

Condensed Interim Financial Statements of

McFARLANE LAKE MINING LIMITED

For the three and nine months ended May 31, 2026 and 2025

(Expressed in Canadian Dollars)
(*Unaudited*)

Notice of No Auditors' Review of Condensed Interim Financial Statements

The accompanying unaudited condensed interim financial statements of McFarlane Lake Mining Limited have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

McFARLANE LAKE MINING LIMITED

Condensed Interim Statements of Financial Position

As at May 31, 2026 and August 31, 2025

(Expressed in Canadian Dollars)

(Unaudited)

	Note	May 31, 2026	August 31, 2025
		\$	\$
ASSETS			
Current assets			
Cash and restricted cash	5	5,575,775	426,745
Restricted investment		40,000	32,500
Sales tax recoverable		323,822	17,157
Prepaid expenses		340,537	37,102
Marketable securities	6	645,567	-
Other receivables		96,136	85,354
Total assets		7,021,837	598,858
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current liabilities			
Accounts payable and accrued liabilities	13,15	1,554,849	1,323,953
Note payable	8	-	210,000
Debentures	9	16,793,199	-
Total liabilities		18,348,048	1,533,953
Shareholders' deficit			
Share capital	11(a)	34,134,745	16,259,749
Warrant reserve	11(c)	3,698,641	1,014,690
Contributed surplus	11(b)	4,384,548	2,113,768
Deficit		(53,544,145)	(20,323,302)
Total shareholders' deficit		(11,326,211)	(935,095)
Total liabilities and shareholders' deficit		7,021,837	598,858
Nature of operations			
	1		
Going concern			
	2		
Commitments and contingencies			
	10,16		
Subsequent events			
	17		

See accompanying notes to the unaudited condensed interim financial statements.

On behalf of the Board:

(Signed) Mark Trevisiol, Director(Signed) Deborah Battiston, Director

MCFARLANE LAKE MINING LIMITED
Condensed Interim Statements of Loss and Comprehensive Loss

For the three and nine months ended May 31, 2026 and 2025

(Expressed in Canadian Dollars)

(Unaudited)

		For the three months ended		For the nine months ended	
	Note	2026	May 31, 2025	2026	May 31, 2025
		\$	\$	\$	\$
Operating expenses					
Professional fees	13	104,228	126,515	509,583	369,504
Management and consulting fees	13	90,727	53,400	265,760	170,400
Directors fees	13	19,875	6,000	34,905	25,950
Office and general		31,136	22,920	97,855	69,005
Exploration and evaluation expenditures	7	2,206,093	517,042	32,615,774	1,419,513
Investor relations and business development		374,678	48,632	816,819	67,232
Regulatory and transfer agent fees		14,437	75,305	79,335	100,173
Share-based compensation	11(b),13	553,468	14,961	2,743,412	163,171
Total operating expenses		3,394,642	864,775	37,163,443	2,384,948
Loss before non-operating items		(3,394,642)	(864,775)	(37,163,443)	(2,384,948)
Other income (expense)					
Forgiveness of debt	13	-	-	-	244,488
Finance and interest expense	8,9	(1,293,542)	(1,975)	(4,171,045)	(10,302)
Interest income		37,255	-	106,420	-
Flow-through share premium recovery	10	-	22,400	12,900	196,629
Gain on sale of exploration and evaluation properties	7	-	-	10,568,905	-
Realized loss on marketable securities	6	(461,829)	-	(461,829)	-
Unrealized loss on marketable securities	6	(233,139)	-	(2,666,472)	-
Gain (loss) on foreign exchange	5,9	(165,450)	-	62,723	-
Total other items		(2,116,705)	20,425	3,451,602	430,815
Net loss and comprehensive loss for the period		(5,511,347)	(844,350)	(33,711,841)	(1,954,133)
Net loss per share - basis and diluted	12	(0.013)	(0.003)	(0.084)	(0.008)
Weighted average number of common shares outstanding - Basic and diluted	12	426,090,802	264,146,697	403,537,974	251,279,093

See accompanying notes to the unaudited condensed interim financial statements.

McFARLANE LAKE MINING LIMITED

Condensed Interim Statements of Changes in Shareholders' Equity (Deficit)

For the nine months ended May 31, 2026 and 2025

(Expressed in Canadian Dollars)

(Unaudited)

	Note	Common shares #	Share capital \$	Warrant reserve \$	Contributed surplus \$	Accumulated deficit \$	Total shareholders' equity (deficit) \$
Balance, August 31, 2024		244,738,654	15,125,560	2,939,916	1,779,677	(19,433,947)	411,206
Shares and warrants issued in private placements	11(a)(i)	25,120,000	999,469	256,531	-	-	1,256,000
Flow through shares issued in private placements	11(a)(i)	700,000	49,000	-	-	-	49,000
Premium on flow-through shares	11(a)(i)	-	(22,400)	-	-	-	(22,400)
Share issuance costs	11(a)(i)	-	(97,883)	(29,178)	-	-	(127,061)
Share-based compensation	11(b)	-	-	-	163,171	-	163,171
Expiry of warrants	11(c)	-	-	(2,128,179)	-	2,128,179	-
Net loss for the period		-	-	-	-	(1,954,133)	(1,954,133)
Balance, May 31, 2025		270,558,654	16,053,746	1,039,090	1,942,848	(19,259,901)	(224,217)
Balance, August 31, 2025		273,749,216	16,259,749	1,014,690	2,113,768	(20,323,302)	(935,095)
Shares and warrants issued in private placements	11(a)(ii)	61,936,665	6,634,688	2,655,812	-	-	9,290,500
Flow-through shares issued in private placements	11(a)(ii)	300,000	45,000	-	-	-	45,000
Premium on flow-through shares	11(a)(ii)	-	(12,900)	-	-	-	(12,900)
Share issuance costs	11(a)(iii)	-	(904,368)	(359,572)	-	-	(1,263,940)
Shares issued on acquisition of exploration and evaluation property	11(a)(iii)	82,023,746	10,663,087	-	-	-	10,663,087
Warrants issued in debenture offering	11(c)	-	-	1,094,014	-	-	1,094,014
Debenture issuance cost allocated to warrants		-	-	(121,433)	-	-	(121,433)
Share-based compensation	11(b)	-	-	-	2,743,412	-	2,743,412
Shares issued on exercise of options	11(a)(iv)	5,750,000	957,632	-	(472,632)	-	485,000
Shares issued on exercise of warrants	11(a)(v)	5,399,998	491,857	(93,872)	-	-	397,985
Expiry of warrants	11(c)	-	-	(490,998)	-	490,998	-
Net loss for the period		-	-	-	-	(33,711,841)	(33,711,841)
Balance, May 31, 2026		429,159,625	34,134,745	3,698,641	4,384,548	(53,544,145)	(11,326,211)

See accompanying notes to the unaudited condensed interim financial statements.

