



# **Lion Copper and Gold Corp.**

## **Consolidated Financial Statements**

**For the years ended December 31, 2025 and 2024**

**(Expressed in thousands of U.S. Dollars except for shares and per share amounts)**



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Lion Copper and Gold Corp.

**Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated balance sheets of Lion Copper and Gold Corp. (the “Company”) as of December 31, 2025 and 2024, and the related consolidated statements of operations and comprehensive income (loss), changes in equity, and cash flows for each of the years in the two-year period ended December 31, 2025, and the related notes (collectively referred to as the “consolidated financial statements”).

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2025 and 2024, and the results of its consolidated operations and its consolidated cash flows for each of the years in the two-year period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

**Material Uncertainty Related to Going Concern**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has not generated revenue and is required to repay its outstanding convertible debt obligations when due, maintain its mineral property interests, and fund ongoing administrative expenses which raises substantial doubt about its ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Basis for Opinion**

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

*MNP LLP*

Chartered Professional Accountants

We have served as the Company’s auditor since 2021.

Vancouver, Canada

March 31, 2026

MNP LLP

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## Lion Copper and Gold Corp.

### Consolidated Balance Sheets

As at December 31, 2025 and 2024

(In thousands of U.S. Dollars)

	Notes	December 31, 2025	December 31, 2024
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 2,364	\$ 7,999
Other receivables	3	557	31
Prepaid and deposit		4	57
		2,925	8,087
<b>Non-Current</b>			
Mineral properties	4	7,986	7,902
Reclamation bonds		9	9
Investment in associate	3	17,829	1,102
Investment other	3	719	-
Other assets		-	40
<b>Total assets</b>		<b>\$ 29,468</b>	<b>\$ 17,140</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 228	\$ 510
Nuton LLC deposit	4	204	6,645
Convertible debentures	7	2,086	257
Derivative liabilities	8	3,564	289
Lease liability		-	40
<b>Total current liabilities</b>		<b>6,082</b>	<b>7,741</b>
<b>Total liabilities</b>		<b>6,082</b>	<b>7,741</b>
<b>Shareholders' Equity</b>			
Share capital, no par value, unlimited common shares authorized; 413,234,899 issued and outstanding (2024 - 411,011,264)	9	110,702	110,459
Additional paid-in capital	10	28,500	25,877
Commitment to issue shares		10	-
Deficit		(115,826)	(130,597)
Non-controlling interest	6	-	3,660
<b>Total shareholders' equity</b>		<b>23,386</b>	<b>9,399</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 29,468</b>	<b>\$ 17,140</b>

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

On behalf of the Board of Directors on March 31, 2026

/s/ "Thomas Patton"  
Director

/s/ "Tony Alford"  
Director

## Lion Copper and Gold Corp.

### Consolidated Statements of Operations and Comprehensive Income (Loss)

For the years ended December 31, 2025 and 2024

(In thousands of U.S. Dollars, except for shares and per share amounts)

	Notes	For the years ended December 31,	
		2025	2024
<b>Operating expenses</b>			
Exploration and evaluation	4	\$ 4,032	\$ 8,243
General and administrative	5	10,066	5,014
Share-based compensation	9	8,772	1,523
Nuton LLC deposit	4	(6,210)	(10,966)
<b>Operating loss</b>		<b>(16,660)</b>	<b>(3,814)</b>
<b>Non-operating income (expenses)</b>			
Accretion expense	7	(2,125)	(220)
Fair value (loss) gain on derivative liabilities	8	(3,372)	731
Foreign exchange loss		(34)	(40)
Gain on deconsolidation of Falcon Copper Corp.	3	26,381	-
Interest income and other		250	456
Loss on convertible debentures		-	(1,750)
Share of gain (loss) in associate		962	(104)
Financing costs		(231)	-
Impairment	3(a)	(788)	-
		21,043	(927)
<b>Net income (loss) and comprehensive income (loss) for the year</b>		<b>\$ 4,383</b>	<b>\$ (4,741)</b>
<b>Net income (loss) and comprehensive income (loss) attributed to:</b>			
Shareholders of the Company		\$ 14,771	\$ (3,934)
Non-controlling interest		(10,388)	(807)
		4,383	(4,741)
<b>Earnings (loss) per share, basic</b>		<b>\$ 0.04</b>	<b>\$ (0.01)</b>
<b>Earnings (loss) per share, diluted</b>		<b>\$ 0.03</b>	<b>\$ (0.01)</b>
<b>Weighted average number of shares outstanding</b>			
<b>basic</b>		411,971,205	375,049,165
<b>Weighted average number of shares outstanding diluted</b>		484,301,125	375,049,165

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

## Lion Copper and Gold Corp.

Consolidated Statements of Changes in Equity  
For the years ended December 31, 2025 and 2024  
(In thousands of U.S. Dollars, except for shares)

	Notes	Number of Shares	Share Capital	Additional Paid-in Capital	Deficit to Commitment to Issue Shares	Non- Controlling Interest	Total Equity
<b>Balance, December 31, 2023</b>		<b>309,667,975</b>	<b>\$ 105,396</b>	<b>\$ 24,168</b>	<b>\$ (126,663)</b>	<b>\$ -</b>	<b>\$ 6,018</b>
Shares issued for cash, net of share issue costs		48,965,076	1,752	-	-	-	1,752
Shares issued for options exercised		3,063,000	354	(173)	-	-	181
Conversion of convertible debentures		49,315,213	2,957	-	-	-	2,957
Share-based compensation		-	-	1,523	-	-	1,523
Issuance of warrants		-	-	359	-	-	359
Shares issued by Falcon Copper Corp.		-	-	-	-	1,350	1,350
Net loss and comprehensive loss for the year		-	-	-	(3,934)	(807)	(4,741)
<b>Balance, December 31, 2024</b>		<b>411,011,264</b>	<b>110,459</b>	<b>25,877</b>	<b>(130,597)</b>	<b>-</b>	<b>9,399</b>
Shares issued for option and warrant exercises		2,223,635	243	(116)	-	2,881	3,008
Issuance of warrants	3	-	-	764	-	137	901
Commitment to issue shares for service		-	-	-	-	10	10
Shares issued by Falcon Copper Corp.		-	-	-	-	4,094	4,094
Share-based compensation	6, 10	-	-	1,975	-	6,797	8,772
Derecognition of non-controlling interest	3	-	-	-	-	(7,181)	(7,181)
Net income and comprehensive income for the year		-	-	-	14,771	(10,388)	4,383
<b>Balance, December 31, 2025</b>		<b>413,234,899</b>	<b>\$ 110,702</b>	<b>\$ 28,500</b>	<b>\$ (115,826)</b>	<b>\$ 10</b>	<b>\$ 23,386</b>

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

## Lion Copper and Gold Corp.

### Consolidated Statements of Cash Flow

For the years ended December 31, 2025 and 2024

( In thousands of U.S. Dollars)

	Note	Year ended December 31,	
		2025	2024
<b>Operating activities</b>			
Net income (loss) for the year	\$	4,383	\$ (4,741)
Non-cash transactions			
Accretion expense		2,125	220
Fair value gain on derivative liabilities		3,372	(731)
Loss on convertible debentures		-	1,750
Interest expenses		70	228
Share of (gain) loss in associate		(962)	104
Share-based compensation		8,772	1,523
Amortization of ROU asset		40	32
Financing		231	-
Impairment		788	-
Gain on deconsolidation of Falcon Copper Corp.		(26,381)	-
Changes in non-cash operating assets and liabilities			
Other receivable		25	(7)
Prepaid expenses and deposit		(116)	5
Accounts payable and accrued liabilities		968	303
Lease liabilities		(40)	(32)
Nuton LLC deposit		(6,441)	5,288
<b>Cash flow provided (used) by operating activities</b>		<b>(13,166)</b>	<b>3,942</b>
<b>Investing activities</b>			
Mineral properties	4	(1,634)	(210)
Acquisition of Butte Valley	3(a)	(2,995)	-
Cash lost upon deconsolidation	3(b)	(24,090)	-
<b>Cash used by investing activities</b>		<b>(28,719)</b>	<b>(210)</b>
<b>Financing activities</b>			
Proceeds from private placements		-	2,132
Share issue costs		-	(34)
Convertible debentures	7	32,766	250
Repayment of convertible debentures		(6)	(1,922)
Proceeds of share issuances Falcon Copper		3,363	1,350
Proceeds from warrants and options exercised		127	181
<b>Cash provided by financing activities</b>		<b>36,250</b>	<b>1,957</b>
(Decrease) increase in cash and cash equivalents		(5,635)	5,689
Cash and cash equivalents, beginning of year		7,999	2,310
<b>Cash and cash equivalents, end of year</b>	\$	<b>2,364</b>	\$ <b>7,999</b>
<b>Supplemental cash flow information</b>			
Shares issued for convertible debentures	\$	-	\$ 2,957

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

# Lion Copper and Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(In thousands of U.S. Dollars except for shares and per share amounts)

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## 1. NATURE OF OPERATIONS AND GOING CONCERN

Lion Copper and Gold Corp. (“**LCG**”), together with its subsidiaries, collectively, the “**Company**”, is engaged in the acquisition, exploration and development of copper properties in the United States. The Company is currently advancing its flagship Yerington Copper Project in Nevada toward a Feasibility Study (the “**FS**”), pursuant to an earn-in agreement executed in March 2022 with Nuton LLC (“**Nuton**”), a Rio Tinto venture.

