

The following Management's Discussion & Analysis ("MD&A") of First Tellurium Corp. (the "Company" or "First Tellurium") for the six months ended January 31, 2026, should be read in conjunction with the unaudited condensed interim consolidated financial statements for the six months ended January 31, 2026, and the audited annual consolidated financial statements for the year ended July 31, 2025, and the related notes thereto (collectively, the "financial statements"). The financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

All monetary amounts in this MD&A are expressed in Canadian dollars, unless otherwise indicated. The information contained herein is presented as at **March 17, 2026** (the "MD&A Date"), unless otherwise indicated. The Company is classified as a "venture issuer" for the purposes of National Instrument ("NI") 51-102 (NI 51-102).

For the purposes of preparing this MD&A, Management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of its common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity. The Board of Directors has approved the disclosure contained in this MD&A.

Continuous disclosure documents including the Company's most recent annual MD&A, and audited annual consolidated financial statements, are filed with Canadian securities regulatory authorities on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)).

### FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A and the documents incorporated by reference contain forward-looking information, which includes forward-looking statements within the meaning of applicable Canadian securities laws. Forward-looking statements are statements which relate to future events or our future performance, including our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", or "potential" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause the Company's or the industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. No assurance can be given that any of the events anticipated by the forward-looking information and statements will occur or, if they do occur, what benefits the Company will obtain from them.

This MD&A contains forward-looking information and statements, which may include but are not limited to, statements with respect to: the financial and operating performance of the Company; corporate strategies and outlook; forecast operating and financial results; planned capital and/or exploration expenditures and seasonal exploration programs; costs and timing of exploration or development of new and existing mineral resource projects; potential future and target markets, business development opportunities, sales and revenue for thermoelectric generator modules and technology; requirements for additional capital and the Company's ability to raise sufficient capital to continue its operations, and the related cost of capital; estimated future working capital, funds available and the uses of funds; the intention to grow the business from a mineral exploration, drilling, or development perspective as well as the intention to develop, commercialize, and market its thermoelectric generator technology and modules; the anticipated demand and growth prospects of various industries and market acceptance of the Company's thermoelectric technology; the functions and intended benefits of the Company's thermoelectric technology; the commercialization of the Company's thermoelectric generator modules; entering into definitive agreements of any kind; and partnerships and collaborations with other parties and their intended business focuses or benefits.

### BUSINESS OVERVIEW

First Tellurium is a reporting issuer in each of the provinces of British Columbia, Alberta and Ontario. Its head office is located at 381 – 1440 Garden Place, Delta, BC, V4M 3Z2 and its registered and records office is located at 410 West Georgia Street, 5<sup>th</sup> Floor, Vancouver, BC V6B 1Z3. First Tellurium is listed on the Canadian Securities Exchange (“CSE”) under the symbol “FTEL.CN” and on the OTCQB under the symbol “FSTTF”.

The Company is focused on both (i) mineral exploration at its projects in Canada and the United States (USA); and (ii) research, development, and commercialization of thermoelectric generator modules for various industrial applications through its majority-owned subsidiary, PyroDelta Energy Inc. (“PyroDelta”). The Company is registered to conduct business in the State of Florida to facilitate sales of thermoelectric modules to U.S. customers. On November 6, 2025, the Company announced the initial (first) sale of its prototype thermoelectric module to a U.S. airboat manufacturer.

### Market Conditions

#### Drone and AI Data Center Market

On January 13, 2026, the Company indicated that the AI and drone sectors represent PyroDelta's largest target markets at this stage and also acknowledged that recent AI investment announcements by the Canadian government and Microsoft are reinforcing the Company's drive to advance its tubular thermoelectric technology for AI data centers. Under Canada's Sovereign AI Compute Strategy, the Canadian government is committing nearly \$2 billion over five years to support AI infrastructure. The initiative will make strategic investments in public and commercial infrastructure to ensure that Canadian innovators, businesses and researchers have access to the compute capacity they need. Private industry also sees the opportunity in Canadian AI, including Microsoft's December 2025 announcement that it would invest \$7.5 billion in Canadian AI over the next two years. On February 11, 2026, the Company stated it had reached out to Canadian Prime Minister Mark Carney, Minister of Artificial Intelligence and Digital Innovation Evan Solomon, and to Minister of Parliament (MP) for Delta, BC and Associate Minister of National Defence Jill McKnight about the ability of its technology to provide clean energy for a variety of applications in both industry and defense.

On September 4, 2025, the Company described in its news release that according to Grand View Research, the global drone market size was estimated at US\$64.32 billion in 2023, and it is projected to grow at a CAGR of 14.5% from 2024 to 2030, due to various factors including advances in technology, broadening application portfolio across various industries, and plummeting costs of drone technology.

#### Airboat Market

Applications for airboats, intended originally for fishing and hunting in marshlands, have expanded over the years to include tourism, search and rescue operations, military patrols and environmental monitoring. The market is witnessing a surge in demand for eco-friendly, lightweight and high performance craft. As announced on November 6, 2025, Business Research Insights values the global airboats market at US\$240 million for 2025, forecasting a compound annual growth rate of 3.12% from 2025 to 2034. Eco-friendly and hybrid airboats are gaining traction, with a 12% increase in adoption among tourism operators looking to reduce carbon emissions and noise pollution.

