

# **LUX METALS CORP.**

(FORMERLY HUNTSMAN EXPLORATION INC.)

**CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED AUGUST 31, 2025 AND 2024  
(EXPRESSED IN CANADIAN DOLLARS)**

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Lux Metals Corp. (formerly "Huntsman Exploration Inc.):

### **Opinion**

We have audited the consolidated financial statements of Lux Metals Corp. (formerly "Huntsman Exploration Inc.") and its subsidiaries (together the "Company"), which comprise the consolidated statements of financial position as at August 31, 2025 and 2024, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity (deficit) and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at August 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

### **Basis for Opinion**

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

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 2 in the consolidated financial statements, which describes conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended August 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matter	How our audit addressed the key audit matter
<i>Assessment of the existence of impairment indicators for exploration and evaluation assets</i>	
Refer to note 6	Our approach to addressing the matter involved the following procedures, among others:
<p>As at August 31, 2025, the carrying amount of the Company's exploration and evaluation assets was \$155,609.</p> <p>At each reporting period, management assesses exploration and evaluation assets to determine whether there are any indicators of impairment. If any such indicators exist, the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.</p> <p>Management assesses exploration and evaluation assets for impairment based on, at minimum, the presence of any of the following indicators:</p> <ul style="list-style-type: none"> <li>(i) the period for which the Company has the right to explore in the specific area has expired during the year or will expire in the near future, and is not expected to be renewed;</li> <li>(ii) substantive expenditure on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned;</li> <li>(iii) the Company has decided to discontinue exploration for and evaluation of mineral resources in the specific area; and/or</li> <li>(iv) for areas of likely development, available data indicates that the carrying amount exceeds the recoverable amount.</li> </ul> <p>Impairment indicators were identified for the Legear property. The carrying amount exceeded the recoverable amount of the assets and for the year ended August 31, 2025, an impairment of \$104,800 was recognized.</p> <p>We considered this a key audit matter due to the significance of the exploration and evaluation assets and the judgments made by management in their assessment of impairment indicators related to exploration and evaluation assets. These factors have resulted in a high degree of subjectivity in performing audit procedures, related to the judgment applied by management.</p>	<p>Evaluating the judgments made by management in determining the impairment indicators, which included the following:</p> <ul style="list-style-type: none"> <li>• Obtained, for a sample of claims by reference to government registries, evidence to support (i) the right to explore the area and (ii) claim expiration dates.</li> <li>• Obtained evidence supporting the continued and planned exploration expenditures.</li> <li>• Assessed whether available data indicates the potential for commercially viable mineral resources.</li> <li>• Based on evidence obtained in other areas of the audit, considered whether other facts and circumstances suggest that the carrying amount may exceed the recoverable amount.</li> </ul>

### ***Other Information***

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company 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 purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Doris Yingying Cen.

*Baker Tilly WM LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.  
December 19, 2025

**LUX METALS CORP.**  
**(formerly Huntsman Exploration Inc.)**  
**Consolidated Statements of Financial Position**  
**As at August 31,**  
**(Expressed in Canadian Dollars)**

	2025	2024
<b>ASSETS</b>		
Current		
Cash	\$ 207,927	\$ 3,439
Term deposit	-	18,272
Marketable securities (Note 7)	17,600	11,200
GST receivable	6,317	3,418
Prepaid expenses	20,357	3,500
	252,201	39,829
Exploration and evaluation assets (Note 6)	155,609	7,500
	<b>\$ 407,810</b>	<b>\$ 47,329</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>		
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities (Note 9)	\$ 184,932	\$ 351,967
	184,932	351,967
<b>Equity (Deficit)</b>		
Share capital (Note 10)	30,305,967	29,358,478
Reserves (Note 10)	3,129,713	2,909,991
Deficit	(33,200,313)	(32,345,267)
Accumulated other comprehensive loss	(12,489)	(227,840)
	222,878	(304,638)
	<b>\$ 407,810</b>	<b>\$ 47,329</b>

Going Concern (Note 2)  
Commitments (Note 6)  
Subsequent Events (Note 16)

Authorized for issuance on behalf of the Board on December 19, 2025:

"Nathan Tribble" Director

"Carl Ginn" Director

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

**LUX METALS CORP.**  
**(formerly Huntsman Exploration Inc.)**  
**Consolidated Statements of Loss and Comprehensive Loss**  
**For the Years Ended August 31,**  
**(Expressed in Canadian Dollars)**