MCFARLANE LAKE MINING LIMITED
Condensed Interim Statements of Cash Flows
For the nine months ended May 31, 2026 and 2025
(Expressed in Canadian Dollars)
(Unaudited)

		For the nine months ended May 31,	
	Note	2026	2025
		\$	\$
Operating activities			
Net loss		(33,711,841)	(1,954,133)
Items not affecting cash:			
Finance and interest expense		2,548,713	-
Common shares issued for exploration and evaluation expense	11(a)(iii)	10,663,087	-
Marketable securities received on sale of exploration and evaluation assets	6	(3,933,333)	-
Share-based compensation	11(b)	2,743,412	163,171
Realized loss on marketable securities	6	461,829	-
Unrealized loss on marketable securities	6	2,666,472	-
Forgiveness of debt		-	(244,488)
Flow-through share premium recovery	10	(12,900)	(196,629)
Unrealized foreign exchange gain		(75,260)	-
Change in non-cash working capital items:			
Sales tax recoverable		(306,665)	(102,766)
Prepaid expenses		(303,435)	(6,662)
Other receivables		(10,782)	-
Accounts payable and accrued liabilities		286,808	327,333
Net cash used in operating activities		(18,983,895)	(2,014,174)
Investing activities			
Purchase of restricted investment		(7,500)	-
Proceeds on disposal of marketable securities	6	159,465	-
Net cash provided by investing activities		151,965	-
Financing activities			
Proceeds of private placement - units	11(a)	9,290,500	1,256,000
Proceeds of private placement - flow-through shares	11(a)	45,000	49,000
Share issuance costs related to private placement	11(a)	(1,263,940)	(127,061)
Proceeds from issuance of debenture	9	20,890,500	-
Debentures issuance costs	9	(2,318,800)	-
Partial repayment of debenture	9	(3,312,500)	-
Proceeds from exercise of options	11(a)	485,000	-
Proceeds from exercise of warrants	11(a)	397,985	-
Payment of note payable	8	(210,000)	-
Net cash provided by financing activities		24,003,745	1,177,939
Increase (decrease) in cash and restricted cash		5,171,815	(836,235)
Balance, beginning of the period		426,745	1,142,851
Effect of exchange rate changes on restricted cash	5	(22,785)	-
Balance, end of the period		5,575,775	306,616
Cash and restricted cash			
Cash		4,054,419	306,616
Restricted cash	5	1,521,356	-
		5,575,775	306,616
Supplemental cash flow information			
Interest paid		1,613,417	-

See accompanying notes to the unaudited condensed interim financial statements.

McFARLANE LAKE MINING LIMITED

Notes to the Condensed Interim Financial Statements

For the three and nine months ended May 31, 2026 and 2025

Expressed in Canadian Dollars

(Unaudited)

1. Nature of operations

McFarlane Lake Mining Limited (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on February 3, 2021, and was continued into the Province of Ontario on January 26, 2022. The Company is engaged in the acquisition and exploration of mineral resource properties in Canada.

The Company’s shares are listed on the Canadian Securities Exchange (“CSE”) under the symbol “MLM”, on the Frankfurt Stock Exchange under the symbol “W2Z”, and trades on the OTCQB Venture Market (“OTCQB”) in the United States under the symbol “MLMLF”. The Company’s corporate office is at 15 Kincora Court, Sudbury, Ontario, Canada, P3E 2B9.

2. Going concern

These unaudited condensed interim financial statements have been prepared using accounting policies applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they become due. The business of mining and exploring for minerals involves a high degree of risk, and there can be no assurance that the planned exploration programs will ultimately result in profitable mining operations.

Although the Company has taken steps to verify title to the properties on which it will conduct exploration and in which it has an interest in accordance with industry standards to the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing, requirements, or regulations, unregistered prior agreements, unregistered claims, First Nations’ claims and non-compliance with regulatory requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts and political uncertainties.

These condensed interim financial statements have been prepared in accordance with IFRS accounting standards (“IFRS”) applicable to a going concern. Accordingly, they do not give effect to the adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its obligations and commitments in other than the normal course of business. Such adjustments could be material. As of May 31, 2026, the Company had not yet achieved profitable operations and had accumulated losses of \$53,544,145 (August 31, 2025 - \$20,323,302). These matters represent material uncertainty, which casts significant doubt about the Company’s ability to continue as a going concern.

The business of mining and exploration for minerals involves a high degree of risk, and there can be no assurance that current exploration programs will result in profitable mining operations. The Company’s continued existence is dependent upon the preservation of its interests in the underlying properties, the achievement of profitable operations, or the ability of the Company to raise additional financing as necessary, or alternatively, upon the Company’s ability to dispose of its interests on an advantageous basis.

The Company has raised capital for working capital and the planned exploration and development of its mineral properties. The Company’s continuation as a going concern is dependent upon successful results from its planned exploration and evaluation activities, its ability to attain profitable operations to generate funds and its ability to raise equity capital or borrowings sufficient to meet its current and future obligations for the next twelve months. Although the Company has been successful in raising funds to date, there is no assurance that it will be able to do so in the future. These matters represent material uncertainties that cast doubt about the Company’s ability to continue as a going concern.

McFARLANE LAKE MINING LIMITED

Notes to the Condensed Interim Financial Statements

For the three and nine months ended May 31, 2026 and 2025

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(Unaudited)

3. Basis of preparation

(a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with IFRS issued by International Accounting Standard 34 ("IAS 34"), *Interim Financial Reporting*. These condensed interim financial statements do not conform in all respects to the requirements of IFRS as issued by the International Accounting Standards Board ("IASB") for annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the Company's August 31, 2025 annual financial statements.

Comparative information has been reclassified where necessary to conform to the presentation adopted in the current period.

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company on July 23, 2026.

(b) Basis of measurement

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

(c) Principles of consolidation

These condensed interim financial statements incorporate the financial statements of the Company and the entities it controls.

Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, is exposed to, or has rights to, variable returns from the Company's involvement with the entity, and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. The profit or loss of subsidiaries acquired during the year are recognized from the date of acquisition or the effective date of disposal, as applicable. All intercompany transactions and balances are eliminated.

