it the current ability to direct the activities that significantly affect the entities' returns. The Company reassesses control on an ongoing basis. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. These consolidated financial statements include the accounts of the Company and of its wholly-owned subsidiaries (the "Group") as follows:

Strategic Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2025 and 2024

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

2. Material accounting policy information (continued)

b) Basis of consolidation (continued)

Subsidiaries

Subsidiary	Domicile and country of incorporation
BlackRock Metals Inc. ("BlackRock")	Canada
BlackRock Mining Inc.	Canada
BRM Metals GP Inc.	Canada
BlackRock Metals L.P.	Canada
Strategic Resources (Finland) Inc.	Canada
Strategic Explorations Oy	Finland

Transactions eliminated between the Company and its subsidiaries

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, have been eliminated in preparing these consolidated financial statements.

c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for:

- lease liabilities, which are initially measured at the present value of lease payments not paid at the commencement date in accordance with IFRS 16, Leases;
- asset retirement obligations which are measured at the present value of the expected expenditures to settle the obligation; and
- liabilities for cash-settled share-based payment arrangements and restricted share units which are measured at fair value, and equity-classified share-based payment arrangements which are measured at fair value at grant date pursuant to IFRS 2, Share-based Payment.

d) Presentation currency and foreign currencies translation

Management determined that the functional currency for all companies of the Group is the Canadian dollar except for the functional currency for its Finnish subsidiary which is the Euro. The Company's consolidated financial statements are presented in Canadian dollars. Functional currencies of the Company's individual entities represent the currency of the primary economic environment in which the entity operates.

Transactions in foreign currencies are translated to the functional currency of each individual entity at exchange rates at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate at that date.

Strategic Resources Inc.**Notes to the Consolidated Financial Statements****For the years ended June 30, 2025 and 2024**

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

2. Material accounting policy information (continued)**d) Presentation currency and foreign currencies translation (continued)**

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

In preparing the Company's consolidated financial statements, the financial statements of each entity for which the functional currency is not the Canadian dollar are translated into Canadian dollars. The assets and liabilities of foreign operations are translated into Canadian dollars at exchange rates at the statement of financial position date. Revenues and expenses of foreign operations are translated into Canadian dollars using foreign exchange rates that approximate those on the date of the underlying transaction. Foreign currency translation adjustments are recognized in other comprehensive income (loss).

If the Company or any of its investments dispose of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the accumulated foreign currency translation gains or losses related to the foreign operation are recognized in net loss.

e) Property, plant and equipment

Property, plant and equipment are accounted for at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Repairs and maintenance costs are charged to the consolidated statements of comprehensive loss during the period in which they are incurred.

The estimated useful lives, depreciation methods and rates for the current and comparative years are as follows:

Asset	Basis	Rate/period
Office equipment	Straight-line	20% - 33%
Right-of-use assets	Straight-line	Lease terms
Mine under construction	Not yet amortized	
Pellet plant under construction	Not yet amortized	
Mineral property in development	Not yet amortized	

Mine under construction, Pellet plant under construction and Mineral property in development will be amortized once the project is completed and ready for its intended use.

Strategic Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2025 and 2024

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

2. Material accounting policy information (continued)

e) Property, plant and equipment (continued)

Mineral property in development:

Capitalized mineral property in development costs will be carried at cost until the mine operations are placed into commercial production, sold, abandoned or determined by management to be impaired in value. The amortization of the mineral property will be based on unit of production relative to proven and probable reserve of specific ore deposit or total ore deposit.

Mine under construction and Pellet plant under construction:

The equipment, the commercial project and buildings in progress for the mine and pellet plant are not yet completed and ready for its intended use as at June 30, 2025. The depreciation period will start upon completion and commissioning of each operating activity and the beginning of commercial production.

f) Impairment of non-financial assets

Property, plant and equipment, including the mine and pellet plant under construction, and mineral property in development are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the asset group to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or asset group is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as an impairment loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount, but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal of impairment loss is recognized in the consolidated statement of loss and comprehensive loss for the year.

Strategic Resources Inc.
Notes to the Consolidated Financial Statements
For the years ended June 30, 2025 and 2024

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

2. Material accounting policy information (continued)

g) Provision

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provision for asset retirement obligations ("ARO") represents the legal and constructive obligations associated with the rehabilitation of the mine site when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a provision for an ARO is recognized at its present value and a corresponding amount is added to the carrying amount of the related asset and the cost is amortized over the economic life of the asset.

Following the initial recognition of the ARO, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, and the amount or timing of the underlying cash flows needed to settle the obligation. The discount rate used is based on a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation, excluding the risks for which future cash flow estimates have already been adjusted.

h) Share capital

Common shares

Common shares are classified as equity instruments of the Company. Equity instruments issued for non-monetary consideration are recorded at fair value on the date they were issued or on the date the agreement to issue them was entered into. Proceeds from unit placements are allocated between common shares and warrants issued on a pro rata basis of their respective fair value within the unit, using the Black-Scholes option pricing model to determine the fair value of warrants issued.

i) Share-based payments

Share options

The grant date fair value of share-based payment awards granted to employees and directors is recognized as an employee expense, with a corresponding increase in contributed surplus, over the period during which the employees and directors unconditionally become entitled to the awards.

The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that ultimately vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, considering the terms and conditions upon which the options were granted.

Strategic Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2025 and 2024

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

2. Material accounting policy information (continued)

i) Share-based payments (continued)

Deferred share units ("DSU") and Restricted share units ("RSU")

Deferred and restricted share units that are to be mandatorily redeemed in cash or which can be settled in cash or common shares at the discretion of the holder, pursuant to the plan, are measured at fair value on the grant date and subsequently adjusted at each financial position reporting date for changes in fair value and recorded as a liability on the consolidated statement of financial position. DSU and RSU which can be settled in cash at the discretion of the Company are measured at fair value on the grant date and subsequently adjusted for changes in fair value and recorded as a liability if it is the intention of the Company to settle them in cash. If the Company intends to settle these DSU and RSU in common shares, they are recorded in contributed surplus at the grant date fair value. The expense is recognized over the vesting period or using management's best estimate when contractual provisions restrict vesting until completion of certain performance conditions.

j) Right-of-use assets

Right-of-use assets are measured at cost. The cost is based on the initial amount of the lease liability plus initial direct costs incurred, less any lease incentives received, if any.