#### Robotics Market

As described by the Company on November 13, 2025, the global robotics market is projected to grow significantly in the coming years, driven mainly by advancements in automation and the integration of artificial intelligence to enhance efficiency and productivity. Robotics market size and growth forecasts vary widely, but the overall trend is toward rapid expansion. Grandview Research estimates the global robotics market to hit US\$33.9 billion in 2024, projecting it to reach US\$60.5 billion by 2030 with a CAGR of 9.9% from 2025 to 2030. Global Market Insights puts the 2024 market value at US\$47.8 billion, reaching US\$211.1 billion by 2034 with a CAGR of 16.6% from 2025 to 2034.

### **Thermoelectric generator modules (PyroDelta)**

#### *PyroDelta - subsidiary*

PyroDelta Energy Inc. is a private company that was incorporated in April 2023, whose business is the research, development, and commercialization of thermoelectric generator modules (the "modules") using tellurium for use in various industrial applications.

As at January 31, 2026, the Company has a 78.0% ownership interest in PyroDelta (July 31, 2025 – 75.0%), which gives the Company significant voting power and the ability to control the key operating activities of PyroDelta. During the six months ended January 31, 2026, the Company and PyroDelta executed a Share Purchase Agreement for the purchase by the Company of an additional 8.0% interest in PyroDelta for cash consideration of US\$240,000, to bring its total ownership interest to 83%, as follows:

- \$126,972 (US\$90,000) to acquire an additional 3% interest (paid in Q2 2026); and
- US\$150,000 to acquire an additional 5% interest by March 31, 2026. (paid an initial \$13,820 (US\$10,000) in Q2 2026). Effective March 3, 2026, the Company increased its interest by 2.0% to 80.0% through a cash payment of US\$60,000.

#### *The Technology*

PyroDelta has built and tested prototypes that incorporate an electronically fuel-injected internal combustion engine with a specially designed exhaust system. The exhaust features a flat mounting surface for the thermoelectric modules, enabling the modules to harvest waste heat and convert it into electricity. This power can be fed directly into a lightweight onboard battery to support critical electronics and ignition systems, while also improving fuel efficiency, payload capacity and drone range.

The module generates electricity from the heat differential of hot radiator liquid passing through a thermoelectric pipe while air cools it from the outside. It is designed to power all electrical devices in an automobile, making an alternator obsolete and saving significant amounts of fuel. The module can withstand temperature extremes greater than any other thermoelectric generator on the market, making it ideal for the high temperatures encountered in a radiator. The module contains no moving parts, replaces alternators and radiators in combustion engine vehicles and provides substantial fuel savings by recovering waste heat. It also reduces engine weight. A key feature of the module is its versatility and simple adaptation for both new and used vehicles as it requires no modifications to existing automobile designs. Whether it's installed on an assembly line or retrofitted into a used vehicle, the engine compartment remains unchanged. The radiator can be left in or removed, depending on the situation. The module can also be mounted in a variety of places in a vehicle and can be manufactured with either a tubular design or a rectangular design.

In respect of the module's operation in cold and hot weather extremes, the greater the difference between the outer air and engine temperature, the more electricity the module produces. For example, in hot weather conditions there could be ample temperature difference between the outer air and the engine to produce the wattage required to charge the car's battery and operate all electrical components. With a temperature difference of 50°C (122°F), the module will generate approximately 400 watts of electricity. The average temperature of an operating combustion engine ranges from 90°C to 104°C (195°F to 220°F).

Conventional magnetos in drones weigh about five pounds. PyroDelta's thermoelectric unit weighs just one pound which allows the modules to increase performance and distance that a drone can travel on a tank of fuel.

#### *Thermoelectric Tubes - Capillary Casting*

On October 1, 2025, the Company provided further clarification regarding the technology's importance, value and unique position in the thermoelectric sector particularly in respect of the tubular design which can have a significant impact on the thermoelectric industry. The difference for PyroDelta has come from the Capillary Casting method, for which patents have been filed. Capillary Casting is core to the Company's technology and its competitive advantage as this proprietary manufacturing process can produce modules at lower costs than those currently on the market. On January 13, 2026, the Company reinforced that its tubular thermoelectric design is the only one of its kind in the world.

On February 12, 2026, the Company described the Capillary Casting process as being the advantage that allowed PyroDelta to create the thermoelectric industry's first practical and economical thermoelectric tubes. These devices harness waste heat from hot liquid. Additionally, prototype thermoelectric tubular radiators have demonstrated the ability to harness waste heat from combustion engines and replace power-draining alternators.

### Technological Advancements

In January 2025, tests of the module were completed showing its capability of operating under unprecedented temperature extremes. The module has produced electricity while withstanding temperatures of 900°C (1650°F) with no breakdown of materials.

In March 2025, the working prototype was completed, and was publicly presented in April 2025, having retrofitted it into a combustion engine vehicle and was successfully road-tested. In over 1,300km (800 miles) of test driving, the module proved its ability to provide steady and effective cooling as well as generation of electricity to charge the battery and power all the vehicle's electric components.

In July 2025, PyroDelta received a favorable written opinion from the World Intellectual Property Office (WIPO) regarding its international patent application for capillary casted thermoelectric junction technology in its thermoelectric generator. This is a milestone in the patent process, providing validation of the technology.

In September 2025, successful testing of the Company's thermoelectric module was completed by a third-party U.S. drone manufacturer. Testing demonstrated how the thermoelectric modules can extend the range of high payload drones powered by combustion engines. PyroDelta has provided an explainer video of the new modules (see link to video within news release). This extensive testing of the modules has demonstrated their robustness and potential for value to the drone industry.

