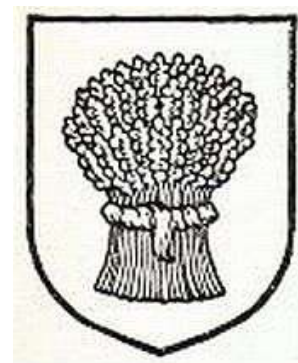


Tuesday, June 16, 2026



HALLGARTEN + COMPANY

Coverage Update

Christopher Ecclestone
ceccestone@hallgartenco.com

Joshua Mayfield
jmayfield@hallgartenco.com

First Phosphate

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

Strategy: LONG

Key Metrics	
Price (CAD)	\$1.67
12-Month Target Price (CAD)	\$2.65
Upside to Target	59%
12mth high-low	\$0.30 to \$2.06
Market Cap (CAD mn)	\$313.39
Shares Outstanding (mns)	187.66
Warrants	4.06
Options	7.65
RSUs	1.98
Fully diluted	201.34

Tuesday, June 16, 2026

First Phosphate

MRE Update & Oversubscribed Financing

- + The drill results from the 40,000-metre campaign in late 2025 & early 2026 have formed the basis for a new MRE and create the basis for the Reserve for use in the upcoming FS
- + The updated MRE showed a 378% increase in Indicated Mineral Resources and introduces a Measured component to the MRE
- + The pit shell model debuts a new Central Zone in the deposit (and MRE)
- + The latest financing closed last week three times oversubscribed (raising \$15mn) despite dodgy markets
- + We cannot fault raising funds while the going is good to maintain a robust treasury (now at over \$35mn) in uncertain times for global markets
- + Agnico Eagle (TSX: AEM | NYSE: AEM), via its “Venture Capital arm”, Avenir Minerals, moved to acquire Fox River Resources (CSE:FOX) and has provided PHOS with additional tailwind
- + 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 next Technical Study on BLM is some way off, being the publication of the Feasibility Study for the CapEx (and value-added) of the production to Purified Phosphoric Acid (PPA)
- × The financing environment is tough in the battery metals complex, with investors being willing to fund only projects with a realistic perspective of production.

Forging Ahead

The team at First Phosphate have had a busy first five 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.

Whatever may be the current state of pushing & shoving between Washington and Ottawa, this fades into irrelevance due to the US being remarkably unendowed on the phosphate front.

Significant new mine developers of Phosphate supply are very few. First Phosphate 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.

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.

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.

Tuesday, June 16, 2026

In this current update, we look at the update to the MRE on the Bégin-Lamarche project. This was informed by the results of the substantial drill campaign in late 2025 and early 2026. We also look at the recently announced financing and the fillip that the Agnico entry into the phosphate space has given to names advancing phosphate projects in Eastern Canada.

The Update MRE Hits the Wires

In late May of 2026, the company released the updated MRE which was carried out by Antoine Yassa, P.Geo., of P&E Mining Consultants Inc., who is an Independent Qualified Person.

