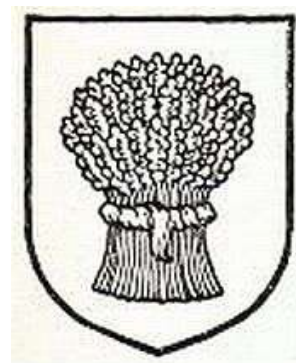


Tuesday, May 12, 2026



# HALLGARTEN + COMPANY

## Coverage Update

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## First Phosphate

(CSE: PHOS | FSE: KD0 | OTCQX: FRSPF, OTCQX - ADR: FPHOY)

## Strategy: LONG

<b>Key Metrics</b>	
Price (CAD)	\$1.58
12-Month Target Price (CAD)	\$2.25
Upside to Target	42%
12mth high-low	\$0.275 to \$1.38
Market Cap (CAD mn)	\$284.32
<b>Shares Outstanding (mns)</b>	179.95
<b>Warrants</b>	2.63
<b>Options</b>	7.65
<b>RSUs</b>	1.98
<b>Fully diluted</b>	192.20

Tuesday, May 12, 2026

# First Phosphate

## Recognition, Funding, Credits & Drilling Action

- + A busy beginning to 2026 was crowned by a CAD\$16.7mn non-repayable contribution from Natural Resources Canada (NRCan) Global Partnerships Initiative
- + A letter of interest was signed with EIFO, the Danish credit agency for \$170mn towards the capex of the mine
- + First Phosphate is aiming to be the newest large producer of Phosphate in North America and the only one fully oriented towards the lithium iron phosphate (LFP) battery format
- + The drill results, now in, from a 40,000-metre campaign will inform a new MRE and create the basis for the Reserve for use in the upcoming FS
- + The exercise of the remnants of two warrant series falling due in April left only warrants/options/RSUs with company-related individuals outstanding
- + This brought in over CAD\$3mn in extra funds keeping the company's cash balance at over CAD\$20mn and the company remains debt-free
- + In the Federal budget in February, Ottawa included phosphate on the list of critical minerals essential for clean technology which adds further government financing avenues including a 30% tax credit on all upstream and downstream capex investments in the sector
- × Now we must await the publication of the Feasibility Study on BLM for the CapEx (and the value-added) of the production to Purified Phosphoric Acid (PPA) to be fleshed out
- × The financing environment is tough in the battery metals complex, with investors being willing to fund only projects with a realistic perspective of production.

### Keeping Up the Momentum

The busy year at First Phosphate in 2025 has been topped by an even busier first four months in 2026. The task since the start of 2025 has been to carve out a path towards development. The next development will thus be a FS. This planning comes against a backdrop of change and rupture in supply chains globally and particularly between Canada and the US. To an extent, rancour from Washington towards Ottawa fades into irrelevance due to the US being remarkably unendowed on the phosphate front. This makes Quebec the (future) go-to place for phosphate of US offtakers whether Washington likes it or not. And, if not, the European offtakers for the produce seem just as willing to step up as has recently happened with the prepayment made by an offtaker in January.

Significant new mine developers of Phosphate supply are very few. As for those in Quebec, that of First Phosphate has a significant advantage in being much closer to the St Lawrence Seaway. It has seized the advantage presented by the rise of the LFP format to put together a string of alliances with those involved in the new batteries and their precursor chemicals.

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The FS to have credibility must be crafted to reflect the new reality of US onshoring policy even if this doesn't stand the test of time after the 2028 Presidential elections.

This coverage update expands upon events since our [previous update in January of 2026](#). In this current update, we look at the most recent drill results on the Bégin-Lamarche project. We also note the sizeable funding from Ottawa, the inclusion of phosphate in the Canadian government's critical minerals listing (and the implications), the Danish equipment credit and the exercise of the remaining warrants in late April.

### The Project

The Bégin-Lamarche (BLM) project is located approximately 50 km driving-distance north of the City of Saguenay, Québec's sixth largest city, offering a skilled industrial workforce, strong local infrastructure, and which is 30 km driving distance from the deep-sea Port of Saguenay.

The phosphate deposit at Bégin-Lamarche is comprised of three mineralized zones within the deposit. The three zones are continuous, only separated by faults within the deposit and extend to a length of 2,500 m. It contains a significant phosphate Mineral Resource that is associated with well-defined oxide-apatite peridotite (OAP) intrusions within the large Lac-Saint-Jean anorthosite suite (LSJAS). The LSJAS is the largest anorthosite phosphate mineralized anorthosite worldwide.