The cost of right-of-use assets is periodically reduced by amortization expenses and impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Right-of-use assets are amortized to reflect the expected pattern of consumption of the future economic benefits which is based on the lesser of the useful life of the asset or the lease term using the straight-line method. The lease term includes the renewal option only if it is reasonably certain to be exercised. The lease term relates to the land of the future metallurgical complex located in La Baie (Saguenay) and is 39 years.

The Company elected not to recognize a right-of-use asset and liability for leases where the total lease term is less than or equal to twelve months and for leases of low value assets such as, but not limited to, office equipment. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggered the payment has occurred.

Strategic Resources Inc.**Notes to the Consolidated Financial Statements****For the years ended June 30, 2025 and 2024**

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

2. Material accounting policy information (continued)**j) Right-of-use assets (continued)****Lease liabilities (continued)**

In calculating the present value of lease payments, the Company uses the incremental borrowing rate as at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of the lease liability is increased to reflect the accretion of interest and reduced to reflect the lease payments made. In addition, the carrying amount of the lease liability is remeasured if there has been a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

k) Income tax

Income tax expense comprises current and deferred taxes. Current tax and deferred tax are recognized in profit or loss, except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income (loss).

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is 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 not recognized for the following temporary differences: 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; and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are recognized as income or expense in profit or loss, except to the extent that tax arises from business combinations and transactions recognized in equity. Therefore, when deferred taxes relate to equity items, a backward tracing is necessary to determine the adjustment to taxes (e.g. change in tax rates and change in recognized deferred tax assets) that should be recorded in equity. For this purpose, the accounting policy of the Company is to allocate changes in the recognition of deferred tax assets based on their expected maturity date.

Strategic Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2025 and 2024

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

2. Material accounting policy information (continued)

k) Income tax (continued)

Deferred tax is measured at the tax rates that will be applied to temporary differences when they are expected to reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

l) Refundable credit on mining duties and refundable tax credit related to resources

The Company is eligible for a refundable credit on mining duties under the *Québec Mining Tax Act*. This refundable credit on mining duties is equal to 16% of development expenses incurred for mining activities in Québec. The accounting treatment for refundable credit on mining duties depends on management's intention to go into production in the future or rather to sell its mining property to another mining producer. This assessment is made at the level of each mining property. In the first case, the credit on mining duties is recorded as an income tax recovery under IAS 12, *Income Taxes*, which generates at the same time a deferred tax liability and deferred tax expense since the mining assets under development have a different tax basis following the Company's election to claim the refundable credit.

In the second case, it is expected that no mining duties will be paid in the future and, accordingly, the credit on mining duties is recorded as a government grant under IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, which is recorded against mining assets under development.

The Company records the credit as an income tax recovery since it intends to go into mining production.

The Company is also eligible for a refundable tax credit related to resources for mining industry companies in relation to eligible expenses incurred in the province of Quebec. The refundable tax credit related to resources represents up to 38.75% of the amount of eligible expenses incurred and is recorded as a government grant against mining assets under development.

Credits related to resources and credits for mining duties are recorded when there is reasonable assurance that they will be received, and the Company will comply with the conditions associated with the credits.

Strategic Resources Inc.
Notes to the Consolidated Financial Statements
For the years ended June 30, 2025 and 2024

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

2. Material accounting policy information (continued)

m) Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for owned shares held, for the effects of all dilutive potential common shares, which can comprise warrants, share purchase options and deferred share units. For the year ended June 30, 2025, all share purchase options and restricted share units were anti-dilutive since the Company reported a net loss.

n) Segment reporting

The Company determined that it had one operating segment, which is mining development and exploration of properties.

o) Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets until capitalization is suspended during extended periods in which active development is interrupted. All other borrowing costs are recognized as finance cost in the consolidated statements of comprehensive loss in the period in which they are incurred.

p) Financial instruments

The Company recognizes a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Such financial assets or financial liabilities are initially recognized at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of financial instruments that are not classified as fair value through profit or loss.

The classification and measurement approach for financial assets reflects the business model in which assets are managed and their cash flow characteristics. Financial assets are classified and measured based on these categories: amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). Financial assets are not reclassified subsequent to their initial recognition unless the Company identifies changes in its business model in managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

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

Strategic Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2025 and 2024

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

2. Material accounting policy information (continued)

p) Financial instruments (continued)

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- The financial asset is held within a business model in which assets are managed to achieve a particular objective by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at FVTPL unless it is measured at amortized cost or at FVOCI.

Financial liabilities are classified and measured based on two categories: amortized cost or FVTPL.

Classification and measurement of the financial instruments are as follows:

<u>Financial Instrument</u>	<u>Classification</u>
Cash	Amortized cost
Short-term investments	Amortized cost
Receivables	Amortized cost
Restricted investments	Amortized cost
Payables and accrued liabilities	Amortized cost

Financial assets are derecognized when the Company's rights to cash flows from the respective assets have expired or have been transferred and the Company has neither exposure to the risks inherent in those assets nor entitlement to rewards from them. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of loss and comprehensive loss.

Under IFRS 9, the Company applies a forward-looking expected credit loss ("ECL") model, at each reporting date, to financial assets measured at amortized cost or those measured at FVOCI.

Impairment losses are recorded in the consolidated statement of comprehensive income with the carrying amount of the financial asset reduced through the use of impairment allowance accounts. The Company reverses impairment losses on financial assets carried at amortized cost when the decrease in impairment can be objectively related to an event occurring after the impairment loss was initially recognized.