LCG was incorporated in British Columbia, Canada on May 11, 1993. Its common shares are listed on the Canadian Securities Exchange (“**CSE**”) under the symbol “LEO” and are quoted for trading on the OTCQB Market under the symbol “LCGMF”.

The Company acquires mineral properties through option agreements and claim staking. The carrying value of its mineral properties represents the acquisition costs and does not reflect present or future values. The recoverability of these mineral property interests is dependent on the discovery of mineral reserves, the Company’s ability to secure the necessary financing to complete development, and the achievement of future profitable production or proceeds from the disposition of such properties.

These consolidated financial statements (“**Financial Statements**”) have been prepared on a going concern basis, which contemplates the realization of assets and discharge of liabilities in the normal course of business for at least twelve months following the date of issuance of the Financial Statements.

As of December 31, 2025, the Company had an accumulated deficit of \$115,826 (December 31, 2024 - \$130,597), and working capital deficiency of \$3,157 (December 31, 2024 – working capital of \$346).

The Company has not generated revenue and is required to repay its outstanding convertible debt obligations when due, maintain its mineral property interests, and fund ongoing administrative expenses. Although the Company has historically been successful in raising capital, there can be no assurance that additional financing will be available on acceptable terms, or at all. These conditions and events raise substantial doubt about the Company’s ability to continue as a going concern.

The Financial Statements do not include any adjustments to the carrying amounts and classifications of assets and liabilities, or to reported expenses that might result from the outcome of this uncertainty. If the Company were unable to continue as a going concern, such adjustments could be material.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### a) Statement of compliance and consolidation

The Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States (“**U.S. GAAP**”) and are presented in United States dollars (“\$” or “**USD**”), unless otherwise indicated.

The Financial Statements include the accounts of LCG and its wholly owned subsidiaries, Quaterra Alaska Inc. (“**QTA**”) which holds a 100% interest in Singatse Peak Services LLC (“**SPS**”) and MRE LLC, which was incorporated by its sole shareholder, QTA, on October 28, 2025, as well as its partially owned

## Lion Copper and Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(In thousands of U.S. Dollars except for shares and per share amounts)

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consolidated entity, Blue Copper Royalties LLC (“BCR”). Falcon Copper Corp. (“FCC”) was previously consolidated but was deconsolidated effective December 31, 2025 (Note 3).

The Company consolidates an entity when it has a controlling financial interest in that entity. A controlling financial interest exists when the Company has the power to direct the activities that most significantly affect the entity’s economic performance, is exposed to variable returns from its involvement with that entity and can affect those returns through its power over that entity.

Upon the occurrence of certain significant events, the Company reassesses whether a subsidiary in which the Company has control over. The reassessment process considers whether the Company has acquired or divested the power to direct the activities of a subsidiary. The reassessment also considers whether the Company has acquired or disposed of a financial interest that could be significant to a subsidiary, or whether an interest in a subsidiary has become significant or is no longer significant. The consolidation status of the entities with which the Company is involved may change as a result of such reassessments. Changes in consolidation status are applied prospectively, with assets and liabilities initially recorded at fair value. A gain or loss may be recognized upon deconsolidation of a subsidiary, depending on the carrying amounts of deconsolidated assets and liabilities compared to the fair value of retained interests and ongoing contractual arrangements.

### b) Accounting estimates and judgments

The preparation of these Financial Statements in accordance with U.S. GAAP requires management to make estimates and exercise judgments that affect the application of policies, reported amounts and disclosures. Actual results could differ from those estimates.

- **Deconsolidation of Falcon Copper Corp. (“FCC”)**

The Company applied significant judgement in determining the appropriate accounting treatment for its investment in Falcon Copper Corp. as of December 31, 2025.

- **Loss of Control Assessment:** The Company evaluated whether it continued to have a controlling financial interest in FCC in accordance with **ASC 810, Consolidation**. This assessment requires evaluating governance rights, ownership interests, and the Company’s ability to direct the activities that most significantly impact FCC’s economic performance. Based on these factors, management concluded that the Company no longer controlled FCC effective December 31, 2025, and accordingly deconsolidated FCC from its consolidated financial statements.
- **Fair Value of Retained Investment:** The Company measured its retained investment in FCC at fair value at the deconsolidation date in accordance with **ASC 820, Fair Value Measurement**. As FCC is a private entity, the fair value measurement was based on Level 3 inputs. The key input is FCC’s share price of \$0.31, which is determined using the price of FCC’s most recent financing of \$0.116 on March 14, 2025 and bridging the price to December 31, 2025. This input required significant estimates, including the FCC’s share price trending. Changes in assumptions will result in changes in FCC’s share price, such as a \$0.01 change in FCC’s share price, could have an impact of approximately \$575 on the fair value of the retained investment and the resulting gain on deconsolidation.

## Lion Copper and Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(In thousands of U.S. Dollars except for shares and per share amounts)

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Given the significance of the deconsolidation and the use of Level 3 inputs in valuing the retained investment, this represents the most significant area of judgment for the year ended December 31, 2025.

Key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements exist as follows:

- **Share-based payments:** The Company has a stock option plan pursuant to which the fair value of options issued is estimated by using the Black Scholes option pricing model on the date of the grant based on certain assumptions. Those assumptions are described in Note 10 and include expected volatility, expected life of the options, number of options expected to vest, estimation of vesting period, and vesting possibility for certain milestones.
- **Valuation of warrants:** the Company granted warrants pursuant to the closing of convertible debenture financings during 2025 and 2024. The Black Scholes option pricing model was used to determine fair value for the warrants and required significant assumptions to be made by management. FCC also granted warrants pursuant to the acquisition transaction described in Note 3(a) using the Monte Carlo simulation method which also required significant assumptions to be made by management.
- **Valuation of derivative liabilities:** During the year ended December 31, 2025 and 2024, the Company completed multiple tranches of convertible debenture financing and/or restructuring. The convertible debentures include certain conversion features which were valued using the option pricing model and required significant assumptions to be made by management to value.

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

Significant judgments used in the preparation of these Financial Statements include, but are not limited to:

- **Mineral properties:** Judgment is required in assessing whether certain factors would be considered an indicator of impairment. Both internal and external information is considered to determine whether there is an indicator of impairment present and, accordingly, whether impairment testing is required. Judgment is also required in assessing what is deemed an acquisition cost. Management has determined that only costs pursuant to option agreements constitute an acquisition cost.
- **Going concern:** In the determination of the Company's ability to meet its ongoing obligations and future contractual commitments, management relies on the Company's planning, budgeting and forecasting process to help determine the funds required to support the Company's normal operations on an ongoing basis and its expansionary plans. The key inputs used by the Company in this process include forecasted capital deployment, results from operations, results from the exploration and development of its properties and general industry conditions.

## Lion Copper and Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(In thousands of U.S. Dollars except for shares and per share amounts)

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- Control over Blue Copper Royalties LLC: During the year ended December 31, 2025 and 2024, the Company's ownership in Blue Copper Royalties LLC did not change.
- Falcon Butte acquisition: the Company assessed whether the acquisition of Falcon Butte Minerals constitutes a business combination or an asset acquisition under ASC 805 – Business Combination. Management determined that the transaction is an asset acquisition, as substantially all the fair value is attributable to a single mineral property and the acquired entity did not include a substantive process. Specifically, Falcon Butte is an early-stage exploration entity with no production activities, no organized workforce, and limited operational processes capable of generating outputs.

### c) Business Combination / asset acquisition

The Company applies the provisions of ASC 805, "Business Combination" and allocates the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. When determining the fair values of assets acquired and liabilities assumed, management makes significant estimates and assumptions, especially with respect to intangible assets.

Acquisition-related expenses are recognized separately from the business combination and are expensed as incurred.

The Company accounts for a transaction as an asset acquisition when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, or otherwise does not meet the definition of a business. Asset acquisition-related direct costs are capitalized as part of the asset or assets acquired.

### d) Investment in associate

The Company accounts for investments in entities over which it has significant influence using the equity method of accounting. The investment is initially recorded at cost and subsequently adjusted for the Company's share of investee's net earnings or losses, which are recognized in the consolidated statements of operations.

The Company evaluates its investments for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable and records a write-down if any decline in value is other than temporary.

### e) Translation of foreign currencies

The functional currency for the Company and each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment, and the Company reconsiders the functional currency of its entities if there is a change in events and conditions that determined the primary economic environment. The Company's presentation currency is the U.S. dollar ("\$" or "USD"). The functional currency of the Company and its significant subsidiaries is the USD. In

## Lion Copper and Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(In thousands of U.S. Dollars except for shares and per share amounts)

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preparing the financial statements, transactions in currencies other than an entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary assets and liabilities are translated using the year-end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in the consolidated statements of operations and comprehensive loss.