	2025	2024
<b>Expenses</b>		
Consulting fees (Note 9)	\$ 182,359	\$ 71,486
Foreign exchange	63	15
General exploration	24,583	97,034
Management fees (Note 9)	60,000	52,500
Office and general	22,076	29,107
Professional fees	86,474	75,633
Rent (Note 9)	24,000	24,000
Share-based payments (Notes 9 and 10)	106,176	-
Shareholder communications and investor relations	5,043	6,693
Transfer agent and filing fees	29,947	14,640
<b>Loss Before Other Items</b>	<b>(540,721)</b>	<b>(371,108)</b>
<b>Other Items</b>		
Interest income	389	873
Impairment of exploration and evaluation assets (Note 6)	(104,800)	-
Realized gain on marketable securities (Note 7)	-	6,461
Change in fair value of marketable securities (Note 7)	6,400	63,071
Foreign exchange loss on dissolution of foreign operations (Note 3)	(216,314)	-
	<b>(314,325)</b>	<b>70,405</b>
<b>Net Loss for the Year</b>	<b>(855,046)</b>	<b>(300,703)</b>
<b>Other Comprehensive Loss</b>		
Item that may be reclassified subsequently to income or loss:		
Reclassification on dissolution of foreign operations (Note 3)	216,314	-
Exchange difference on translating foreign operations	(963)	(1,028)
<b>Comprehensive Loss for the Year</b>	<b>\$ (639,695)</b>	<b>\$ (301,731)</b>
<b>Loss per Share – Basic and Diluted</b>	<b>\$ (0.03)</b>	<b>\$ (0.02)</b>
<b>Weighted Average Number of Common Shares Outstanding</b>	<b>26,321,918</b>	<b>15,914,631</b>

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

**LUX METALS CORP.**  
**(formerly Huntsman Exploration Inc.)**  
**Consolidated Statements of Changes in Shareholders' Equity (Deficit)**  
**(Expressed in Canadian Dollars, except number of shares)**

	<u>Share Capital</u>				Accumulated Other Comprehensive Loss	
	Number of Shares	Share Capital	Reserves	Deficit		Total
<b>Balance, August 31, 2023</b>	<b>15,724,740</b>	<b>\$ 29,350,978</b>	<b>\$ 2,909,991</b>	<b>\$ (32,044,564)</b>	<b>\$ (226,812)</b>	<b>\$ (10,407)</b>
Shares issued for exploration and evaluation assets	250,000	7,500	-	-	-	7,500
Net loss for the year	-	-	-	(300,703)	-	(300,703)
Exchange difference on translating foreign operations	-	-	-	-	(1,028)	(1,028)
<b>Balance, August 31, 2024</b>	<b>15,974,740</b>	<b>29,358,478</b>	<b>2,909,991</b>	<b>(32,345,267)</b>	<b>(227,840)</b>	<b>(304,638)</b>
Shares issued for cash	21,586,666	885,200	-	-	-	885,200
Share issuance costs	-	(7,711)	-	-	-	(7,711)
Shares issued for exploration and evaluation assets	1,000,000	70,000	-	-	-	70,000
Warrants issued for exploration and evaluation assets	-	-	113,546	-	-	113,546
Share-based payments	-	-	106,176	-	-	106,176
Net loss for the year	-	-	-	(855,046)	-	(855,046)
Reclassification on dissolution of foreign operations	-	-	-	-	216,314	216,314
Exchange difference on translating foreign operations	-	-	-	-	(963)	(963)
<b>Balance, August 31, 2025</b>	<b>38,561,406</b>	<b>\$ 30,305,967</b>	<b>\$ 3,129,713</b>	<b>\$ (33,200,313)</b>	<b>\$ (12,489)</b>	<b>\$ 222,878</b>

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



**LUX METALS CORP.**  
**(formerly Huntsman Exploration Inc.)**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended August 31,**  
**(Expressed in Canadian Dollars)**

	2025	2024
<b>Operating Activities</b>		
Net loss for the year	\$ (855,046)	\$ (300,703)
Items not involving cash		
Foreign exchange	(942)	(4,769)
Impairment of exploration and evaluation assets	104,800	-
Realized gain on marketable securities	-	(6,461)
Change in fair value of marketable securities	(6,400)	(63,071)
Foreign exchange loss on dissolution of foreign operations	216,314	-
Share-based payments	106,176	-
Changes in non-cash working capital balances		
GST receivable	(2,899)	(250)
Prepaid expenses	(16,857)	290
Accounts payable and accrued liabilities	(168,279)	34,783
<b>Cash Used in Operating Activities</b>	<b>(623,133)</b>	<b>(340,181)</b>
<b>Investing Activities</b>		
Proceeds from term deposit	18,272	-
Exploration and evaluation asset expenditures	(68,119)	(43,345)
Proceeds on sale of marketable securities	-	192,593
Proceeds on sale of exploration and evaluation assets	-	200,000
<b>Cash Provided by (Used in) Investing Activities</b>	<b>(49,847)</b>	<b>349,248</b>
<b>Financing Activities</b>		
Shares issued for cash	885,200	-
Share issuance costs	(7,711)	-
Repayment of loan payable	-	(42,000)
<b>Cash Provided by (Used in) Financing Activities</b>	<b>877,489</b>	<b>(42,000)</b>
<b>Change in Cash</b>	<b>204,509</b>	<b>(32,933)</b>
<b>Effect of Exchange Rates on Cash</b>	<b>(21)</b>	<b>644</b>
<b>Cash, Beginning of Year</b>	<b>3,439</b>	<b>35,728</b>
<b>Cash, End of Year</b>	<b>\$ 207,927</b>	<b>\$ 3,439</b>