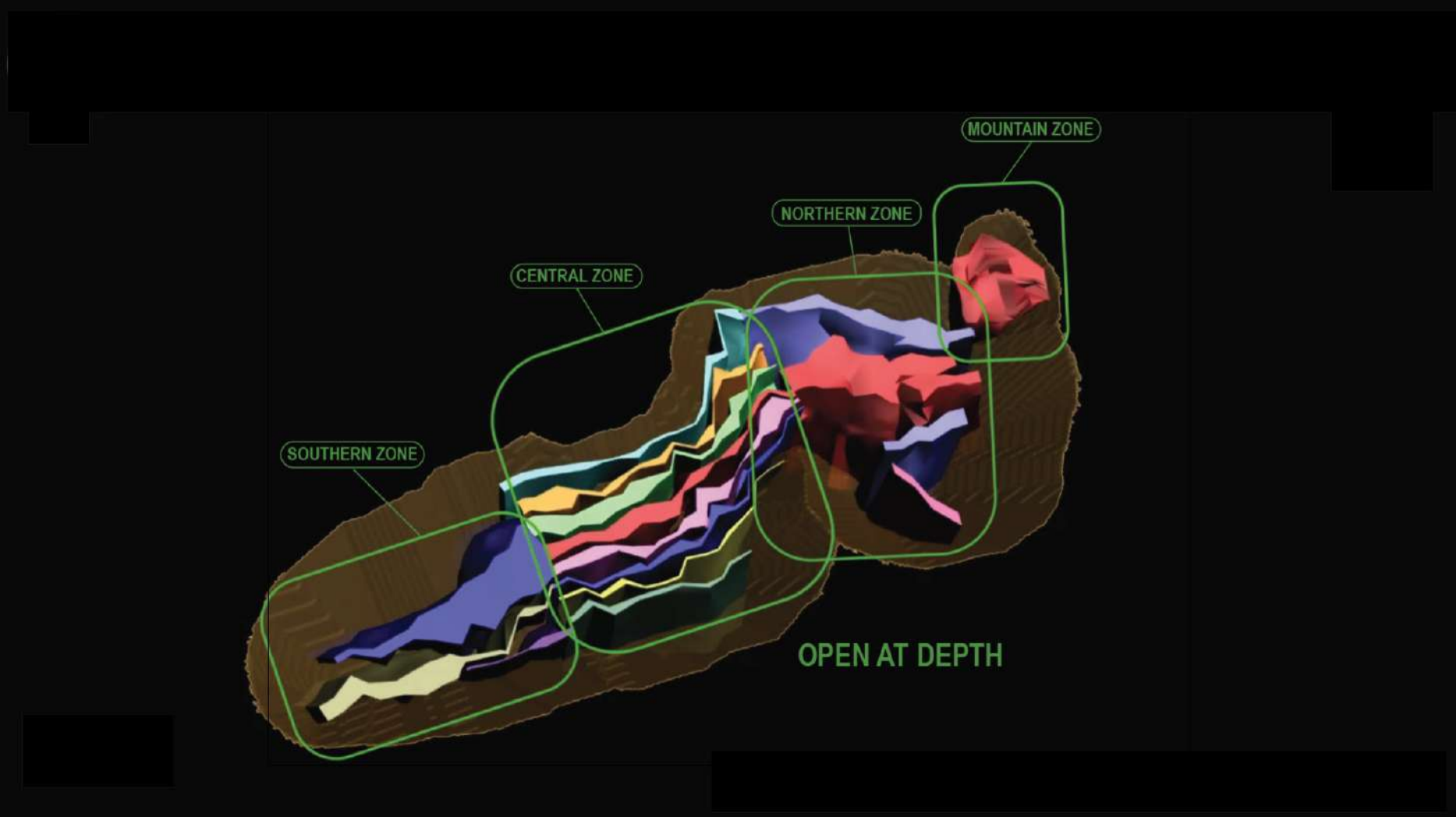
We discussed the maiden MRE (dating from September of 2024) at Bégin-Lamarche in our [update of January of this year](#). That MRE was based upon 120 drill holes, totalling 29,762 metres.

This latest MRE included results from the 2025-2026 drilling program which we had discussed in our [update of May 2026 here](#) based on 276 drill holes totalling 68,345 m.

Bégin-Lamarche				
Pit-constrained at 2.5% P2O5 cut-off				
	Zone	Tonnes mns	P2O5 %	P2O5 tonnes
Measured	Mountain	6.2	7.70%	470,000
Indicated	Mountain	5.3	8.45%	450,000
	Northern	78.3	6.69%	5,240,000
	Central	71	5.50%	3,910,000
	Southern	43.9	5.26%	2,310,000
	Total		198.5	6.00%
	Total M&I	204.7	6.05%	12,380,000
Inferred	Mountain	0.5	9.09%	40,000
	Northern	30.7	7.33%	2,250,000
	Central	31.8	5.67%	1,800,000
	Southern	26.5	5.32%	1,410,000
	Total		89.5	6.16%

Note: P₂O₅ = phosphorus pentoxide

Most importantly the updated MRE showed a 378% increase in Indicated Mineral Resources over the initial MRE (which was dated September 9, 2024).