### Business Development Opportunities

With prototyping and testing completed, PyroDelta is marketing the modules to various industries including automotive manufacturers (combustion engines), drone manufacturers, artificial intelligence (AI) data centers, and North American governmental defense departments.

Modules for heavy-lift drones are designed to handle payloads exceeding 200 lbs. (90 kg). These modules are especially important for industrial and defense usage. PyroDelta is designing the technology specifically for commercial, industrial, and military-grade platforms with extreme lifting capabilities. These applications would benefit most from extended range as well as more efficient fuel usage at higher altitudes.

The durability of the modules opens many potential applications and markets where waste heat at high temperatures can be deployed to produce steady and dependable supplies of clean, renewable power. Applications include extending the range of industrial and military drones, enhancing solar power generation, providing supplemental energy for greenhouses, and recreational and emergency generators. The Company (as announced on November 12, 2025), remains in discussions with AI data center providers, drone manufacturers, defense contractors and others to sell the tubular generators directly. Revenue from sales of the flat modules will help the Company serve larger-scale contracts for the tubular generators.

The Company is evaluating and may apply for energy-related grants from the province of British Columbia. In October 2025, the Company announced the engagement of a consultant to assist the Company in evaluating Canadian government grant and program opportunities at the federal and provincial levels.

On October 23, 2025, the Company announced it has reached an agreement with Fenix Advanced Materials ("Fenix") of Trail, BC to supply high-purity, refined tellurium and other critical minerals to manufacture PyroDelta's advanced thermoelectric generators. Tellurium represents a key component of the thermoelectric modules, and the agreement was established to alleviate potential supply issues. Fenix is a world leader in the supply of ultra-high purity (99.99%) tellurium and other critical minerals.

On November 13, 2025, the Company announced its intention to supply thermoelectric cooling devices to the robotics industry. The modules would provide precise, solid-state cooling for sensitive electronics mounted on robots operating in harsh environments, including high temperature areas like welding cells.

On November 20, 2025, the Company announced the appointment of Major General Elder Granger, M.D., U.S. Army, (Ret) ("MG Granger") to its Advisory Board. The Company anticipates MG Granger to play a vital role in its focus on serving governmental, defense and technology markets. MG Granger was granted 200,000 options, vested immediately, and exercisable at \$0.18 each with a term of ten years.

#### *U.S. Department of Defense (DoD) Drone Innovation Contest*

On January 15, 2026, the Company reported that PyroDelta has entered the U.S. DoD DARPA Lift Challenge, a US\$6.5 million competition seeking novel drone designs that can solve one of vertical heavy lift aviation's toughest problems: the payload-to-weight ratio. DARPA, the Defense Advanced Research Projects Agency, brings together scientists, engineers, and tinkerers across the innovation ecosystem to push the bounds of technological possibility. The competition is scheduled for summer 2026. The date and location of the competition will be announced later in 2026. On February 11, 2026, the Company expressed its belief that its design will be highly competitive and introduce the advantages of its technology to large and influential parties within the drone industry and U.S. government.

#### *Manufacturing Opportunities*

The Company (as announced on November 12, 2025) its exploration of manufacturing options for its tubular thermoelectric modules, including licensing, partnerships, and/or production from building its own plants. On February 12, 2026, the Company announced that PyroDelta will produce and sell high-end bismuth telluride crystals for thermoelectric manufacturing. The Company has engaged a Florida-based facility that employs PyroDelta's Capillary Casting process (patents pending) to build crystals that are custom-designed, free of defects, highly conductive and far more robust than anything available on the market today. The Company further stated that it is the only company offering bismuth telluride crystals with this level of quality and flexibility to the growing thermoelectric industry. PyroDelta's proprietary process resolves long-standing issues and constraints, including supply vulnerabilities from China, for manufacturers of thermoelectric devices in North America and beyond.

#### *Initial Sale and Sales Platform*

On November 6, 2025, the Company announced that PyroDelta had entered a large new market for its thermoelectric modules by making an initial sale to a Florida-based airboat manufacturer which includes the engine and the thermoelectric module, which the manufacturer will use to power the boat's onboard electronics.

On November 12, 2025, the Company announced plans to open an online sales platform in 2026 to accommodate purchase requests for its flat design thermoelectric modules. This is in response to an increasing number of B2B purchase requests from a variety of industries, including thermoelectric device vendors, in both Canada and the USA. The Company is positioned to work with potential buyers to finalize product capabilities while focusing on establishing a robust e-commerce interface and platform. At this time, PyroDelta has no plans to sell its tubular thermoelectric generators online.

#### **Mineral property interests**

The Company has mineral property interests including a 50% interest in the Deer Horn Property, located in BC, Canada, as well as an option to acquire the Colorado Klondike Property, located in Colorado, USA. These properties represent two of the leading tellurium exploration projects in North America. The Company's focus for its next exploration season is on upgrading and expanding tellurium resources at both projects. First Tellurium is a member of the Initiative for Responsible Mining Assurance (or "IRMA").

Seasonal conditions impact the Company's ability to undertake exploration activity, however; the Company is well-positioned to move forward with plans to drill on both its Deer Horn and Colorado Klondike properties. The Company's key acquisition and placement of a diamond drill in fiscal 2023 on its Deer Horn property will provide efficiencies when undertaking future drill programs. Permitting is also in place for future work. The Company is current with claims maintenance on the Colorado Klondike property.