Supplemental Disclosure with Respect to Cash Flows (Note 13)

## **1. NATURE OF OPERATIONS**

Lux Metals Corp. (the “Company”) is an exploration stage company incorporated pursuant to the British Columbia *Business Corporations Act* on March 31, 2011. The principal business of the Company is the acquisition, exploration and evaluation of mineral properties. The Company changed its name from Huntsman Exploration Inc. to Lux Metals Corp. on September 25, 2025. The Company’s shares are listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol “LXM” and quoted on the US OTC Markets under the symbol “BBBMF”. The address of the Company’s corporate office and its principal place of business is 1615 – 200 Burrard Street, Vancouver, British Columbia, Canada, V6C 3L6.

## **2. GOING CONCERN**

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has incurred a net loss of \$855,046 for the year ended August 31, 2025 and has an accumulated deficit of \$33,200,313 at August 31, 2025. The Company’s ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern.

These consolidated financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

## **3. BASIS OF PRESENTATION**

### **a) Statement of compliance**

The consolidated financial statements are prepared in accordance with IFRS Accounting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), and interpretations of the IFRS Interpretations Committee, and were approved and authorized for issue by the Board of Directors on December 19, 2025.

### **b) Measurement basis**

These consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments that have been measured at fair value. These consolidated financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

**LUX METALS CORP.**  
**(formerly Huntsman Exploration Inc.)**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended August 31, 2025 and 2024**  
**(Expressed in Canadian Dollars)**

**3. BASIS OF PRESENTATION (Continued)**

c) Consolidation

These consolidated financial statements include all subsidiaries for the periods presented. Intercompany balances and transactions are eliminated. These subsidiaries are listed as follows:

<b>Subsidiary</b>	<b>Ownership August 31, 2025</b>	<b>Ownership August 31, 2024</b>	<b>Incorporated</b>	<b>Nature</b>
BlueBird Battery Metals Australia Pty. Ltd.	0%*	100%	Australia	Mineral exploration
Huntsman Exploration USA Inc.	100%	100%	USA	Mineral exploration
PieCo Metals Pty. Ltd.	0%*	100%	Australia	Mineral exploration

\*Dissolved on August 27, 2025

Control exists over an entity when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

During the year ended August 31, 2025, the Company reclassified cumulative translation losses in the amount of \$216,314 from other comprehensive loss to profit or loss, related to the dissolution of its foreign operations (2024 - \$nil), BlueBird Battery Metals Australia Pty. Ltd. and PieCo Metals Pty. Ltd. No gain or loss was recognized on the dissolution of these entities, as they were inactive during the period.

**4. MATERIAL ACCOUNTING POLICIES**

a) Exploration and evaluation assets

All expenditures related to the cost of exploration and evaluation of mineral resources, including acquisition costs for interests in mineral claims, are capitalized as exploration and evaluation assets and are classified as intangible assets. General exploration costs not related to specific mineral properties and costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, capitalized costs of the related property are reclassified as mining assets and, upon commencement of commercial production, are amortized using the units of production method over estimated recoverable reserves. On reclassification from exploration and evaluation assets to mining assets, the related properties are assessed for impairment. Impairment is assessed at the level of cash-generating units. Impairment losses are recognized in profit or loss.

**4. MATERIAL ACCOUNTING POLICIES (Continued)**

a) Exploration and evaluation assets (continued)

Management regularly assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. The Company tests for impairment if one of the following factors is present: the rights to explore have expired or are near to expiry with no expectation of renewal; no further substantive expenditures are planned or budgeted; exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered; or, in an area with development likely to proceed, the carrying amount is unlikely to be recovered in full by development or sale.

The recoverability of exploration and evaluation assets is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves and the profitability of future operations. The Company has not yet determined whether its mineral properties contain economically recoverable reserves. Amounts capitalized to exploration and evaluation assets do not necessarily reflect present or future values.

Exploration costs renounced due to flow-through share subscription agreements remain capitalized; however, for corporate income tax purposes, the Company has no right to claim these costs as tax deductible expenses.

Payments on mineral property option agreements and asset purchase agreements are made at the discretion of the Company, and accordingly, are recorded as they are incurred.

b) Foreign currency translation

The functional and presentation currency of the Company is the Canadian dollar. The functional currency of the Company's Australian subsidiaries is the Australian dollar and the functional currency of the Company's USA subsidiary is the US dollar ("US\$"), which have been determined to be the currencies of the primary economic environment in which the subsidiaries operate.