The PEA, dating from late 2024, posits that the project will generate significant economic benefits, including the creation of approximately 277 skilled jobs and the potential establishment of a Canadian phosphoric acid facility supported by local commercial production of phosphate concentrate.

In July of 2025, the company produced commercial-grade LFP 18650 battery cells using North American critical minerals.



The high-purity phosphoric acid (PPA) for these LFP 18650 battery cells was produced using igneous anorthosite rock extracted from the Bégin-Lamarche property. The PHOS – LFP 18650 Battery Cells were assembled and tested for First Phosphate by Ultion Technologies of Las Vegas, Nevada.



Ultion Technologies is a private battery technology company specializing in LFP battery materials and cells with development and pack assembly operations for North American applications.

### **Loosening the Ottawa Purse Strings**

In early March of 2026, there was a major feather in its cap for the company from the Federal government. The official endorsement of the project came in the form of agreement for a CAD\$16.7mn non-repayable contribution from the Government of Canada through Natural Resources Canada (NRCan) Global Partnerships Initiative (GPI). Specifically, the GPI requires the support of a global partner and we note that the ambassador of Belgium and the Belgian EU ambassador for critical minerals were also at the table for the signing:



This contribution funding is granted for the completion of a Feasibility Study of the integrated BLM phosphate mine & processing project in Saguenay–Lac-Saint-Jean between now and 2028. This will develop the technical and engineering parameters, including processing circuits and equipment, needed to validate the ability to produce a phosphate concentrate that meets the quality requirements of the lithium iron phosphate (LFP) battery market.

The BLM demonstration project will enable the processing of apatite (phosphate concentrate) into high-purity PPA for battery applications. This in turn will develop a process for the production of battery-grade phosphate concentrate in Canada, thus reducing dependence on foreign supply chains.

### **Phosphate Makes the List**

In late-February of 2026, the 2025 Canadian federal budget was passed and was notable for the inclusion of Phosphate on the list of critical minerals essential for clean technology. The practical effect

of this is that Phosphate exploration and downstream processing facilities will now benefit from Canadian federal programs dedicated to key critical minerals including, most notably, two tax credit programs:

- The Critical Mineral Exploration Tax Credit (CMETC), a 30% Canadian refundable tax credit for Canadian investors in junior mining companies in respect of targeted exploration expenses
- The Clean Technology Manufacturing Investment Tax Credit (CTM), a 30% refundable tax credit for Canadian corporations investing in new machinery and equipment for manufacturing clean technologies or processing critical minerals

For practical intents and purposes, the CMETC will assist First Phosphate in raising funds geared towards further exploring and developing its mineral properties in Saguenay-Lac-St-Jean, Quebec and to continue to develop the region's district-level phosphate zone.

Meanwhile, the CTM will be beneficial to First Phosphate in building out infrastructure associated with the operating and mining of its advanced phosphate properties as well as its future downstream processing facilities such as the planned phosphoric acid plant and the planned lithium iron phosphate (LFP) cathode active material plant.

### **On the Radar of the EU**

In mid-April the company finalized a letter of interest from the Danish Export Credit Agency (EIFO) for up to EUR170mn in equipment and services purchases for the Bégin-Lamarche project.

EIFO is backed by the Danish state, and as such, the EIFO guarantee can be considered AAA rated. The guarantee is provided to one or more banks providing the funding and EIFO participation can be expected to be pro rata and pari passu with other senior lenders.

EIFO has been involved in the financing of a significant number of transactions and projects around the world and has extensive experience within the field of export and project finance.

The LOI with EIFO balances on the European side the arrangement that PHOS has with EXIM on the US side. This will allow PHOS to source mining equipment and services from both Europe and North America and potentially create price competition (including optionality), which is particularly important in the midst of trade and tariff disputes.

Issuance of an EIFO guarantee is subject to EIFO internal credit approval, satisfactory documentation as well as satisfactory completion of normal and customary project due diligence, including but not limited to environmental and social matters. The LOI remains non-binding until the exact borrower/guarantor and security arrangements are established and is subject to Danish law and Danish jurisdiction.

