

Jan 07, 2026

Basic Materials

FRSPF

OTCQX

Rating

Outperform

Unchanged

Current Price

\$0.76

Target Price

\$1.55

Market Capitalization

108.56m

Shares Outstanding

172.94m

Float

98.56m

Institutional Holdings

0.3%

12-Month Low/High

\$0.17/\$0.86

Average 90-Day Volume

229380

Fiscal Year End

02/28/2026

First Phosphate Corp.

Transitioning from Exploration to Feasibility


Offtake agreement. First Phosphate recently amended an offtake agreement that includes a US\$0.53 million upfront pre-payment during the fourth quarter of FY 2026. The funds will be used to advance the Begin-Lamarche project towards a feasibility study and later, production. The prepayment is subject to refund should First Phosphate decide not to pursue a feasibility study or production, neither of which we anticipate. In our view, the prepayment validates downstream interest and reinforces the strategic relevance of the Company's integrated phosphate platform.

Final tranches of private placement. The Company closed the third and fourth tranches of its oversubscribed non-brokered private placement in December, raising approximately \$9.6 million in gross proceeds and bringing total capital raised since June 2022 to approximately \$49.7 million. Following recent warrant exercises and the offtake pre-payment, management indicates cash on hand of approximately \$24 million, which we believe is sufficient to fund planned activities through 2026 and into 2027.

Drill program is nearing completion. First Phosphate's 30,000-metre drill program is in its final phase, with approximately 20,000 meters completed and the remaining ~10,000 meters expected to conclude in April. After the completion of the program, the company will be positioned to focus on advancing resource updates and technical work in support of a feasibility study. Completion of the program is expected to support resource conversion and provide greater geological confidence ahead of feasibility-level engineering.


Rating is Outperform. With the offtake pre-payment, completion of near-term funding with liquidity secured into 2027, the drill program entering its final phase, and management's focus on advancing toward a feasibility study by year-end 2026, management is making timely progress advancing Begin-LaMarche toward commercialization.

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Analyst Certification & Disclosures**

Revenues (\$ MIL)

Period	2025 A	2026 E	2027 E
Q1	\$0.0 A	\$0.0 A	\$0.0 E
Q2	\$0.0 A	\$0.0 A	\$0.0 E
Q3	\$0.0 A	\$0.0 E	\$0.0 E
Q4	\$0.0 A	\$0.0 E	\$0.0 E
	\$0.0 A	\$0.0 E	\$0.0 E

EPS (\$)

Period	2025 A	2026 E	2027 E
Q1	\$(0.06) A	\$(0.02) A	\$(0.01) E
Q2	\$(0.00) A	\$(0.02) A	\$(0.01) E
Q3	\$(0.02) A	\$(0.02) E	\$(0.02) E
Q4	\$(0.02) A	\$(0.02) E	\$(0.02) E
	\$(0.10) A	\$(0.08) E	\$(0.06) E

Final Tranches of Private Placement

In December, First Phosphate closed the third and fourth tranches of its previously announced oversubscribed non-brokered private placement, completing the financing and raising total gross proceeds to approximately \$9.6 million. The financing consisted of a combination of Flow-Through Shares and Hard Dollar Units, consistent with the Company's practice of pairing exploration-focused capital with flexible general-purpose funding.

Across all four tranches, First Phosphate issued 8.0 million Flow-Through Shares for gross proceeds of \$7.2 million and 2.7 million Hard Dollar Units for gross proceeds of \$2.4 million. All warrants issued carry a \$1.25 exercise price and expire on April 30, 2026, subject to acceleration. The financing was conducted without the introduction of debt or restrictive covenants, leaving the Company effectively unlevered at the corporate level.

Including this financing, First Phosphate has raised approximately \$49.7 million across 10 management-led non-brokered private placements since June 2022. Following warrant exercises completed in January and the receipt of the offtake pre-payment, management has indicated cash on hand of approximately \$24 million, which we believe provides sufficient liquidity to fund planned drilling completion, technical studies, and feasibility-related work through 2026.

CSE25 Index Inclusion

Effective December 19, 2025, First Phosphate's common shares were added to the CSE25 Index following the Canadian Securities Exchange's quarterly rebalancing. The CSE25 comprises the 25 leading companies listed on the exchange based on market capitalization and liquidity, and inclusion typically enhances visibility among both institutional and retail investors. We view index inclusion as supportive of trading liquidity and shareholder diversification, particularly as the Company transitions from exploration toward feasibility and engages with a broader investor audience focused on critical minerals and energy transition themes.

