

First Phosphate Corp.
CSE: PHOS; OTC: FRSPF
Flash Report

May 5, 2026

Price (as of close May 4, 2026)
C\$1.31

12-Month Target Price
C\$4.94

Research Team
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About the Company

First Phosphate is a mineral development and cleantech company dedicated to building and onshoring a vertically integrated mine-to-market LFP battery supply chain for North America. Target markets include energy storage, data centers, robotics, mobility and national security. First Phosphate's flagship Bégin-Lamarche Property in Saguenay-Lac-Saint-Jean, Quebec is one of North America's rare igneous phosphate resources, yielding high-purity phosphate with minimal impurities.

52-Week Range	C\$0.27 - C\$1.38
Shares Outstanding	179.94 mil
Insider/Institutional	21.7% / 11.5%
Public Float	140.7 mil
Market Cap	C\$227 mil
Total Debt	Nil
Debt/Equity	NA
ROE (LTM)	NA
Book Value/Share	C\$0.16
Consolidated Daily Volume (90-day)	409,046
Fwd. Div. & Yield	--

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Warrant Exercise Delivers C\$3.07M, Clears All Public Dilutive Overhang. Recent Acquisition of Fox River Resources by Avenir Minerals (Agnico Eagle) Bodes Well for the Industry.

First Phosphate has completed the exercise of its final tranche of publicly held warrants, marking a notable milestone in its capital structure. On May 4, 2026, the Company announced gross proceeds of C\$3,070,549 from the exercise of 2,456,439 warrants at C\$1.25 per share, representing full participation ahead of their April 24 and April 30, 2026 expiries.

The warrants were exercised at C\$1.25 per share, broadly in line with recent trading levels, reflecting a clear willingness among holders to commit incremental capital rather than allow expiry. This outcome serves as a direct expression of investor conviction, warrant holders who lack confidence typically do not exercise. Here, participation was complete, and capital was deployed.

The resulting cap table is clean and tightly aligned. All remaining warrants, options, and restricted share units are now held exclusively by management, the board, employees, and stakeholders with long-term alignment. There is no external overhang from price-sensitive sellers.

A High-Water Mark at C\$1.25: The warrants were exercised at C\$1.25 per share, broadly in line with prevailing market levels, establishing this level as a credible reference point in the Company's valuation. Importantly, holders chose to exercise rather than let the warrants lapse, committing capital at current prices. This behavior signals underlying confidence in the Company's forward value trajectory and reinforces C\$1.25 as a meaningful anchor in the valuation framework.

Zero Public Overhang; Reduced Selling Pressure: With no publicly held warrants or options remaining, the typical overhang associated with potential near-term selling pressure has effectively been eliminated. All remaining dilutive instruments are insider-held, aligning future exercises with internal conviction rather than opportunistic liquidity events.

C\$20M+ Treasury Supporting the Path to FID: The Company enters its next phase, completion of the Feasibility Study and progression toward FID, with a treasury exceeding C\$20 million. This outcome is further supported by a C\$16.7 million non-repayable, non-dilutive grant from Natural Resources Canada, providing funding visibility for approximately the next 18 months without reliance on additional equity issuance at current levels.

Debt-Free Balance Sheet: First Phosphate carries no debt, no convertible instruments, or credit facilities. At this stage of project development, such a clean balance sheet is relatively rare and provides financial flexibility as the Company advances toward construction-stage decision points.

Additional Context: Infill Drilling Reinforces Resource Confidence

The warrant exercise milestone is complemented by continued operational progress at First Phosphate's flagship Bégin-Lamarche Property. The Company has reported initial results from its ongoing infill drilling program, aimed at tightening drill spacing and enhancing resource confidence ahead of the Feasibility Study.

Drilling across the Mountain, Northern, and Southern zones confirmed extensive, continuous phosphate mineralization across the existing MRE. Notably, drilling has identified two new phosphate intersections, one each in the Northern and Southern Zones, extending the mineralized footprint beyond previously defined boundaries.

The Mountain and Northern Zones returned multiple intercepts exceeding 50 metres at $>10\%$ P_2O_5 , with massive apatite veins up to 2 metres thick, while the Southern Zone delivered similar continuity with intervals above 6% P_2O_5 . These results build on the current NI 43-101 resource of 41.5 Mt Indicated at 6.49% P_2O_5 and 214 Mt Inferred at 6.01% P_2O_5 .

An updated geological model incorporating the full assay results is expected in June 2026 and will feed directly into the Feasibility Study, expected to be completed by late 2026.