During the nine months ended May 31, 2026, the Company had no subsidiaries. During the year ended August 31, 2025, the Company had one wholly owned subsidiary: McFarlane Lake Mining Incorporated. On August 31, 2025, McFarlane Lake Mining Incorporated amalgamated with McFarlane Lake Mining Limited.

(d) Functional and presentation currency

These condensed interim financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

MCFARLANE LAKE MINING LIMITED

Notes to the Condensed Interim Financial Statements

For the three and nine months ended May 31, 2026 and 2025

Expressed in Canadian Dollars

(Unaudited)

4. Summary of material accounting policies

Material accounting estimates and judgements

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

Information about critical judgments in applying accounting policies and key sources of estimation uncertainty that were disclosed in the audited annual financial statements for the year ended August 31, 2025 continue to apply to these condensed interim financial statements. The significant judgments and estimates that are new or have changed since that date are discussed below.

a) Valuation of Debentures

The Company makes estimates and assumptions relating to the fair value measurement of its debentures. Judgments include considerations of a market rate of interest estimated using the Company's credit risk, economic environment, and term of the loan. Changes in the assumptions used may have a significant effect on the Company's condensed interim financial statements.

b) Fair value of financial instruments

Marketable securities are measured at fair value. The estimated fair value of financial instruments, by their very nature, is subject to measurement uncertainty. The Company estimates fair value using valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Significant accounting policies - other

These condensed interim financial statements follow the same accounting policies and methods of application as the Company's most recent annual financial statements. Accordingly, they should be read in conjunction with the Company's most recent annual financial statements.

MCFARLANE LAKE MINING LIMITED

Notes to the Condensed Interim Financial Statements

For the three and nine months ended May 31, 2026 and 2025

Expressed in Canadian Dollars

(Unaudited)

5. Restricted cash

As part of the Company's US\$15,000,000 debenture agreement (see note 9), the total expected cash interest expense over the 13-month term of the loan, amounting to \$3,391,129 (US\$2,434,932), was deposited into a restricted interest reserve account and will be paid out over the term of the debentures. Cash interest payments on the debentures are payable quarterly on December 31, 2025, March 31, 2026, June 30, 2026, and September 30, 2026, and on the maturity of the debenture, October 26, 2026.

On November 11, 2025, a partial repayment of the debentures was completed (see note 9).

During the nine months ended May 31, 2026, total interest of \$1,557,505 (US\$1,126,155) was paid to the debenture holders from the restricted interest reserve account.

Additionally, an amount of \$289,483 (US\$206,185), the excess held in the restricted interest reserve account resulting from the partial redemption, was returned to the Company.

As at May 31, 2026, restricted cash within the restricted interest reserve account had a balance of \$1,521,356 (US\$1,102,592).

	Restricted Cash
	\$
Balance, August 31, 2025 and 2024	-
Deposit into the debenture restricted interest reserve account	3,391,129
Interest payments	(1,312,399)
Interest paid on partial debenture redemption	(245,106)
Repayment of excess balance on partial redemption	(289,483)
Foreign exchange adjustment	(22,785)
Balance, May 31, 2026	1,521,356

6. Marketable securities

Marketable securities are recorded at fair value through profit and loss and are comprised of the following:

		May 31, 2026	
	Units	Market value	Cost
		\$	\$
Total Metals Corp. common shares	2,806,813	645,567	3,312,039
		645,567	3,312,039

As part of the sale of the Company's West Hawk Lake and High Lake exploration and evaluation properties to Total Metals Corp. ("Total Metals") on October 27, 2025 (see note 7), the Company received 3,333,333 common shares of Total Metals, which had a fair market value of \$3,933,333. During the nine months ended May 31, 2026, the Company sold 526,520 common shares of Total Metals for proceeds of \$159,465, realizing a loss of \$461,829. As at May 31, 2026, the Total Metals common shares had an estimated fair market value of \$645,567, and an unrealized loss of \$2,666,472 was recognized on the condensed interim statement of loss and comprehensive loss for the nine months ended May 31, 2026. The common shares were subject to a statutory hold period of four months and one day from the October 27, 2025 issuance date in accordance with applicable Canadian securities laws.

MCFARLANE LAKE MINING LIMITED

Notes to the Condensed Interim Financial Statements

For the three and nine months ended May 31, 2026 and 2025

Expressed in Canadian Dollars

(Unaudited)

7. Exploration and evaluation properties

As at May 31, 2026, the Company held the Juby and Knight, McMillan, Mongowin, and Michaud/Munro exploration and evaluation properties.

Juby gold project and Knight property

On September 29, 2025, the Company completed the acquisition of a 100% interest in the Juby gold project and a 25% interest in the adjacent Knight property from Aris Mining Holdings Corp., a wholly owned subsidiary of Aris Mining Corporation ("Aris Mining"). The purchase price was paid through a combination of \$18,335,838 (US\$13,165,677) in cash and the issuance of 82,023,746 common shares of the Company to Aris Mining, which had a fair value of \$10,663,087 (US\$7,659,713), for a total of \$28,998,925 (US\$20,825,390). During the nine months ended May 31, 2026, the Company incurred transaction costs related to the acquisition of \$322,743.

The Juby gold project consists of certain mining claims located near Gowganda, Ontario, within the Abitibi Greenstone Belt area. The Juby gold project's unpatented mining claims and mining leases are subject to various net smelter return royalties ("NSR"), ranging from 2% to 6%, net of various buyback allowances available to the Company.

McMillan property

The McMillan property consists of certain mining claims located in Ontario. The McMillan mine claims are subject to a 2% NSR.

Mongowin property

The Mongowin property consists of certain mining claims and patented claims located in Northeastern Ontario in Mongowin Township. The property is subject to a 2% NSR, of which 0.5% can be purchased for \$600,000. Beginning on the fifth anniversary of the January 31, 2022 purchase agreement, the Company will pay the Mongowin optionor advanced royalty payments of \$25,000 per year (in cash or common shares) to a maximum total of \$250,000. Any exploration expenditures incurred on the Mongowin Property will offset this payment on a dollar-for-dollar basis. If the Company does not pay the advanced royalty payments or spend the required exploration expenditure, the Mongowin Optionor may choose to purchase the property for \$1. The Mongowin Optionor is entitled to a one-time milestone payment of \$2,500,000 upon the commercial exploitation of mineral products on the Mongowin property. As this payment is contingent on future commercial production, which cannot be determined, no provision has been recorded in these condensed interim financial statements.