Strategic Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2025 and 2024

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

2. Material accounting policy information (continued)

q) Exploration and evaluation expenditures

Exploration and evaluation assets include mining property and exploration and evaluation expenditures. Mining property corresponds to acquired interests in mining exploration permits / claims which include the rights to explore for, mine, extract and sell all minerals from such claims, and amounts paid to suspend fishing, hunting and trapping rights owned by third parties on the project.

All pre-exploration costs, i.e. costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on an area of interest, are expensed as incurred. Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized in respect of each identifiable area of interest until the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Exploration and evaluation expenditures related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling, engineering studies and other costs including appropriate technical and administrative overheads related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are carried at historical cost less any accumulated impairment losses recognized. No depreciation expense is recognized for these assets during the exploration and evaluation phase. When technical feasibility and commercial viability of extracting a mineral resource are demonstrable for an area of interest, the Company stops capitalizing exploration and evaluation assets for that area, tests recognized exploration and evaluation assets for impairment and reclassifies any unimpaired exploration and evaluation assets as mine development assets.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrated for an area of interest, the Company stops capitalizing mining properties and exploration and evaluation costs for that area, tests recognized exploration and evaluation assets for impairment and reclassifies any unimpaired exploration and evaluation assets either as tangible or intangible mine development assets according to the nature of the assets.

3. New accounting policies

Adoption of new accounting standard by the Company

Amendments to IAS 1, *Classification of Liabilities as Current or Non-current*

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements (the 2020 amendments), to clarify the classification of liabilities as current or non-current. On October 31, 2022, the IASB issued *Non-current Liabilities with Covenants (Amendments to IAS 1)* (the 2022 amendments), to improve the information a company provides about long-term debt with covenants.

For the purposes of non-current classification, a right to defer settlement or roll over of a liability must exist at the end of the reporting period and have substance. The Amendments reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. The Amendments also clarify how a company classifies a liability that includes a counterparty conversion option.

Strategic Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2025 and 2024

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

3. New accounting policies (continued)

Amendments to IAS 1, *Classification of Liabilities as Current or Non-current* (continued)

The Company adopted these new amendments on July 1, 2024, and they did not have a material impact on its consolidated financial statements.

New accounting standard not yet adopted by the Company

The following new standard and interpretation is not yet effective and has not been applied in preparing these consolidated financial statements. Management believes that other new IFRS accounting standards not yet effective do not have a material impact on the Company's present or near future consolidated financial statements.

IFRS 18, *Presentation and Disclosure in the Financial Statements*

On April 9, 2024, the IASB issued IFRS 18 *Presentation and Disclosure in the Financial Statements* ("IFRS 18") to replace IAS 1. IFRS 18 introduces categories and defined subtotals in the statement of profit or loss, disclosures on management-defined performance measures, and requirements to improve the aggregation and disaggregation of information in the financial statements. As a result of IFRS 18, amendments to IAS 7 *Statement of Cash Flows* were also issued to require that entities use the operating profit subtotal as the starting point for the indirect method of reporting cash flows from operating activities and to remove presentation alternatives for interest and dividends paid and received. Similarly, amendments to IAS 33 *Earnings Per Share* were issued to permit disclosures of additional earnings per share figures using any other component of the statement of profit or loss, provided the numerator is a total or subtotal defined under IFRS 18.

IFRS 18 is effective for annual periods beginning on or after January 1, 2027, and is to be applied retrospectively, with early adoption permitted. The Company is currently evaluating the impact of the standard on its consolidated financial statements and will apply it from the effective date.

Amendments to IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*

On May 30, 2024, the IASB issued narrow scope amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*. The amendments include the clarification of the date of initial recognition or derecognition of financial liabilities, including financial liabilities that are settled in cash using an electronic payment system. The amendments also introduce additional disclosure requirements to enhance transparency regarding investments in equity instruments designed at FVOCI and financial instruments with contingent features.

The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is currently evaluating the impact of the amendments on its consolidated financial statements and will apply the amendments from the effective date.

Strategic Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2025 and 2024

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

4. Use of critical accounting estimates and judgments

a) Use of judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about additional critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements includes:

As described in Note 9, significant judgement was required in determining if indicators of impairment exist at the end of each reporting period for each cash generating unit, and in the determination of any recoverable amount.

Exploration and evaluation assets: The application of the accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that such acquisition costs incurred will be recovered through successful exploration and development or sale of the asset under review. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period when the new information becomes available.

b) Significant accounting estimates

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Note 9: Impairment of exploration and evaluation assets and property, plant and equipment
- Note 13(d): Fair value of share options granted

5. Short-term investments

As at June 30, 2025, short-term investments consisted of Guaranteed Investment Certificates ("GICs") issued by a Canadian bank, with interest rate of 2.95% (June 30, 2024 – between 4.95% and 5.20%) and maturity dates ranging between October 2025 and May 2026, which were all redeemable without penalty after 30 days.

Strategic Resources Inc.**Notes to the Consolidated Financial Statements****For the years ended June 30, 2025 and 2024**

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

6. Restricted investments

	June 30, 2025	June 30, 2024
Opening balance	5,562	16,209
Redemptions	(4,273)	(10,647)
Non-current portion of restricted investments	1,289	5,562

As at June 30, 2025 and 2024, restricted investments consist of GICs issued by Canadian banks, with an average interest rate of 3.53% (June 30, 2024 – 5.09%) with maturity dates ranging between July 2025 and December 2025. These investments are held as collateral for letters of credit issued in favor of provincial authorities and Énergir L.P. (“Énergir”) (for 2024).

The letters of credit issued to provincial authorities amounting to \$1,289 will be used to cover the asset retirement obligations that are recorded as non-current liabilities, accordingly the related collaterals have been presented as non-current assets on June 30, 2025 and 2024 (Note 12).

