Rubicon Organics Inc.

Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and six months ended June 30, 2026

Expressed in thousands of Canadian dollars unless otherwise noted

The accompanying unaudited condensed consolidated interim financial statements of the Company 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 financial statements in accordance with the standards established by the Canadian Institute of Professional Chartered Accountants for a review of interim financial statements by an entity's auditor.

RUBICON ORGANICS INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

Expressed in thousands of Canadian Dollars

	Notes		June 30, 2026		December 31, 2025
ASSETS					
Current					
Cash and cash equivalents	17	$	**2,964**	$	3,989
Accounts receivable	5		**8,251**		9,295
Prepaid expenses and deposits	6		**3,827**		3,063
Inventories	7		**19,074**		16,557
Cannabis plants	8		**4,056**		2,927
			38,172		35,831
Non-Current					
Property, plant and equipment	9		**29,972**		28,682
Intangible assets	10		**2,382**		2,382
Total assets		$	**70,526**	$	66,895
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Accounts payable and accrued liabilities	12	$	**12,538**	$	10,344
Interest payable			**66**		71
Current portion of lease liabilities	11		**467**		51
Current portion of loans and borrowings	13		**4,214**		1,722
			17,285		12,188
Non-Current					
Non-current portion of lease liabilities	11		**1,017**		302
Non-current portion of loans and borrowings	13		**9,878**		10,348
Total liabilities			**28,180**		22,838
Shareholders' equity					
Share capital	14		**112,099**		111,931
Reserves	15		**25,623**		25,161
Deficit			**(95,376)**		(93,035)
Total shareholders' equity			**42,346**		44,057
Total liabilities and shareholders' equity		$	**70,526**	$	66,895

Approved on behalf of the Board:

(Signed) *"Michael Detlefsen"*
Director

(Signed) *"Margaret Brodie"*
Director and CEO

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

RUBICON ORGANICS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (UNAUDITED)
Expressed in thousands of Canadian Dollars, except for share information

	Notes	For the three months ended June 30, 2026	June 30, 2025	For the six months ended June 30, 2026	June 30, 2025
Revenue					
Product sales		**$ 23,792**	$ 19,179	**$ 41,085**	$ 35,232
Excise taxes		**(5,340)**	(4,195)	**(8,944)**	(7,872)
Net revenue		**18,452**	14,984	**32,141**	27,360
Cost of sales		**13,010**	9,854	**23,958**	18,442
Gross profit before fair value adjustments		**5,442**	5,130	**8,183**	8,918
Fair value adjustments to cannabis plants, inventory sold, and other charges	8	**2,170**	747	**2,902**	1,186
Gross profit		**7,612**	5,877	**11,085**	10,104
Operating expenses					
Salaries, wages, and consulting		**3,130**	2,385	**6,490**	4,622
General and administrative		**1,599**	1,221	**2,630**	2,091
Sales and marketing		**1,873**	929	**3,046**	1,608
Share-based compensation	15	**297**	318	**630**	822
Depreciation and amortization	9	**37**	47	**141**	95
		6,936	4,900	**12,937**	9,238
Income (loss) from operations		**676**	977	**(1,852)**	866
Interest on loans	13	**258**	174	**472**	348
Foreign exchange loss		**7**	30	**17**	67
Net income (loss) and comprehensive income (loss) for the period		**$ 411**	$ 773	**$ (2,341)**	$ 451
Income (loss) per share, basic		**$ 0.01**	$ 0.01	**$ (0.03)**	$ 0.01
Income (loss) per share, diluted		**$ 0.01**	$ 0.01	**$ (0.03)**	$ 0.01
Weighted average number of shares outstanding, basic		**70,570,186**	64,888,408	**70,500,701**	61,765,657
Weighted average number of shares outstanding, diluted		**71,751,009**	66,151,821	**71,681,523**	63,029,070