During the six months ended January 31, 2026, the Company was billed for its upcoming 2026 exploration program at Deer Horn in the amount of \$1,733,300 relating to drilling services, fuel and ancillary, and camp assembly costs.

Following a soil sampling program on the Colorado Klondike property, assay interpretations will be utilized to map drill targets for a diamond drill program on the property, including recently-staked areas of interest contiguous to the claims currently under option. Both the mineral claims and the option agreement are in good standing.

### Deer Horn Property

The Company completed property-wide mapping and sampling at Deer Horn to identify further copper-gold porphyry alteration. The Company also conducted an induced polarization ("IP") geophysical survey in fiscal 2024. Assay results from the sampling program and assessment from the IP survey will be utilized to delineate drill targets for the 2026 exploration season where the Company will undertake a diamond drill program to investigate and potentially expand the tellurium-silver-gold mineralization as well as recently-confirmed copper porphyry mineralization and may include tungsten areas of interest. In fiscal 2024, interpretation of geophysical data confirmed that the gold-silver-tellurium and copper porphyry zones at Deer Horn are now considered to be part of one large, 17.5 square-kilometer mineralized zone.

On June 6, 2018, the Company announced results of a revised and updated Preliminary Economic Assessment ("PEA") for the property. The amended and restated PEA, prepared in accordance with NI 43-101, is available in the Company's disclosure record located on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)). The PEA estimated that the project will carry a 9-year mine life with a 1.6-year payback period.

The PEA describes a 74,000 tonnes per year seasonal, open-pit mining operation and conventional flotation mill which would produce a combined gold/silver/tellurium concentrate. The Project may be permitted under the Mines Act of BC as a small mine, without the requirement for a provincial environmental assessment as the project mining tonnage does not exceed the legislated reviewable project threshold of 75,000 tonnes per year. Waste-to-ore cut-offs were determined using metal prices of US\$1,300 per ounce gold, US\$17 per ounce silver, US\$100 per kilogram tellurium, US\$3 per pound copper, and US\$1 per pound zinc for net smelter return (NSR) calculations. NSR cut-off for the PEA pit delineated resource was assumed to be US\$29/tonne.

The initial capital cost of the Project is estimated to be \$28.3 million. Average mine, process and G&A operating costs over the Project's life (including pre-stripping and waste handling) are estimated to be \$94 per tonne milled. A base case economic evaluation was undertaken incorporating historical three-year trailing averages for metal prices as of May 31, 2018.

***It should be noted that the PEA is preliminary in nature as it includes inferred mineral resources which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the PEA forecast will be realized or that any of the resources will ever be upgraded to reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability.***

The Company also received approval for a five-year exploration permit in addition to its intended permit application for a 10,000 tonne bulk sample. The permit will be used for drilling and other exploration to expand the property's current NI 43-101 resource of gold, silver and tellurium. In fiscal 2021, the Company engaged environmental consultants to undertake preliminary environmental assessments relating to the bulk sampling and geological and engineering consultants to further the bulk sample permitting.

The Company is planning to conduct an exploration/drilling program at Deer Horn during 2026. See above for details.

### Colorado Klondike Property

Assay results from sampling conducted on the property will be used to define drill targets for a future drilling campaign.

### REVIEW OF FINANCIAL RESULTS

The Company operates in two business segments being: (i) the acquisition and exploration of mineral properties in Canada and the United States; and (ii) the research, development and commercialization of thermoelectric generator technologies. Note 12 to the financial statements provides a breakdown of non-current assets by geography for each of the segments.

#### Exercises of stock options

In 2026, 1,583,000 common shares were issued on the exercise of stock options at either \$0.10 each or \$0.15 each for proceeds of \$183,300.

#### Exercises of warrants

In 2026, 1,890,000 common shares were issued on the exercise of warrants at \$0.15 each for proceeds of \$283,500. Additionally, \$13,548 was received in advance from a warrant holder with the intention to exercise additional warrants.

#### Private placement

On March 17, 2026, the Company completed a first tranche closing of its non-brokered private placement previously announced on February 23, 2026, comprising the issuance of 4,992,545 units at \$0.17 per unit for gross proceeds of \$848,733.

#### Q2 2026 compared to Q2 2025

	Three months ended			Six months ended		
	January 31,	January 31,	Increase (decrease)	January 31,	January 31,	Increase (decrease)
	2026	2025		2026	2025	
	\$	\$	\$	\$	\$	\$
<b>Expenses</b>						
Corporate development and promotion	134,975	203,154	(68,179)	340,196	388,993	(48,797)
Depreciation	28,009	20,731	7,278	55,945	41,531	14,414
Exploration and evaluation expenditures	402,400	-	402,400	1,760,057	17,705	1,742,352
General and administrative expenses	13,007	5,338	7,669	23,688	20,078	3,610
Interest expense	829	8,724	(7,895)	68,280	17,308	50,972
Management fees	60,000	72,000	(12,000)	120,000	144,000	(24,000)
Professional fees	41,695	40,522	1,173	83,855	53,410	30,445
Regulatory and filing fees	3,943	9,039	(5,096)	9,522	15,718	(6,196)
Research expenses, net	895	-	895	14,367	-	14,367
Share-based payments	34,668	-	34,668	464,204	-	464,204
	<b>(720,421)</b>	<b>(359,508)</b>	<b>360,913</b>	<b>(2,940,114)</b>	<b>(698,743)</b>	<b>2,241,371</b>
Interest income	484	-	484	965	-	965
Other income on settlement of flow-through premium liability	84,939	-	84,939	375,865	-	375,865
<b>Loss and comprehensive loss for the period</b>	<b>(634,998)</b>	<b>(359,508)</b>	<b>275,490</b>	<b>(2,563,284)</b>	<b>(698,743)</b>	<b>1,864,541</b>