The letter of credit issued to Énergir amounting to \$4,273 was provided as a financial guarantee to Énergir to secure the supply of natural gas required in the future for the metallurgical facility. During the year ended June 30, 2025, the Company announced that it was working with Énergir to prepare a new natural gas distribution contract that will better respond to the Company’s needs in terms of natural gas consumption and timelines for delivery. Accordingly, the contract with Énergir and the letter of credit were cancelled and the related GIC no longer held as collateral and was transferred to cash and short term investments.

During the year ended June 30, 2024, the letters of credit of \$10,647 issued to Hydro-Québec were used to cover amounts owed under the contribution agreements for liabilities related to cancellation of the agreements (Note 17).

7. Receivables

	June 30, 2025	June 30, 2024
Sales tax receivable	78	567
Interest receivable	54	114
	132	681

Strategic Resources Inc.
Notes to the Consolidated Financial Statements
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8. Exploration and evaluation assets and expenditures

Exploration and evaluation assets

Strategic holds one vanadium project in Finland. The carrying value of the project is summarized below:

	Mustavaara
Balance at June 30, 2023	6,716
Additions	3
Foreign exchange adjustments	3
Balance at June 30, 2024	6,722
Additions	1
Foreign exchange adjustments	21
Balance at June 30, 2025	6,744

Mustavaara Project ("Mustavaara")

In February 2020, Strategic acquired all of the intellectual property, core samples and storage facilities associated with Mustavaara mine area in Finland.

Strategic's exploration and evaluation expenditures on the project for the year ended June 30, 2025 and 2024 are detailed in the table below, all of which relate to the Mustavaara Project:

	June 30, 2025	June 30, 2024
Mineral rights	1	3
Costs incurred during the year	1	3

Strategic Resources Inc.

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9. Property, plant and equipment

	Office equipment	Right-of-use assets	Pellet plant under construction	Mine under construction	Mineral property in development	Total
Cost as of June 30, 2024	676	13,677	67,801	40,818	29,394	152,366
Additions	1	–	332	94	–	427
Adjustments related to asset retirement obligations	–	–	–	(39)	–	(39)
Lease modification	–	(451)	–	–	–	(451)
Capitalized amortization	–	–	349	–	–	349
Cost as of June 30, 2025	<u>677</u>	<u>13,226</u>	<u>68,482</u>	<u>40,873</u>	<u>29,394</u>	<u>152,652</u>
Accumulated amortization and impairment as of June 30, 2024	675	6,770	28,369	22,983	16,551	75,348
Depreciation and amortization	1	349	–	–	–	350
Impairment loss (i)	–	1,807	11,870	9,102	6,535	29,314
Accumulated amortization and impairment as of June 30, 2025	<u>676</u>	<u>8,926</u>	<u>40,239</u>	<u>32,085</u>	<u>23,086</u>	<u>105,012</u>
Net book value as of June 30, 2025	<u>1</u>	<u>4,300</u>	<u>28,243</u>	<u>8,788</u>	<u>6,308</u>	<u>47,640</u>
Cost as of June 30, 2023	674	13,778	67,073	40,816	29,394	151,735
Additions	2	–	369	86	–	457
Adjustments related to asset retirement obligations	–	–	–	(84)	–	(84)
Lease modification	–	(101)	–	–	–	(101)
Capitalized amortization	–	–	359	–	–	359
Cost as of June 30, 2024	<u>676</u>	<u>13,677</u>	<u>67,801</u>	<u>40,818</u>	<u>29,394</u>	<u>152,366</u>
Accumulated amortization and impairment as of June 30, 2023	674	1,443	–	–	–	2,117
Depreciation and amortization	1	359	–	–	–	360
Impairment loss (i)	–	4,968	28,369	22,983	16,551	72,871
Accumulated amortization and impairment as of June 30, 2024	<u>675</u>	<u>6,770</u>	<u>28,369</u>	<u>22,983</u>	<u>16,551</u>	<u>75,348</u>
Net book value as of June 30, 2024	<u>1</u>	<u>6,907</u>	<u>39,432</u>	<u>17,835</u>	<u>12,843</u>	<u>77,018</u>

Strategic Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2025 and 2024

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

9. Property, plant and equipment (continued)

(i) Impairment

The Company is required to make judgments in assessing at the end of each reporting period whether there is any indication that an asset may be impaired. In making this assessment, the Company uses various indicators including, but not limited to, adverse changes in the industry or economic conditions, a lower-than-expected economic performance of the asset or a significant change in market or project returns or interest rates. When such an indication exists, the Company makes a number of estimates when determining the recoverable amount of an asset or a cash-generating unit. Estimates may be influenced by a number of assumptions such as estimated production, duration of the projects, proven and probable reserves, selling prices, costs to operate, capital expenditures, market comparable, and the discount rate. There is a high degree of estimation uncertainty around these assumptions with small changes having a significant impact on the recoverable amount.

As a result of the delays in obtaining financing for the development of the pellet plant at Port Saguenay and mine under construction at Chibougamau, as well as the cancellation of the contract with Énergir (Note 6), the Company concluded that indicators of impairment were present. As a result, the Company performed an impairment test on its Pellet plant under construction (pellet plant at Port Saguenay) and Mineral property in development and related mine under construction cash generating units ("CGUs").

Pellet plant under construction and right-of-use assets (pellet plant at Port Saguenay)

The impairment test on the Pellet plant under construction and right-of-use assets resulted in an impairment charge of \$13,677 that was recorded in the Consolidated Statements of Loss and Comprehensive Loss.

The estimated recoverable amount was based on fair value less costs of disposal ("FVLCD"). The fair value measurement was categorized as a Level 3 fair value and was determined based on several assumptions including estimated iron ore pellet selling price, total estimated operating costs, estimated capital costs for the construction of a 4 million tonne per annum pellet plant, estimated useful life of the pellet plant, discount rate and an applied market multiple (based on a set of publicly traded mining companies, recent market transactions, and similar projects).