Transactions in currencies other than the functional currency are translated at the exchange rates prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the rates prevailing at the reporting date. Non-monetary items are translated at historical rates and are not retranslated.

Exchange gains and losses arising from the translation of foreign currency-denominated transactions or balances are recorded as a component of profit or loss in the period in which they occur.

The results of operations and financial position of each subsidiary where the functional currency is different from the presentation currency are translated as follows: assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position; expenses are translated at the average exchange rate for the period in which they are incurred, all resulting exchange differences are recognized in other comprehensive income or loss and accumulated in the foreign currency translation reserve in equity. Once a subsidiary ceases to be a subsidiary, any amounts accumulated in equity are transferred to profit or loss.

**4. MATERIAL ACCOUNTING POLICIES (Continued)**

c) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

As at August 31, 2025, the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties, and accordingly, no provision has been recorded for site reclamation or abandonment.

d) Share-based payments

The Company has an equity-settled share-based compensation plan. Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative cost reflects the revised estimate, with a corresponding adjustment to reserves.

The amounts recorded in reserves for unexercised share options remain in reserves upon their expiry or cancellation.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted on the date the entity obtains the goods or the counterparty renders the service.

e) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding, as the effect is anti-dilutive. The weighted average number of common shares outstanding is adjusted retrospectively for changes in capitalization, such as share splits, reverse splits or cancellations.

f) Income taxes

Income tax on profit or loss comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

**4. MATERIAL ACCOUNTING POLICIES (Continued)**

f) Income taxes (continued)

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 statement of financial position date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred tax is recorded using the liability method whereby 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 measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is not recognized for temporary differences that arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits 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.

g) Financial instruments

Financial instruments are originally recorded at fair value when the Company becomes a party to the contractual provisions of these instruments, plus or minus, in the case of financial instruments not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition or issue of the financial instruments. Transaction costs are expensed for financial instruments measured at FVTPL.

Classification of financial instruments is established by management at the initial recognition of financial instruments based on the purpose for which these financial instruments were acquired or incurred. Financial instruments are classified into one of three categories: amortized cost, fair value through other comprehensive income ("FVTOCI") and FVTPL. All financial instruments not classified at amortized cost or FVTOCI are classified at FVTPL. On initial recognition, the Company can irrevocably designate a financial instrument at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

The classification determines the method by which the financial instruments are carried on the consolidated statement of financial position subsequent to initial recognition and how changes in value are recorded. The following accounting policies apply to the subsequent measurement of financial instruments:

Financial assets

- i) Amortized cost – These financial assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment charges are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

**4. MATERIAL ACCOUNTING POLICIES (Continued)**

g) Financial instruments (continued)

Financial assets (continued)

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

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss; and
  - Its contractual terms give rise to cash flows that are solely payments of principal and interest.
- ii) FVTOCI – these financial assets are classified and measured at FVTOCI if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- iii) FVTPL – any financial assets that are not held in one of the two business models mentioned above are measured at FVTPL. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Impairment

The Company has a three-stage expected credit loss model for calculating impairment for financial assets. The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For receivables, the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, through profit or loss, if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Financial liabilities

All financial liabilities are classified and subsequently measured at amortized cost, except for financial liabilities at FVTPL and FVTOCI. The classification determines the method by which the financial liabilities are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. Financial liabilities classified as at amortized cost are measured in subsequent periods using the effective interest method. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial instrument, or where appropriate, a shorter period.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the reliability of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for assets or liabilities that are unobservable.

**4. MATERIAL ACCOUNTING POLICIES (Continued)**

h) Share capital

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of warrants. Depending on the terms and conditions of the equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction. The Company allocates the total fair value of units to the common share and warrant components using the residual value approach, whereby it measures the common share component of the unit at fair value using the trading price on the date of issuance and then allocates the residual value, if any, of the units over the fair value of the common shares to the warrant component. The value of the warrant component is credited to reserves.

Warrants that are issued as payment for agency fees or other transaction costs are accounted for as share-based payments and are measured at fair value using a valuation model.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

i) Accounting standard adopted during the year

**Classification of Liabilities as Current or Non-current (Amendments to International Accounting Standard (“IAS”) 1 *Presentation of Financial Statements*)**

IAS 1 has been amended to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

These amendments to IAS 1 were adopted beginning September 1, 2024. These amendments did not have any material impact for the Company.

j) Accounting standards issued but not yet effective

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

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments. The amendments clarify that a financial liability is derecognized on the settlement date and introduce an accounting policy choice to derecognize a financial liability settled using an electronic payment system before the settlement date. Other clarifications include guidance on the classification of financial assets with ESG-linked features, non-recourse loans and contractually linked instruments.