Details and business drivers for specific variances are as follows:

- Corporate development and promotion for 2026 included the engagement of a consultant for various short-term targeted marketing and promotional engagements in as announced on October 15, 2025, October 23, 2025, November 5, 2025 for an aggregate total cost of \$80,000. This relates to the Company's efforts to create awareness and expand marketing and target customer outreach regarding commercialization efforts for its thermoelectric modules.
- Exploration and evaluation expenditures for 2026 included costs related to certain cleanup and maintenance at the Deer Horn project for 2025 season closure, further to \$1,733,300 in advanced billings for drilling services, fuel and ancillary, and camp assembly costs for a 2026 exploration/drilling program.
- Interest expense for 2026 substantially comprises accrued interest on loans payable (approximately \$19,000) and Part XII.6 tax on flow-through funds (approximately \$49,000, subsequently paid).
- Professional fees increased due to higher general corporate legal fees incurred as well as increased accounting and tax compliance services.

- Share-based payments relates to the grant of stock options during 2026 and the recognition of expense on immediate vesting of the options.

### Q2 2026 compared to Q1 2026

	Three months ended		Increase (decrease) \$
	January 31, 2026	October 31, 2025	
	\$	\$	
<b>Expenses</b>			
Corporate development and promotion	134,975	205,221	(70,246)
Depreciation	28,009	27,936	73
Exploration and evaluation expenditures	402,400	1,357,657	(955,257)
General and administrative expenses	13,007	10,681	2,326
Interest expense	829	67,451	(66,622)
Management fees	60,000	60,000	-
Professional fees	41,695	42,160	(465)
Regulatory and filing fees	3,943	5,579	(1,636)
Research expenses, net	895	13,472	(12,577)
Share-based payments	34,668	429,536	(394,868)
	<b>(720,421)</b>	<b>(2,219,693)</b>	<b>(1,499,272)</b>
Interest income	484	481	3
Other income on settlement of flow-through premium liability	84,939	290,926	(205,987)
<b>Loss and comprehensive loss for the period</b>	<b>(634,998)</b>	<b>(1,928,286)</b>	<b>(1,293,288)</b>

In addition to the commentary regarding Q2 2026 compared to Q2 2025 operating results above, the following drivers contributed to variances in transaction levels during Q2 2026 over the preceding Q1 2026 quarter:

- Corporate development and promotion for Q1 2026 as referenced above included targeted engagements which were unique to the quarter.
- Exploration and evaluation assets decreased as the majority of the advanced billing for a 2026 exploration/drilling program was accrued during Q1 2026.
- Interest expense decreased in Q2 2026 as the Company had adjusted the accrual recognized during Q1 2026 in relation to the Part XII.6 tax on flow-through funds.
- Research expenses were low in both quarters given the activity in 2026 has focused on customer engagement and business development initiatives whereas expenses in late 2025 were characterized by prototyping and testing of PyroDelta's thermoelectric modules thereby bringing the technology to the point of commercial readiness for sale.

**REVIEW OF FINANCIAL CONDITION**

**Summary of Financial Position and Key Metrics**

	January 31, 2026	July 31, 2025	July 31, 2024	Fiscal	Fiscal
				2026 to 2025	2025 to 2024
				Change	Change
	\$	\$	\$	\$	\$
Cash	96,241	211,420	12,602	(115,179)	198,818
Current assets (all others)	62,214	215,490	131,450	(153,276)	84,040
Non-current assets	1,021,332	1,040,346	844,042	(19,014)	196,304
<b>Total assets</b>	<b>1,179,787</b>	<b>1,467,256</b>	<b>988,094</b>	<b>(287,469)</b>	<b>479,162</b>
Current liabilities	3,303,918	1,831,863	2,354,389	1,472,055	(522,526)
Non-current liabilities	-	-	-	-	-
<b>Total liabilities</b>	<b>3,303,918</b>	<b>1,831,863</b>	<b>2,354,389</b>	<b>1,472,055</b>	<b>(522,526)</b>
<b>Total shareholders' equity (deficiency)</b>	<b>(2,124,131)</b>	<b>(364,607)</b>	<b>(1,366,295)</b>	<b>(1,759,524)</b>	<b>1,001,688</b>
<b>Key Financial Metrics:</b>					
<b>Working capital (deficiency)<sup>1</sup></b>	<b>(3,145,463)</b>	<b>(1,404,953)</b>	<b>(2,210,337)</b>	<b>(1,740,510)</b>	<b>805,384</b>
<b>Liquid working capital (deficiency)<sup>2</sup></b>	<b>(1,932,490)</b>	<b>(37,502)</b>	<b>(503,637)</b>	<b>(1,894,988)</b>	<b>466,135</b>

<sup>1</sup> Represents current assets (including cash) minus current liabilities.

<sup>2</sup> Represents cash plus receivables, less accounts payable and accrued liabilities net of balances outstanding to a company controlled by the Company CEO.