Any small adverse movement in the above assumptions individually can significantly impact the recoverable amounts determined above.

Mineral property in development and related mine under construction

The impairment test on the mineral property in development and related mine under construction resulted in an impairment charge of \$15,637 that was recorded in the Consolidated Statements of Loss and Comprehensive Loss.

The estimated recoverable amount was based on fair value less costs of disposal ("FVLCD"). The fair value measurement was categorized as a Level 3 fair value and was determined based on a weighing of several estimated market value per pounds of combined resources and reserves based on a set of publicly traded mining companies / recent market transactions, and geological studies of the mines of the related companies.

Strategic Resources Inc.**Notes to the Consolidated Financial Statements****For the years ended June 30, 2025 and 2024**

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9. Property, plant and equipment (continued)**(i) Impairment (continued)**

Combined resources and reserves of the property consisted of proven and probable reserves, measured and indicated resources, and inferred resources which were determined by independent third-party evaluators. All proven and probable reserves, and measured and indicated resources, and 50% of the inferred resources were included in the combined resources and reserves.

The main assumption used in the FVLCD measurement was the combined reserves and resources.

Any small adverse movement in the above main assumptions individually can significantly impact the recoverable amounts determined above.

10. Payables and accrued liabilities

	June 30, 2025	June 30, 2024
Payables	228	73
Accrued liabilities	854	874
	1,082	947

11. Lease obligation

	June 30, 2025	June 30, 2024
Balance, beginning of year	17,628	16,842
Adjustment on lease modifications	(451)	(101)
Interest on lease obligation at the effective interest rate of 6.25%	1,136	1,100
Repayments	(222)	(213)
	18,091	17,628
Current portion of lease obligation	1,038	998
Lease obligation	17,053	16,630

The lease obligation relates to a lease agreement signed on October 19, 2018 with Développement Port Saguenay Inc., a subsidiary of the Saguenay Port Authority, for the lease of industrial land in view of the construction of the metallurgical complex to be built.

The lease contract, for a total area of 182,000 square meters, has a duration of 39 years and 11 months. The Company paid a reduced rent during the construction period, which ended on March 31, 2024 as per the lease contract, unless it is renewed by the lessor. The reduced rent was extended by Développement Port Saguenay Inc. in October 2025 for a period of six months.

Strategic Resources Inc.**Notes to the Consolidated Financial Statements****For the years ended June 30, 2025 and 2024**

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

11. Lease obligation (continued)

The following table presents the contractual undiscounted cash flows from lease obligation:

	June 30, 2025
Less than one year	1,139
One to five years	4,363
More than five years	42,355
Total undiscounted lease obligation	47,857

12. Asset retirement obligations

The Company's activities for exploration, pre-construction and obtaining various construction permits are subject to provincial environmental protection laws and regulations. As a result, the Company is required to provide various letters of credit for future anticipated costs of site restoration at the end of the operations and other remediation plans approved by the Government of Québec for the Chibougamau site. The Company has recorded the related asset retirement obligations based on best estimates of future costs that it would have to pay to settle its obligations. Future costs are discounted using pre-tax rates that reflect the time value of money and the specific risks of the liability.

The annual inflation rates used to determine the future amounts of the asset retirement obligations is between 2.00% - 2.40% (2.00% - 2.75% for June 30, 2024). The rates reflecting current market assessments used to determine the present value of the asset retirement obligations are between 3.28% - 3.56% (3.39% - 3.50% for June 30, 2024).

The movements in the asset retirement obligations are as follows:

	June 30, 2025	June 30, 2024
Balance, beginning of year	1,039	1,086
Changes in assumptions	(39)	(84)
Accretion expense	35	37
Balance, end of year	1,035	1,039

The following table presents the estimated undiscounted cash flows resulting from the future reclamation costs used in the calculation of the asset retirement obligations and their estimated disbursement schedule per site for which restoration costs are required:

	June 30, 2025
2034 and subsequent	639
2067 and subsequent	2,508
Total undiscounted estimated disbursements	3,147

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Notes to the Consolidated Financial Statements

For the years ended June 30, 2025 and 2024

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

13. Share capital

a) Authorized and issued share capital

The authorized share capital is an unlimited number of common shares without par value.

Issued shares are as follows and are fully paid:

	Number of shares	Amount
Balance, June 30, 2023	58,827,995	231,533
Shares issued on settlement of RSUs ⁽¹⁾	200,000	375
Balance, June 30, 2024 and 2025	59,027,995	231,908

(1) On July 1, 2023, the Company issued 200,000 common shares as part settlement of the RSUs for a value of \$375.

(2) There was no share issuance during the year ended June 30, 2025.

b) Share Option, Deferred share units ("DSU") and Restricted share units ("RSU") Plans

The Company's Board adopted a 10% rolling share option plan ("SO Plan") to comply with the TSXV's updated policy regarding equity compensation plans. In addition, the Company's Board concurrently adopted a RSU/DSU Plan to allow for the issuance of restricted share units ("RSUs") and deferred share units ("DSUs").

The Board of the Company intends to grant share purchase options under the SO Plan, and to grant RSU or DSU awards under the RSU/DSU Plan to provide incentives to directors, officers, employees and consultants of the Company and its subsidiaries. In determining the number of incentives to be granted to each person, the Company takes into account (i) the level of responsibility of the person, (ii) his or her impact or contribution to the longer-term operating performance of the Company, (iii) the number of incentives if any, previously granted to each person, and (iv) the exercise price or vesting criteria of any outstanding incentives to ensure that the interests of the individuals are closely aligned with the interests of shareholders.

