Financial Statements of

SNOLAB

And Independent Auditor's Report thereon

Year ended March 31, 2026

SNOLAB

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Year ended March 31, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of SNOLAB

Opinion

We have audited the financial statements of SNOLAB (the Entity), which comprise:

- the statement of financial position as at March 31, 2026
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2026, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

September 14, 2026

SNOLAB

Statement of Financial Position

March 31, 2026, with comparative information for 2025

	2026	2025
Assets		
Current assets:		
Accounts receivable	$ 1,438,476	$ 2,219,145
Prepaid expenses	38,969	73,577
Due from Queen's University at Kingston	16,530,636	12,138,854
	18,008,081	14,431,576
Capital assets (note 3)	5,829,004	8,327,910
	$ 23,837,085	$ 22,759,486
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 9)	$ 3,219,374	$ 1,728,361
Deferred revenue	14,353,695	12,258,023
Current portion of capital leases payable (note 6)	95,026	59,033
	17,668,095	14,045,417
Capital leases payable (note 6)	85,377	128,302
Deferred capital contributions (note 4)	5,829,004	8,327,910
Net assets:		
Unrestricted operating surplus	254,609	257,857
Commitments (note 10)		
Decommissioning costs (note 11)		
Economic dependence (note 12)		
	$ 23,837,085	$ 22,759,486

See accompanying notes to financial statements.

On behalf of the Board:

________________________________ Director

________________________________ Director

SNOLAB

Statement of Operations

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Revenue:		
Grant funding (note 7)	$ 21,905,072	$ 19,586,723
Amortization of deferred capital contributions	3,612,366	3,442,830
McDonald Institute funding	498,289	306,686
Other	10,000	10,000
	26,025,727	23,346,239
Expenses:		
Salaries and benefits (note 9)	15,890,059	13,837,239
Amortization of capital assets	3,612,366	3,442,830
External contracts:		
Other	2,318,922	1,848,512
Vale (note 10(a))	999,238	1,046,196
Equipment	1,083,953	1,227,677
Supplies	1,435,474	1,429,623
Travel	688,963	516,883
	26,028,975	23,348,960
Deficiency of revenue over expenses	$ (3,248)	$ (2,721)

See accompanying notes to financial statements.

SNOLAB

Statement of Changes in Net Assets

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Net assets, beginning of year	$ 257,857	$ 260,578
Deficiency of revenue over expenses	(3,248)	(2,721)
Net assets, end of year	$ 254,609	$ 257,857

See accompanying notes to financial statements.

SNOLAB

Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenses	$ (3,248)	$ (2,721)
Items not involving cash:		
Amortization of deferred capital contributions	(3,612,366)	(3,442,830)
Amortization of capital assets	3,612,366	3,442,830
Change in non-cash operating working capital:		
Accounts receivable	780,669	(399,804)
Prepaid expenses	34,608	(6,136)
Due from Queen's University at Kingston	(4,391,782)	(5,035,076)
Accounts payable and accrued liabilities	1,491,013	420,167
Deferred revenue	2,095,672	4,836,235
	6,932	(187,335)
Investing:		
Purchase of capital assets	(1,012,732)	(319,785)
Financing:		
Contributions received for capital purposes	1,113,460	507,120
Repayment of capital lease payable	(107,660)	–
	1,005,800	507,120
Change in cash	–	–
Cash, beginning and end of year	$ –	$ –
Supplemental schedule of non-cash investing and financing activities:		
Capital assets financed through capital leases payable	$ 100,728	$ 187,335

See accompanying notes to the financial statements.

1. General:

SNOLAB is a research project whose principal objective is the operation and decommissioning of the SNOLAB International Facility for Underground Science. The main thrust of the research is Astroparticle Physics. The SNOLAB Institute ("SNOI"), an Institute of Queen's University at Kingston, provides oversight over the administrative, scientific and technical matters of the SNOLAB project.

An agreement specifies that the SNOLAB project's assets and liabilities are to be divided among the Canadian SNOLAB member institutions. At March 31, 2026, the SNOLAB member institutions ("Institutions") include Carleton University, Laurentian University of Sudbury, Université de Montréal, The University of Alberta, and Queen's University at Kingston. The Institutions provide salaries for their staff members, as well as laboratory and office space. Queen's University at Kingston acts as owner and administrator of the SNOLAB project. Queen's University at Kingston, Carleton University and Laurentian University are all providing space for project offices, administrative services as well as technical and general assistance.