The amendments are effective for annual periods beginning on or after January 1, 2026. Early adoption is permitted, with an option to early adopt only the amendments to the classification of financial assets (for contingent features). The Company is currently in the process of assessing the impact of the amendments on the consolidated financial statements and notes to the consolidated financial statements



**4. MATERIAL ACCOUNTING POLICIES (Continued)**

- j) Accounting standards issued but not yet effective (continued)

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

In April 2024, the IASB issued IFRS 18. This standard aims to improve the consistency and clarity of financial statement presentation and disclosures by providing updated guidance on the structure and content of financial statements. Key changes include enhanced requirements for the presentation of financial performance, financial position, and cash flows, as well as additional disclosures to improve transparency and comparability.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. The Company is currently assessing the impact that the adoption of IFRS 18 will have on its consolidated financial statements.

**5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The Company makes estimates, judgments and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and judgments.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income (loss) in the year of the change if the change affects that year only, or in the year of the change and future years if the change affects both.

*Judgments in applying accounting policies*

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below.

- a) Impairment of exploration and evaluation assets

The carrying values of capitalized exploration and evaluation assets are reviewed annually, or when indicators of impairment are present. In the case of undeveloped properties, there may be only inferred resources to allow management to form a basis for the impairment review. The review is based on the Company's intentions for the development of such a property. If a mineral property does not prove viable, all unrecoverable costs associated with the property are charged to profit or loss at the time the impairment determination is made.

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**6. EXPLORATION AND EVALUATION ASSETS**

Total costs incurred on exploration and evaluation assets are summarized as follows:

	<b>Legear Property</b>	<b>Lux Lake Property</b>	<b>Total</b>
<b><u>Acquisition Costs</u></b>			
<b>Balance, August 31, 2023</b>	\$ -	\$ -	\$ -
Acquisition and option payments	7,500	-	7,500
<b>Balance, August 31, 2024</b>	<b>7,500</b>	<b>-</b>	<b>7,500</b>
Acquisition and option payments	90,000	153,546	243,546
Staking	7,300	-	7,300
Impairment	(104,800)	-	(104,800)
<b>Balance, August 31, 2025</b>	<b>\$ -</b>	<b>\$ 153,546</b>	<b>\$ 153,546</b>
<b><u>Deferred Exploration Expenditures</u></b>			
<b>Balance, August 31, 2023 and 2024</b>	\$ -	\$ -	\$ -
Geological	-	2,063	2,063
<b>Balance, August 31, 2025</b>	<b>\$ -</b>	<b>\$ 2,063</b>	<b>\$ 2,063</b>
<b><u>Total Exploration and Evaluation Assets</u></b>			
<b>Balance, August 31, 2024</b>	<b>\$ 7,500</b>	<b>\$ -</b>	<b>\$ 7,500</b>
<b>Balance, August 31, 2025</b>	<b>\$ -</b>	<b>\$ 155,609</b>	<b>\$ 155,609</b>

**6. EXPLORATION AND EVALUATION ASSETS (Continued)**

a) Legear Property

On November 3, 2023, and as amended on May 24, 2024 and November 23, 2024, the Company entered into an option agreement to acquire a 100% interest in the Legear Property located in Ontario. Under the terms of the agreement, the Company made payments as follows:

- Issuance of 250,000 common shares of the Company upon approval by the TSX-V (issued and fair valued at \$7,500 (Note 10(b)); and
- Issuance of an additional 1,000,000 common shares of the Company (issued and fair valued at \$70,000 (Note 10(b)) and a cash payment of \$20,000 (paid) on or before February 28, 2025.

The vendor retains a 2% net smelter return royalty ("NSR"), of which one-half (1%) may be repurchased by the Company for \$500,000.

During the year ended August 31, 2025, the Legear Property claims lapsed and were fully re-staked by the Company. At August 31, 2025, further exploration on the Legear Property was neither budgeted, nor planned. Accordingly, the Company recorded an impairment of \$104,800.

b) Lux Lake Property

On February 25, 2025, and as amended on March 3, 2025, the Company entered into an asset purchase agreement to acquire the Lux Lake property, located in Saskatchewan. Under the terms of the agreement, the Company is required to make payments as follows:

- Cash payment of \$40,000 (paid) and issuance of 1,750,000 warrants, exercisable at a price of \$0.07 per share for a period of five years, upon approval by the TSX-V (issued on April 9, 2025 and fair valued at \$113,546)(Note 10(c)); and
- Cash payment of an additional \$40,000 and issuance of an additional 1,750,000 warrants, exercisable at a price of \$0.07 per share for a period of five years, on or before February 25, 2026.