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

RUBICON ORGANICS INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

Expressed in thousands of Canadian Dollars, except for share information

	Notes	Number of Shares		Share Capital		Share-Based Reserves		Warrant Reserve		Reserves		Deficit		Total Shareholders' Equity
Balance, January 1, 2025		**56,528,091**	**$**	**108,303**	**$**	**15,455**	**$**	**7,729**	**$**	**23,184**	**$**	**(94,086)**	**$**	**37,401**
Share-based compensation	15	—		—		822		—		822		—		822
Vesting of RSUs	14	420,415		266		(266)		—		(266)		—		—
Share issuance – private placement		10,227,265		3,362		—		800		800		—		4,162
Net loss for the period		—		—		—		—		—		451		451
Balance, June 30, 2025		**67,175,771**	**$**	**111,931**	**$**	**16,011**	**$**	**8,529**	**$**	**24,540**	**$**	**(93,635)**	**$**	**42,836**
Balance, January 1, 2026		**67,175,771**	**$**	**111,931**	**$**	**16,632**	**$**	**8,529**	**$**	**25,161**	**$**	**(93,035)**	**$**	**44,057**
Share-based compensation	15	—		—		630		—		630		—		630
Vesting of RSUs	14	403,145		168		(168)		—		(168)		—		—
Net loss for the period		—		—		—		—		—		(2,341)		(2,341)
Balance, June 30, 2026		**67,578,916**	**$**	**112,099**	**$**	**17,094**	**$**	**8,529**	**$**	**25,623**	**$**	**(95,376)**	**$**	**42,346**

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

RUBICON ORGANICS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)
Expressed in thousands of Canadian Dollars

	Notes	For the six months ended June 30, 2026	June 30, 2025
OPERATING ACTIVITIES			
Net loss (income) from continuing operations		**$ (2,341)**	$ 451
Adjustments to reconcile net loss (income) to cash provided by operating activities:			
Fair value adjustments to cannabis plants, inventory sold, and other charges	8	**(2,902)**	(1,186)
Depreciation and amortization	9	**2,332**	1,600
Share-based compensation	15	**630**	822
Interest on loans	13	**472**	348
Foreign exchange loss		**17**	5
Changes in non-cash working capital items	17	**2,153**	(2,226)
Cash provided by (used in) operating activities		**361**	(186)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	9	**(2,594)**	(5,809)
Cash used in investing activities		**(2,594)**	(5,809)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings (net of costs)	13	**2,487**	—
Net proceeds of equity financing		**—**	4,162
Principal loan payments		**(492)**	(360)
Interest paid		**(450)**	(340)
Repayment of lease liabilities		**(321)**	(41)
Cash provided by financing activities		**1,224**	3,421
Effect of exchange rate changes on cash		**(16)**	(5)
Net decrease in cash and cash equivalents during the period		**(1,025)**	(2,579)
Cash and cash equivalents, beginning of period		**3,989**	9,857
Cash and cash equivalents, end of period		**$ 2,964**	$ 7,278

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

1. NATURE OF OPERATIONS

Rubicon Organics Inc. (the "Company", "Rubicon", or "ROI") is a British Columbia registered company incorporated on May 15, 2015.

The Company's principal business is the production and sale of cannabis in Canada. The Company produces and processes premium cannabis at its two wholly owned, federally licensed facilities: a 125,000 square foot facility in Delta, British Columbia (the "Pacifica Facility"); and its purpose-built 47,500 square foot indoor cultivation facility located in Hope, British Columbia (the "Cascadia Facility"). The Company sells its cannabis under its wholly owned brands and certain wholesale channels.

The Company's common shares trade on the TSX Venture Exchange (the "TSXV") under the trading symbol "ROMJ" and on the OTCQX Best Market under the symbol "ROMJF".