Company Profile

First Phosphate Corp. (CSE: PHOS; OTCQX: FRSPF; FSE: KD0) is a Québec-based critical minerals developer focused on establishing a vertically integrated lithium iron phosphate (LFP) battery materials platform in the Saguenay–Lac-Saint-Jean region. The company’s flagship Bégin-Lamarche Project is a high-purity igneous phosphate deposit with a PEA outlining a 23-year open-pit operation producing approximately 900,000 tonnes per year of 40% phosphate concentrate, supported by saleable magnetite by-product. A second igneous deposit, Lac à l’Original, provides additional mid-scale feed potential with a 14-year mine plan and production of phosphate, magnetite, and ilmenite concentrates. Concentrate from these assets is intended to supply a purified phosphoric acid plant at Port Saguenay and an iron-phosphate precursor facility at La Baie, forming an onshore mine-to-cathode chain aimed at North American and European LFP markets. First Phosphate remains pre-revenue and is advancing Bégin-Lamarche toward feasibility.

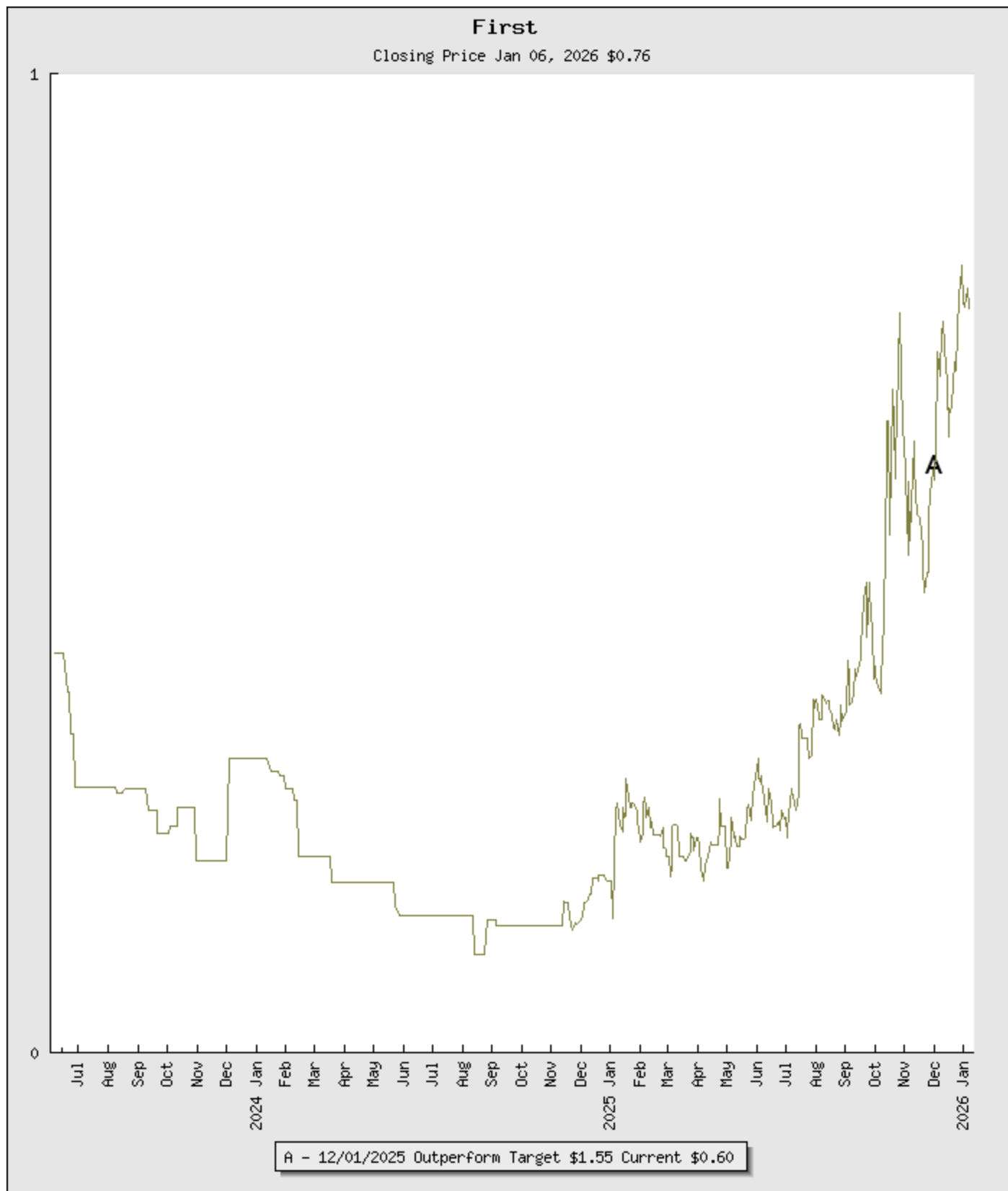
Fundamental Analysis — 3.0/5.0

Our fundamental assessment rating, separate from our investment rating and valuation, is based on five core attributes. We assign First Phosphate 3.0 checks out of 5.0, which falls within our “Average” range of 2.5 to 3.0 checks. In our view, the company benefits from a technically strong and policy-aligned leadership team, high-purity igneous phosphate assets with clear metallurgical advantages, and a supportive jurisdiction anchored by low-carbon power, established industrial infrastructure, and growing federal and provincial backing for battery supply chain development. The Bégin-Lamarche Project provides a defined development path with strong resource continuity and a clear technical framework in the PEA, while Lac à l’Original offers additional feedstock optionality and long-term growth potential. The balance sheet is effectively debt-free with liquidity sufficient to advance to feasibility-level work.

Our rating reflects that First Phosphate is still in the pre-revenue, PEA-stage of development and will require significant capital to construct both the mine and downstream PPA and iron-phosphate precursor facilities. However, we believe the combination of high-purity feedstock, strong infrastructure positioning at Port Saguenay, demonstrated pilot-scale conversion capability, and increasing alignment with Canadian and U.S. critical-minerals policy supports a constructive medium-term outlook.

Valuation Summary

Our price target on the shares of First Phosphate is US\$1.55 per share, derived from a multi-stage discounted cash flow model that applies a 12.0% discount rate and assumes no terminal growth, consistent with the 23-year mine and processing life modeled in our forecasts. Using a baseline exchange rate of US\$0.71 per C\$1.00, our U.S.-dollar price target equates to a C\$2.15 target price for the shares listed on the Canadian Securities Exchange. Our valuation incorporates full initial capital spending, sustaining capital requirements, expected operating cash flows across the ramp-up and steady-state production periods, and closure costs at the end of life.