The property is subject to a 2% gross overriding royalty.

c) Baxter Spring Property

On August 26, 2020, and as amended on September 22, 2021, the Company entered into an option agreement to acquire a 100% interest in the Baxter Spring Property, located in Nevada, from Liberty Gold Corp. ("Liberty") and Liberty's wholly owned subsidiary, Pilot Gold (USA) Inc.

In consideration, the Company made payments as follows:

- Cash payment of US\$250,000 (paid);
- An additional cash payment of US\$250,000 (paid) on or before May 31, 2022; and
- Issuance of common shares of the Company equal to 19.5% of the outstanding shares (issued 1,498,689 shares measured at \$3,821,657).

The property is subject to a 2% NSR and Liberty retained a back-in right to acquire a 35% interest in the property within three years upon payment of the sum of US\$1,000,000 to the Company.

The Company retained ownership of the Baxter Spring Property until September 26, 2023, when it completed the sale of its interest for \$200,000. The proceeds were included in amounts receivable at August 31, 2023 and were received during the year ended August 31, 2024.

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**7. MARKETABLE SECURITIES**

During the year ended August 31, 2023, the Company received 80,000 shares of Lion Rock Resources Inc. ("Lion Rock") from the previous sale of the Maybrun Property. A gain on marketable securities of \$6,400 (2024 - loss of \$3,200) was recorded during the year ended August 31, 2025. At August 31, 2025, the fair value of the 80,000 Lion Rock shares was \$17,600 (2024 - \$11,200).

During the year ended August 31, 2023, the Company received 50,000,000 shares of Corcel PLC ("Corcel") from the sale of lithium and other pegmatite-related metal rights on the Canegrass Property. The Company sold 29,740,000 Corcel shares and recorded a gain on marketable securities of \$6,461 during the year ended August 31, 2024.

	<b>August 31, 2025</b>	<b>August 31, 2024</b>
Opening	\$ 11,200	\$ 131,940
Sale of Corcel shares	-	(192,593)
Realized gain on marketable securities	-	6,461
Change in fair value of marketable securities	6,400	63,071
Cumulative translation difference	-	2,321
Closing	\$ 17,600	\$ 11,200

**8. LOAN PAYABLE**

On May 12, 2023, the Company issued a demand loan with fair value of \$42,000 from a shareholder of the Company. The amount is unsecured, non-interest-bearing and is due on demand. On September 13, 2023, the loan was repaid.

**9. RELATED PARTY BALANCES AND TRANSACTIONS**

A party is related to the Company if they have control or joint control over the Company, have significant influence over the Company or are a member of the Company's key management personnel. The Company has determined that the key management personnel include directors and officers of the Company, including the chief executive officer, president and chief financial officer. These amounts of key management compensation are included in the amounts shown in profit or loss for the years ended August 31, 2025 and 2024:

	<b>Year Ended August 31, 2025</b>	<b>Year Ended August 31, 2024</b>
Consulting fees	\$ 12,000	\$ 12,000
Management fees	60,000	52,500
Share-based payments	62,456	-
Total	\$ 134,456	\$ 64,500

During the year ended August 31, 2025, the Company also paid or accrued \$24,000 (2024 - \$24,000) in rent to companies with a common officer.

As at August 31, 2025, included in accounts payable and accrued liabilities is \$76,560 (2024 - \$77,690) due to companies controlled by officers and directors for outstanding consulting fees and \$nil (2024 - \$14,700) due to a company with a common officer for outstanding rent. The amounts are unsecured, non-interest-bearing and due on demand.

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**10. SHARE CAPITAL**

a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and outstanding

During the year ended August 31, 2025

- On February 14, 2025, the Company completed a private placement for gross proceeds of \$410,000. The Company issued 13,666,666 units at a price of \$0.03 per unit. Each unit consisted of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.05 for a period of two years. \$nil value was assigned to warrants. The Company paid share issuance costs of \$3,741.
- On April 1, 2025, the Company issued 1,000,000 common shares (fair valued at \$70,000) as payment on the Legear Property (Note 6(a)).
- On May 7, 2025, the Company completed a private placement for gross proceeds of \$475,200. The Company issued 7,920,000 units at a price of \$0.06 per unit. Each unit consisted of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.10 for a period of two years. \$nil value was assigned to warrants. The Company paid share issuance costs of \$3,970.