The address of the Company's registered office and records is 1200 Waterfront Centre, 200 Burrard Street, PO Box 48600 Vancouver, British Columbia V7X 1T2. The Company's head office is unit 701, 744 West Hastings Street, Vancouver, British Columbia V6C 1A5.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. Certain information and note disclosures normally included in the audited annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Standards Interpretation Committee ("IFRIC") have been omitted or condensed. As a result, these condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2025 ("Annual Financial Statements").

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

These financial statements were authorized for issuance by the Board of Directors of the Company on August 11, 2026.

3. MATERIAL ACCOUNTING POLICIES

During the period, the Company changed its accounting policy with respect to the recognition of certain leases. Previously, these leases were expensed as incurred. Following a reassessment of the contractual terms and applicable requirements of IFRS 16 *Leases*, the Company determined that these arrangements meet the definition of a lease and should be recognized on the statement of financial position.

Accordingly, the Company now recognizes a right-of-use asset and a corresponding lease liability at the start of this period, measured in accordance with IFRS 16. Lease expenses previously recognized within operating expenses are replaced with depreciation of right-of-use assets and interest expense on lease liabilities.

All other accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Company's Annual Financial Statements.

Expressed in thousands of Canadian dollars unless otherwise noted

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The critical estimates and judgements made in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Company's Annual Financial Statements.

5. ACCOUNTS RECEIVABLE

		June 30, 2026		December 31, 2025
Trade receivables	**$**	**8,040**	$	9,049
Sales taxes recoverable		**211**		246
Total accounts receivable	**$**	**8,251**	$	9,295

Trade receivables arise from sales of cannabis to distributors and retailers in Canada. As at June 30, 2026, 88% of trade receivables were with provincial government cannabis distributors (December 31, 2025: 92%). Trade receivables are net of a $449 provision for returns (December 31, 2025: $798).

For the three and six months ended June 30, 2026, the Company had four customers (three and six months ended June 30, 2025: four customers and four customers, respectively) that individually represented more than 10% and together constituted 96% (June 30, 2025: 91%) of the Company's net revenue. Direct sales to provincial government cannabis distributors for the three and six months ended June 30, 2026 accounted for 98% and 97% of revenue respectively, (three and six months ended June 30, 2025: 97% and 98%, respectively).

6. PREPAID EXPENSES, DEPOSITS, & OTHER

		June 30, 2026		December 31, 2025
Prepaid expenses	**$**	**723**	$	1,022
Deposits		**2,610**		1,591
Prepaid excise tax expense		**494**		450
Total prepaid expenses and deposits	**$**	**3,827**	$	**3,063**

As at June 30, 2026, $668 of the deposits balance was related to property, plant and equipment (December 31, 2025: $370).

7. INVENTORIES

Inventory as at June 30, 2026 and December 31, 2025 consisted of consumable inventory used in the propagation and transformation of the Company's cannabis plants, work-in-process ("WIP") inventory and finished goods.

		June 30, 2026		December 31, 2025
Consumable inventory	**$**	**2,373**	$	2,033
WIP inventory		**14,587**		12,874
Finished goods		**2,114**		1,650
Total inventories	**$**	**19,074**	$	16,557

At June 30, 2026, WIP inventory and finished goods include $8,387 of non-cash fair value of cannabis plants transferred upon harvest (December 31, 2025: $6,613).

At June 30, 2026, $620 of consumable inventory is expected to be utilized more than twelve months after the reporting period (December 31, 2025: $707).

Expressed in thousands of Canadian dollars unless otherwise noted

8. CANNABIS PLANTS

The changes in the carrying value of cannabis plants was as follows:

Balance, December 31, 2025	**$**	**2,927**
Change in fair value of cannabis plants		12,260
Transferred to inventory upon harvest		(11,131)
Balance, June 30, 2026	**$**	**4,056**

The fair value of cannabis plants was determined using a valuation model that estimates the expected average yield per plant and applies this to the estimated fair value less costs to sell per gram of dried cannabis flower. These fair value measurements have been categorized as Level 3 of the fair value hierarchy because there is currently no actively traded commodity market in Canada for cannabis plants.