**SUMMARY OF QUARTERLY RESULTS**

The Company's financial performance is dependent on many external factors. Both prices and markets for metals and minerals are cyclical, difficult to predict, volatile, subject to government price fixing and controls and respond to changes in domestic and international political, social, and economic environments. These conditions could materially affect the financial condition and results of operations of the Company. The growth and evolution of the thermoelectric module market in various industries is also a key driver of future revenue opportunities, cash flows, and profitability for the Company.

	2026		2025				2024	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Operating expenses	(720,421)	(2,219,693)	(451,070)	(843,322)	(359,508)	(339,235)	(219,394)	(502,973)
Adjusted operating expenses <sup>1</sup>	(255,344)	(404,564)	(441,820)	(383,678)	(338,777)	(300,730)	(387,428)	(240,921)
Exploration expenditures (recovery)	402,400	1,357,657	9,250	(8,238)	-	17,705	(36,352)	239,729
Cash used in operating activities	(92,528)	(326,239)	(260,662)	(127,988)	(553,055)	(659,652)	(173,722)	(158,479)
Cash provided by financing activities	5,000	475,348	1,000	396,309	1,007,858	1,242,055	250,995	133,215
Cash used in investing activities	(176,760)	-	(90,423)	(728,765)	-	(27,859)	(80,410)	-
Change in cash for the period	(264,288)	149,109	(350,085)	(460,444)	454,803	554,544	(3,137)	(25,264)
Working capital (deficiency) <sup>2</sup>	(3,145,463)	(2,400,900)	(1,404,953)	(951,365)	(49,692)	(754,794)	(2,210,337)	(902,260)
Cash	96,241	360,529	211,420	561,505	1,021,949	566,946	12,602	15,739

<sup>1</sup> Operating expenses minus depreciation, exploration expenditures, and share-based payments.

<sup>2</sup> Working capital is current assets less current liabilities per respective statements of financial position.

Quarterly operating expenses (on an adjusted basis as defined above) have been relatively stable during historical periods and vary generally due to the timing and extent of discretionary promotional campaigns (corporate development and promotional activity). Cash used in operating activities on a quarterly basis is generally less than the operating expenses incurred. Variations within exploration expenditures are driven by seasonal activities, variations in exploration plans and timing, and the availability of capital to commit to exploration programs which may vary in size, scope, and duration. The Company is not significantly subject to seasonality in other aspects of its business aside from exploration activities.

Q2 2026 operating activity primarily included continued corporate development and promotional campaigns (see Q1 2026 below) further to routine professional fees and G&A. The Company also increased its ownership in PyroDelta by 3.0% for cash consideration \$140,792 (US\$100,000) (investing activities). The Company was otherwise focused on conserving its remaining cash resources, in advance of completing a financing as announced in on February 23, 2026.

Q1 2026 operating activity was characterized by targeted promotional campaigns to raise awareness and promote PyroDelta's thermoelectric generator modules to generate future sales leads and customers across various sectors. The Company also generated cash inflows from warrants that had an October 2025 expiry date exercisable at \$0.15 each, further to the exercises and grants of stock options during the period. As noted above under the subheading "*Initial Sale and Sales Platform*", the Company announced the first sale of its thermoelectric modules in November 2025 and continues to market its technology, negotiate with potential buyers of modules, evaluate production and other manufacturing opportunities.

The majority of 2026 exploration expenses are captured in accounts payable and accrued liabilities and therefore had a minimal impact on operating cash flows.

The use of cash in operating activities during fiscal 2025 was driven by an adverse net change in working capital items including reducing payables and making prepayments for future investor relations and promotional programs further to a greater use of cash to cover greater research activity in relation to the thermoelectric modules and professional fees relating to patent activity.

### Capital Management

The Company is currently in the exploration stage with respect to its exploration and evaluation assets and at the commercial readiness stage with respect to its thermoelectric modules which are ready for production and sale. The Company has not yet generated commercial revenue from sales of the modules.

The Company has no outstanding bank debt, but has loans payable including accrued interest as at January 31, 2026, totaling \$913,002 which are classified as current liabilities but with payment being deferred as agreed between the parties.

There have been no changes to the Company's approach to capital management during the six months ended January 31, 2026. The Company is not subject to externally imposed capital requirements. Additional debt or equity financing will be required to meet the Company's business objectives, cover recurring operating costs, conduct exploration programs, and repay its current liabilities including loans payable.

The Company assesses its financing requirements and its ability to access debt or equity markets on an ongoing basis. Given the current conditions of the financial markets, the Company will seek to maintain financial flexibility and will monitor and assess its financing requirements as its activities progress. The Company's ability to access the equity or debt markets in the future may be affected by prolonged market instability. The inability to access equity or debt markets for sufficient capital, at acceptable terms, and within required timeframes, could have a materially adverse effect on the Company's financial condition and results of operations.

### Capital Sources

The Company has historically relied on equity financing and loans from arm's length, and non-arm's length parties.

On March 17, 2026, the Company completed a first tranche closing of its non-brokered private placement previously announced on February 23, 2026, comprising the issuance of 4,992,545 units at \$0.17 per unit for gross proceeds of \$848,733. The Company paid finder's fees of \$1,700 in connection with this tranche. Each unit is comprised of one common share and one-half of a share purchase warrant with each warrant exercisable into one common share at a price of \$0.24 for two years until March 17, 2028. Additionally, the Company is increasing the size of the private placement to up to 14,000,000 units (including the units issued in the first tranche) at a price of \$0.17 per unit for total gross proceeds of up to \$2,380,000.