Michaud/Munro properties

The Michaud/Munro properties consist of certain mining leases located in Northeastern Ontario, in the townships of Michaud and Munro, in the Larder Lake mining district, near the town of Matheson, Ontario. The property is subject to a 1.5% NSR, of which 1% can be purchased for \$1,500,000.

West Hawk Lake and High Lake properties

On October 27, 2025, the Company sold its West Hawk Lake and High Lake properties to Total Metals for \$11,183,333, which included \$7,250,000 in cash and 3,333,333 common shares of Total Metals, which had a fair market value of \$3,933,333, based on a quoted market price of \$1.18 per share. The Company recognized a gain on the sale of exploration and evaluation properties of \$10,568,905, net of \$614,428 in advisory and legal fees, during the nine months ended May 31, 2026.

The High Lake properties consist of certain mining claims located in Ontario, and the West Hawk Lake property consists of certain mining claims located in Manitoba. The High Lake claims were also subject to a 2% NSR with the right to purchase 1% for a purchase price of \$1,250,000.

MCFARLANE LAKE MINING LIMITED

Notes to the Condensed Interim Financial Statements

For the three and nine months ended May 31, 2026 and 2025

Expressed in Canadian Dollars

(Unaudited)

8. Note payable

As at May 31, 2026, the Company had a promissory note outstanding from an officer of the Company for a principal amount of \$nil (August 31, 2025 – \$210,000). This promissory note payable was unsecured, bore interest at 12%, compounded monthly, and was due on demand.

During the nine months ended May 31, 2026, the Company incurred interest expense of \$8,914 (nine months ended May 31, 2025 - \$10,302).

In December 2025, the Company repaid the \$210,000 note payable, along with the accrued interest of \$51,492, for a total payment of \$261,492. Included in accounts payable and accrued liabilities as of May 31, 2026 was accrued interest owed on this note payable in the amount of \$nil (August 31, 2025 - \$55,912).

9. Debentures

On September 29, 2025, the Company completed a non-brokered private placement of 15,000 secured debenture units of the Company for aggregate gross proceeds of \$20,890,500 (US\$15,000,000). As per the trust indenture (the "Indenture"), each debenture unit was comprised of (i) one 15% senior secured debenture having a face value of \$1,392 (US\$1,000) and maturing 13 months from the date of issuance; and (ii) 3,200 common share purchase warrants of the Company. Each warrant entitles the holder to acquire one common share of the Company at a price of \$0.15 per share for a period of three years following the date of issuance. The warrants are exercisable only in shares and meet the "fixed-for-fixed" equity classification requirements of IAS 32, Financial Instruments: Presentation.

The debentures are redeemable at any time at a price equal to 100% of the principal amount, plus accrued and unpaid interest, subject to a minimum of six months' interest (less any interest already paid) if redeemed before holders have received that amount in interest. In addition, all other accrued and outstanding amounts under the Indenture are payable upon redemption.

The total expected cash interest expense over the 13-month term of the loan, amounting to \$3,391,129 (US\$2,434,932), was deposited into a restricted interest reserve account and will be paid out over the term of the debentures (see note 5). The debentures mature on October 26, 2026, and are classified as a current liability.

On the issuance date, the fair value of the debt component of the Indenture was estimated at \$19,796,486 (US\$14,214,465). The Company allocated the fair value of the Indenture to the debt component by discounting the future cash flows using a discount rate of 20%. The difference between the fair value of the Indenture and the face value was allocated to the equity component, in the amount of \$1,094,014 (US\$785,535). The transaction costs of \$2,318,800 were allocated to the debt and equity components proportionately, resulting in the liability component being recognized at \$17,599,119, with an effective interest rate of 31.14%, and the equity component of \$972,581.

In connection with the debenture offering, the Company paid advisory and finders' fees totalling \$1,622,909 (US\$1,164,000), along with \$695,891 in legal fees, for total fees of \$2,318,800.

Insiders of the Company subscribed for \$1,280,732 (US\$920,000) of the debenture offering.

In accordance with the Indenture, the debentures are secured against all the assets of the Company. Under the Indenture, the West Hawk Lake and High Lake sale (see note 7) was considered a permitted asset sale of a secured asset, of which at least 50% of the net cash proceeds are to be applied to redeem the debentures. As a result, on November 11, 2025, the Company made a payment of \$3,557,606 (US\$2,518,859), which included principal repayment of \$3,312,500 (US\$2,344,469), equal to 50% of the net cash proceeds on the permitted asset sale, and an interest repayment, subject to the minimum six-month requirement, of \$245,106 (US\$174,390). The interest payment was taken from the restricted interest reserve account.

McFARLANE LAKE MINING LIMITED

Notes to the Condensed Interim Financial Statements
For the three and nine months ended May 31, 2026 and 2025
Expressed in Canadian Dollars
(Unaudited)

9. Debentures (continued)

During the nine months ended May 31, 2026, the Company recorded interest expense of \$1,997,453, which included prepayment interest expense of \$186,876, resulting from the partial redemption of debentures on November 11, 2025, and accretion expense of \$2,164,677.

The debentures are subject to certain financial covenants, which the Company is in compliance with as of May 31, 2026.

	Debentures
	\$
Balance, August 31, 2025 and 2024	-
Proceeds on debenture issuance (US\$15,000,000)	20,890,500
Transaction costs	(2,318,800)
Portion of debentures allocated to warrants	(972,581)
Partial redemption of debentures (US\$2,344,469)	(3,312,500)
Interest paid (US\$1,126,155)	(1,557,505)
Interest expense	1,810,577
Prepayment interest	186,876
Accretion expense	2,164,677
Foreign exchange adjustment	(98,045)
Balance, May 31, 2026	16,793,199

10. Flow-through share premium liability

The flow-through share premium liability as at May 31, 2026 was \$nil (August 31, 2025 - \$nil).

In June 2024, the Company issued 14,100,000 flow-through shares for gross proceeds of \$705,000, committing to spend this amount by December 31, 2025 on "Canadian exploration expenses" which qualify as "flow-through mining expenditures", as these terms are defined in the Income Tax Act (Canada) ("Resource Expenditures"). Upon the issuance of the flow-through shares, the Company recorded an aggregate flow-through share premium of \$196,348. During the nine months ended May 31, 2026, the Company incurred \$nil (nine months ended May 31, 2025 - \$625,582) in Resource Expenditures towards this commitment and recorded a flow-through share premium recovery of \$nil (nine months ended May 31, 2025 - \$174,229) in the condensed interim statement of loss and comprehensive loss. As at May 31, 2026, the remaining flow-through commitment obligation related to the June 2024 flow-through shares was \$nil (August 31, 2025 - \$nil).