The maximum number of shares which may be reserved for issuance of all share options under the SO Plan and all awards under the RSU/DSU Plan, collectively, will be 10% of the issued and outstanding shares of the Company, from time to time. The SO Plan and the RSU/DSU Plan also provide that the maximum number of common shares which may be reserved for issuance to any optionee may not exceed 5% of the outstanding common shares at the time of vesting.

The term and exercise price of the options will be determined by the board of directors at the time such options are granted, provided that options will not be permitted to exceed a term of ten years and the exercise price shall not be less than the minimum price of options permitted by the TSXV.

Unless otherwise indicated upon grant, DSUs and RSUs shall not vest within the first anniversary of the grant date. Upon vesting, DSUs shall be settled as soon as reasonably practicable following retirement, death or the participant ceasing to be employed, and in any event within 30 days.

Strategic Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2025 and 2024

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

13. Share capital (continued)

b) Share Option, Deferred share units ("DSU") and Restricted share units ("RSU") Plans (continued)

For RSUs/DSUs issued before October 2024, in order to settle a vested unit, the Company shall, at the discretion of the holder, (i) issue one common share of the Company or (ii) pay an amount in cash equal to the fair value of one common share of the Company or (iii) perform a combination of (i) and (ii). For RSUs/DSUs issued after October 2024, in order to settle a vested unit, the Company shall, at its own discretion, (i) issue one common share of the Company or (ii) pay an amount in cash equal to the fair value of one common share of the Company or (iii) perform a combination of (i) and (ii).

c) DSU and RSU

The following table summarizes the information related to the RSUs granted by the Company:

	Number of RSUs	Share-based compensation	Carrying value of RSU liability	Intrinsic value of RSU liability for vested benefits
As at June 30, 2023	2,256,609	-	\$3,198	
Fair value expense	-	1,297	1,297	
Settled / paid	(1,128,305)	-	(2,132)	
Change in fair value	-	-	(1,573)	
As at June 30, 2024	1,128,304	\$1,297	790	\$790
Fair value expense	-	-	-	
Settled / paid	(500,000)	-	(350)	
Change in fair value	-	-	(151)	
As at June 30, 2025	628,304	\$ -	\$289	\$289
Exercisable	628,304			

As at June 30, 2025, the Company had the following RSUs outstanding:

Number of RSUs	Vesting date
628,304	July 1, 2024
628,304	

On June 30, 2025, the Company has 628,304 RSUs (2024 – 1,128,304) outstanding to employees and directors. For the year ended June 30, 2025, the Company recorded share-based payment expense of \$Nil (2024 - \$1,297). As at June 30, 2025, the fair value of the RSUs are classified as liabilities as they can be settled either in cash or shares at the option of the holder and have been revalued at \$289 (2024 - \$790), with a gain on fair value of \$151 (2024 - \$1,573) recognized in the consolidated statement of loss for the year ended June 30, 2025. On July 1, 2024, 1,128,304 (July 1, 2023 - 1,128,305) RSUs vested and 500,000 (July 1, 2023 – 928,305) RSUs were settled for \$350 (July 1, 2023 - \$1,757) in cash and Nil (July 1, 2023 – 200,000) RSUs were settled for \$Nil (July 1, 2023 - \$375) in shares.

Strategic Resources Inc.

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For the years ended June 30, 2025 and 2024

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13. Share capital (continued)

d) Share options (continued)

Share options and weighted average exercise prices are as follows for the year:

	Year ended June 30, 2025		Year ended June 30, 2024	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of year	3,300,000	1.50	308,333	1.98
Options granted	-	-	3,000,000	1.45
Options expired	(75,000)	1.50	(8,333)	2.10
Outstanding, end of year	3,225,000	1.50	3,300,000	1.50

As at June 30, 2025, the number of the share options outstanding for key management was 2,375,000 (2024 – 2,408,333).

On August 4, 2023, the Company granted 3,000,000 share options under the Company's share option plan to directors, officers, employees and consultants. Each option entitles the holder to purchase one common share of the Company at a price of \$1.45. The options expire on August 4, 2028 and vest over two years.

The Company used the Black-Scholes Option Pricing Model to estimate a fair value of \$3,031 for these grants, with the following weighted average assumptions:

Share price	\$1.42
Exercise price	\$1.45
Weighted average risk-free interest rate	3.87%
Weighted average expected dividend yield	nil
Weighted average expected share price volatility	90%
Weighted average expected option life in years	5.0 years

For the year ended June 30, 2025, the Company recorded a share-based expense of \$594 (2024 - \$2,395).

The Company has the following outstanding share options as at June 30, 2025:

Options outstanding				Options exercisable	
Number of options	Expiry date	Weighted average life (years)	Exercise price	Number of options	Exercise price
3,000,000	August 4, 2028	3.10	\$ 1.45	2,008,340	\$ 1.45
117,500	November 19, 2025	0.39	\$ 2.22	117,500	\$ 2.22
16,667	April 14, 2026	0.79	\$ 1.80	16,667	\$ 1.80
90,833	November 16, 2026	1.38	\$ 2.10	90,833	\$ 2.10
3,225,000		2.94	\$ 1.50	2,233,340	\$ 1.52

Strategic Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2025 and 2024

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

13. Share capital (continued)

d) Share options (continued)

The Company has the following outstanding share options as at June 30, 2024:

Options outstanding				Options exercisable	
Number of options	Expiry date	Weighted average life (years)	Exercise price	Number of options	Exercise price
3,000,000	August 4, 2028	4.10	\$ 1.45	991,671	\$ 1.45
75,000	October 21, 2024	0.31	\$ 1.50	75,000	\$ 1.50
117,500	November 19, 2025	1.39	\$ 2.22	117,500	\$ 2.22
16,667	April 14, 2026	1.79	\$ 1.80	16,667	\$ 1.80
90,833	November 16, 2026	2.38	\$ 2.10	90,833	\$ 2.10
3,300,000		3.86	\$ 1.50	1,291,671	\$ 1.57

14. Income and mining taxes recovery

a) Income tax expense

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings (loss) before income taxes.