Tuesday, June 16, 2026

The main details were:

- Measured pit-constrained Mineral Resource: 6.2mn tonnes 7.70% P₂O₅ (phosphate)
- Indicated pit-constrained Mineral Resource: 198.5mn tonnes @ 6.00% P₂O₅
- Inferred pit-constrained Mineral Resource: 89.5mn tonnes @ 6.16% P₂O₅

The pit shell for latest MRE for Bégin-Lamarche (shown on the preceding page) was calculated utilizing a 2.5% P₂O₅ cut-off value employing the following parameters:

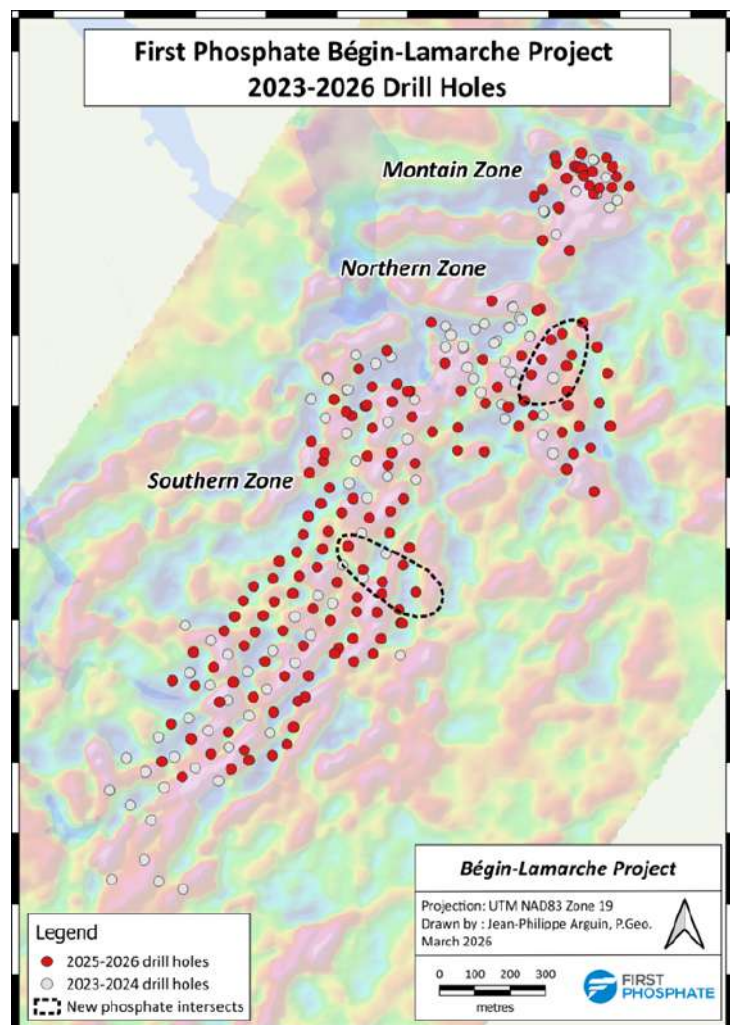
- US\$: CAD\$ Exchange Rate: \$0.72
- P₂O₅ Price (32%): US\$225/t (approx five-year trailing average)
- P₂O₅ Price (40%): US\$280/t
- P₂O₅ Process Recovery: 88%
- Processing & Conc Transport Cost: CAD\$20/t
- G&A: \$1.50/t
- Mining Cost: CAD\$2.75/t (mineralized material and waste)
- Pit Slopes: 45°

A few key things to note are that there is a Maiden Measured Resource (entirely in the Mountain Zone) and that a Central zone is now discriminated in the calculations (as per the axonometric view on page 4).

It should be noted that the deposit remains open at depth.

The 2025/20226 Drill Campaign

The campaign, which began in late October of 2025, was completed on the 31st of March and was conducted across the four major zones (Mountain,




Tuesday, June 16, 2026

Centre, 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.

Notable results from the campaign included:


		BÉGIN-LAMARCHE PROJECT (27 Apr 2026)				
MOUNTAIN ZONE						
Drill Hole	From (m)	To (m)	Length (m)	P ₂ O ₅ (%)	TiO ₂ (%)	Fe ₂ O ₃ (%)
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% P₂O₅ 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% P₂O₅ were intersected within the broader composite intervals.

		BÉGIN-LAMARCHE PROJECT (27 Apr 2026)				
NORTHERN ZONE						
Drill Hole	From (m)	To (m)	Length (m)	P ₂ O ₅ (%)	TiO ₂ (%)	Fe ₂ O ₃ (%)
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 50m with grades above 6% P₂O₅ were intersected within the broader composite intervals.