During the six months ended January 31, 2026, the Company received proceeds of \$480,348 from the exercise of stock options and warrants, and subscriptions for additional warrant exercises.

In October 2025, the Company has also engaged a consultant to assist the Company in evaluating Canadian government grant and program opportunities at the federal and provincial levels. The Company also began engagement efforts with the Canadian Government in February 2026.

The Company announced the sale of its prototype in November 2025 and has plans to generate future sales in 2026 which will generate operating cash inflows.

### Contractual Obligations

As at January 31, 2026	Carrying amount \$	Contractual cash flows \$	Under 1 year \$	Beyond 1 year \$
Accounts payable and accrued liabilities	2,390,916	2,390,916	2,390,916	-
Loans payable (including accrued interest - payment deferred)	913,002	913,002	913,002	-
<b>Total</b>	<b>3,303,918</b>	<b>3,303,918</b>	<b>3,303,918</b>	<b>-</b>

### Related Party Payables and Transactions

The Company transacted with the following related parties:

- (a) Tyrone Docherty is the Company's President and CEO, and a Company Director. Mr. Docherty was also appointed the Company's interim CFO effective June 16, 2025. Mr. Docherty controls Docherty Capital Corp., which provides the Company with executive management services for \$20,000 per month (\$240,000 per year) charged as management fees. The Company is also charged rent at \$1,500 per month (\$18,000 per year) recognized within general and administrative expenses, by a close family member of the Company's CEO.
- (b) Pamela Saulnier is a former CFO of the Company (resigned on June 16, 2025). She controls Saulnier Business Consulting LLC, which provides the Company with accounting, corporate secretarial, and executive services for \$4,000 per month (\$48,000 per year) charged as management fees.
- (c) Allen Schwabe is a Director of the Company and may receive director fees.
- (d) Matt Wayrynen is a Director of the Company and may receive director fees.
- (e) Frederick Jung is a Director of the Company and may receive director fees.
- (f) Michael Abdelmaseh is a partial owner of PyroDelta, a Company in which he has significant influence.

The transactions and outstanding balances with key management personnel and their management entities were as follows:

	Transactions six months ended January 31, 2026 \$	Transactions six months ended January 31, 2025 \$	Balances outstanding January 31, 2026 \$	Balances outstanding July 31, 2025 \$
CEO close family member	9,000	9,000	4,500	13,500
Docherty Capital Corp.	120,000	120,000	357,000	231,000
Michael Abdelmaseh	-	-	50,973	15,307
Saulnier Business Consulting LLP	-	24,000	-	4,000
	<b>129,000</b>	<b>153,000</b>	<b>412,473</b>	<b>263,807</b>

All related party balances are unsecured and are due within thirty days without interest. The related party transactions do not include expense reimbursements or sales tax amounts that are included in the balances outstanding.

As at January 31, 2026, \$41,000 (July 31, 2025 - \$41,000) was included within prepayments paid to key management.

### Shareholders' Equity

The authorized share capital of the Company consists of unlimited common shares without par value. As at the MD&A Date, the Company's capital structure was as follows:

As at the MD&A Date		
	#	Weighted average exercise price \$
Common shares issued and outstanding	118,691,834	n/a
Stock options outstanding	8,750,000	0.15
Warrants outstanding	10,455,788	0.15
<b>Fully diluted</b>	<b>137,897,622</b>	

### Equity Awards:

During fiscal 2026 through to the MD&A Date, the following grants/issuances, exercises, and expiries/cancellations of equity awards occurred:

From August 1, 2025 to the MD&A Date				
	Granted / Issued #	Exercised #	Expired / Cancelled #	Net Change #
Stock options	2,150,000	(1,583,000)	-	567,000
Warrants	-	(1,890,000)	(335,000)	(2,225,000)
<b>Total</b>	<b>2,150,000</b>	<b>(3,473,000)</b>	<b>(335,000)</b>	<b>(1,658,000)</b>

In October 2025, 1,950,000 options were granted at exercise prices between \$0.20 and \$0.24 each, vested immediately on grant, and have terms of ten years expiring between October 2, 2035 and October 14, 2035.

In November 2025, 200,000 options were granted to a consultant exercisable at \$0.18 each and expiring on November 19, 2035. The options vested immediately.

### Issuances of share capital:

During fiscal 2026 through to the MD&A Date, the Company had the following issuances of common shares and subscriptions received in advance which generated aggregate gross proceeds of \$480,348:

- \$466,800 was received through the issuance of 3,473,000 common shares from the exercise of stock options and warrants at a weighted average price of approximately \$0.13 each.
- \$13,548 was received in advance for a future exercise warrants.
- \$848,733 received through the first tranche closing of a private placement for the issuance of 4,992,545 units at \$0.17 per unit. Each unit is comprised of one common share and one-half of a share purchase warrant with each warrant exercisable into one common share at a price of \$0.24 for two years until March 17, 2028.

### ACCOUNTING ESTIMATES, JUDGMENTS AND STANDARDS

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of income and expenses during each reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The Company's accounting policies are included within the material accounting policy information detailed in Note 2 to the audited annual consolidated financial statements for the year ended July 31, 2025. Information about the Company's financial instruments and risk management are included in Note 14 to the financial statements for the six months ended January 31, 2026.