These differences result from the following items:

	June 30, 2025	June 30, 2024
Loss before income and mining taxes	(33,659)	(78,051)
Canadian federal and provincial income tax rates	26.50%	26.50%
Income tax recovery based on the above rates	(8,920)	(20,684)
Increase (decrease) due to:		
Non-deductible share-based compensation	157	635
Non-deductible expenses and other permanent differences	3	3
Tax expense related to the deductibility of deferred mining tax liability	203	1,270
Deferred mining tax expense	(766)	(4,794)
Current year's losses (Application of previous years' losses) for which no deferred taxes asset was recognized	8,539	18,750
Effect of provincial and foreign tax differences	12	13
Prior year adjustment	9	13
	(763)	(4,794)

Strategic Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2025 and 2024

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

14. Income and mining taxes recovery (continued)

a) Income tax expense (continued)

	June 30, 2025	June 30, 2024
Consists of:		
Current income and mining tax expense	3	–
Deferred income and mining tax recovery	(766)	(4,794)
	<u>(763)</u>	<u>(4,794)</u>

b) Deferred income and mining tax assets and liabilities recognized are attributable to the following:

	June 30, 2025	June 30, 2024
Assets		
Asset retirement obligations	-	275
Lease obligation	1,139	3,617
Liabilities		
Property, plant and equipment	-	(2,062)
Right-of-use assets	(1,139)	(1,830)
Deferred mining tax	-	(766)
	<u>-</u>	<u>(766)</u>

c) Unrecognized deferred tax assets

Deferred tax assets have not been recognized because it is not probable, under accounting standards, that future taxable profit will be available against which the Company can use the benefits therefrom. As at June 30, 2025 and 2024, the amounts of tax attributes and temporary differences for which no tax assets have been recognized, which are available to reduce future years' taxable income were as follows:

	June 30, 2025	June 30, 2024
Canadian Non-capital losses carry-forward	130,403	127,425
Finnish Non-capital losses carry-forwards	1,529	1,198
Property, plant and equipment	18,903	-
Asset retirement obligations	1,035	-
Share issuance costs	181	431
Restricted share units	289	790
Lease obligation	13,792	3,982

As at June 30, 2025 and 2024, no deferred tax liability was recognized for temporary differences arising from investments in subsidiaries because the Company controls the decisions affecting the realization of such liabilities and it is probable that the temporary differences will not reverse in the foreseeable future.

Strategic Resources Inc.**Notes to the Consolidated Financial Statements****For the years ended June 30, 2025 and 2024**

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

14. Income and mining taxes recovery (continued)

- d) The Company has accumulated non-capital losses for income tax purposes. Those losses will expire as follows:

Expiry Date	Federal	Finland
2025	195	–
2026	311	–
2027	301	–
2028	723	–
2029	492	157
2030	122	207
2031	254	255
2032	249	360
2033	220	261
2034	171	98
2035	141	191
2036	1,776	–
2037	14,513	–
2038	30,365	–
2039	27,999	–
2040	31,558	–
2041	7,874	–
2042	3,345	–
2043	2,415	–
2044	4,026	–
2045	3,353	–
	130,403	1,529

15. Related party transactions

Key management includes the Company's directors and all executive officers. Compensation awarded to key management includes:

	June 30, 2025	June 30, 2024
Management salaries, bonuses and benefits (including capitalized portion)	895	1,104
Share-based compensation	467	3,196
Consulting fees	625	607
	1,987	4,907

Strategic Resources Inc.**Notes to the Consolidated Financial Statements****For the years ended June 30, 2025 and 2024**

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

16. Finance expenses, net

	June 30, 2025	June 30, 2024
Finance income:		
Interest income from cash and restricted investments	283	902
Finance expenses:		
Financial costs	41	157
Interest expense	1,136	1,100
Accretion interest	35	37
	(1,212)	(1,294)
Finance expenses, net	(929)	(392)

17. Commitments

In the normal course of business, the Company enters into contracts that give rise to commitments. The following table summarizes the Company's contractual obligations:

Year ending June 30:	2026	2027	Total
Operating lease payments	19	1	20
Services agreement	9	–	9
	28	1	29

The Company also entered into contracts which have contractual commitments as follows:

Hydro-QuébecChibougamau

In December 2023, the Company notified Hydro-Québec that it had decided to release its old electrical contracts and to prioritize the development of an pellet plant for its first phase of operations. The pellet plant will require substantially less electricity, and the Company intends to obtain a revised electricity contract as part of the construction timeline. As a result, Hydro-Québec invoiced the Company for \$4,863 (excluding taxes). In April 2024, payment was made in full to Hydro-Québec and the letter of credit was cancelled. This resolved all outstanding obligations related to this agreement.

Saguenay

In December 2023, the Company notified Hydro-Québec that it had decided to release its old electrical contracts and to prioritize the development of an pellet plant for its first phase of operations. The pellet plant will require substantially less electricity, and the Company intends to obtain a revised electricity contract as part of the construction timeline. As a result, Hydro-Québec invoiced the Company for \$3,638 (excluding taxes). In April 2024, payment was made in full to Hydro-Québec and the letter of credit was cancelled. This resolved all outstanding obligations related to this agreement.

After the cancellation of the contribution agreements with Hydro-Québec, Hydro-Québec finalized the construction costs to be paid by the Company and since a liability of \$9,313 was recorded in previous years, the over provision of \$53 (2024 - \$759) was reversed and returned to the Company.

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17. Commitments (continued)**Other commitments**

The Company's operations are governed by governmental laws and regulations regarding environmental protection. Environmental consequences are difficult to identify, and their impact and duration are difficult to determine. At the date of approval of these consolidated financial statements and to the best knowledge of management, the Company is in conformity with the laws and regulations.