### f) Mineral properties

Direct costs related to the acquisition of mineral properties held or controlled by the Company are capitalized on an individual property basis until the property transitions to the development stage, is sold, abandoned, or determined to be impaired. Exploration and evaluation costs are expensed as incurred. The Company classifies its mineral properties as exploration and evaluation assets until the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. At this point, the mineral properties' carrying value is tested for impairment and subsequently transferred to property and equipment. The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors, such as the extent of established mineral reserves, the results of feasibility and technical evaluations, the status of mineral leases or permits, and additional regulatory approvals such as environmental and mineral access rights. Proceeds from the sale of properties are accounted for as reductions to the capitalized acquisition costs.

Cash proceeds received from farm-out option agreements are recorded as a liability once received and reduced as the obligation to incur expenditures related to the agreement are met. Funds received for expenditures incurred are recorded as a recovery in the consolidated statements of operations or as a reduction to the capitalized acquisition costs, depending on the nature of the expenditure incurred.

### g) Impairment

The Company assesses the carrying costs of the capitalized mineral properties for impairment indicators under ASC 360-10, "Impairment of long-lived assets". If impairment indicators are identified, the Company evaluates its carrying value under ASC 930-360, "Extractive Activities - Mining". An impairment is recognized if the sum of the expected undiscounted future cash flows is less than the carrying amount of mineral properties. Impairment losses, if any, are measured as the excess of the carrying amount of mineral properties over its estimated fair value.

Based on the Company's assessment, no impairment indicators were identified on the mineral properties for 2025 and 2024.

## Lion Copper and Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(In thousands of U.S. Dollars except for shares and per share amounts)

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### h) Share-based payments

The fair value of stock options granted to directors, officers, employees and consultants is calculated using the Black Scholes option pricing model and is expensed over the vesting periods. If and when stock options are exercised, the value attributable to the stock options is transferred to share capital.

### i) Cash and cash equivalents

Cash consists of cash on hand and short-term investments with a maturing term of less than 90 days. As of December 31, 2025, the Company held \$nil (\$2024 - \$4,000) in cash equivalents.

### j) Financial instruments

Financial instruments are recognized in the balance sheet when the Company becomes a party to a contractual obligation. At initial recognition, the Company classifies and measures its financial instruments as one of the following:

- held to maturity (amortized cost);
- Fair value through other comprehensive income (FVOCI);
- otherwise, they are classified as trading (fair value through Profit and loss).

Financial assets are classified and measured at fair value with subsequent changes in fair value recognized in either profit and loss as they arise unless restrictive criteria are met for classifying and measuring the asset at either amortized cost or FVOCI. Financial liabilities are measured at amortized costs unless they are elected to be or required to be measured at fair value through profit and loss. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred, and the Company has transferred all risks and rewards of ownership. Financial liabilities are derecognized when the obligations specified in the contract are discharged, cancelled, or expire.

The Company's cash, other receivable, accounts payable, accrued liabilities, convertible debentures, and Nuton LLC deposit approximate fair value due to their short-term nature.

The Company's derivative liabilities and investment other are measured at fair value through profit and loss.

### k) Provisions

Provisions are recognized 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 the amount of the obligation can be reliably estimated. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. The Company had no material provisions as of December 31, 2025 and 2024.

## Lion Copper and Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(In thousands of U.S. Dollars except for shares and per share amounts)

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### l) Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is calculated, presuming the exercise of in-the-money outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

### m) Income tax

Income tax comprises current and deferred tax. Income tax is recognized in net loss, except to the extent it is related to items recognized directly in equity or other comprehensive loss. Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined on a non-discounted basis using tax rates and laws that have been enacted by the reporting date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that their recovery is more likely than not.

### n) Asset retirement obligations

Liabilities for asset retirement obligations are recognized at the time of environmental disturbance, in amounts equal to the discounted value of expected future mine reclamation and closure costs. The provision for asset retirement obligations represents management's best estimate of the present value of the future cash outflows required to settle the liability.

To the extent a legal obligation exists, an asset retirement obligation is recorded at its estimated fair value and accretion expense is recognized over time as the discounted liability is accreted to its expected settlement value. Because asset retirement obligations represent financial obligations to be settled in the future, uncertainties exist in estimating timing and amount of the associated costs to be incurred. As at December 31, 2025 and 2024, the Company does not believe it has any significant asset retirement obligations.

### o) Unit Offerings

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. The residual method first allocates fair value to the component with the best evidence of fair value and then the residual value, if any, to the less easily measurable component. If the attached warrants do not meet the definition of a derivative liability, the fair value of the common shares, measured on date of issue, are determined to be the component with the best evidence of fair value. The balance, if any, is allocated to the attached warrants. If the attached warrants meet the definition of a derivative liability under ASC 470, the proceeds are first allocated to the fair value of the warrants and then the residual value, if any, is allocated to the common shares. Costs directly identifiable with share capital financings are charged against share capital.

## Lion Copper and Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(In thousands of U.S. Dollars except for shares and per share amounts)

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### Recently Issued Accounting Pronouncements and Disclosures Not Yet Adopted

*ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures and ASU 2025-01, (Subtopic 220-40): Clarifying the Effective Date*

In November 2024, FASB issued an Accounting Standards Update (“ASU”) which will require entities to provide disaggregated disclosure of specified categories of expenses that are included on the face of the income statement, including: purchases of inventory, employee compensation, depreciation, amortization and depletion. In January 2025, FASB clarified the effective dates of this ASU, which becomes effective January 1, 2027. The Company is assessing the impact of this ASU, and upon adoption, may be required to include certain additional disclosures in the notes to its consolidated financial statements.

### 3. INVESTMENTS

#### a) Falcon Butte Minerals Corp. (“Falcon Butte”)

Falcon Butte is a privately held company incorporated in British Columbia, Canada on April 22, 2021.

In April 2022, the Company assigned its two option agreements, originally entered in 2019 to acquire the Butte Valley project located in White Pine County, Nevada, to Falcon Butte. In consideration of the assignment, the Company received:

- Total cash proceeds of \$1,000, including \$500 as reimbursement of previously incurred exploration expenditures and \$500 for 0.5% NSR buydown; and
- 16,049,444 common shares of Falcon Butte with a fair value of \$1,906.

The Company also retained net smelter return royalties (“NSRs”) on the property with a carrying value of \$Nil (December 31, 2024: \$Nil), subject to certain buy-down provisions. As at December 31, 2025, the Company held 18.81% (December 31, 2024 – 20.44%) ownership in Falcon Butte.

Summarized financial information of Falcon Butte and a reconciliation of the carrying amount of the investment in Financial Statements are set out below:

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### Summarized balance sheet:

	December 31, 2025	December 31, 2024
<b>Assets</b>		
Cash	\$ 2,533	\$ 381
Receivables	-	16
Financial asset - Convertible loan receivable	-	100
Prepays & deposits	-	9
Investment in associate	-	4,067
<b>Total Assets</b>	<b>\$ 2,533</b>	<b>\$ 4,573</b>
<b>Liabilities</b>		
Accounts payable & accrued liabilities	\$ 2,533	\$ 14
Derivative liabilities	-	881
<b>Total Liabilities</b>	<b>\$ 2,533</b>	<b>\$ 895</b>

### Summarized statement of loss

	Year ended December 31, 2025	Year ended December 31, 2024
<b>Operating expenses</b>		
General and administrative expenses	\$ 1,444	\$ 2,937
Total operating expenses	1,444	2,937
Fair value gain on derivative liability	(1,283)	(412)
Other income	(104)	(244)
Gain on sale of subsidiary	(4,894)	-
Gain on initial recognition of investment in associate	-	(1,403)
Foreign exchange loss (gain)	127	(372)
<b>Net (income) loss</b>	<b>(4,710)</b>	<b>506</b>

A continuity of the Company's investment in Falcon Butte is as follows:

<b>Balance December 31, 2023</b>	<b>\$ 1,206</b>
Company's share of net loss	(104)
<b>Balance December 31, 2024</b>	<b>\$ 1,102</b>
Company's share of net income	962
Dividend	(1,276)
Impairment	(788)
<b>Balance December 31, 2025</b>	<b>\$ -</b>

On December 1, 2025, Falcon Butte entered into a Membership Interest Purchase Agreement with Falcon Copper Corp. to sell all its membership interests in Freeport Butte Valley, LLC, which holds the Butte Valley property, the sole asset of Falcon Butte. Falcon Butte's interest in Freeport Butte Valley, LLC, is held in its wholly-owned subsidiary, Falcon Butte America. The total consideration for the transaction consisted of \$3,000 in cash and 53,935,113 FCC share purchase warrants valued at \$5,913.

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The fair value of the share purchase warrants were measured using a Monte Carlo simulation method and the following inputs:

	<b>December 31, 2025</b>
Risk-free interest rate	3.73%
Expected volatility	100%
Dividend yield	0%
Valuation cap	\$250M
Exercise price	\$0.35
Probability of qualifying event/milestone event	50%
Simulation Paths	100,000

The transaction closed on December 31, 2025.

The purchase price was determined to be \$8,913, the fair value of the consideration transferred (cash and warrants) and liabilities assumed.