**New accounting policies**

Certain pronouncements have been issued by the IASB that were effective for the Company's accounting period beginning on August 1, 2025. The adoption of these standards has not had a material impact on disclosures or amounts reported in these financial statements.

**Recently issued but not yet effective accounting standards**

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards as outlined below, which have been published but are only effective for future accounting periods.

*IFRS 18, Presentation and Disclosure in Financial Statements*

IFRS 18, *Presentation and Disclosure in Financial Statements* ("IFRS 18") aims to improve the consistency and clarity of financial statement presentation and disclosures by providing updated guidance on the structure and content of financial statements. Key changes include enhanced requirements for the presentation of financial performance, financial position, and cash flows, as well as additional disclosures to improve transparency and comparability. In addition, IFRS 18 requires entities to classify income and expenses into five categories, three of which are new – i.e. operating, investing and financing – and the income tax and discontinued operation categories. The new standard sets out detailed requirements for classifying income and expenses into each category. These amendments are effective for annual periods beginning on or after January 1, 2027. The Company is currently assessing the impact that the adoption of IFRS 18 will have on its financial statements.

*IFRS 9, Financial Instruments*

IFRS 9, *Financial Instruments* ("IFRS 9") requires entities to recognize financial assets and liabilities when they become party to the contractual terms and to measure them initially at fair value, adjusted for directly attributable transaction costs where applicable. The standard is being clarified to provide better guidance on the derecognition of financial liabilities, which can impact bank reconciliation processes, especially during debt restructuring based on the timing of payments on financial liabilities as compared to the actual settlement of those debts. This clarification may result in a change in the derecognition timing of financial liabilities in situations where electronic payments are involved. The Company is currently assessing the impact that the adoption of this clarification of IFRS 9 will have on its financial statements.

**RISKS AND UNCERTAINTIES**

Risk is inherent in all business activities and cannot be entirely eliminated. An investment in First Tellurium's common shares involves risk. Additional risks and uncertainties further to those listed below, including those unknown by First Tellurium at this time, or are currently considered immaterial, may exist, and other risks may apply. The below is not a comprehensive list of risks and uncertainties.

*Funding and Global Economy Risk*

The volatility of global capital markets has generally made the raising of capital by equity or debt financing more difficult. While the Company has successfully raised funds in the past, the Company may have a dependency upon capital markets to raise additional financing in the future. As such, the Company is subject to liquidity risks in meeting its operating expenditure requirements and future development cost requirements in instances where adequate cash positions are unable to be maintained or appropriate financing is unavailable. The Company may be unable to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Company and its management. If market volatility persists or if there is a further economic slowdown, the Company's operations, the Company's ability to raise capital and the trading price of the Company's securities could be adversely impacted. As the Company's operations expand and reliance on global supply chains increases, the impact of tariffs and other trade barriers, pandemics (such as COVID-19), significant geopolitical risk and conflict globally may have a sizeable and unpredictable impact on the Company's business, financial condition and operations. The United States recently introduced broad tariffs against Canada, Mexico and China and has threatened to do so against other countries, resulting in retaliatory tariffs or the threat of retaliatory tariffs. Further, support for protectionism and rising anti-globalization sentiment in Canada, the United States and other countries may slow global growth. In particular, a protracted and wide-ranging trade conflict between the

United States and various other countries, including Canada, Mexico and China, could adversely affect global economic growth. The ongoing conflicts between Russia and Ukraine and in the Middle East, including the global response to such conflicts as it relates to sanctions, trade embargos, export controls, military support and any restrictive actions in response thereto, have resulted in significant uncertainty as well as economic and supply chain disruptions, changes in commodity prices and implications in the financial markets. Should another significant variant of COVID-19 develop or the conflicts between Russia and Ukraine or in the Middle East go on for an extended period of time or expand territorially, or should other geopolitical disputes and conflicts emerge in other regions, this could result in material adverse effects to the Company.

### *Climate Change Legislation*

Global governments are increasingly addressing climate change by focusing on reducing greenhouse gases ("GHGs"). Climate change policies are rapidly developing at various levels, and political and economic developments could significantly influence these measures. The implementation of GHG reduction strategies by governments, either to meet international targets or other objectives, may materially affect the operations and finances the Company. The evolving regulatory landscape regarding climate change and GHG emissions presents uncertainties for the Company's operational and financial planning, especially in capital raising. Moreover, the potential adoption of climate change legislation could introduce operating restrictions or additional compliance costs, directly influencing the Company's production processes and market strategies.

## **RESPONSIBILITY FOR FINANCIAL STATEMENTS**

Management, based on their knowledge and having exercised reasonable diligence, are responsible to ensure the information provided in this MD&A and the financial statements do not contain any untrue statement of a material fact or omit to state a material fact required to be stated, or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and the financial statements together with the other financial information included in these filings. The Board of Directors approves the financial statements and MD&A and ensures that management has discharged its financial responsibilities.

In the preparation of the financial statements, estimates and judgments may be necessary to determine the carrying value for certain assets or liabilities, the recognition of items within profit or loss or within shareholders' equity, or in respect of the accounting treatment for non-routine transactions. Management believes the estimates and judgments made within the financial statements have been based on careful considerations and are properly reflected in the financial statements.

First Tellurium does not utilize off-balance sheet arrangements. There are no proposed transactions as at the MD&A Date.