### **Political Reality and the Upcoming FS**

The challenge at the moment is that the Trump Administration's policy pivot away from the energy

transition conflicts with the talking up of *America First* supply chains. Creating a vertically integrated EV flowchart putting *America First* while reducing the economies of scale provided by an impetus thru forced conversion of the fleet and thus the OEM industry.

The paucity of phosphate resources in the US makes Canada the natural supplier of this vital input but the onshoring shift necessitates moving processing and value-added from Canada towards scenarios where the mid- and downstream will be in the US despite the fact that all levels of government in Canada are far more disposed to fund buildout of the midstream than is the case in the US.

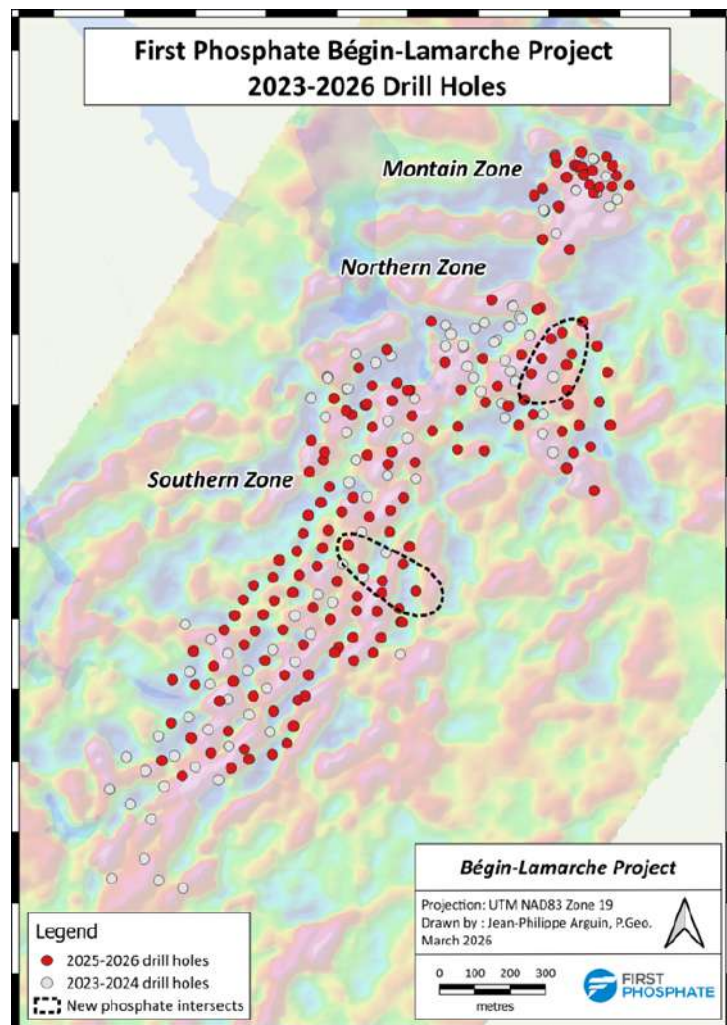
This necessitates a rethink of what the parts of the equation might look like from the minesite to the OEM production line. And this in turn will predicate some of the decision making for First Phosphate's mooted PFS.

### Impressive In-Fill Results

In late April of 2026, the flow of analytical results for its infill drill program at the Bégin-Lamarche property hit the wires. The campaign, which began in late October of 2025, was completed on the 31<sup>st</sup> of March and was conducted across the three major zones (Mountain, North and South). The campaign covered the entire 2.5 km-long known phosphate mineralization zone at 50x50 m intervals.

The drill program began with two drill rigs and increased to four rigs by mid-November with expected completion by April of 2026. The results have confirmed extensive, continuous mineralization throughout the existing horizon of the initial MRE, as well as two new phosphate intersects.

The drill program also discovered two new phosphate intersects located in the Northern Zone and in the Southern Zone on the eastern side of the existing mineralized zone. An additional 10,000 meters of targeted drilling was added to the initial drill program of 30,000



meters to form an understanding of these new intersects as well as to test additional mineralization located at depth in various areas across the Northern and Southern Zones.

A selection of the drill results can be seen in Appendix I.

We discussed the maiden MRE (dating from September of 2024) at Bégin-Lamarche in our [previous update](#). That MRE was based upon 120 drill holes, totalling 29,762 metres.