<b>Purchase price:</b>	<b>Amounts (\$)</b>
Cash	<b>3,000</b>
Warrants issued	<b>5,913</b>
	<b>8,913</b>

<b>Net assets acquired:</b>	
Cash	<b>5</b>
Mineral properties	<b>8,927</b>
Accounts payable and accrued liabilities	<b>(19)</b>
<b>Net asset acquired</b>	<b>8,913</b>

Following closing, Falcon Butte distributed the excess cash and FCC warrants to its security holders on a pro rata basis. Accordingly, the Company recorded \$557 in other receivables (received on January 12, 2026) and 6,564,180 FCC share purchase warrants valued at \$719.

The cash distribution and the fair value of the FCC warrants received were recorded as a reduction in the carrying value of the Company's investment in Falcon Butte. A further impairment on the investment of \$788 to reduce the carrying value of the investment to \$Nil was recognized, as the sole asset of Falcon Butte was transferred out of the company as a result of the above transaction.

The FCC warrants were initially recognized at a fair value of \$719 on December 31, 2025 and are classified as financial assets. Subsequent to December 31, 2025, the warrants will be revalued at fair value at each period end, with the change in fair value recognized in the Consolidated Statements of Operations and Comprehensive Income (Loss). Each warrant entitles the Company to acquire one common share of FCC for a period of five years, with acceleration provisions and at an exercise price to be determined as the lower of:

## Lion Copper and Gold Corp.

Notes to the Consolidated Financial Statements

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- a) the price per warrant share equal to the valuation cap of \$250,000 divided by the partially diluted capitalization outstanding on the determination date;
  - b) the price per warrant share equal to a 20% discount to specified future equity financing; and
  - c) A 20% discount to the 5-day volume-weighted average price (VWAP) of the common shares upon the closing of a corporate event.
- b) Falcon Copper Corp. (“FCC”)

Falcon Copper Corp., formerly Blue Copper Resources Corp, is a privately held company incorporated in Wyoming, United States.

In December 2022, QTA transferred to FCC its:

- 100% interest in the Blue Copper project.
- 90% interest in the Groundhog property in Alaska.
- 5% net profit interest in the Nieves silver property in Mexico, and
- Butte Valley royalty.

As consideration, the Company received 57,513,764 common shares of FCC, representing 79.3% of FCC’s then-issued and outstanding shares. This transaction was accounted for as a transfer between entities under common control and thus was recorded at carrying value.

In August 2023, Blue Copper Royalties LLC, or BCR, was incorporated in Wyoming, United States. In September 2023, FCC transferred the Butte Valley royalty and its Nieves interest to BCR. Following this transfer, the Company has held a 48.76% ownership in BCR.

As at December 31, 2025 and 2024, the Company’s ownership in FCC was reduced to 33.69% and 43.46% respectively, resulting from FCC’s equity issuances.

On December 31, 2025, FCC restructured its board of directors such that LCG directors no longer constituted a majority. As a result, the Company reassessed its relationship with FCC in accordance with **ASC 810, Consolidation**, and determined that it no longer maintained a controlling financial interest due to changes in governance and decision-making authority. Accordingly, FCC was deconsolidated effective December 31, 2025.

Upon deconsolidation, the Company derecognized the assets, liabilities and non-controlling interests of FCC and recognized its retained investment in FCC at fair value. The Company recorded a gain on deconsolidation of \$26,381 in the consolidated statements of operations and comprehensive income (loss) for 2025.

## Lion Copper and Gold Corp.

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Summary of derecognized net assets of FCC as at December 31, 2025:

	<b>Amount (\$)</b>
Cash and cash equivalents	24,090
Mineral properties	1,550
Investment	8,927
Other assets	175
<b>Total assets of FCC</b>	<b>34,742</b>
Accounts payable and accrued liabilities	1,259
Convertible debentures	24,364
Derivative liability	10,490
<b>Total liabilities of FCC</b>	<b>36,113</b>
<b>Net assets of FCC</b>	<b>(1,371)</b>
Noncontrolling interests	(7,181)
Fair value retained	(17,829)
Gain on deconsolidation of FCC	(26,381)

The gain represents a non-cash accounting adjustment primarily arising from the remeasurement of the Company's retained interest in FCC to its fair value of \$17,829, based on FCC's share price of \$0.31, which was determined using the price of FCC's most recent financing of \$0.116 on March 14, 2025 and bridging the price to December 31, 2025 using a comparable company indexing approach. The gain does not impact the Company's cash position or liquidity.

Subsequent to deconsolidation, the Company accounts for its investment in FCC using the equity method as the Company holds 33.69% ownership as at December 31, 2025.

## Lion Copper and Gold Corp.

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### 4. MINERAL PROPERTIES

Total mineral property acquisition costs are listed in the table below:

	Singatse Peak Services LLC					Falcon Copper Copr.				Total
	MacArthur	Yerignton	Bear	Hunewill	Wassuk	Copper Canyon	Blue Copper	Schell Creek	Groundhog	
<b>Balance, December 31, 2023</b>	\$ 2,489	\$ 1,195	\$ 1,575	\$ -	\$ 1,405	\$ 10	\$ 878	\$ 95	\$ -	\$ 7,647
Option payments	-	-	231	-	-	-	150	105	-	486
Funded by Nuton LLC	-	-	(231)	-	-	-	-	-	-	(231)
	-	-	-	-	-	-	150	105	-	255
<b>Balance, December 31, 2024</b>	<b>2,489</b>	<b>1,195</b>	<b>1,575</b>	<b>-</b>	<b>1,405</b>	<b>10</b>	<b>1,028</b>	<b>200</b>	<b>-</b>	<b>7,902</b>
Option payments	-	-	231	-	-	-	225	50	47	553
Acquisition	-	-	-	1,312	-	-	-	-	-	1,312
Deconsolidation of Falcon Copper Corp.	-	-	-	-	-	-	(1,253)	(250)	(47)	(1,550)
Funded by Nuton LLC	-	-	(231)	-	-	-	-	-	-	(231)
	-	-	-	1,312	-	-	(1,028)	(200)	-	84
<b>Balance, December 31, 2025</b>	<b>\$ 2,489</b>	<b>\$ 1,195</b>	<b>\$ 1,575</b>	<b>\$ 1,312</b>	<b>\$ 1,405</b>	<b>\$ 10</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,986</b>

## Lion Copper and Gold Corp.

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Total exploration expenditures recorded on the consolidated statements of operations and comprehensive income (loss) are listed in the tables below:

<b>Year 2025</b>	<b>MacArthur</b>	<b>Yerington</b>	<b>Bear</b>	<b>Wassuk</b>	<b>Copper</b>	<b>Creek</b>	<b>Other</b>	<b>Total</b>
Property Maintenance	\$ 207	\$ 73	\$ -	\$ 81	\$ 192	\$ 160	\$ 412	\$ 1,125
Assay & Labs	-	25	29	-	-	-	-	54
Drilling	-	119	-	-	-	-	-	119
Environmental	1	364	-	-	-	-	-	365
Geophysical	-	-	-	-	270	30	-	300
Technical Study	54	1,828	7	-	-	-	-	1,889
Field Support	-	15	2	-	130	-	33	180
	262	2,424	38	81	592	190	445	4,032
Funded by Nuton LLC	(262)	(2,424)	(38)	(81)	-	-	-	(2,805)
	\$ -	\$ -	\$ -	\$ -	\$ 592	\$ 190	\$ 445	\$ 1,227
<b>Year 2024</b>								
Property Maintenance	\$ 205	\$ 84	\$ -	\$ 80	\$ 207	\$ 151	\$ (6)	\$ 721
Assay & Labs	301	91	49	-	-	-	1	442
Drilling	689	1,467	1,516	-	-	-	-	3,672
Environmental	43	637	-	-	-	-	-	680
Geological	-	-	-	-	-	3	-	3
Geophysical	-	45	-	-	-	35	-	80
Technical Study	-	2,569	-	-	-	-	-	2,569
Field Support	1	2	18	-	48	5	2	76
	1,239	4,895	1,583	80	255	194	(3)	8,243
Funded by Nuton LLC	(1,239)	(4,895)	(1,583)	(80)	-	-	-	(7,797)
	\$ -	\$ -	\$ -	\$ -	\$ 255	\$ 194	\$ (3)	\$ 446

## Lion Copper and Gold Corp.

### Notes to the Consolidated Financial Statements

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a) Earn-In Agreement with Nuton LLC (“Nuton”)

On March 18, 2022, the Company entered into an earn-in agreement, as amended, with Nuton, a subsidiary of Rio Tinto, pursuant to which Nuton has the exclusive option to earn an initial 65% interest in the Company’s Yerington, MacArthur, Wassuk, Bear projects and associated water rights (the “Mining Assets”) by completing staged work programs and funding commitments totaling up to \$59,000 (the “Earn-In Agreement”).

The staged work programs and funding commitments are as follows:

- Stage 1: \$4,000 initial technical evaluation
- Stage 2: \$5,000 a pre-feasibility study (“PFS”) incorporating Nuton® technologies
- Stage 3: \$50,000 a feasibility study (“FS”)
  - \$2,500 advanced in January 2023
  - \$11,500 advanced in January 2024
  - \$5,000 advanced in November 2024

Stage 1 was completed in December 2022. Stage 2 was subsequently extended and divided into three phases: Stage 2, Stage 2b, and Stage 2c, all of which have now been completed, including the delivery of the PFS and regulatory filing in September 2025.