		BÉGIN-LAMARCHE PROJECT (27 Apr 2026)				
SOUTHERN ZONE						
Drill Hole	From (m)	To (m)	Length (m)	P ₂ O ₅ (%)	TiO ₂ (%)	Fe ₂ O ₃ (%)
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

Tuesday, June 16, 2026

Met Work Makes the Grade

Metallurgical test work indicates an anticipated apatite concentrate grade of 40.4% P₂O₅ at an 88% process recovery rate, with very low levels of potentially deleterious elements, and has been qualified for production of battery-grade phosphoric acid for lithium iron phosphate (LFP) battery with a conversion ratio of 91.1%.

Gearing Up for the Feasibility Study for the Mine and Concentrator

With the publication of the updated MRE, work now pivots to the FS for the mine, which is tentatively expected to be out in December of 2026.

Adoption (Largely) Continues Apace

The trend of rapid onshoring of LFP battery into North America by the majors continues apace with major announcements every day by companies such as Ford, Tesla, LG and others. Igneous phosphate from projects such as BLM is the obvious source of the key input to this formulation.

Not everyone is heading in this direction though as there are some reports that GM is equivocating on whether to persevere with LFP.

Agnico Goes Off-Piste into Phosphate

In a welter of positive developments driving the First Phosphate stock price higher was the transaction early in May when Agnico Eagle (TSX: AEM | NYSE: AEM), via its subsidiary, Avenir Minerals Ltd, announced that it was acquiring Fox River Resources (CSE:FOX), which holds a 100% in the Martison Phosphate Project near Hearst, Ontario.

Avenir is a sort of “venture capital arm” of Agnico. The intriguing thing was the appearance of a predator in the hitherto predator-free phosphate arena in Eastern Canada. We regarded this as a very intriguing appearance of a 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](#).

The Martison Phosphate Project had been planned as a vertically integrated operation, to exploit a 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 is underpinned by a PEA dating from April of 2022.

The asset has quite a lot more challenges facing it than BLM and we detailed those in our note on the deal. The proposed transaction put a valuation on Fox River of approximately CAD\$94.3mn on a fully-diluted basis.

Financing

In the last days of May, the company announced a non-brokered private placement for gross proceeds

Tuesday, June 16, 2026

of a minimum of CAD\$5mn. Despite many expecting the raise to either fail or be repriced, it was concluded on schedule and three times oversubscribed raising CAD\$15mn in a very challenging market.

The raise was launched to accommodate existing shareholders that wished to contribute further funds to strengthen the company. This was despite PHOS already being fully cashed-up for the next 18-24 months.

The offering consisted of a combination of:

- Hard dollar units at a price of \$2.00 per Hard Dollar are comprised of: (i) one common share and (ii) one common share warrant exercisable for one common share at a price of \$2.50 per until December 31, 2026 (though subject to an accelerated expiry).
- Flow-through shares at a price of \$2.00 per share

The proceeds from the Flow-Through Offering will be used for eligible exploration expenditures as per the rules pertaining.

The net proceeds received from the Hard Dollar Unit Offering will be used for development activities, working capital and for general corporate purposes.

The company can accelerate the exercise date for the warrants provided that the volume weighted average trading price of the common shares on the Canadian Securities Exchange for any five consecutive trading days equals or exceeds \$3.50.

The offering closed on the 12th of June 2026, raising a total of CAD\$15,420,640 through the issuance of 1,432,750 Hard Dollar Units for gross proceeds of \$2,865,500 and 6,277,570 Flow-Through Shares for gross proceeds of \$12,555,140. All securities issued are subject to a four-month and one day statutory hold period.

Cashed Up

Together with this raise, the company now has about \$35 million in the coffers, plus access to the CAD\$16.7mn contribution from the Canadian government, which PHOS has begun to draw upon. This is an enviable position for a company transitioning from junior to mid-market status. It's also worth noting that First Phosphate has a 100% track record in completing, never repricing and oversubscribing every raise since its inception.

Including this latest financing, the company has raised a total of approximately CAD\$78mn in eleven 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:

Tuesday, June 16, 2026

- × Financing challenges for the mine build
- × 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.

The strong drill results from the extensive recent campaign have yielded an Updated MRE, (expanded in size, grade and category). This will be the basis to create a Reserve for use in the FS.

The recent raise puts a very important pin of \$2.00 into the valuation of First Phosphate as its market cap advances. It is interesting to note that the funding was executed very near the 52-week all-time/highs for the stock shows the level of confidence in the business direction/strategy at PHOS by shareholders.