<b>Bégin-Lamarche</b>								
<b>Pit-constrained at 2.5% P2O5 cut-off</b>								
	<b>Zone</b>	<b>Tonnes mns</b>	<b>P2O5 %</b>	<b>P2O5 tonnes</b>	<b>Fe2O3 %</b>	<b>Fe2O3 tonnes</b>	<b>TiO2 %</b>	<b>TiO2 tonnes</b>
<b>Indicated</b>	<b>Mountain</b>	9.3	8.19%	758,000	9.95%	900,000	3.23%	299,000
	<b>Northern</b>	32.2	6.00%	1,934,000	10.91%	3,500,000	3.33%	1,073,000
	<b>Total</b>	41.5	6.49%	2,692,000	10.69%	4,400,000	3.31%	1,372,000
<b>Inferred</b>	<b>Mountain</b>	33.2	8.57%	584,000	10.34%	700,000	3.68%	251,000
	<b>Northern</b>	44.3	6.98%	3,090,000	11.14%	5,000,000	3.26%	1,442,000
	<b>Southern</b>	162.9	5.63%	9,177,000	10.85%	17,600,000	3.73%	6,080,000
	<b>Total</b>	240	6.01%	12,851,000	10.89%	23,300,000	3.63%	7,773,000

Note: P<sub>2</sub>O<sub>5</sub> = phosphorus pentoxide, Fe<sub>2</sub>O<sub>3</sub>= iron oxide/ferric oxide, TiO<sub>2</sub> = titanium dioxide.

The latest drill results are now being updated into a current geological model which will be produced by end of May 2026.

### **By-Products**

Notably, the potential for by-product credits was raised by recovering two additional primary mineral products: a magnetite concentrate (iron) and an ilmenite concentrate (titanium). Additionally, the Bégin-Lamarche deposit contains very low levels of potentially deleterious elements.

Metallurgical test work indicates an anticipated apatite concentrate grade of 40% P<sub>2</sub>O<sub>5</sub> at a 91% recovery.

### **Gearing Up for the Feasibility Study for the FP/LFP CAM Plant**

In late 2024, the company began the first phase of its project feasibility study with Ultion Technologies, a US-based company that is a pioneer in the LFP battery industry. The study is to determine the infrastructure required to support the permit applications as well as the lease facility retrofitting requirements.

The technology to be implemented is proven and already operating in two other facilities in the world, one with a capacity of 10,000 tonnes per annum and another with a capacity of 50,000 tonnes per

annum. As a result of the industrial capacity of the chosen technology, First Saguenay expects to be able to move directly into commercial-size, scalable production without having to go through a pilot stage.

The updated MRE will integrate the details of the recently completed drill campaign and should be out in coming weeks. Then work pivots to the FS for the mine, which is tentatively expected to be out in December of 2026.

### **Agnico Goes Off-Piste into Phosphate**

In a very intriguing transaction, in recent days, it was announced that Agnico Eagle (TSX: AEM | NYSE: AEM), via its subsidiary, Avenir Minerals Ltd, was acquiring Fox River Resources (CSE:FOX). Avenir is a sort of “venture capital arm” of Agnico. The transaction is expected to be effected by way of a statutory plan of arrangement under the Canada Business Corporations Act. The deal was unanimously approved by the directors of Fox.

Fox River holds a 100% interest in the Martison Phosphate Project near Hearst, Ontario. This had been planned as a vertically integrated operation, to exploit a high-grade, large-scale igneous phosphate deposit “capable of providing a secure domestic supply of phosphate fertilizers as well as PPA for the LFP battery industry”. The project's Anomaly A deposit underpinned a PEA with an effective date of April 21, 2022.

Shareholders of Fox River will receive CAD\$1.10 per share, payable in cash, for an aggregate purchase price of approximately CAD\$94.3mn on a fully-diluted basis.

This is a most interesting appearance of a very different set of “fins in the water” in the phosphate space in Canada. We discuss the transaction and its implications in [our Corporate Actions note here](#).

Interestingly, the new Chief Geologist at First Phosphate is an ex-member of the Agnico Eagle team.

### **Technical Team -Personnel Change**

At the end of March 2026, the company announced that, Steeve Lavoie, will assume the role of Chief Geologist, following the retirement of Gilles Laverdiere. Steeve Lavoie has over 20 years of experience in the mineral exploration industry, having worked most recently with Agnico Eagle Mines prior to joining First Phosphate in November 2025.