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The fundamental assessment rating system is designed to provide insights on the company's fundamentals both on a macro level, which incorporates a company's market opportunity and competitive position, and on a micro/company specific level. The micro/company specific attributes include operating & financial leverage, and corporate governance/management. The number of check marks that a company receives is designed to provide a quick reference and easy determination of the company's fundamentals based upon the following five attributes of the company (weighting reflects the importance of each attribute in the overall scoring of company's fundamental analysis):

Attribute	Weighting
Corporate Governance/Management	20%
Market Opportunity Analysis	20%
Competitive Position	20%
Operating Leverage	20%
Financial Leverage	20%

For each attribute, the analysts score the company from a low of zero to a high of ten based upon the analysis described below. The final rating and resulting check marks is a result of dividing the overall score (out of 100%) by ten.

Rating	Score	Checks
Superior	9.1 to 10	Five Checks
Superior	8.1 to 9	Four & A Half Checks
Above Average	7.1 to 8	Four Checks
Above Average	6.1 to 7	Three & A Half Checks
Average	5.1 to 6	Three Checks
Average	4 to 5	Two & A Half Checks
Below Average	3 to 3.9	Two Checks
Below Average	2 to 2.9	One & A Half Checks
Low Quality	0 to 1.9	One Check

While these are the attributes currently used for the analyst's fundamental analysis, the attributes and weighting may be reviewed, updated with additional attributes, and/or changed in the future based on discussions with the analysts and recommendations from the Director of Research.

Following is the description of each attribute in the fundamental analysis.

Corporate Governance/Management

We believe that a review of corporate governance and assessment of the senior management are important tools to determine investment merit. Good corporate governance aligns management with the interests of stakeholders. As such, analysts are to rank the company on the basis of good corporate governance principles that may include rules and procedures, board composition and staggered term limits, rights and responsibilities, corporate objectives, monitoring of actions and policies, and accountability. In addition, analysts will assess issues with controlling shareholders and whether decisions have been made in the past that were in the interests of all shareholders. In addition, management will be assessed based on industry experience, expertise, and/or track record.