During the year ended August 31, 2024

- On November 27, 2023, the Company issued 250,000 common shares (fair valued at \$7,500) for the option agreement on the Legear Property (Note 6(a)).

c) Warrants

Warrant transactions and the number of warrants outstanding for the years ended August 31, 2025 and 2024 are summarized as follows:

	<b>August 31, 2025</b>		<b>August 31, 2024</b>	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	-	-	3,117,845	\$ 3.50
Issued	23,336,666	\$ 0.07		
Expired	-	-	(3,117,845)	\$ 3.50
Outstanding, end of year	23,336,666	\$ 0.07	-	-

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**10. SHARE CAPITAL (Continued)**

c) Warrants (continued)

The following warrants were outstanding and exercisable at August 31, 2025:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Warrants
February 14, 2027	1.46	\$ 0.05	13,666,666
May 7, 2027	1.68	\$ 0.10	7,920,000
April 9, 2030	4.61	\$ 0.07	1,750,000
	1.77		23,336,666

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its warrants issued for exploration and evaluation assets. During the year ended August 31, 2025, the Company granted 1,750,000 warrants (2024 - nil) with a fair value of \$113,546 (Note 6(b)). The fair value of each warrant issued for the years ended August 31, 2025 and 2024 was calculated using the following weighted average assumptions:

	August 31, 2025	August 31, 2024
Expected life (years)	5.00	N/A
Risk-free interest rate	2.80%	N/A
Expected annualized volatility	157.43%	N/A
Dividend yield	0%	N/A
Stock price at grant date	\$ 0.07	N/A
Exercise price	\$ 0.07	N/A
Weighted average grant date fair value	\$ 0.07	N/A

d) Stock options

The Company adopted a stock option plan (the "Plan") to grant incentive stock options to directors, officers, employees and consultants. Under the Plan, the aggregate number of common shares that may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date, including options granted prior to the adoption of the Plan. Options granted may not exceed a term of 10 years, and the term will be reduced to one year following the date of death of the optionee. All options vest when granted unless they are otherwise specified by the Board of Directors or if they are granted for investor relations activities. Options granted for investor relations activities vest over a twelve-month period with no more than 25% of the options vesting in any three-month period.

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**10. SHARE CAPITAL (Continued)**

d) Stock options (continued)

The following is a summary of option transactions under the Company's Plan for the years ended August 31, 2025 and 2024:

	<b>August 31, 2025</b>		<b>August 31, 2024</b>	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	150,000	\$ 0.70	832,500	\$ 1.25
Granted	1,700,000	\$ 0.07	-	-
Expired	(150,000)	\$ 0.70	(682,500)	\$ 1.37
Outstanding, end of year	1,700,000	\$ 0.07	150,000	\$ 0.70

The following stock options were outstanding and exercisable at August 31, 2025:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding	Exercisable
July 25, 2028	2.90	\$ 0.07	1,700,000	1,700,000

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. During the year ended August 31, 2025, the Company granted 1,700,000 stock options (2024 - nil) with a fair value of \$106,176. The fair value of each stock option granted for the years ended August 31, 2025 and 2024 was calculated using the following weighted average assumptions:

	<b>August 31, 2025</b>	<b>August 31, 2024</b>
Expected life (years)	3.00	N/A
Risk-free interest rate	2.81%	N/A
Expected annualized volatility	183.31%	N/A
Dividend yield	0%	N/A
Stock price at grant date	\$ 0.07	N/A
Exercise price	\$ 0.07	N/A
Weighted average grant date fair value	\$ 0.06	N/A

## **11. FINANCIAL INSTRUMENTS**

The Company's financial instruments include cash, term deposit, marketable securities, and accounts payable and accrued liabilities. Cash, term deposit and marketable securities are classified as FVTPL. Accounts payable and accrued liabilities are classified as measured at amortized cost. The carrying values of financial instruments carried at amortized cost approximate their fair values due to the relatively short periods to maturity.

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

<b>August 31, 2025</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash	\$ 207,927	\$ -	\$ -	\$ 207,927
Marketable securities	17,600	-	-	17,600
	\$ 225,527	\$ -	\$ -	\$ 225,527

  

<b>August 31, 2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash	\$ 3,439	\$ -	\$ -	\$ 3,439
Term deposit	18,272	-	-	18,272
Marketable securities	11,200	-	-	11,200
	\$ 32,911	\$ -	\$ -	\$ 32,911

### *Financial risk management objectives and policies*

The risks associated with these financial instruments and the policies on how these risks are mitigated are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

#### **a) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The financial instruments that potentially subject the Company to concentrations of credit risk consists principally of cash. To minimize the credit risk on cash, the Company places the instrument with major Canadian and Australian financial institutions. The maximum amount of credit risk is equal to the carrying value of cash. The Company's management of credit risk has not changed materially from that of the year ended August 31, 2024.

#### **b) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at August 31, 2025, the Company had contractual obligations consisting of accounts payable and accrued liabilities of \$184,932, due within 30 days of the reporting date. All of the liabilities presented as accounts payable are due within 30 days of the reporting date. The Company's management of liquidity risk has not changed materially from that of the year ended August 31, 2024.



## **11. FINANCIAL INSTRUMENTS (Continued)**

### *Financial risk management objectives and policies (continued)*

#### c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices and comprises: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return on capital. The Company's management of market risk has not changed materially from that of the year ended August 31, 2024.