### **Additional Listing**

In late February of 2026 the company launched a sponsored Level 1 ADR program to increase exposure to American and international investors. The ADR is now available for trading in the United States on the OTCQX market under the symbol FPHOY (CUSIP: 33611D301; ISIN: US33611D3017).

### **Financing**

At the beginning of May 2026, the company announced that it had received a total of \$3,070,549 in

gross proceeds upon the exercise of 2,456,439 warrants prior to their expiry on April 24 and April 30, 2026, at an exercise price of \$1.25 per share.

As a result of these exercises there are zero dilutables left in the company outside of those which staff, management and board are holding. It is worth repeating that the company also has no outstanding debt.

These warrant exercises took the total of capital structure at this time to 179,947,950 common shares, 2,625,000 warrants, 7,650,000 options and 1,975,000 restricted share units outstanding. All warrants, options and restricted share units outstanding are held by current staff, management and board members of PHOS.

As noted in our January update, in late December of 2025 the company closed the fourth and final tranche of a non-brokered private placement financing which raised, in total gross proceeds the sum of CAD\$9,615,478 through the issuance of 8,009,333 Flow-Through Shares for gross proceeds of \$7,208,400, and through the issuance of 2,674,531 Hard Dollar Units for gross proceeds of \$2,407,078.

Including this latest financing, the company has raised a total of approximately CAD\$62.5mn in ten non-brokered private-placement financings since June 2022, and from funds received from option and warrant exercise.

## Risks

It is important to highlight some of the potential risks for First Phosphate and thus one should consider:

- × Financing challenges
- × Phosphate (and potential PPA) price fluctuations
- × Entry of other challengers to the PPA space
- × Other battery formulations advance more rapidly

Financing challenges come with the territory in the mining space. As noted, the company has aspirations to JV with various of the PPA producers or technology developers to build plants to capture the value-added and enhance margins. However, in the first instance it needs to fund the initial mine and that should be around CAD\$675mn which it must either source itself or by taking on a strategic partner.

It is key to remember that First Phosphate is not dependent upon the EV boom. Its product is readily sellable even in the context that EV's had never been invented or even heard of. While EV demand and uptake of LFP formulations adds icing to the cake of potential markets, it is not the be-all-and-end-all.

At the current time there are no other advanced developers in the Phosphate space that are targeting the marketplace in the way First Phosphate has been doing. Additionally, its alliances, while not precluding major players doing deals with other potential entrants, do give the company a significant advantage over other interlopers.

Novel battery formulations are appearing at a steady pace but as the industry advances, the cost of switching formats for end-users (e.g. retooling) becomes more disruptive to their business models and credibility.

### **Investment Thesis**

The Bégin-Lamarche project is firming up as North America's next Phosphate producer. The size of the deposit, the stronger grades and the by-product potential combine with a plethora of infrastructure and positioning advantages to make BLM the most doable new phosphate project on the drawing boards.

Decision-making is key at this juncture as is the backdrop to any move to a Feasibility study. The onset of the Trump regime in the US makes getting these decisions right from an earlier stage into an imperative for the sake of credibility with funders in a constantly shifting environment south of the border.

Meanwhile the drill results should flesh out the initial MRE and create a Reserve for use in the FS.

The EIFO deal shows the level of interest from Europe to support the company's European offtakers and partners. The more financing avenues/alternatives the better at this crucial stage in the development curve. As the mine buildout is under US\$500mn, the accords with EIFO and EXIM make the rest of the financing infinitely more approachable.

The action in recent months has shown the significant level of interest without even having an FS study. Together with the bankable, prepaid offtake, just shows the eagerness in the market for the proposed output from the BLM project on both sides of the Atlantic.

### **Rationale & Rating**

The coming year will be one in which partnerships solidify from amorphous collaborations into a competitive tension as offtakers position themselves to secure their share of the future BLM output and those relations will then inform decisions such as the siting of PPA processing plant in the FS, which is scheduled for December of 2026.

Then there is the Fox River transaction, which while not a direct comp with PHOS, electrified the phosphate space in Eastern Canada pushing First Phosphate strongly higher, underpinned by a blizzard of good news from PHOS itself.


In this update we are reiterating First Phosphate with a **LONG** rating and upping our 12-month target price to CAD\$2.25.