As of December 31, 2025, the Company had received cumulative funding of \$28,000 under the Earn-In Agreement, including \$19,000 advanced from Stage 3.

In November 2025, Nuton elected to proceed to the feasibility study stage and project permitting for the Yerington Copper Project and is expected to provide the remaining Stage 3 funding of \$31,000.

Upon completion of the feasibility study, Nuton and the Company will decide whether to create an investment vehicle into which the Mining Assets will be transferred, with Nuton holding not less than 65% interest in the investment vehicle.

Funds received under the Earn-In Agreement do not represent revenue to the Company. Accordingly, such amounts are recorded as a deposit liability until eligible project expenditures are incurred in accordance with the staged work programs. As expenditure is incurred, the deposit liability is reduced, with corresponding amounts recognized as associated expenses or capitalized to mineral properties, consistent with the Company’s accounting policies.

The continuity of the Company’s Nuton LLC deposit is as follows:

<b>Balance December 31, 2023</b>	<b>\$</b>	<b>1,357</b>
Funds received		16,500
Funds applied to prepaids		(15)
Funds applied to capitalized acquisition		(231)
Funds applied to exploration and evaluation		(7,797)
Funds applied to general and administrative		(3,169)
<b>Balance December 31, 2024</b>	<b>\$</b>	<b>6,645</b>

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Funds applied to capitalized acquisition	(231)
Funds applied to exploration and evaluation	(2,805)
Funds applied to general and administrative	(3,405)
<b>Balance December 31, 2025</b>	<b>\$ 204</b>

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b) MacArthur and Yerington Properties, Nevada

Located in the historic copper district of Yerington, Nevada, the Company's MacArthur and Yerington are 100% owned by SPS, a wholly owned subsidiary of Quaterra Alaska Inc.

The MacArthur property consists of unpatented lode claims and placer claims and covers lands administered by the U.S. Department of Interior - Bureau of Land Management ("BLM"). It is subject to a 2% net smelter return royalty upon commencing commercial production, which can be reduced to a 1% NSR in consideration of \$1,000.

The Yerington property is centered on the former Anaconda open pit copper mine. This includes fee simple parcels and patented mining claims as well as unpatented lode and placer claims on lands administered by BLM. The Yerington deposit is subject to a 2% NSR upon commencing commercial production. The total lifetime royalty is capped at \$7,500.

On March 13, 2025, the Company announced the successful negotiation of a Settlement Agreement with the Nevada Division of Water Resources and the Nevada State Engineering (collectively, the "State") to reinstate 3,452.8 ac-ft of previously forfeited water rights essential for the development of the Yerington Copper project. As a result, the State has officially rescinded its notice of forfeiture, thus restoring all the Company's 6,014.5 ac-ft of water rights to good standing. This Settlement Agreement effectively terminates the legal proceedings initiated by the Company to defend its water rights.

c) Bear Deposit, Nevada

The Bear deposit consists of private land located to the northeast of the Yerington deposit.

The Company has five option agreements, entered from March 2013 to May 2015, subsequently amended, to acquire a 100% interest in private lands covering the Bear deposit. Under the terms of these option agreements, the Company is required to make \$5,988 in cash payments over 15 years (\$5,915 paid) to maintain the exclusive right to purchase the land, mineral rights, and certain water rights and to conduct mineral exploration on these properties. Two of the properties are subject to a 2% NSR upon commencing commercial production, which can be reduced to a 1% NSR in consideration of \$1,250 in total.

The outstanding payments required to keep the option agreements in good standing are as follows: \$201 due in 2026, and \$101 due in each of 2027 and 2028, for a total of \$403.

These five option agreements include purchase provisions for cash payments ranging from \$250 to \$22,770, with terms requiring varying written notices (from no notice to 12-month notice).

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d) Hunewill, Nevada

In November 2025, the Company acquired a parcel of land adjacent to its Yerington Copper Project for total cash consideration of \$1,312, including transaction costs. The acquisition was undertaken to expand the Company's land position for potential future exploration and development activities.

The transaction was accounted for as an asset acquisition, and the entire purchase price was capitalized as mineral property costs and allocated to the Hunewill property.

e) Wassuk, Nevada

The Wassuk property consists of unpatented lode claims on land administered by the BLM. The property is subject to a 3% NSR upon commencing commercial production, which can be reduced to a 2% NSR royalty in consideration of \$1,500.

f) Copper Canyon, Nevada

On August 21, 2023, the Company purchased the title to the Copper Canyon claims from Convergent Mining, LLC and paid \$10 in mineral claim fees. Further, the Company is required to pay an exploration fee to Convergent Mining, LLC calculated as the 5% of the first \$2,000 of qualifying exploration costs, not exceeding \$100.

g) Blue Copper Project, Montana

The Blue Copper Project, located in Powell County and Lewis & Clark County in Montana, USA, was acquired in 2021 and is held through FCC.

h) Schell Creek, Nevada

The Schell Creek project was formed pursuant to a joint venture agreement entered in November 2023 between Kennecott Exploration Company ("Kennecott"), a subsidiary of Rio Tinto, and FCC. The project includes the adjacent Cabin and Munchy properties. Under the terms of the agreement, FCC has work commitments totalling \$2,500 related to drill programs and exploration activities.

Following the deconsolidation of FCC as of December 31, 2025, the Blue Copper and Schell Creek projects were removed from the Company's mineral properties (note 3).

## 5. GENERAL AND ADMINISTRATIVE EXPENSES

Certain general and administrative expenses were funded by Nuton LLC. and included salaries of \$1,198 (2024 - \$1,089), legal and consulting fees related to water rights of \$1,107 (2024 - \$1,066), and other general administration expenses of \$1,100 (2024 - \$1,014).

A detailed breakdown of general and administrative expenses is provided below:

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	Year ended December 31	
	2025	2024
Professional fees	\$ 5,073	\$ 2,095
Salaries, bonuses and benefits	3,687	1,791
Office expenses	723	702
Travel	334	181
Investor relations	152	123
Transfer agent and regulatory	97	122
	\$ 10,066	\$ 5,014
Nuton LLC deposit applied	(3,405)	(3,169)

### 6. NON-CONTROLLING INTEREST ("NCI")

During the year ended December 31, 2024, FCC issued a total of 11,637,931 common shares at \$0.116 per common share for gross proceeds of \$1,350.

During the year ended December 31, 2025, FCC issued a total of 4,150,000 common shares at \$0.116 per common share for gross proceeds of \$481, 4,900,000 common shares pursuant to the exercise of 4,400,000 options at \$0.10 and 500,000 options at \$0.12 for proceeds of \$500, and 23,809,524 common shares pursuant to the exercise of 23,809,524 warrants at \$0.10 for proceeds of \$2,381. FCC also granted 13,330,000 stock options to certain officers, directors, employees and consultants, and 103,250,000 performance options and warrants to certain officers, directors, and employees, exercisable into one common share of FCC with exercise prices ranging from \$0.10 - \$0.76 and exercisable ranging from five to ten years from the dates of grant.

The 103,250,000 performance options and warrants granted are subject to certain vesting milestones:

- a. 18,000,000 upon engagement by FCC of a government relations and advisory firm (met);
- b. 1,500,000 upon completion of the Blue Copper Phase 1 drill program (met);
- c. 1,000,000 upon the early execution of the entirety of the warrants existing as of March 31, 2025 (met);
- d. 4,050,000 upon the completion of a specified future equity financing (not met); and
- e. 1,500,000 upon completion of Cabin and Muncy phase 1 drill programs (not met).
- f. 300,000 upon entering into a multi-year land access agreement with Kijik village for the Groundhog project (met);
- g. 300,000 upon completion of any acquisition transaction involving Falcon Minerals Corp.'s interest in the Butte Valley project (met);
- h. 250,000 upon grant;
- i. 50,000 upon submission of the Blue Copper Plan of operations (met);
- j. 250,000 upon completion of Groundhog Phase 1 drill program (not met);
- k. 250,000 upon completion of Schell Creek Phase 1 drill program (not met);
- l. 250,000 upon completion of a commercial agreement with Japanese industry (not met);
- m. 250,000 upon the anniversary of the completion of a commercial agreement with Japanese industry (not met);
- n. 300,000 upon the completion of the FB acquisition (met);

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- o. 3,500,000 upon entering into a strategic alliance MOU with the US Government and a Japanese smelting company (not met);
- p. 3,500,000 upon smelter technology transfer pursuant to the MOU (not met);
- q. 10,500,000 upon entering into a binding agreement pursuant to the above MOU (not met);
- r. 7,500,000 upon entering into a lease agreement with Chuchuna Minerals Company on the Groundhog project in Alaska (met);
- s. 7,500,000 upon reaching 12 months in good standing pursuant to the Chuchuna Minerals Company lease agreement (not met);
- t. 15,000,000 upon reaching 24 months in good standing pursuant to the Chuchuna Minerals Company lease agreement (not met);
- u. 2,500,000 upon receiving \$5,000,000 cumulative in federal funding (not met);
- v. 2,500,000 upon receiving \$10,000,000 cumulative in federal funding (not met);
- w. 22,500,000 upon receiving \$25,000,000 cumulative in federal funding (not met);