These financial statements include expenses for on-site activities of the project in Sudbury, supported by federal grants from the Canadian Foundation for Innovation ("CFI") and support from the Ontario Ministry of Colleges, Universities, Research Excellence and Security ("Ministry").

The current year financial statements reflect the funding and activity of the SNOLAB project in the operations of the SNOLAB infrastructure and do not reflect the activity of the individual Institutional collaborators, the experimental research programs to be sited within SNOLAB, or other associated research projects.

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting.

(a) Revenue recognition:

SNOLAB follows the deferral method of accounting for contributions which include government grants.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

Contributions approved but not received at the end of an accounting period are accrued.

These financial statements reflect agreed arrangements approved by the various funding sources with respect to the year ended March 31, 2026.

(b) Contributed services and materials:

Because of the difficulty of determining their fair value, services and materials contributed at no charge by industry partners are not recognized in these financial statements.

2. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are recorded at cost. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to SNOLAB's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

	Rate
Equipment and furniture	5 years
Computers and computer software	3 years
Leasehold improvements	5 years

No amortization is taken on assets under construction until they are placed in productive use.

Equipment under leases that effectively transfer substantially all the benefits and risks of ownership to the lessee are recorded as a capital asset at the present value of the minimum lease payments under the lease with a corresponding liability for the related lease obligation. Charges to expenses are made for amortization of the equipment and interest inherent on the lease obligation. Leases not meeting the conditions of a capital lease are treated as operating leases.

The carrying amount of an item of capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

(d) Employee future benefits:

In the year, SNOLAB provided employee future benefits and post-retirement benefits to its employees though the Retirement Plan of Laurentian University of Sudbury (the "University") and its Federated and Affiliated Universities (the "Pension Plan"), and the Retiree Health Benefit Plan.

SNOLAB recognizes the amount of the accrued obligation net of the fair value of plan assets in the Statement of Financial Position. Current service and finance costs are expensed during the year, while remeasurements and other items, representing the total of the difference between actual and expected return on plan assets, actuarial gains and losses, and past service costs, are recognized as a direct increase or decrease in net assets (deficiency). The accrued asset/liability for employee future benefits is determined from the actuarial valuation report. The most recent actuarial valuation was completed as of July 1, 2025.

2. Significant accounting policies (continued):

(d) Employee future benefits (continued):

The Pension Plan provides a provision against the Pension Plan's assets for benefit reinstatement in accordance with the Pension Plan's benefits and funding policy.

(e) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. SNOLAB has not elected to subsequently carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, SNOLAB determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount SNOLAB expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

3. Capital assets:

	Cost	Accumulated amortization	2026 Net book value	2025 Net book value
Leasehold improvements	$ 9,336,159	$ 7,961,152	$ 1,375,007	$ 2,800,139
Equipment and furniture	15,312,670	12,231,323	3,081,347	3,239,116
Computers and computer software	1,687,964	1,420,171	267,793	239,043
Construction in progress	1,104,857	–	1,104,857	2,049,612
	$ 27,441,650	$ 21,612,646	$ 5,829,004	$ 8,327,910

Cost and accumulated amortization at March 31, 2024 amounted to $26,328,190 and $18,000,280, respectively.

Capital assets have been reviewed for full or partial impairment and management has determined there are none.

4. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the Statement of Operations.

	2026	2025
Balance, beginning of year	$ 8,327,910	$ 11,263,620
Additional contributions received	1,113,460	507,120
Less amortization of deferred capital contributions	(3,612,366)	(3,442,830)
Balance, end of year	$ 5,829,004	$ 8,327,910

5. Employee future benefits:

In previous years, SNOLAB provided pension, extended health care, and dental benefits to its employees. An independent actuarial study of the employee future benefits was undertaken on a regular basis.

Prior to 2018, the benefit plans were assumed by Laurentian University (the “University”). In 2018, as a result of the full valuation completed on July 1, 2017, the SNOLAB share of the employee future benefits plans was separate and distinct and were recorded in SNOLAB’s financial statements.

In connection with the Companies’ Creditors Arrangement Act (the “CCAA”) restructuring of the University, substantial changes were made to its benefit plans as described below.

Pension Plan:

Effective April 2021, the Pension Plan modified the rights of members to transfer lump sum values of their pension entitlement. Previously, the lump sum transfer election was available at any time between the end of employment and the end of the year in which they attain age 71 when a monthly pension must commence. Those rules changed such that members who reach their early retirement date will no longer be able to transfer lump sum values of their pension entitlement. The impact of these changes were reported in the financial statement for the year ended March 31, 2022 as historically SNOLAB’s accounting for employee benefits has been aligned with the University’s April 30 fiscal year end.