High ranking example: Board and management that is aligned with the interests of shareholders with incentives based on stock price appreciation and with an experienced management team known for exceptional shareholder returns.

Low ranking example: Concentrated ownership without independent directors that do not necessarily align with all shareholders' interests.

The Market Opportunity Analysis

In this review, the analyst assesses the company's macro environment as a measure of understanding the industry. Factors considered include the size and growth potential of the industry under various economic conditions, the emerging demands in the market, technological benefits/disruptions, competition, geographical opportunities, and customer demands/needs, and an assessment of supply and distribution channels. In addition, the analyst will review legal and regulatory trends, as well as potential shifts in consumer or social behavior and natural environment changes.

High rank example: A company in an industry that is growing revenues well above GDP rates (which are on average 2% plus) and/or may have unmet or underserved needs in a rapidly growing market opportunity.

Low rank example: A mature industry that is in secular decline and likely to grow below GDP rates.

Competitive Position

The evaluation of the company's competitive position is another macro environment attribute designed to measure the relevance, market share, position and value proposition, and sustainable differentiations of the company and its products/services within its industry. Ease of entry into the industry and the ability of other well-funded players to potentially enter the market would be determined. As such, the assessment would consider the company's strengths and advantages of its products/services against weaknesses and limitations. This may include the company's current brand awareness, pricing and cost structure, current market strategies and geographic penetration that may affect demand for its products/services. In addition, the company's competitors would be evaluated.

High rank example: An analyst would consider the company's product to be superior to its competitors and that should allow the company to gain market share.

Low rank example: A company with a "me-too" product that does not have any significant technology advantages in an industry that has low barriers to entry.

Operating Leverage

Simplistically, operating leverage is determined by the operating income relative to changes in revenue. The analyst will calculate the impact on sensitivity on gross margins and variable costs to determine operating leverage. The analyst will take into account the ability of the company to cut fixed and variable costs in a challenged revenue environment and technological changes that may impact operating expenses. In addition, the analyst is to assess corporate strategies that include capital investment, which may be required for sustainable revenue growth, marketing expenses, and the company's ability to attract and retain talent and/or employees. The analyst should focus on the revenue opportunity and determine the price elasticity of demand for the company's products or services. In other words, the analyst is to rank the company based on improved operating margins going forward on an absolute and relative basis.

High rank example: A company that has improving margins for the foreseeable future, with significant price elasticity.

Low rank example: A company that is in a challenged revenue environment with a fixed cost structure and limited ability to cut costs, indicating an outlook for declining margins.

Financial Leverage

A strict definition of financial leverage is total debt divided by total shareholder's equity. Financial leverage analysis is to determine the company's ability to improve shareholder value by means of utilizing its balance sheet to grow organically or to acquire assets. Analysts may look at the company's debt to cash flow leverage ratio, interest coverage ratios, or debt to equity ratios. In addition, the interest rate environment and the outlook for interest rates are a factor in determining the company's ability to manage financial leverage. Finally, the analyst is expected to determine the ability to service the debt given the industry and/or company profile, such as cyclical, barriers to entry, history of bankruptcy, consistency in revenue and profit growth, or predictability in sales and profits and large cash reserves. The analyst is expected to take into account capital intensity of the company and the anticipated of capital allocation decisions.

High rank example: A company with predictable and growing revenue and cash flow with modest debt levels. This may indicate that the company could improve shareholder value through growth investments, including acquisitions, using debt financing.

Low rank example: A company in a cyclical industry in a late stage economic cycle that has above average debt leverage and is in an industry that has a history of financial challenges, including bankruptcies.

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Senior Equity Analyst focusing on Basic Materials & Mining. 20 years of experience in equity research. BA in Business Administration from Westminster College. MBA with a Finance concentration from the University of Missouri. MA in International Affairs from Washington University in St. Louis.

Named WSJ 'Best on the Street' Analyst and Forbes/StarMine's "Best Brokerage Analyst."

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NOBLE RATINGS DEFINITIONS	% OF SECURITIES COVERED	% IB CLIENTS
Outperform: potential return is >15% above the current price	84%	14%
Market Perform: potential return is -15% to 15% of the current price	16%	6%
Underperform: potential return is >15% below the current price	0%	0%

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