The stock options and performance options were valued at \$6,797 using the Black-Scholes model with the following estimates:

	January 5, 2025	April 14, 2025	May 28, 2025	July 15, 2025
Risk-free interest rate	2.96%	2.74%	2.85%	3.13%
Expected life (years)	5.00	5.00	5.00	5.00
Annualized volatility	109.67%	104.29%	99.79%	101.34%
Forfeiture rate	0%	0%	0%	0%
Dividend yield	0%	0%	0%	0%

	September 22, 2025	October 30, 2025	November 1, 2025	December 22, 2025	December 24, 2025
Risk-free interest rate	3.71%	4.11%	3.71%	3.71%	4.15%
Expected life (years)	5.00	10.00	5.00	5.00	9.85
Annualized volatility	94.96%	114.22%	92.11%	93.01%	114.29%
Forfeiture rate	0%	0%	0%	0%	0%
Dividend yield	0%	0%	0%	0%	0%

As a result of the above, the Company's ownership in FCC is reduced to 33.69% as of December 31, 2025 (December 31, 2024 – 43.46%). Further, due to a change in governance in FCC, management determined that it no longer held control over FCC and as a result, FCC was deconsolidated, resulting in the NCI being removed from the consolidated balance sheet.

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A continuity of the Company's NCI is as follows:

<b>Balance December 31, 2023</b>	<b>\$ 3,117</b>
Issuance of common shares	1,350
Net loss and comprehensive loss attributable to NCI	(807)
<b>Balance December 31, 2024</b>	<b>\$ 3,660</b>
Issuance of common shares	3,949
Issuance of preferred shares	3,026
Grant of options and warrants	6,797
Grant of finder's warrants	137
Net loss and comprehensive loss attributable to NCI	(10,388)
Deconsolidation of FCC	(7,181)
<b>Balance December 31, 2025</b>	<b>-</b>

### 7. CONVERTIBLE DEBENTURES

For the year ended December 31, 2025, FCC entered into convertible loan agreements amounting to \$416 (2024 - \$250) bearing interest at 5% per annum each having a term of 12 months. The principal and accrued interest is convertible into common shares of FCC at the lower of:

- the price per share in the lowest equity financing undertaken by FCC during the term of the loan; and
- \$0.106

Under ASC 815, the conversion feature does not require bifurcation. Therefore, both the debt and the conversion option is accounted for as a single liability carried at amortized cost plus accrued interest. On October 3, 2025, \$586 of principal and accrued interest was converted at \$0.106 resulting in the issuance of 5,530,359 FCC common shares. For the year ended December 31, 2025, the accrued interest was \$21 (2024 – \$2).

On July 24, 2025 and August 20, 2025, FCC issued convertible notes with face amounts totaling \$5,628 (\$4,517 and \$1,111, respectively) and funding amounts totaling \$5,065 (\$4,065 and \$1,000, respectively), representing a 10% discount and issuance costs of \$389 (\$299 and \$90, respectively). The notes mature nine months from the respective issue dates and are convertible into common shares of FCC in accordance with their terms, subject to the occurrence of a specified future equity financing and a corporate event.

In connection with the issuance of the notes, each note holder received bonus preferred shares of FCC equal to 20% of the note proceeds. The bonus preferred shares are non-redeemable and are convertible into shares of FCC for a period of 24 months from the date of issuance.

Both the notes and bonus preferred shares are convertible into FCC common shares at the lowest of the following prices:

- a) The price per share equal to a 20% discount to the price of the specified future equity financing;

## Lion Copper and Gold Corp.

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- b) The price per share equal to the valuation cap (\$60,000,000) divided by the total number of common and preferred shares outstanding; or
- c) A 20% discount to the 5-day volume-weighted average price (VWAP) of the common shares upon the closing of a corporate event.

Based on the terms of the July 24 and August 20 notes, the convertible notes were determined to be a financial instrument comprising a host debt component, with a conversion feature with a variable conversion price classified as a derivative liability, and preferred shares classified as equity.

In relation to the July tranche, 404,500 finder's warrants were granted and valued at \$57 using the Black-Scholes Option Pricing model and the following assumptions:

	<b>July 24, 2025</b>
Risk-free interest rate	3.98%
Expected life (years)	5.00
Annualized volatility	101.19%
Forfeiture rate	0.00%
Dividend yield	0.00%

On November 14, 2025 and December 18, 2025, FCC issued convertible notes with face amounts totaling \$29,222 (\$12,500 and \$16,722 respectively) and funding amounts totaling \$26,300 (\$11,250 and \$15,050, respectively), representing a 10% discount and issuance costs of \$1,463 (\$737 and \$726, respectively). The notes mature nine months from the respective issue dates and are convertible into common shares of FCC in accordance with their terms, subject to the occurrence of a specified future equity financing and a corporate event.

In connection with the issuance of the notes, each note holder received bonus preferred shares of FCC equal to 20% of the note proceeds. The bonus preferred shares are non-redeemable and are convertible into shares of FCC for a period of 24 months from the date of issuance.

Both the notes and bonus preferred shares are convertible into FCC common shares at the lowest of the following prices:

- a) The price per share equal to a 20% discount to the price of the specified future equity financing;
- b) The price per share equal to the valuation cap (\$250,000,000) divided by the total number of common and preferred shares outstanding; or
- c) A 20% discount to the 5-day volume-weighted average price (VWAP) of the common shares upon the closing of a corporate event.

Based on the terms of the November 14, and December 18 notes, the convertible notes were determined to be a financial instrument comprising a host debt component, with a conversion feature with a variable conversion price classified as a derivative liability, and preferred shares classified as equity.

In relation to the two tranches, 858,655 finder's warrants were granted (447,468 and 411,187, respectively) and valued at \$80 (\$33 and \$47, respectively) using the Black-Scholes Option Pricing model and the following assumptions:

## Lion Copper and Gold Corp.

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	November 14, 2025	December 18, 2025
Risk-free interest rate	3.74%	3.66%
Stock price	\$0.19	\$0.26
Expected life (years)	5.00	5.00
Annualized volatility	93.28%	92.98%
Forfeiture rate	0.00%	0.00%
Dividend yield	0.00%	0.00%

Subsequent to initial recognition, the host debt component is carried at cost and is accreted up to its face value over the term of the note. The conversion feature derivative liability is revalued at each reporting period to its fair value with the change recognized in the Consolidated Statements of Loss. The preferred shares are carried at cost with no further remeasurement.

The Company engaged a third-party valuation firm to value the components of the convertible note financings completed on July 24, 2025, August 20, 2025, November 14, 2025, and December 18, 2025.

The valuation firm determined the fair value of each component as follows:

### Host Debt:

Instrument	Measurement Date	Principal Amount	Fair value	Allocated value	Effective Interest rate	Finder's fee allocation
July Tranche	24/07/2025	\$4,517	\$3,622	\$2,917	74.23%	\$223
August Tranche	20/08/2025	\$1,111	\$893	\$743	71.63%	\$69
November Tranche	14/11/2025	\$12,500	\$10,057	\$8,562	63.68%	\$573
December Tranche	18/12/2025	\$16,722	\$13,459	\$11,442	61.19%	\$564

### Derivative Liability:

Instrument	Initial recognition	Principal Amount	Fair value	Allocated value	Finder's fee allocation
July Tranche	24/07/2025	\$4,517	\$751	\$751	\$46
August Tranche	20/08/2025	\$1,111	\$156	\$156	\$12
November Tranche	14/11/2025	\$12,500	\$1,523	\$1,523	\$87
December Tranche	18/12/2025	\$16,722	\$2,049	\$2,049	\$86

Instrument	Measurement date	Principal Amount	Fair value
July Tranche	31/12/2025	\$4,517	\$787
August Tranche	31/12/2025	\$1,111	\$205
November Tranche	31/12/2025	\$12,500	\$1,533

## Lion Copper and Gold Corp.

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December Tranche	31/12/2025	\$16,722	\$2,052
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### Preferred Share:

Instrument	Measurement Date	Principal Amount	Fair value	Allocated value	Finder's fee allocation
July Tranche	24/07/2025	\$4,517	\$493	\$397	\$30
August Tranche	20/08/2025	\$1,111	\$121	\$101	\$9
November Tranche	14/11/2025	\$12,500	\$1,368	\$1,165	\$78
December Tranche	18/12/2025	\$16,722	\$1,833	\$1,558	\$77

Finder's fees allocated to the host debt was accounted for as a direct reduction to the carrying amount of debt and amortized to accretion expense over the term of the debt, while finder's fees allocated to preferred shares were accounted for as a direct reduction to equity. The finder's fees allocated to the derivative liability were expensed immediately in financing costs in the Consolidated Statement of Operations.

On November 6, 2025, the Company completed a non-brokered private placement of convertible debentures (the "**Debentures**") with a principal amount of \$2,700. The Debentures mature on November 6, 2026 and bear interest at 12% per annum, payable at maturity. The Debentures are convertible, at the option of the holder, into common shares of the Company at \$0.0965 per share. Interest may be paid in common shares at the prevailing market price upon repayment or conversion, subject to regulatory approval.