- i) *Currency risk* – Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Company has operations in Canada and the United States and incurs operating and exploration expenditures in all currencies. The fluctuation of the Canadian dollar in relation to the US dollar would not have any material impact on the results of the Company. The Company does not use any techniques to mitigate currency risk.
- ii) *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. The Company is exposed to interest rate risk on the variable rate of interest earned on cash. The fair value interest rate risk on cash is immaterial, as the term deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations. The Company has no interest-bearing financial liabilities.
- iii) *Other price risk* – Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer by factors affecting all similar financial instruments traded in the market. The Company is exposed to other price risk on its marketable securities. A fluctuation in the trading price of the marketable securities of 10% would result in a \$1,800 change in the Company's profit or loss.

## **12. MANAGEMENT OF CAPITAL**

The Company considers its capital to be comprised of equity, which totaled \$222,878 at August 31, 2025 (2024 - deficit of \$304,638).

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the year ended August 31, 2025. The Company is not subject to externally imposed capital requirements.

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**13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

	<b>Year Ended August 31, 2025</b>	<b>Year Ended August 31, 2024</b>
<b>Non-cash Transactions and Supplemental Disclosures</b>		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Shares issued for exploration and evaluation assets	\$ 70,000	\$ 7,500
Warrants issued for exploration and evaluation assets	\$ 113,546	\$ -
Increase (decrease) in exploration and evaluation assets in accounts payable and accrued liabilities	\$ 1,244	\$ (43,345)

**14. SEGMENTED INFORMATION**

The Company operates in one operating segment, being the exploration for and evaluation of mineral resource properties, within two geographical locations – Canada and the United States. Geographical information related to the Company's non-current assets is as follows:

	<b>August 31, 2025</b>	<b>August 31, 2024</b>
Exploration and evaluation assets – Canada	\$ 155,609	\$ 7,500

**15. INCOME TAXES**

The following table reconciles tax expense (income) in the consolidated financial statements to the product of accounting profit multiplied by the applicable tax rate:

	<b>August 31, 2025</b>	<b>August 31, 2024</b>
Loss before income taxes	\$ (855,046)	\$ (300,703)
Combined statutory tax rate	27.00%	27.00%
Income tax recovery at combined statutory rate	(231,000)	(81,000)
Non-deductible items and other	(618,000)	47,000
Tax benefits not recognized	849,000	34,000
Tax expense (income)	\$ -	\$ -

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**15. INCOME TAXES (Continued)**

The tax effects of deductible temporary differences are as follows:

	<b>August 31, 2025</b>	<b>August 31, 2024</b>
Non-capital loss carry-forwards	\$ 2,747,000	\$ 3,450,000
Capital loss carry-forwards	36,000	1,000
Exploration and evaluation assets	3,823,000	3,858,000
Share issuance costs	8,000	20,000
Marketable securities	1,000	2,000
Total	6,615,000	7,331,000
Deferred tax assets not recognized	(6,615,000)	(7,331,000)
	\$ -	\$ -

As at August 31, 2025, the Company has approximately \$10,171,000 of non-capital loss carry-forwards in Canada available to reduce taxable income for future years. These losses expire as follows:

August 31, 2031	\$ 33,000
August 31, 2032	79,000
August 31, 2033	359,000
August 31, 2034	242,000
August 31, 2035	388,000
August 31, 2036	603,000
August 31, 2037	811,000
August 31, 2038	1,752,000
August 31, 2039	1,044,000
August 31, 2040	666,000
August 31, 2041	2,142,000
August 31, 2042	1,015,000
August 31, 2043	247,000
August 31, 2044	323,000
August 31, 2045	467,000
	\$ 10,171,000

**16. SUBSEQUENT EVENTS**

- a) On November 10, 2025, the Company entered into an option agreement to acquire the La Grande Project, located in Quebec. Under the terms of the agreement, the Company can acquire a 100% interest in the La Grande Project by first completing a private placement of at least \$2,000,000 and then issuing the number of common shares of the Company equal to 19.9% of the then outstanding common shares to the vendor following such issuance.

The option agreement contains additional share issuances if the Company issues a technical report with certain ounces of gold equivalent mineralization. The property is subject to underlying NSR royalties of 4%. A director of the Company is an officer and director of the vendor. The agreement is subject to final TSX-V approval.

**16. SUBSEQUENT EVENTS** (Continued)

- b) Subsequent to August 31, 2025, the Company issued 1,400,000 common shares on the exercise of 1,400,000 warrants for gross proceeds of \$70,000.
- c) On December 10, 2025, the Company entered into debt settlement agreements with certain officers, directors and a consultant. The Company will issue 535,000 common shares at a deemed price of \$0.20 per share to settle \$107,000 of accounts payable. The debt settlement agreements are subject to final TSX-V approval.