# Appendix I: Drill Results - BLM

## The 2025/2026 Drill campaign


In late April of 2026, the company announced analytical results for its infill drill program of 40,000 metres. These included:

		<b>BÉGIN-LAMARCHE PROJECT</b> (27 Apr 2026)				
<b>MOUNTAIN ZONE</b>						
Drill Hole	From (m)	To (m)	Length (m)	P <sub>2</sub> O <sub>5</sub> (%)	TiO <sub>2</sub> (%)	Fe <sub>2</sub> O <sub>3</sub> (%)
BL-25-121	44.00	173.75	129.75	8.56	4.71	26.90
BL-25-123	6.00	204.45	198.45	8.94	4.25	25.05
including	55.00	162.00	107.00	10.17	4.92	29.08
BL-25-143	26.00	178.45	152.45	6.35	2.54	20.88
BL-25-151	4.80	164.40	159.60	9.10	3.36	19.51
including	77.00	164.40	87.40	10.00	3.80	18.60
BL-25-152	18.10	164.50	119.85	8.02	3.72	25.22
BL-25-156	26.55	164.60	138.15	9.57	3.46	20.07
BL-25-162	83.65	164.70	136.85	8.05	3.82	20.34
BL-25-167	0.70	164.80	170.10	6.64	2.65	17.76


In the Mountain Zone, several intervals exceeding 50 m with grades above 10% P<sub>2</sub>O<sub>5</sub> were intersected within the broader composite intervals. Several massive apatite veins reaching up to 2 m in thickness were also encountered.

The Northern Zone (below) highlights the discovery of high-grade phosphate occurring in down-dip continuity. These high grades share mineralogical and visual characteristics (particularly the presence of massive apatite veins) similar to those observed in the Mountain Zone. Several intervals exceeding 50 m

with grades above 10% P<sub>2</sub>O<sub>5</sub> were intersected within the broader composite intervals.

 FIRST PHOSPHATE		<b>BÉGIN-LAMARCHE PROJECT</b> (27 Apr 2026)				
<b>NORTHEN ZONE</b>						
Drill Hole	From (m)	To (m)	Length (m)	P <sub>2</sub> O <sub>5</sub> (%)	TiO <sub>2</sub> (%)	Fe <sub>2</sub> O <sub>3</sub> (%)
BL-25-131	118.80	281.40	162.60	8.40	3.71	26.16
BL-25-159	244.45	399.15	154.70	7.99	4.08	27.53
BL-25-161	62.50	367.30	304.80	6.93	3.05	19.82
BL-25-163	49.65	271.90	222.25	8.07	4.05	26.43
BL-26-259	163.45	471.20	307.75	5.83	3.05	21.57
BL-26-263	164.00	287.00	123.00	10.02	4.712	29.95
BL-26-264	111.00	470.20	359.20	8.62	4.14	25.47
including	163.65	298.70	135.05	10.10	4.91	29.39
BL-26-266	170.00	387.80	217.80	7.91	4.25	23.91

The Southern Zone (below) highlights high-grade phosphate occurring in down-dip continuity, displaying mineralogical and visual characteristics comparable to those recognized in the Mountain Zone. Several intervals exceeding 50 m with grades above 6% P<sub>2</sub>O<sub>5</sub> were intersected within the broader composite intervals.

 FIRST PHOSPHATE		<b>BÉGIN-LAMARCHE PROJECT</b> (27 Apr 2026)				
<b>SOUTHERN ZONE</b>						
Drill Hole	From (m)	To (m)	Length (m)	P <sub>2</sub> O <sub>5</sub> (%)	TiO <sub>2</sub> (%)	Fe <sub>2</sub> O <sub>3</sub> (%)
BL-25-174	95.50	262.00	166.50	4.34	3.13	18.57
BL-25-182	57.90	245.55	187.65	4.87	3.45	19.77
BL-25-193	7.65	108.30	100.65	5.08	3.28	19.38
BL-25-196	20.00	158.00	138.00	4.32	3.31	18.92
BL-26-215	97.60	212.50	114.90	4.52	3.80	21.95
BL-26-221	15.70	239.00	223.30	4.18	3.24	19.29
including	73.55	148.00	74.45	6.05	4.32	28.56
BL-26-225	5.55	263.50	257.95	5.17	3.30	18.20
including	156.70	229.30	72.60	7.66	3.73	19.45
BL-26-233	7.10	136.35	129.25	4.54	3.20	21.74

## Important disclosures

I, Christopher Ecclestone, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

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