In September 2025, the Company issued 300,000 flow-through shares for gross proceeds of \$45,000, committing to spend this amount by December 31, 2026 on Resource Expenditures. Upon the issuance of the flow-through shares, the Company recorded an aggregate flow-through share premium of \$12,900. During the nine months ended May 31, 2026, the Company incurred the required \$45,000 of Resource Expenditures towards this commitment and recorded a flow-through share premium recovery of \$12,900 (nine months ended May 31, 2025 - \$nil) in the condensed interim statement of loss and comprehensive loss. As at May 31, 2026, the remaining flow-through commitment obligation related to the September 2025 flow-through shares was \$nil (August 31, 2025 - \$nil).

McFARLANE LAKE MINING LIMITED

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11. Share capital**(a) Common shares**Authorized:

The Company is authorized to issue an unlimited number of common shares with no par value.

	Note	Common shares #	Amount \$
Balance, August 31, 2024		244,738,654	15,125,560
Shares and warrants issued in private placements	(i)	22,320,000	892,617
Shares and warrants issued in private placements	(i)	2,800,000	106,852
Flow through shares issued in private placements	(i)	700,000	49,000
Premium on flow-through shares	(i)	-	(22,400)
Share issuance costs	(i)	-	(97,883)
Balance, May 31, 2025		270,558,654	16,053,746
Balance, August 31, 2025		273,749,216	16,259,749
Shares and warrants issued in private placements	(iii)	56,106,667	6,013,115
Shares and warrants issued in private placements	(iii)	5,829,998	621,573
Flow through shares issued in private placements	(iii)	300,000	45,000
Premium on flow-through shares	(iii)	-	(12,900)
Share issuance costs	(iii)	-	(904,368)
Shares issued on acquisition of exploration and evaluation property	(iv)	82,023,746	10,663,087
Shares issued on exercise of options	(v)	5,750,000	957,632
Shares issued on exercise of warrants	(vi)	5,399,998	491,857
Balance, May 31, 2026		429,159,625	34,134,745

Issued and outstanding

During the year ended August 31, 2025, the Company completed the following transactions.

- i. On March 20, 2025, the Company closed the first tranche of a non brokered private placement offering for gross proceeds of \$1,116,000. In connection with the first tranche, the Company issued 22,320,000 units at a price of \$0.05 per unit.

On April 10, 2025, the Company closed the second tranche of a non-brokered private placement offering for gross proceeds of \$189,000, bringing the total gross proceeds from both tranches to \$1,305,000. In connection with the second tranche, the Company issued 2,800,000 units at a price of \$0.05 per unit and 700,000 flow-through shares at a price of \$0.07 per flow-through share.

Each unit consisted of one common share of the Company and one-half of one common share purchase warrant, which is exercisable into one common share of the Company at a price of \$0.07 per common share until September 20, 2026 (first tranche) and October 10, 2026 (second tranche).

The allocation of the units between common shares and warrants was based on the relative fair value of each of the components. The fair value of the warrants was determined using the Black-Scholes option pricing model using the following assumptions: estimated life of 1.5 years, volatility of 170.88%-172.58%, dividend rate of 0%, and a risk-free interest rate of 2.53%-2.62%. The relative fair value of the common shares and warrants was determined to be \$956,323 and \$299,677, respectively.

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11. Share capital (continued)

(a) Common shares (continued)

In connection with the offering, the Company incurred \$65,900 in finder's fees and \$102,897 in legal expenses, of which \$130,035 was allocated to common shares.

Certain directors and officers of the Company subscribed to a total of 2,700,000 units for gross proceeds of \$135,000 in the private placement.

During the nine months ended May 31, 2026, the Company completed the following transactions:

- ii. On September 26, 2025, the Company closed the first tranche of an equity financing in connection with the acquisition of the Juby gold project. In connection with the first tranche, the Company issued: (i) 56,106,667 units at a price of \$0.15 per unit, and (ii) 300,000 flow-through shares at a price of \$0.15 per flow-through share for total proceeds of \$8,461,000.

On October 9, 2025, the Company closed the second tranche of the equity financing in connection with the acquisition of the Juby gold project, issuing 5,829,998 units for \$874,500, bringing the total gross proceeds from both tranches to \$9,335,500, including \$45,000 in the issuance of flow-through shares. A total of 61,936,665 units and 300,000 flow-through shares were issued as part of the Juby Gold Project equity financing.

Each unit consisted of one common share of the Company and one-half of one common share purchase warrant, which is exercisable into one common share of the Company at a price of \$0.25 per common share until September 26, 2028 (first tranche) and October 9, 2028 (second tranche).

The allocation of the units between common shares and warrants was based on the relative fair value of each of the components. The fair value of the warrants was determined using the Black-Scholes option pricing model using the following assumptions: estimated life of 3 years, volatility of 171.96%-175.51%, dividend rate of 0% and a risk-free interest rate of 2.48%-2.51%. The relative fair value of the common shares and warrants was determined to be \$6,634,688 and \$2,655,812, respectively.

In connection with the offering, the Company incurred \$1,263,940 in finder's fees, legal fees, and other expenses, of which \$904,368 was allocated to common shares.

Certain directors and officers of the Company subscribed to a total of 1,931,666 units for gross proceeds of \$289,750 in the offering.

- iii. On September 29, 2025, in connection with the acquisition of the Juby gold project, the Company issued 82,023,746 common shares to Aris Mining, which had a fair value of \$10,663,087, based on a quoted market price of \$0.13 per share. See note 7.
- iv. During the nine months ended May 31, 2026, a total of 5,750,000 common shares were issued upon the exercise of 5,750,000 options for proceeds of \$485,000, and a reallocation from contributed surplus to share capital of \$472,632. See note 11(b).
- v. During the nine months ended May 31, 2026, a total of 5,399,998 common shares were issued upon the exercise of 5,399,998 warrants for proceeds of \$397,985, and a reallocation from warrant reserve to share capital of \$93,872. See note 11(c).