Former members of the Pension Plan who commenced employment prior to September 24, 2017 were entitled, following the last day of employment, to receive either a monthly pension payable from the Pension Plan (starting on or after reaching their early retirement date) or to transfer the lump sum values of their pension entitlement out of the Pension Plan.

Former members of the Pension Plan were provided with a final opportunity to choose a lump sum transfer option. If the member did not elect a lump sum transfer option during this process, the member remained entitled to receive a monthly pension benefit from the Pension Plan starting on or after the early retirement date in accordance with the Pension Plan.

Effective July 1, 2021, the Pension Plan changed its name to the Retirement Plan of Laurentian University of Sudbury. In addition, the Pension Plan was modified such that future earnings are based on a career average instead of years of service and final average salary. The Pension Plan had provisions for guaranteed post-retirement indexation based upon inflation which have been modified to conditional indexation for future benefits. Employee contributions have been modified to match employer contributions.

These changes to the Pension Plan were considered a plan amendment.

5. Employee future benefits (continued):

Pension Plan (continued):

Future benefit improvements are subject to plan sustainability measures and no benefit improvements were to be considered prior to July 1, 2025, unless the Pension Plan developed an excess surplus as defined under pension regulations and as prescribed by the agreed-upon terms. On January 14, 2026, pursuant to the terms of the benefits and funding policy, a benefit improvement was implemented providing increases to accrued pensions for active members and pensioners for the 2021-2024 services years. This improvement did not have an impact on the accrued benefit obligation.

SNOLAB has provided a provision against the Pension Plan's assets for benefit reinstatement in accordance with the Pension Plan's benefits and funding policy. An actuarial calculation of the future assets/liabilities including an allowance for benefit reinstatement was completed and forms the basis for the accrued benefit obligation. As a result, a valuation allowance has been recorded to reflect that SNOLAB does not expect to realize these plan assets.

	Pension	2026 Total
Accrued benefit obligation	$ (22,948,788)	$(22,948,788)
Fair value of plan assets	23,637,252	23,637,252
Valuation allowance	(688,464)	(688,464)
Accrued benefit liabilities	$ –	$ –
Opening accrued benefit obligation	$ –	$ –
Benefit costs	(399,771)	(399,771)
Employment contributions	811,752	811,752
Remeasurement gains	(411,981)	(411,981)
Ending accrued benefit obligation	$ –	$ –

5. Employee future benefits (continued):

Pension Plan (continued):

	Pension	2025 Total
Accrued benefit obligation	$(19,524,357)	$(19,524,357)
Fair value of plan assets	20,110,088	20,110,088
Valuation allowance	(585,731)	(585,731)
Accrued benefit liabilities	$ –	$ –
Opening accrued benefit obligation	$ –	$ –
Benefit costs	(533,172)	(533,172)
Employment contributions	953,008	953,008
Remeasurement gains	(419,836)	(419,836)
Ending accrued benefit obligation	$ –	$ –

The significant assumptions in the determination of the employee future benefits related to Pension Plan are as follows:

	2026	2025
Discount rate	6.35%	6.10%
Provision of adverse deviation	7.86%	7.86%
Inflation rate	2.00%	2.00%
Expected long-term rate of return on plan assets	6.35%	6.10%
Money purchase conversion interest rate	6.35%	6.10%

6. Capital leases payable:

		2026		2025
Capital lease on computer equipment bearing interest at 8.50% per annum repayable in blended monthly installments of $2,237 until maturity in March 2028	$	43,509	$	70,868
Capital lease on computer equipment repayable in interest-free monthly installments of $2,509 until maturity in March 2028		56,160		93,795
Capital lease on computer equipment repayable in interest-free monthly installments of $606 until maturity in March 2028		13,582		22,672
Capital lease on computer equipment repayable in interest-free monthly installments of $2,798 until maturity in April 2028		67,152		–
		180,403		187,335
Less current portion of capital lease payable		95,026		59,033
	$	85,377	$	128,302

Additions to capital leases during the year amounted to $100,728 (2025 - $187,335).

The net book value of assets under capital lease is $129,597 (2025 - $124,890) and is included in computers and computer software, as disclosed in note 3.