18. Policies and processes for managing capital

As at June 30, 2025, the capital of the Company consists of shareholders' equity amounting to \$40,235. The Company's capital management objective are (a) to ensure it can continue as a going concern and (b) to maximize the value of its assets and returns to its shareholders. These objectives can be achieved by obtaining sufficient capital to execute its development plan and take the projects to production or obtaining sufficient proceeds from their disposal.

The Company expects that its current capital resources will support its activities for the next 12 months and the Company intends to raise such funds as required in order to advance its projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The ability of the Company to arrange such financing in the future will depend on the prevailing capital market conditions and its business performance.

The Company is not subject to any external imposed requirements regarding its capital and there were no changes in its approach to capital management during the year ended June 30, 2025.

19. Financial instruments and financial risk management objectives and policies

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk, liquidity risk, and foreign currency risk. The Company's objective with respect to risk management is to minimize potential adverse effects on the Company's financial performance. The Company's Board of Directors provides direction and guidance to management with respect to risk management. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

Fair value

The carrying values of cash, short-term investments, receivables, restricted investments and payables and accrued liabilities approximate their fair values as at June 30, 2025 and June 30, 2024 due to their immediate or short-term maturity.

The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an arm's length transaction between market participants at the measurement date. When appropriate, the Company adjusts the valuation models to incorporate a measure of credit risk.

Strategic Resources Inc.

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For the years ended June 30, 2025 and 2024

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19. Financial instruments and financial risk management objectives and policies (continued)

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: based on quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: based on inputs which have a significant effect on fair value that are observable, either directly or indirectly from market data; and
- Level 3: based on inputs which have a significant effect on fair value that are not observable from market data.

Fair value information disclosures are not required for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company manages credit risk by investing its excess cash in short-term investments with a Canadian chartered bank. The maximum exposure to credit risk at the reporting date is the carrying value of the Company's financial assets.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flows. The risk that the Company will realize a loss as a result of a decline in the fair value of any short-term investments and restricted investments is limited because these investments, although readily convertible into cash, are generally held to maturity. As of June 30, 2025, management estimates that if interest rates had changed by 25 basis points for those funds invested in GICs, assuming all other variables remained constant, the impact on the Company's loss for the year ended June 30, 2025 and 2024 would have been negligible.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company is not presently generating any cash inflows from its operating activities. The Company manages its liquidity risk by forecasting cash flow requirements for its planned operating activities as well as its investing and financing activities.

As at June 30, 2025, the Company had current assets of \$5,059 (2024 - \$4,382) to settle current liabilities of \$2,409 (2024 - \$2,735), which include payables and accrued liabilities and other short-term obligations. The Company's trade payables have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation of capital and liquidity (Note 1).

Strategic Resources Inc.**Notes to the Consolidated Financial Statements****For the years ended June 30, 2025 and 2024**

(expressed in thousands of Canadian dollars or other currencies, except for number of equity instruments and per share amounts)

19. Financial instruments and financial risk management objectives and policies (continued)**Foreign exchange risk**

The functional currency of the Company and its subsidiaries is the Canadian dollar or Euro. The Company's reporting currency is the Canadian dollar. The carrying amounts of financial assets and financial liabilities denominated in currencies other than the functional currency for each subsidiary are subject to fluctuations in the underlying foreign currency exchange rates. Gains and losses on such items are included as a component of net loss for the year.

The Company is exposed to currency risks arising from fluctuations in foreign exchange rates primarily among the U.S. dollar and Euro and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign exchange and currency risks. The Company's exposure to foreign currency risks on cash balances held in foreign currencies is not expected to be significant.

As at June 30, 2025, the Company has cash denominated in US dollars of US\$106 (2024 – US\$5) and in Euro of €43 (2024 - €19) and accounts payable denominated in US dollars of US\$115 (2024 – US\$Nil) and in Euro of €9 (2024 - €2). The impact of any fluctuations in the above foreign currencies is not expected to have a significant effect on results of operations of the Company.

20. Segment information*Operating segments*

The Company determined that it had one operating segment for all its properties.

Geographical segments

The Company's non-current assets by geographical area as at June 30, 2025 and 2024 are as follows:

June 30, 2025	Canada	Finland	Total
Exploration and evaluation assets	–	6,744	6,744
Property, plant and equipment	47,640	–	47,640
Total	47,640	6,744	54,384
June 30, 2024	Canada	Finland	Total
Exploration and evaluation assets	–	6,722	6,722
Property, plant and equipment	77,018	–	77,018
Total	77,018	6,722	83,740

Strategic Resources Inc.

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21. Contingencies

Claim by terminated former employees

On the completion of the restructuring of BlackRock some employees were terminated on June 2, 2022. Following their termination certain employees filed complaints with the Commission des normes, de l'équité, de la santé et de la sécurité du travail ("CNESST") for dismissals made without good and sufficient cause and have requested unspecified compensation. These complaints have been forwarded to the Administrative Labour Tribunal and a hearing was held in February 2024. The hearing was to determine whether, on a summary basis, the claims had already been dismissed through the reverse vesting order rendered by the Superior Court on May 31, 2022, pursuant to the Companies Creditors Arrangement Act. The Administrative Tribunal dismissed the Company's motion. A hearing on the merits of the former employees' claims has been scheduled for January 2026. In January and July 2025, two former employees filed a claim in small claims court for \$15 each. In March 2025, two former employees filed a claim in superior court for \$506. The four employees who filed the claims in small claim and superior court are also part of the group who filed the CNESST complaints that are pending before the Administrative Labour Tribunal and the civil claims have been suspended until a final decision is made on those CNESST complaints. The Company is working with its counsel to defend the application filed in superior court. No provision has been recorded by the Company in connection with this matter. The Company does not expect the resolution of this matter to have a material adverse effect on the financial position or results of operations of the Company.