The significant assumptions applied in determining the fair value are as follows:

- expected average yield of approximately 75.9 grams per plant (December 31, 2025: 71.8 grams per plant); and
- comparable selling price of wholesale dried cannabis flower ranging from $1.33 to $1.45 per gram (December 31, 2025: $1.24 to $1.50 per gram).

The comparable selling price used in the valuation is based on recently quoted prices of wholesale dried cannabis flower from licensed Canadian wholesalers and varies based on THC content. Expected average yields for cannabis plants are subject to a variety of factors, such as strains being grown, length of growing cycle, and space allocated for growing. Estimates of future yields are based on the historical weighted average of actual yields.

The Company periodically reassesses the significant assumptions applied in determining the fair value of cannabis plants based on historical information as well as the Company’s planned production schedules. When there is a material change in any of the significant assumptions, the fair value of cannabis plants is adjusted.

For the period ended June 30, 2026, the Company determined the weighted average fair value less costs to sell was approximately $1.43 per dried gram (December 31, 2025: $1.46 per dried gram).

The Company has quantified the sensitivity of the significant unobservable inputs used to calculate the fair value recorded. An increase/decrease in the comparable selling price per gram of 10% would result in an increase/decrease in the value of cannabis plants of $541. An increase/decrease in the expected average yield per plant of 10% would result in an increase/decrease in the value of cannabis plants of $406.

The number of weeks in the growth cycle is eleven to sixteen weeks from propagation to harvest. As at June 30, 2026, the cannabis plants were estimated to be, on average, 59% complete (December 31, 2025: 43% complete).

The fair value adjustment to cannabis plants, inventory sold, and other charges for the three and six months ended June 30, 2026 and June 30, 2025 is comprised of the following:

	For the three months ended		For the six months ended	
	June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
Unrealized gain on changes in fair value of cannabis plants	**$ 7,421**	$ 4,360	**$ 12,260**	$ 7,641
Realized fair value of inventory sold	**(4,947)**	(3,303)	**(8,593)**	(6,085)
Adjustment to net realizable value of inventory on hand at period end	**(304)**	(310)	**(765)**	(370)
	$ 2,170	$ 747	**$ 2,902**	$ 1,186

Expressed in thousands of Canadian dollars unless otherwise noted

9. PROPERTY, PLANT AND EQUIPMENT

Cost		**Buildings and leasehold improvements**		**Equipment and vehicles**		**Land**		**Construction in progress**		**Right-of-use assets**		**Total**
At December 31, 2025	$	24,628	$	19,084	$	2,041	$	168	$	457	$	46,378
Additions		84		1,151		—		1,060		1,333		3,628
Commissioned during the period		9		415		—		(424)		—		—
At June 30, 2026	**$**	**24,721**	**$**	**20,650**	**$**	**2,041**	**$**	**804**	**$**	**1,790**	**$**	**50,006**
Accumulated depreciation												
At December 31, 2025	$	5,508	$	12,079	$	—	$	—	$	109	$	17,696
Depreciation		683		1,397		—		—		258		2,338
At June 30, 2026	**$**	**6,191**	**$**	**13,476**	**$**	**—**	**$**	**—**	**$**	**367**	**$**	**20,034**
Net book value												
At June 30, 2026	**$**	**18,530**	**$**	**7,174**	**$**	**2,041**	**$**	**804**	**$**	**1,423**	**$**	**29,972**