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*(Unaudited)***11. Share capital (continued)****(b) Stock options**

The Company has a stock option plan (the "Plan") for its directors, officers, consultants, and key employees under which the Company may grant options to acquire a maximum number of 15% of the total issued and outstanding common shares of the Company. These options are non-transferable and are valid for a maximum of ten years from the issue date. Vesting terms and conditions are determined by the Board of Directors at the time of the grant. The exercise price of the options is fixed by the Board of Directors at the time of the grant at a minimum of the market price of the common shares, subject to regulatory requirements.

Expected volatility has been determined using the share price of comparable companies for the period equivalent to the life of the options prior to the grant date.

	Number of options	Weighted average exercise price
	#	\$
Options outstanding at August 31, 2024	15,625,000	0.130
Granted	8,900,000	0.027
Options outstanding at August 31, 2025	24,525,000	0.092
Granted	37,100,000	0.150
Exercised	(5,750,000)	0.082
Options outstanding at May 31, 2026	55,875,000	0.131

- (i) On July 19, 2024, the Company approved a total of 6,900,000 stock options to certain directors, officers, and consultants, exercisable at \$0.025 per share and expiring on July 19, 2029. All of these options were issued to related parties. The options vested upon approval of amendments to the option plan by the shareholders of the Company at the annual general meeting on March 3, 2025. As the measurement date is when the options are ultimately granted, the options were revalued each reporting period until the amended stock option plan was approved. On July 19, 2024, and August 31, 2024, the options were determined to have a fair value of \$160,640 and \$193,312, respectively. Upon approval of the option plan on March 3, 2025, the options were determined to have a fair value of \$308,920.

The fair value was determined using the Black-Scholes option pricing model based on the following assumptions:

	March 3, 2025	August 31, 2024	July 19, 2024
Expected life	4.38 years	4.88 years	5.00 years
Expected volatility	134%	159%	159%
Dividend yield	0%	0%	0%
Risk-free rate	2.50%	3.03%	3.35%

During the nine months ended May 31, 2026, share-based compensation expense of \$nil (nine months ended May 31, 2025 - \$113,171) related to these options was recorded in the condensed interim statement of loss and comprehensive loss.

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11. Share capital (continued)

(b) Stock options (continued)

- (ii) On October 31, 2024, the Company approved a total of 1,000,000 stock options to certain consultants, exercisable at \$0.03 per share and expiring on October 31, 2027. The options vested upon approval of amendments to the option plan by the shareholders of the Company at the annual general meeting on March 3, 2025. The stock option's fair value of \$20,000 was determined using the Black-Scholes option pricing model based on the following assumptions: expected life of three years, expected volatility of 149.01%, expected dividend yield of 0%, and a risk-free interest rate of 3.03%. For the nine months ended May 31, 2026, share-based compensation of \$nil (nine months ended May 31, 2025 - \$20,000) related to these options was recorded in the condensed interim statement of loss and comprehensive loss.
- (iii) On December 2, 2024, the Company approved 1,000,000 stock options to an officer, exercisable at \$0.035 per share and expiring on December 2, 2029. The options vested upon approval of amendments to the option plan by the shareholders of the Company at the annual general meeting on March 3, 2025. The stock option's fair value of \$30,000 was determined using the Black-Scholes option pricing model based on the following assumptions: expected life of five years, expected volatility of 150.77%, expected dividend yield of 0%, and a risk-free interest rate of 2.94%. For the nine months ended May 31, 2026, share-based compensation of \$nil (nine months ended May 31, 2025 - \$30,000) was recorded in the condensed interim statement of loss and comprehensive loss.
- (iv) On November 2, 2025, the Company granted a total of 35,100,000 stock options to certain directors, officers, employees, and consultants, exercisable at \$0.15 per share and having a five-year term, expiring on November 2, 2030. The granted options have two different vesting schedules. A total of 30,500,000 options granted had vesting provisions whereby half of the grant vested immediately, and the remaining half vested in six months. Of the remaining 4,600,000 options granted, one-third vest after six months, one-third after 12 months and the final third after 18 months. A total of 29,500,000 of the options granted were issued to related parties. The stock option's fair value of \$2,643,520 was determined using the Black-Scholes option pricing model based on the following assumptions: expected life of five years, expected volatility of 150.58%, expected dividend yield of 0%, and a risk-free interest rate of 2.71%. For the nine months ended May 31, 2026, share-based compensation of \$2,523,415 related to this stock option grant was recorded in the condensed interim statement of loss and comprehensive loss.
- (v) On January 20, 2026, the Company granted a total of 2,000,000 stock options to a director, exercisable at \$0.15 per share and having a five-year term, expiring on January 20, 2031. Half of the grant vested immediately, and the remaining half vests in six months. The stock option's fair value of \$255,523 was determined using the Black-Scholes option pricing model based on the following assumptions: expected life of five years, expected volatility of 151.24%, expected dividend yield of 0%, and a risk-free interest rate of 2.94%. For the nine months ended May 31, 2026, share-based compensation of \$219,997 related to this stock option grant was recorded in the condensed interim statement of loss and comprehensive loss.
- (vi) During the nine months ended May 31, 2026, a total of 5,750,000 options were exercised for 5,750,000 common shares of the Company for gross proceeds of \$485,000. A total of \$472,632 was reallocated from contributed surplus to share capital in connection with the exercise of the options.

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11. Share capital (continued)**b) Stock options (continued)**

As at May 31, 2026, the following options were outstanding and available to be exercised:

Grant date	Expiration date	Stock options outstanding	Stock options vested	Weighted average exercise price	Weighted average remaining life
		#	#	\$	years
May 31, 2021	May 31, 2026	1,000,000	1,000,000	0.100	-
January 25, 2022	January 25, 2027	1,500,000	1,500,000	0.400	0.65
October 14, 2022	October 14, 2027	2,325,000	2,325,000	0.120	1.37
January 13, 2023	January 13, 2028	325,000	325,000	0.160	1.62
May 8, 2023	May 8, 2028	325,000	325,000	0.120	1.94
December 27, 2023	December 27, 2028	5,650,000	5,650,000	0.090	2.58
July 19, 2024	July 19, 2029	6,400,000	6,400,000	0.025	3.14
October 31, 2024	October 31, 2027	250,000	250,000	0.030	1.42
December 2, 2024	December 2, 2029	1,000,000	1,000,000	0.035	3.51
November 2, 2025	November 2, 2030	35,100,000	32,033,333	0.150	4.43
January 20, 2026	January 20, 2031	2,000,000	1,000,000	0.150	4.64
		55,875,000	51,808,333	0.131	3.73

(c) Warrants

The following is a summary of the warrant activity during the nine months ended May 31, 2026 and the year ended August 31, 2025:

	Number of warrants	Weighted average exercise price
	#	\$
Warrants outstanding at August 31, 2024	78,081,148	0.12
Expired	(57,403,231)	0.12
Issued in private placement	12,560,000	0.07
Exercised	(3,190,562)	0.07
Warrants outstanding at August 31, 2025	30,047,355	0.12
Expired	(10,504,857)	0.17
Issued in private placement	30,968,330	0.25
Issued in debenture offering	48,000,000	0.15
Exercised	(5,399,998)	0.07
Warrants outstanding at May 31, 2026	93,110,830	0.18

As part of the non-broker private placement equity financing completed in September and October 2025, the Company issued a total of 30,968,330 warrants. Each warrant is exercisable into one common share of the Company at a price of \$0.25 per common share for a period of three years from the date of issuance (see note 11(a)).