Beyond the current placement, the EIFO deal reinforces the 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.

These financing deals, the recent strong market action for PHOS, plus the entry of the 800lb gorilla of

Tuesday, June 16, 2026

Agnico into the phosphate space, shows the eagerness for the proposed output of LFP on both sides of the Atlantic.

Rationale & Rating

Decisions, decisions, decisions. The rest of 2026 will be dedicated to issues such as the siting of PPA processing plant in the Feasibility Study scheduled for December of 2026. Partners and offtakers will be parallel-processed with that, while financing deals have already been secured, but one can never have too many of those. The carrot here will be creating competitive tension amongst offtakers as they position themselves to secure their share of the future BLM output.

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\$2.65.



Appendix I:

Bégin-Lamarche (BLM)

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.

Mineralisation & Zonation

The Bégin-Lamarche Phosphate Deposit is associated with well-defined oxide-apatite peridotite (OAP) intrusions within the large Lac-Saint-Jean anorthosite suite (LSJAS). The LSJAS is the largest phosphate-mineralized anorthosite worldwide. The phosphate Deposit is comprised of four mineralized zones.

The zones, which are continuous, only separated by faults within the deposit, and extend over a length of 2,750 m. These are:

- The Mountain Zone is a single phosphate-bearing mass having a diameter of up to 200 m and a length of 250 m
- The Northern zone is comprised of four phosphate layers ranging from 30 m to 200 m in thickness and a length of 625 m
- The Central Zone bears eight phosphate layers, one of them having up to 50 m in thickness and extending to 900 m
- The Southern Zone bears three phosphate layers, one of them having up to 125 m in thickness and extending to 725 m

The deposit 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.



Apatite (phosphorus, phosphate) is listed on the critical minerals lists of Québec, Canada, the United States and the European Union.

Recent Advances on the Applications Front

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.

The Economic Study

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.

The most salient details of the PEA are:

- Production of an annual average of 900,000 tonnes of beneficiated phosphate concentrate at 40% P_2O_5 content and 380,000 tonnes of magnetite at 92% Fe_2O_3 content
- A 23-year mine life and 2.6 year payback period
- The project generates a pre-tax internal rate of return (IRR) of 37.1% and a pre-tax net present value (NPV) of \$2.1bn at an 8% discount rate at an approximate three-year trailing average phosphate price plus a premium for purity and potential secure source of supply, and a two-year trailing average magnetite price (plus a premium for purity)

Tuesday, June 16, 2026

- The project generates an after-tax internal rate of return (IRR) of 33% and an after-tax net present value (NPV) of CAD\$1.59bn at an 8% discount rate.
- The project would generate an after-tax cash flow of CAD\$700mn in years 1 to 3, resulting in a 2.9-year payback period from the start of production. Pre-tax cash flow in years 1 to 3 is CAD\$783mn
- Initial capex for the project is estimated at CAD\$675mn

The PEA used the Indicated and Inferred Mineral Resources published in September 2024 in its calculations.

The project has no outstanding royalties or financing streams registered against it.

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.

Hallgarten's Equity Research rating system consists of LONG, SHORT and NEUTRAL recommendations. LONG suggests capital appreciation to our target price during the next twelve months, while SHORT suggests capital depreciation to our target price during the next twelve months. NEUTRAL denotes a stock that is not likely to provide outstanding performance in either direction during the next twelve months, or it is a stock that we do not wish to place a rating on at the present time. Information contained herein is based on sources that we believe to be reliable, but we do not guarantee their accuracy. Prices and opinions concerning the composition of market sectors included in this report reflect the judgments of this date and are subject to change without notice. This report is for information purposes only and is not intended as an offer to sell or as a solicitation to buy securities.

Hallgarten & Company acts as a strategic consultant to First Phosphate and as such is compensated for those services, but does not hold any stock in the company, nor has the right to hold any stock in the future.

Hallgarten & Company or persons associated do not own securities of the securities described herein and may not make purchases or sales within one month, before or after, the publication of this report. Hallgarten policy does not permit any analyst to own shares in any company that he/she covers. Additional information is available upon request.

© 2026 Hallgarten & Company Ltd. All rights reserved.

Reprints of Hallgarten reports are prohibited without permission.

Web access at:

Research: www.hallgartenco.com

60 Madison Ave, 6th Floor, New York, NY, 10010