Recent Acquisition of Fox River Resources: Avenir Minerals, a subsidiary of Agnico Eagle Mines Limited created in late 2025 to manage early-stage critical minerals, is acquiring Fox River Resources to secure a large-scale, high-grade phosphate asset with vertical integration potential—strengthening long-term supply for fertilizers and lithium iron phosphate (“LFP”) battery materials in a market where phosphate demand is rising and supply remains constrained.

Valuation

- We value PHOS using a sum-of-the-parts approach. We discount the mine free cash flow at 11.5% and acid-plant free cash flow at 13.5% to reflect process and market risks prior to qualification, then apply project-stage risking prior to FID, and consolidate corporate items to equity value to arrive at a per-share target price of C\$4.94.

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SOTP valuation

Mine NAV, C\$m	500
PPA plant NAV, C\$m	368
Cash, C\$m	20
Total NAV	888

Shares outstanding, mn	180
NAV/share, C\$	4.94
Share price, C\$	1.28
<i>Upside</i>	286%
<i>Price/NAV</i>	0.26x

Key assumptions

Discount rate – mine	11.5%
Discount rate – plant	13.5%
Mine cash opex/ton (adj for credits), US\$	95
PPA cash opex/ton, US\$	250
US\$/CAD	1.39
P ₂ O ₅ conversion factor	0.73
Battery grade purity premium, US\$/tonne	45

Reserves

Total mine resources, million tonnes (Mt)	150.55
Grade estimate	5.76% P ₂ O ₅
Mine life	~24 years
Strip ratio	1.5:1 (waste:ore)
Implied mass yield to concentrate	13.7% (20.7 Mt conc./150.55 Mt feed)
Implied P ₂ O ₅ recovery:	90-95% (40% P ₂ O ₅ concentrate)

Source: Fertiliser Association of India, Argus Media, P2O5.com

Important Disclosures

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Rating Definitions

Buy, 30% or greater price appreciation in the next 12 months.

Buy-Extended, near-term EPS and/or revenue horizon is challenging with strong long-term appreciation possibility.

Buy-Emerging, initial stages with low revenue and the potential for large returns with higher risk and volatility.

Hold, perform similar to market.

Sell, 30% or more decline in the next 12 months.