On September 29, 2025, the Company issued a total of 48,000,000 warrants in connection with a non-brokered private placement of 15,000 secured debenture units of the Company (see note 9).

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11. Share capital (continued)**c) Warrants (continued)**

Each warrant is exercisable into one common share of the Company at a price of \$0.15 per common share for a period of three years from the date of issuance.

During the nine months ended May 31, 2026, a total of 10,504,857 warrants expired unexercised. As a result, the Company reclassified \$490,998 attributed to these warrants from warrant reserve to deficit. During the nine months ended May 31, 2025, a total of 57,403,231 warrants expired unexercised. As a result, the Company reclassified \$2,128,179 attributed to these warrants from warrant reserve to deficit.

During the nine months ended May 31, 2026, a total of 5,399,998 warrants were exercised for 5,399,998 common shares of the Company for gross proceeds of \$397,985. A total of \$93,872 was reallocated from warrant reserve to share capital in connection with the exercise of the warrants. Insiders of the Company exercised 1,944,443 warrants for 1,944,443 common shares.

A total of 3,642,500 warrants, issued in connection with a non-brokered private placement completed on April 13, 2023, and had an original expiry date of April 13, 2026, were extended to July 12, 2026. All other terms and conditions of the warrants remain unchanged. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.20 per share.

As at May 31, 2026, the following warrants were outstanding and exercisable:

Grant date	Expiry date	Warrants outstanding	average exercise price	average remaining life
		#	\$	years
April 13, 2023	July 12, 2026	3,642,500	0.20	0.12
March 20, 2025	September 20, 2026	9,350,000	0.07	0.31
April 10, 2025	October 10, 2026	1,400,000	0.07	0.36
September 26, 2025	September 26, 2028	28,053,332	0.25	2.33
September 29, 2025	September 29, 2028	47,750,000	0.15	2.33
October 9, 2025	October 9, 2028	2,914,998	0.25	2.36
		93,110,830	0.18	2.01

12. Loss per share

For the nine months ending May 31, 2026, basic and diluted loss per share have been calculated based on the loss attributable to common shareholders of \$33,711,841 (nine months ended May 31, 2025 - \$1,954,133) and the weighted average number of common shares outstanding of 403,537,974 (nine months ended May 31, 2025 - 251,279,093).

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13. Related party transactions and balances

The following expenses were incurred with key management personnel of the Company. Key management personnel are persons responsible for planning, directing, and controlling the activities of the Company, including any directors and officers of the Company.

The remuneration of directors and key management of the Company for the three and nine months ended May 31, 2026 and 2025 was as follows:

	Three months ended May 31,		Nine months ended May 31,	
	2026	2025	2026	2025
	\$	\$	\$	\$
Consulting fees	78,500	53,400	242,667	170,400
Directors' fees	19,875	6,000	34,905	25,950
Share-based compensation	486,743	12,738	2,476,903	143,171

Included in accounts payable and accrued liabilities as at May 31, 2026 was \$133,180 owing to officers and directors of the Company (August 31, 2025 - \$137,779). The amounts are unsecured, non-interest-bearing, and due on demand.

Included in accounts payable and accrued liabilities as at May 31, 2026 was accrued interest owing to an officer of the Company for \$nil (August 31, 2025 - \$55,912). In addition, accounts payable and accrued liabilities as at May 31, 2026 included outstanding directors' fees in the amount of \$86,655 (August 31, 2025 - \$51,750).

Insiders of the Company subscribed for \$1,280,732 (US\$920,000) of the debenture offering completed on September 29, 2025 (see note 9). Interest and accretion expense of \$255,277 related to the debentures held by insiders was recorded during the nine months ended May 31, 2026. In addition, certain directors and officers of the Company subscribed to a total of 1,931,666 units for gross proceeds of \$289,750 in the offering completed during September and October 2025 (see note 11(a)).

During the nine months ended May 31, 2026, the Company incurred professional fees to a law firm and its associated companies for legal and accounting services totalling \$1,410,788 (nine months ended May 31, 2025 - \$195,502). One of the directors of the Company is a partner in this law firm. Included in accounts payable and accrued liabilities as at May 31, 2026 was \$31,720 owing to this law firm and its associated companies (August 31, 2025 - \$643,353). During the nine months ended May 31, 2025, a total of \$244,488 owed to the law firm was forgiven and was recorded as forgiveness of debt on the statement of loss and comprehensive loss. The amounts are unsecured, non-interest-bearing and due on demand.

As of May 31, 2026, the Company had a related party receivable of \$96,136 due from directors (August 31, 2025 - \$85,354) related to withholdings remitted to the Canadian Revenue Agency upon the exercise of RSUs and Options.

14. Capital management

The Company defines capital as consisting of common shares, option and warrant reserves, deficit, and debentures. During the nine months ended May 31, 2026, the Company revised its capital management structure to include the use of the debentures as part of its capital structure. The Company's debentures are subject to various financial covenants, including limitations on incurring additional indebtedness.

The Company's objective in managing capital is to maintain adequate levels of funding to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral property interests and to maintain a flexible capital structure which will optimize the costs of capital at an acceptable risk.

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*(Unaudited)***14. Capital management (continued)**

The Company endeavours to manage its capital structure in a manner that provides sufficient funding for operational activities through funds primarily secured through equity capital obtained in private placements. There can be no assurances that the Company will be able to continue raising capital in this manner. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this form of financing due to the current difficult conditions. The Company makes adjustments to its management of capital in light of changes in economic conditions and the risk characteristics of its assets, seeking to limit shareholder dilution and optimize its costs of capital while maintaining an acceptable level of risk.