In relation to the completed convertible debenture financing, the Company granted 27,979,274 common share purchase warrants, exercisable at \$0.0965 and expiring on November 6, 2030.

Under ASC 470-20, as amended by ASU 2020-06, the conversion feature does not require bifurcation. Therefore, both the debt and the conversion option is accounted for as a single liability carried at book value plus accrued interest whereas the warrants were accounted for as equity. The liability component is recorded at amortized cost using the effective interest method, and the equity component is recorded in shareholders' equity at the date of issuance.

Accordingly, the proceeds were allocated between the liability and equity components using the relative fair value method, with \$1,936 assigned to debt and \$764 recorded in additional paid-in capital on November 6, 2025.

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The warrants were valued using the Black-Scholes Option Pricing model and the following assumptions:

	<b>November 6, 2025</b>
Risk-free interest rate	3.72%
Expected life (years)	5.00
Annualized volatility	26.85%
Forfeiture rate	0.00%
Dividend yield	0.00%

On February 16, 2024, the Company issued 12-month convertible debentures with a principal amount of \$941, bearing an interest rate of 20% per annum. These debentures replaced previously issued debentures that were due in February 2024. The debentures were convertible into common shares of the Company at a price of \$0.06 (\$0.08 CAD) per share.

In December 2024, the Company repaid \$936 of these debentures. The remaining balance of \$5 was repaid in February 2025, along with accrued interest of \$1.

The following table summarizes the continuity of the convertible debentures, including those issued by FCC:

<b>Balance as at December 31, 2023</b>	<b>\$</b>	<b>3,544</b>
Issued		461
Extinguished debt - fair value of conversion feature		(30)
Extinguished debt - fair value of warrants		(30)
Modified debt - fair value of warrants		(93)
Accretion		220
Interest		228
Extinguished		(150)
Converted		(1,976)
Repayment		(1,922)
Loss on repayment		5
<b>Balance as at December 31, 2024</b>	<b>\$</b>	<b>257</b>
Issued		24,590
Accretion		2,125
Interest		70
Converted		(586)
Repayment		(6)
Deconsolidation of FCC		(24,364)
<b>Balance as at December 31, 2025</b>	<b>\$</b>	<b>2,086</b>

### 8. DERIVATIVE LIABILITIES

During the year ended December 31, 2024, the Company issued certain share purchase warrants and convertible debt that can be exercised and converted in USD or CAD. The warrants and the conversion feature were classified as derivative liabilities, carried at fair value and revalued at each reporting date.

## Lion Copper and Gold Corp.

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In conjunction with the Company's CSE listing on September 19, 2024, 41,707,215 warrants were issued to certain directors and individual who converted their debts into common shares of the Company on March 8, 2024. These warrants were treated as a contingency with their fair value being recorded as a derivative liability on March 8, 2024. On September 19, 2024, these warrants were revalued at \$359 and recorded as equity since all are exercisable in USD, the functional currency of the Company.

During the year ended December 31, 2025, FCC issued certain convertible debt with a variable conversion price (Note 7). Under ASC 815, the conversion feature was classified as a derivative liability, carried at fair value and revalued at each reporting date.

During the year ended December 31, 2025, the FCC issued certain share purchase warrants with a variable exercise price (Note 3). The warrants were classified as a derivative liability, carried at fair value and revalued at each reporting date.

The following table summarizes the continuity of the derivative liabilities, including those related to FCC:

<b>Balance December 31, 2023</b>	<b>\$</b>	<b>176</b>
Issuance of warrants for private placement		346
Issuance of warrants upon conversion of existing debentures		60
Issuance of contingent warrants upon conversion of existing debentures		649
Issuance of warrants and conversion for extinguishment debentures		55
Modification of warrants upon restructuring of debentures		109
Modification of conversion feature upon restructuring of debentures		129
Issuance of warrants – equity		(359)
Fair value change on derivative liabilities		(876)
<b>Balance December 31, 2024</b>	<b>\$</b>	<b>289</b>
Issuance of convertible debentures with variable conversion price		10,393
Deconsolidation of Falcon Copper		(10,490)
Fair value change on derivative liabilities		3,372
<b>Balance December 31, 2025</b>	<b>\$</b>	<b>3,564</b>

## 9. SHARE CAPITAL

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

During the year ended December 31, 2025, the Company issued a total of 2,223,635 (June 2024 – 3,063,000) common shares pursuant to the exercises of stock options for aggregate proceeds of \$127 (2024 - \$181).

In February and March 2024, the Company issued 3,500,000 and 45,815,213 common shares, respectively, at prices of \$0.074 and \$0.042 per share in connection with the convertible debentures (Note 8).

In March and November 2024, the Company completed private placements of 23,809,522 and 25,155,554 units, respectively, at \$0.042 and \$0.045 per unit for aggregate gross proceeds of \$2,132.

## Lion Copper and Gold Corp.

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Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.056 and \$0.06 per share, respectively, for a period of five years from the date of issuances.

### 10. ADDITIONAL PAID-IN CAPITAL

#### a) Stock options

The Company is authorized to grant stock options to directors, employees, and consultants pursuant to its stock option plan for up to 20% of the Company's issued and outstanding common shares. Stock options are granted at the discretion of the Board of Directors and may vest immediately or upon the achievement of specified performance milestones.

The exercise price of each option cannot be lower than the closing market share price of the Company's common shares on the trading day preceding the grant. Most options are granted for a term of five years and invested immediately, except for those subject to performance milestones.

The following table summarizes the continuity of the number of stock options issued and outstanding:

	December 31, 2025		December 31, 2024	
	Number of options	Weighted average exercise price (CAD)	Number of options	Weighted average exercise price (CAD)
Outstanding, beginning of year	63,735,248	0.09	49,239,020	\$ 0.10
Granted	29,000,000	0.05	40,655,000	0.08
Exercised	(2,223,635)	(0.080)	(3,063,000)	(0.080)
Expired	(1,970,648)	(0.080)	(13,595,772)	(0.09)
Cancelled	-	-	(9,500,000)	(0.11)
Outstanding, ending of year	88,540,965	0.10	63,735,248	0.09
Exercisable, ending of year	81,040,965	0.10	57,765,248	0.09

As of December 31, 2025, all stock options were fully vested except for 7,500,000 granted on April 5, 2025.

On April 4, 2025, the Company granted 7,500,000 performance options to a key member of management at an exercise price of \$0.08 per share. The options vest in two equal tranches upon the Company achieving market capitalization of \$100,000 and \$200,000, respectively.

The performance options were valued using a Monte Carlo simulation model with the following inputs: Volatility: 125%, risk-free interest rate 2.52%, dividend yield 0% and simulation paths 10,000.

## Lion Copper and Gold Corp.

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On July 26, 2024, the Company granted 7,500,000 stock options to three members of senior management at an exercise price of CAD \$0.08 per share. The options vest in three equal tranches upon the achievement of specific milestones pursuant to the Option Agreement with Nuton LLC. All vesting conditions were met, and the options became fully vested as of December 31, 2025.

The following table summarizes the Company's stock options outstanding as of December 31, 2025 and 2024, the weighted-average remaining contractual life of the options outstanding was 3.6 and 2.7 years, respectively.

Grant Date	Exercise		December 31, 2025	December 31, 2024
	Price (CAD)	Expiry Date		
June 30, 2020	0.08	June 30, 2025	-	2,450,000
August 18, 2020	0.072	August 18, 2025	-	1,744,283
June 18, 2021	0.245	June 18, 2026	2,550,000	2,550,000
October 21, 2021	0.09	October 21, 2026	900,000	900,000
May 25, 2022	0.085	May 25, 2027	2,000,000	2,000,000
March 3, 2023	0.095	March 2, 2028	350,000	350,000
July 22, 2023	0.08	July 21, 2028	16,215,965	16,215,965
March 1, 2024	0.07	March 1, 2029	12,865,000	12,865,000
July 26, 2024	0.08	July 26, 2029	7,500,000	7,500,000
December 10, 2024	0.085	December 10, 2029	17,160,000	17,160,000
April 4, 2025	USD 0.08	April 4, 2030	7,500,000	-
September 5, 2025	0.12	September 5, 2030	20,000,000	-
September 8, 2025	0.135	September 8, 2030	1,500,000	-
			88,540,965	63,735,248

For 2025, the Company recognized shared-based compensation expense of \$1,975 (2024 - \$1,523) related to the vesting of options. Share-based compensation expense is recorded over the vesting period of the respective awards. The fair value of stock options granted during 2025 and 2024 was estimated at the grant date using the Black-Scholes option pricing model with the following weighted-average assumptions:

	December 31, 2025	December 31, 2024
Annualized volatility	140%	90-141%
Expected life in years	5	5
Estimated forfeiture rate	0%	0%
Risk free interest rate	2.77 - 2.82%	2.83 - 3.94%
Dividend yield	Nil	Nil

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### b) Share purchase warrants

The following table summarizes the continuity of the number of warrants issued and outstanding:

	December 31, 2025		December 31, 2024	
	Number	Weighted average exercise price	Number	Weighted average exercise price
	of warrants		of warrants	
Outstanding, beginning of year	110,477,171	\$ 0.06	119,626,027	\$ 0.09
Warrants issued	27,979,275	0.0965	110,477,171	0.06
Cancelled	-	-	(32,270,021)	(0.07)
Warrants expired	(15,696,882)	(0.06)	(87,356,006)	(0.10)
Outstanding, end of year	122,759,564	\$ 0.066	110,477,171	\$ 0.06

On November 6, 2025, the Company issued 27,979,274 (November 8, 2024 – 25,155,554) common share purchase warrants in connection with the issuance of convertible debentures (Note 7), each exercisable for one common share at \$0.0965 (2024 - \$0.06) until November 6, 2030 (November 8, 2029).