Future principal and interest repayments on capital leases over the next two years to maturity are approximately as follows:

		Principal		Interest		Total
2027	$	95,026	$	2,774	$	97,800
2028		85,377		695		86,072
	$	180,403	$	3,469	$	183,872

Interest paid during the year on capital leases payable amounted to $6,196 (2025 - $Nil).

7. Funding sources:

The sources of funding include grants and contributions from the Ontario Ministry of Colleges, Universities, Research Excellence and Security and the Canadian Foundation for Innovation. The sources and purposes for each of these funds are to support the on-site costs of operating the laboratory, including associated personnel costs.

8. Definitions of activity areas:

(a) Salaries and benefits:

This represents administrative salaries, support salaries and fringe benefits for SNOLAB offices.

(b) Supplies:

This includes telecommunications, office supplies, printing charges, meeting supplies and general administration costs.

(c) External contracts:

This depicts external project services associated with the operations of the SNOLAB facility.

(i) Vale - to provide services during the operation of the SNOLAB facility.

(ii) Other - all external contracts to provide services during the operation of the SNOLAB facility other than Vale contracts noted above.

(d) Travel:

This includes field travel, convention travel and visitor travel.

(e) Equipment:

This consists of minor equipment expenditures, including computing equipment and research equipment.

9. Related party transactions:

Laurentian University, a SNOLAB member institution, provides financial services to SNOLAB relating to the administration of salaries and benefits on the Statement of Operations. During the year, $15,890,059 (2025 - $13,837,239) in payroll related costs were paid by the University, and subsequently reimbursed by SNOLAB. These costs are included in salaries and benefits expense on the Statement of Operations. At March 31, 2026, the amount payable to Laurentian University related to these costs is $2,041,955 (2025 - $1,024,305) and is included in accounts payable and accrued liabilities on the Statement of Financial Position.

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

10. Commitments:

(a) A contract has been signed with Vale to provide services during the operation of SNOLAB, until at least December 31, 2028. During the year, external contract expenses totaling $999,238 (2025 - $1,046,196) were incurred to Vale in this regard.

(b) During fiscal 2026, a seismic event occurred within Creighton Mine that resulted in damage to portions of SNOLAB's underground chiller and nearby drift infrastructure. Following engineering assessments, SNOLAB approved a multi-year remediation program to stabilize and rehabilitate the affected area, relocate and replace certain electrical infrastructure, and undertake related civil, electrical, mechanical and controls work.

As of March 31, 2026, the project remained in the planning and procurement phase. Based on current engineering estimates, the total cost of the remediation program is expected to be approximately $1.8 million and is anticipated to be incurred over fiscal years 2027 through 2029. Actual costs may differ from current estimates as detailed engineering and construction activities progress.

11. Decommissioning costs:

The SNOLAB facility may incur significant final decommissioning costs on completion of experiments currently under development. As no reasonable estimate can be determined at this time, no accrual has been made in the financial statements in respect of this matter.

At present, there are no immediate plans for such final decommissioning, nor is there a reasonable estimate of when such decommissioning may occur. Currently, new experiments are being developed through the use of the facility, and the final decommissioning phase of the facility is not expected to occur in the foreseeable future.

12. Economic dependence:

(a) Effective April 1, 2022, SNOLAB entered into a grant funding agreement in the amount of $12,000,000 based on eligible expenses with the Ministry. The agreement expired on March 31, 2024, and amending agreement was executed to increase funding for eligible expenditures to $26,000,000, with a project end date of March 31, 2026. Remaining funding to be received under this amending agreement is $1,200,000.

Subsequent to year end, a new agreement with the Ministry was executed to secure annual funding of up to $7,000,000 for fiscal years 2027 and 2028.

(b) Effective April 1, 2023, SNOLAB entered into a grant funding agreement in the amount of $103,661,405 based on eligible expenditures with the Canada Foundation for Innovation. The agreement expires on March 31, 2029. Remaining funding to be received under this agreement is $45,462,761.

13. Financial risks and concentration of risk:

(a) Liquidity risk:

Liquidity risk is the risk that SNOLAB will be unable to fulfill its obligations on a timely basis or at a reasonable cost. SNOLAB manages its liquidity risk by monitoring its operating requirements. SNOLAB prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. SNOLAB is exposed to credit risk with respect to accounts receivable. SNOLAB assesses, on a continuous basis, accounts receivable and provides for any amounts that are not considered collectible in the allowance for doubtful accounts. The allowance for doubtful accounts as at March 31, 2026 is $Nil (2025 - $Nil).

There have been no changes to the risk exposures from 2025.