There were no changes to the Company's approach to capital management during the nine months ended May 31, 2026, except for the inclusion of the debentures. The debentures are subject to certain financial covenants, which the Company is in compliance with as of May 31, 2026.

15. Financial risks and concentration of risk

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or an equity instrument of another entity.

The carrying value of the Company's financial instruments approximates fair value due to the short-term or demand nature of these financial instruments.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company mitigates its exposure by monitoring the counterparty's ability to repay.

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's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. The Company prepares annual capital expenditure budgets, which are monitored and updated as required. In addition, the Company requires authorization from the Board of Directors for expenditures on projects to assist with the management of capital.

The following are the contractual maturities of financial liabilities as at May 31, 2026:

	Carrying amount	Total contractual cash flows	within 1 year	1-3 years	4+ years
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	1,554,849	1,554,849	1,554,849	-	-
Debentures	16,793,199	18,983,458	18,983,458	-	-
	18,348,048	20,538,307	20,538,307	-	-

The following are the contractual maturities of financial liabilities as at August 31, 2025:

	Carrying amount	Total contractual cash flows	within 1 year	1-3 years	4+ years
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	1,323,953	1,323,953	1,323,953	-	-
Note payable	210,000	210,000	210,000	-	-
	1,533,953	1,533,953	1,533,953	-	-

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*(Unaudited)***15. Financial risks and concentration of risk (continued)****Foreign currency risk**

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates in Canada but has foreign exchange risk as it has financial instruments denominated in US dollars. Accordingly, the Company is subject to foreign exchange risk on such balances due to fluctuations in the US dollar relative to the Canadian dollar. The Company has no program in place for hedging foreign currency risk. The Company held the following foreign currency-denominated balances as at May 31, 2026 and August 31, 2025:

	May 31, 2026	August 31, 2025
	\$	\$
Cash and restricted cash (US\$)	1,160,194	-
Debentures (US\$)	(12,170,748)	-
	(11,010,554)	-
Exchange rate	1.3798	1.3472
Equivalent in Canadian dollars	(15,192,363)	-

Based on the balances held as at May 31, 2026, a 10% change in the Canadian dollar-to-US dollar exchange rate would have resulted in an increase or decrease in the net loss and comprehensive loss for the period then ended of approximately \$1,519,236 (August 31, 2025 - \$nil).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not currently have any outstanding variable interest-bearing loans and, therefore, the Company is not exposed to interest rate risk through fluctuation in the prime interest rate.

16. Commitments and contingencies**Consulting agreements**

The Company has entered into consulting agreements with its key management personnel (the Chief Executive Officer and the Chief Financial Officer) at combined consulting fees of \$28,833 per month. These contracts require payment of approximately \$750,000 upon the occurrence of a change of control of the Company, as defined by each officer's respective consulting agreement. The Company is also committed to payments upon termination of approximately \$346,000 pursuant to the terms of these contracts. As a triggering event has not taken place, these amounts have not been recorded in these condensed interim financial statements.

Environmental contingencies

The Company's exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations. See note 7 - exploration and evaluation properties.

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16. Commitments and contingencies (continued)

Flow-through financings

The Company has entered into flow-through private placements to fund exploration activities. Canadian tax rules require the Company to spend flow-through funds on “Canadian exploration expenses” (as defined in the Income Tax Act (Canada)) by the end of the calendar year following the year in which they were raised. The Company indemnified the subscribers of flow-through shares from any tax consequences should the Company, notwithstanding its plans, fail to meet its commitments under the flow-through subscription agreements.

In October 2025, the Company’s flow-through renunciation and related expenditures from 2020 to 2024 were audited by the Canadian Revenue Agency (“CRA”). The CRA determined that certain amounts previously judged by management to be eligible expenditures did not qualify as such. As a result of the indemnification provided to flow-through subscribers, the Company included in accounts payable and accrued liabilities an estimated provision of \$164,478 for the expected amounts that will become payable to the subscribers of its flow-through shares. The Company also added an additional liability for Part XII.6 tax as a result of the audit, estimated at \$37,305 in accounts payable and accrued liabilities. The total provision recorded by the Company during the year ended August 31, 2025, related to this reassessment, was \$201,783.

During the nine months ended May 31, 2026, the Company paid \$32,669 in respect of these liabilities. As at May 31, 2026, the remaining provision included in accounts payable and accrued liabilities was \$169,114.

17. Subsequent events

Private placement

On June 5, 2026, the Company completed a non-brokered private placement through the issuance of 56,249,999 units in the capital of the Company at a price of \$0.12 per unit for gross proceeds of \$6,750,000.

Each unit was comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of \$0.16 for a period of 36 months from the date of issuance.

Exercise of warrants

Subsequent to May 31, 2026, a total of 28,506,200 warrants were exercised for 28,506,200 common shares of the Company for gross proceeds of \$4,291,180. The exercised warrants included 21,201,200 warrants that were issued pursuant to the Company’s US\$15,000,000 debenture offering completed on September 29, 2025 (the “Debenture Warrants”). Further exercises of additional Debenture Warrants, totalling approximately 21,000,000, are expected by the end of July 2026.

The Company intends to apply the funds received from the exercise of the Debenture Warrants towards a pro rata redemption of Debentures held by the original debenture holders who participated in the exercise process. To help encourage the exercise of the Debenture Warrants, participating debenture holders will receive repayment of the principal amount of their debentures, together with all interest that would otherwise have accrued through the original scheduled maturity date of October 26, 2026. Debenture holders that were insiders of the Company did not participate in the exercise process.

McFARLANE LAKE MINING LIMITED

Notes to the Condensed Interim Financial Statements

For the three and nine months ended May 31, 2026 and 2025

Expressed in Canadian Dollars

(Unaudited)

17. Subsequent events (continued)

Following the expected completion of the repayment against the outstanding debentures, which will also be funded by the \$6,750,000 received as part of the June 5, 2026 private placement, the remaining principal amount outstanding is expected to be approximately \$2,362,041 (US\$1,711,872). Debentures held by debenture holders that did not participate in the exercise process are expected to remain outstanding and be repaid in accordance with their existing terms, including their scheduled maturity date of October 26, 2026.

Exercise of options

Subsequent to May 31, 2026, a total of 1,900,000 options were exercised for 1,900,000 common shares of the Company for gross proceeds of \$190,000. Options totalling 1,000,000 were held by insiders.