The following table summarizes warrants outstanding as of December 31, 2025 and 2024:

Grant Date	Exercise Price (\$)	Expiry Date	December 31, 2025	December 31, 2024
February 16, 2024	0.06	February 16, 2025	-	15,696,882
March 8, 2024	0.056	March 8, 2029	27,917,520	27,917,520
September 19, 2024	0.056	September 19, 2029	41,707,215	41,707,215
November 8, 2024	0.06	November 8, 2029	25,155,554	25,155,554
November 6, 2025	0.0965	November 6, 2030	27,979,275	-
			122,759,564	110,477,171

## 11. RELATED PARTY TRANSACTIONS

The Company's key management personnel consist of its directors and executive officers. Compensation for key management personnel was as below:

	Years ended December 31	
	2025	2024
Salaries and bonuses	\$ 2,278	\$ 553
Directors' fees	90	-
Share-based compensation	6,402	850
	\$ 8,770	\$ 1,403

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Certain officers are entitled to payment upon a change of control in accordance with their employment agreements. Share-based compensation represents the fair value of stock options granted to directors and officers during the year.

In 2025, members of the Board were granted stock options of FCC with a fair value of \$2,103. One of the Company's Co-Chairmen, who also serves as a Chairman of FCC, received a cash bonus of \$500 from FCC.

During the year ended December 31, 2025, an immediate family member of an executive officer was employed by the Company as a temporary employee and received salary. In addition, a firm affiliated with this individual provided services to the Company and related parties. Total compensation and service fees for the year were \$120.

In connection with the Falcon Butte acquisition (Note 3(a)), Falcon Butte declared and paid dividends directly to its shareholders, including two directors of the Company. The Company did not fund these payments and the amounts received by the two directors were not material.

The Chief Executive Officer and Chief Financial Officer of FCC received salaries of \$149 and \$49, respectively, and were granted FCC stock options with fair values of \$1,505 and \$19, respectively. The Chief Executive Officer also received a bonus of \$500. These amounts are included in the table above.

During 2025 and 2024, certain directors and officers participated in financing transactions with the Company.

During 2025, \$Nil interest was accrued and remained unpaid related to convertible debentures held by directors and officers (2024 - \$160 accrued and paid). The debentures bear interest at 12% per annum (2024 - 20%) and mature on November 8, 2026 (2024 - February 16, 2025).

On February 16, 2024, certain directors and officers of the Company restructured \$407 of previously issued convertible debentures into new debentures bearing interest at 20% per annum, maturing on February 16, 2025, and convertible into common shares at \$0.06 per share. In addition, a director converted \$259 of convertible debentures into 3,500,000 common shares at \$0.074 per share (note 9).

On March 8, 2024, certain directors and a former officer converted \$1,541 of convertible debentures into 36,675,478 common shares at a price of \$0.042 per share. In connection with these conversions, the Company issued 41,707,215 contingent warrants to certain directors and officers with an initial fair value of \$649, which was subsequently remeasured to \$359 as of September 19, 2024.

On March 8, 2024, certain directors and a former officer subscribed for 12,202,380 common shares for total proceeds of \$513 in a private placement and received 12,202,380 warrants with a value of \$177.

## 12. SEGMENTED INFORMATION

The Company operates as a single operating segment focused on exploration and development in the United States. Although general and administrative expenses are incurred across multiple legal entities, the chief operating decision maker ("CODM"), the Company's board of directors, evaluates performance and allocates resources on a consolidated basis. The accounting policies used to measure the profit and loss of the segment are the same as those described in the summary of significant accounting policies. The measure of segment assets is reported on the consolidated balance sheet as total assets.

## **Lion Copper and Gold Corp.**

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### **13. COMMITMENTS**

To acquire certain mineral property interests as per Note 4, the Company must make optional acquisition expenditures to satisfy the terms of existing option agreements, failing which the rights to such mineral properties will revert to the property vendors.

### **14. FINANCIAL INSTRUMENT RISKS**

The board of directors has overall responsibility for establishing and oversight of the Company's risk management framework. The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. Financial instruments consist of cash and cash equivalents, accounts payable, accrued liabilities, lease liabilities, Nuton LLC deposit, convertible debentures, derivative liabilities.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's activities expose it to financial risks of varying degrees of significance, which could affect its ability to achieve its strategic objectives for growth and stockholder returns. The principal financial risks to which the Company is exposed are liquidity risk, currency risk, interest rate risk, credit risk and commodity price risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.

The carrying values of cash, accounts payable, accrued liabilities and Nuton LLC deposit approximate their fair values because of their immediate or short term to maturity and the Company's convertible debentures and lease liabilities are recorded at amortized cost.

The Company's derivative liabilities are measured at its fair value at the end of each reporting period and is categorized as Level 2 in the fair value hierarchy based on the use of observable indirect market data like government bond yields to estimate risk-free rates and dividend yields based on historical dividend patterns. The Company's investment in associate and other are categorized as Level 3 in the fair value hierarchy (Note 3(b) and Note 3(a), respectively).

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a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company ensures that sufficient funds are raised from equity offerings or debt financing to meet its operating requirements, after considering existing cash and expected exercise of stock options and share purchase warrants. See Note 1 for further discussion.

b) Currency risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates in the United States and Canada; and is exposed to currency risk from transactions denominated in CAD. Currently, the Company does not have any foreign exchange hedge programs and manages its operational CAD requirements through spot purchases in the foreign exchange markets. Based on CAD financial assets and liabilities' magnitude, the Company does not have material sensitivity to CAD to USD exchange rates.

c) 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 the interest rate risk on its liabilities through its outstanding borrowings and the interest earned on cash balances. The Company monitors its exposure to interest rates and maintains an investment policy that focuses primarily on the preservation of capital and liquidity.

d) Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk through its cash and cash equivalents. Cash and cash equivalents are held in large Canadian and US financial institutions that have high credit ratings assigned by international credit rating agencies.

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### 15. DEFERRED INCOME TAX

A Reconciliation of income tax provision computed at Canadian statutory rates to the reported income tax provision is provided as follows:

	2025	Percent %	2024	Percent %
Net income (loss) for the year	\$ 4,383		\$ (4,741)	
Canadian Federal statutory rate	663	15	(711)	15
Local income taxes, net of federal benefit	526	12	(569)	12
Foreign tax effects				
USA				
Statutory tax rate difference between USA and Canada	\$ (420)	(10)	\$ (124)	3
Change in valuation allowance	(1,914)	(44)	(330)	7
Non-deductible (taxable) items	(1,578)	(36)	23	0
Other adjustments	342	8	764	(16)
Provision to return adjustments and other	213	5	39	(1)
Foreign exchange gains and losses	(434)	(10)	817	(17)
Permanent difference	533	12	667	(14)
Change in valuation allowance	1,231	28	(576)	12
Loss of subsidiary	838	19	-	
Income tax expense (recovery)	\$ -		\$ -	

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The tax effect of temporary differences that give rise to significant portions of deferred tax assets and deferred tax liabilities as at December 31, 2025 and 2024 respectively are presented below.:

	2025	2024
Deferred tax assets:		
Non-capital loss and net operating loss carryforward	\$ 7,071	\$ 7,434
Mineral properties	9,397	10,442
Capital losses	2,153	2,052
Financing and other	968	104
Lease liabilities	-	8
Total gross deferred tax assets	19,589	20,040
Less: valuation allowance	(16,139)	(20,016)
Net deferred tax assets	3,450	24
Deferred tax liabilities:		
Convertible debentures	(179)	(16)
Investments	(3,271)	-
ROU asset	-	(8)
Total deferred tax liabilities	(3,450)	(24)
Deferred tax assets and liabilities	-	-

The Company's unused tax losses expire as follows:

	Canada	US
2026	\$ 510	\$ -
2027 - 2045	23,381	-
2034 - 2037	-	79
Indefinite	-	1,425
	\$ 23,891	\$ 1,504

The Company's unused capital losses of \$15,954 are available to carry forward indefinitely.

## 16. SUBSEQUENT EVENTS

- On January 21, 2026, the Company received \$30,500 from Nuton in connection with this Stage 3 funding commitment under the Earn-In Agreement.
- Subsequent to year end, the Company issued 258,225 shares for financial advisory services valued at \$30, and 8,504,062 common shares upon exercises of warrants and options for gross proceeds of \$497.