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First Phosphate Corp CSE: PHOS; OTC: FRSPF Sum-of-the-parts / NAV model C\$'mn unless otherwise stated	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	
Mining																												
ROM mined, ktpa					3,460	5,309	5,309	5,309	6,989	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	
Nameplate concentrate capacity (ktpa)					900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	
Recovery to concentrate					10%	80%	85%	88%	89%	90%	90%	92%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	93%	92%	92%	90%	90%	
Apatite concentrate (kt, ~40% P ₂ O ₅)					90	720	765	792	801	810	810	828	855	855	855	855	855	855	855	855	855	855	837	828	828	810	810	
Realized apatite price, US\$/t, adj for freight					325	325	325	325	325	325	325	325	325	325	325	325	325	325	325	325	325	325	325	325	325	325	325	
Apatite revenue, US\$'mn					29	234	249	257	260	263	263	269	278	278	278	278	278	278	278	278	278	278	272	269	269	263	263	
Apatite revenue, C\$'mn					41	326	346	359	363	367	367	375	387	387	387	387	387	387	387	387	387	379	375	375	367	367		
opex (adj for magnetite credit)		(9)	(9)	(9)	(12)	(95)	(101)	(105)	(106)	(107)	(107)	(110)	(113)	(113)	(113)	(113)	(113)	(113)	(113)	(113)	(111)	(110)	(110)	(110)	(107)	(107)		
Change in net working capital		-	-	-	2	11	1	0	0	0	-	0	0	-	-	-	-	-	-	-	-	(0)	(0)	-	(0)	-		
Capex		(6)	(6)	(338)	(6)	(8)	(9)	(10)	(11)	(13)	(15)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(15)	(15)	(14)	(13)		
FCF (pre-tax)		(15)	(15)	(347)	(347)	25	235	237	244	246	247	245	250	258	258	258	258	258	258	258	258	252	250	250	251	246	246	
Effective tax rate					10%	12%	15%	15%	15%	15%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%		
Income tax					(2)	(28)	(36)	(37)	(37)	(61)	(62)	(65)	(64)	(64)	(64)	(64)	(64)	(64)	(64)	(64)	(64)	(63)	(63)	(63)	(62)	(62)		
FCF (post-tax)		(15)	(15)	(347)	(347)	22	206	201	208	209	210	184	187	194	193	193	193	193	193	193	193	189	188	188	185	185		
Discount factor (12% WACC)		1.00	0.93	0.83	0.74	0.67	0.60	0.54	0.48	0.43	0.39	0.35	0.31	0.28	0.25	0.22	0.20	0.18	0.16	0.15	0.13	0.12	0.10	0.09	0.08	0.07	0.06	
Mine NAV (PV of FCF)		(15)	(13)	(288)	(258)	15	124	108	100	90	81	64	58	54	48	43	39	35	31	28	25	23	20	18	16	14	13	
Mine NAV, C\$'mn					500																							
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
PPA plant		190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	
Nameplate capacity (ktpa, P ₂ O ₅ basis)		10%	70%	75%	80%	80%	85%	85%	90%	90%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	90%	90%	88%	88%	
Utilization		10	133	143	152	152	162	162	171	171	175	175	175	175	175	175	175	175	175	175	175	175	175	171	171	167	167	
PPA sales volume (kt, P ₂ O ₅ basis)		918	918	918	918	918	918	918	918	918	918	918	918	918	918	918	918	918	918	918	918	918	918	918	918	918	918	
Realized PPA price, US\$/t P ₂ O ₅ , FOB Saguenay		9	122	131	139	139	148	148	157	157	160	160	160	160	160	160	160	160	160	160	160	160	160	157	157	153	153	
PPA revenue, US\$ mn		0	7	10	11	11	12	12	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	12	12	
By-product credits - gypsum/others US\$mn		3%	6%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	
By-product credit as % of PPA revenue		9	129	141	151	151	160	160	169	169	173	173	173	173	173	173	173	173	173	173	173	173	173	169	169	166	166	
Total PPA plant revenue, US\$mn		13	180	197	210	210	223	223	236	236	241	241	241	241	241	241	241	241	241	241	241	241	241	236	236	231	231	
Total PPA plant revenue, C\$mn		140	(145)	(165)	(177)	(182)	(186)	(186)	(194)	(206)	(206)	(206)	(206)	(206)	(206)	(206)	(206)	(206)	(206)	(206)	(206)	(198)	(194)	(194)	(194)	(186)	(186)	
Feedstock cost - apatite transfer		(3)	(46)	(50)	(53)	(53)	(56)	(56)	(60)	(60)	(61)	(61)	(61)	(61)	(61)	(61)	(61)	(61)	(61)	(61)	(61)	(61)	(61)	(60)	(60)	(58)	(58)	
Cash opex, C\$'mn		-	-	-	1	13	1	1	-	1	-	1	-	-	0	-	-	-	-	-	-	-	-	(0)	-	(0)	-	
Change in net working capital		(122)	(122)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	
Capex		(122)	(122)	3	140	141	151	150	160	159	170	169	173	173	173	173	173	173	173	173	173	173	173	173	169	169	165	165
FCF (post-tax)					10%	12%	15%	15%	15%	15%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	
Effective tax rate					(0)	(17)	(21)	(23)	(22)	(24)	(40)	(43)	(42)	(43)	(43)	(43)	(43)	(43)	(43)	(43)	(43)	(43)	(43)	(43)	(42)	(42)	(41)	
Tax charge		(122)	(122)	3	123	120	128	127	136	120	128	127	130	130	130	130	130	130	130	130	130	130	130	127	127	124	124	
FCF (post-tax)		0.81	0.71	0.62	0.55	0.49	0.43	0.38	0.33	0.29	0.26	0.23	0.20	0.18	0.16	0.14	0.12	0.11	0.09	0.08	0.07	0.06	0.06	0.05	0.04	0.04	0.04	
Discount factor (14% WACC)		(98)	(86)	2	68	58	55	48	45	35	33	29	26	23	20	18	16	14	12	11	9	8	7	6	5	5	5	
PV of FCF						368																						
PPA NAV																												
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
SotP Valuation																												
Mine NAV, C\$mn						500																						
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US\$/CAD						1.39																						
P ₂ O ₅ conversion factor						0.73																						
Battery grade purity premium, US\$/tonne						45																						
Reserves																												
Total mine resources, million tonnes (Mt)																												

Price Target Sensitivity Analysis:

Mine discount rate	Apatite price (adjusted), US\$/t			
	225	275	325	375
12%	2.12	3.40	4.69	5.97
13%	1.91	3.07	4.24	5.40
14%	1.72	2.78	3.85	4.91
15%	1.56	2.53	3.51	4.48
16%	1.43	2.32	3.21	4.10

PPA discount rate	Battery grade purity premium, US\$/tonne					
	35	40	45	50	55	
	12%	5.33	5.36	5.38	5.41	5.44
	13%	5.03	5.05	5.08	5.10	5.12
	14%	4.76	4.78	4.80	4.83	4.85
	15%	4.53	4.55	4.57	4.59	4.61
	16%	4.32	4.34	4.36	4.38	4.40