Cost		**Buildings and leasehold improvements**		**Equipment and vehicles**		**Land**		**Construction in progress**		**Right-of-use assets**		**Total**
At December 31, 2024	$	19,621	$	15,954	$	2,041	$	69	$	270	$	37,955
Additions		29		304		—		7,903		360		8,596
Commissioned during the period		4,978		2,826		—		(7,804)		—		—
Disposals		—		—		—		—		(173)		(173)
At December 31, 2025	**$**	**24,628**	**$**	**19,084**	**$**	**2,041**	**$**	**168**	**$**	**457**	**$**	**46,378**
Accumulated depreciation												
At December 31, 2024	$	4,364	$	9,827	$	—	$	—	$	186	$	14,377
Depreciation		1,144		2,252		—		—		62		3,458
Disposals		—		—		—		—		(139)		(139)
At December 31, 2025	**$**	**5,508**	**$**	**12,079**	**$**	**—**	**$**	**—**	**$**	**109**	**$**	**17,696**
Net book value												
At December 31, 2025	**$**	**19,120**	**$**	**7,005**	**$**	**2,041**	**$**	**168**	**$**	**348**	**$**	**28,682**

Expressed in thousands of Canadian dollars unless otherwise noted

Starting in 2026, the Company changed its accounting policy with respect to the recognition of a class of leases that were previously expensed as incurred. Following a reassessment of the contractual terms and the requirements of IFRS 16 *Leases*, the Company determined that these arrangements meet the definition of a capital lease and should be recognized on the statement of financial position. As a result, the Company now recognizes right-of-use assets and corresponding lease liabilities for these leases. The change in accounting policy has been applied prospectively from the effective date of the change, with no adjustment to comparative periods. Accordingly, lease costs previously recognized within operating expenses are replaced by depreciation of right-of-use assets and interest expense on lease liabilities from the date of application.

For the six months ended June 30, 2026, depreciation of $1,480 was included in production costs (June 30, 2025: $554) and $6 was capitalized to inventory (June 30, 2025: $64).

During the three and six months ended June 30, 2026, the total amount of depreciation recognized in cost of sales was $417 and $599, respectively (three and six months ended June 30, 2025: $233 and $394, respectively).

10. INTANGIBLE ASSETS

Cost and carrying amount		Licenses		Patents, trademarks and other rights		Total
At December 31, 2025	$	1,882	$	500	$	2,382
At June 30, 2026	**$**	**1,882**	**$**	**500**	**$**	**2,382**

The intangible assets are the Health Canada licenses and the Wildflower™ brand (“Wildflower”). Pacifica’s Health Canada license was acquired in 2017 when RHC acquired all the outstanding common shares of Vintages Organic Cannabis Company Inc. for $1,882. The Health Canada license was measured at fair value at the time of acquisition. During the year ended December 31, 2025, Cascadia obtained its Health Canada license. Wildflower was acquired on October 5, 2022, for $500. Wildflower was measured at cost at the time of acquisition. Both intangible assets have an indefinite life. The Company expects to renew the licenses at each expiry date indefinitely and expects Wildflower to generate economic benefit in perpetuity.

Expressed in thousands of Canadian dollars unless otherwise noted

11. LEASES

Information about lease liabilities for which the Company is a lessee is presented below.

At December 31, 2024	**$**	**89**
Lease additions		360
Lease terminations		(41)
Lease payments		(72)
Interest expense on lease liability		17
At December 31, 2025		**353**
Lease additions		1,334
Lease payments		(323)
Interest expense on lease liability		120
At June 30, 2026		**1,484**
Less: current portion		**467**
Non-current portion of lease liabilities	**$**	**1,017**

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		June 30, 2026		December 31, 2025
Trade payables	**$**	**2,698**	$	1,519
Accrued liabilities		**4,377**		3,922
Excise taxes payable		**5,463**		4,903
Total accounts payable and accrued liabilities	**$**	**12,538**	$	10,344

13. LOANS AND BORROWINGS

The changes in the carrying value of current and non-current loans and borrowings are as follows:

		Capital Loan		**Credit Facilities**		**Line of Credit**		**Total**
At December 31, 2025	$	2,967	$	9,103	$	—	$	12,070
Loan received		—		—		2,487		2,487
Interest on loans		103		323		46		472
Interest payments		(99)		(301)		(46)		(446)
Principal payments		(106)		(385)		—		(491)
At June 30, 2026		**2,865**		**8,740**		**2,487**		**14,092**
Less: current portion		**398**		**1,329**		**2,487**		**4,214**
Non-current loans and borrowings	**$**	**2,467**	**$**	**7,411**	**$**	**—**	**$**	**9,878**

		Capital Loan		**Credit Facilities**		**Total**
At December 31, 2024	$	—	$	9,800	$	9,800
Loan received		2,967		—		2,967
Interest on loans		17		690		707
Interest payments		(17)		(655)		(672)
Principal payments		—		(732)		(732)
At December 31, 2025		**2,967**		**9,103**		**12,070**
Less: current portion		**397**		**1,325**		**1,722**
Non-current loans and borrowings	**$**	**2,570**	**$**	**7,778**	**$**	**10,348**

During the three months ended June 30, 2026, the Company amended its original Line of Credit agreement dated in November 2025 for $1,000 bearing interest at a rate of CSCU Basic Lending Rate plus 5.50%, to temporarily increase the credit amount to $2,500.

Expressed in thousands of Canadian dollars unless otherwise noted

Total interest accrued on loans for the three and six months ended June 30, 2026, was $258 and $472 (three and six months ended June 30, 2025: $173 and $348, respectively). All interest payments due within twelve months are classified as current.

14. SHARE CAPITAL

a. Authorized

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

b. Issued and fully paid

Common shares			
December 31, 2024	**56,528,091**	**$**	**108,303**
Vesting of RSUs	420,415		266
Non-brokered private placement, net of financing costs	10,227,265		3,362
December 31, 2025	**67,175,771**		**111,931**
Vesting of RSUs	403,145		168
June 30, 2026	**67,578,916**	**$**	**112,099**

15. RESERVES

a. Options

Under the Company's Equity Incentive Plan and Deferred Share Unit Plan (together the "Legacy Plans"), the Board of Directors granted stock options, restricted share awards, restricted share units and deferred share units ("Equity Awards") to eligible directors, officers, employees, and consultants of the Company and its subsidiaries.

On July 31, 2024, the shareholders approved the Company's new Omnibus Equity Incentive Plan. This plan is a fixed plan which provides that the aggregate maximum number of Common Shares that may be issued upon the exercise or settlement of awards granted under the plan is 4,846,192 Common Shares. The Omnibus Equity Incentive Plan replaces the Company's Legacy Plans, and as such, no further grants can be made under the Legacy Plans.

The exercise price of stock options issued pursuant to the Equity Plans is determined by the Board of Directors but cannot be lower than the fair market value of the common shares subject to option on the date of grant. The options vest and become exercisable as determined by the Board of Directors at the time of the grant. Unless determined otherwise by the Board of Directors, the options expire within five years from the date of grant.

The following table provides a summary of the changes in stock options:

	Number of options	Weighted average exercise price
Outstanding, December 31, 2024	**2,156,033**	**$1.54**
Forfeited	(56,500)	$0.90
Expired	(559,333)	$0.86
Outstanding, December 31, 2025	**1,540,200**	**$0.94**
Forfeited	(20,000)	$0.88
Outstanding, June 30, 2026	**1,520,200**	**$0.93**

Expressed in thousands of Canadian dollars unless otherwise noted

The following table provides information on stock options outstanding and exercisable as at June 30, 2026:

		Options outstanding		Options exercisable	
Expiry Date	**Exercise Price**	**Number of options**	**Weighted average remaining contractual life (years)**	**Number of options**	**Weighted average remaining contractual life (years)**
November 16, 2026	$0.85	60,000	0.38	60,000	0.38
July 13, 2027	$0.86	640,200	1.04	640,200	1.04
November 30, 2027	$0.85	145,000	1.42	145,000	1.42
January 6, 2028	$0.90	675,000	1.52	675,000	1.52
		1,520,200	1.26	**1,520,200**	1.26

During the three and six months ended June 30, 2026, the Company recognized $nil in share-based compensation expense related to options (three and six months ended June 30, 2025: $1 and $11, respectively).

b. Warrants

The following table provides information on warrants outstanding:

			Number of Warrants	
Issue Date	**Expiry Date**	**Exercise Price**	**June 30, 2026**	December 31 2025
May 7, 2025	May 7, 2027	$0.70	**5,341,963**	5,341,963

Each warrant is exercisable into one common share of the Company upon payment of the exercise price.

c. Restricted Share Units ("RSUs")

The following table provides a summary of the changes in RSUs:

	Number of RSUs
Outstanding, December 31, 2024	**3,321,106**
Granted	809,712
Vested	(420,415)
Expired and cancelled	(1,169,859)
Outstanding, December 31, 2025	**2,540,544**
Granted	1,002,773
Vested	(403,145)
Expired and cancelled	(860,000)
Outstanding, June 30, 2026	**2,280,172**

During the three and six months ended June 30, 2026, the Company recognized $121 and $279, respectively in share-based compensation related to RSUs (three and six months ended June 30, 2025: $150 and $466, respectively).

Expressed in thousands of Canadian dollars unless otherwise noted

d. Deferred Stock Units ("DSUs")

The following table provides a summary of changes in DSUs:

	Number of DSUs
Outstanding, December 31, 2024	**1,966,692**
Granted	1,024,576
Outstanding, December 31, 2025	**2,991,268**
Outstanding, June 30, 2026	**2,991,268**

During the three and six months ended June 30, 2026, the Company recognized $113 and $225, respectively, in share-based compensation related to DSUs (three and six months ended June 30, 2025: $150 and $301, respectively).

e. Performance Share Units ("PSUs")

The following table provides a summary of changes in PSUs:

	Number of PSUs
Outstanding, December 31, 2024	**—**
Granted	809,712
Expired and cancelled	(141,942)
Outstanding, December 31, 2025	**667,770**
Granted	1,002,773
Outstanding, June 30, 2026	**1,670,543**

During the three and six months ended June 30, 2026, the Company recognized $63 and $126 in share-based compensation related to PSUs (three and six months ended June 30, 2025: $17 and $43, respectively).

16. RELATED PARTY TRANSACTIONS

a. Related party transactions

Accounts payable and accrued liabilities at June 30, 2026, included $31 (December 31, 2025: $26) owed to executives and directors of the Company for expenses paid on behalf of the Company.

b. Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors. Key management compensation for the six months ended June 30, 2026 was comprised of:

		June 30, 2026		June 30, 2025
Salaries and accrued salaries	**$**	**573**	$	534
Bonuses in accrued liabilities		**156**		169
Share based compensation		**580**		647
Total compensation of key management personnel	**$**	**1,309**	$	1,350

Expressed in thousands of Canadian dollars unless otherwise noted

17. SUPPLEMENTAL CASH FLOW INFORMATION

Change in non-cash working capital items for the six months ended:

		June 30, 2026		June 30, 2025
Accounts receivable	**$**	**1,045**	$	(725)
Prepaids and deposits		**(469)**		155
Inventory		**(737)**		(2,265)
Accounts payable and accrued liabilities		**2,194**		599
Interest payable		**66**		53
Interest on lease liabilities		**120**		10
Current portion of loans and borrowings		**(66)**		(53)
Change in non-cash working capital items	**$**	**2,153**	$	(2,226)

As at June 30, 2026, accounts payable and accrued liabilities include $ 149 related to capital asset additions (December 31, 2025: $150).

Cash and cash equivalents consist of the following:

		June 30, 2026		December 31, 2025
Cash	**$**	**2,827**	$	3,575
Cash equivalents		**137**		414
Total cash and cash equivalents	**$**	**2,964**	$	3,989

Cash equivalents consist of deposits that are immediately convertible to cash.