

DISCOVERY

ANNUAL AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

(expressed in thousands of United States dollars)



Independent auditor's report

To the Shareholders of Discovery Silver Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Discovery Silver Corp. and its subsidiaries (together, the Company) as at December 31, 2025 and 2024 and January 1, 2024, and its financial performance and its cash flows for the years ended December 31, 2025 and 2024 in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2025 and 2024 and January 1, 2024;
- the consolidated statements of income (loss) and total comprehensive income (loss) for the years ended December 31, 2025 and 2024;
- the consolidated statements of cash flows for the years ended December 31, 2025 and 2024;
- the consolidated statements of changes in shareholders' equity for the years ended December 31, 2025 and 2024; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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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 consolidated financial statements* section of our report.

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

Independence

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of mining interests, plant and equipment acquired as part of the acquisition of the Porcupine complex Refer to notes 3 – Material accounting policies, 5 – Critical judgments and estimates in applying accounting policies and 6 – Acquisition of Porcupine Complex to the consolidated financial statements. On April 15, 2025, the Company entered into a share purchase agreement, under which, the Company acquired 100% share ownership interest in Dome Mine Ltd., which held all title and interests in the Porcupine Complex (the Transaction). As consideration for the Transaction, the Company paid \$200 million of cash and issued 119.7 million common shares,	Our approach to addressing the matter included the following procedures, among others: <ul style="list-style-type: none">• Tested how management estimated the fair values of the acquired mining interests and plant and equipment, which included the following:<ul style="list-style-type: none">– read the share purchase agreement;– tested the underlying data used in the discounted cash flow models;

Key audit matter	How our audit addressed the key audit matter
<p>valued at \$232.7 million, and will pay \$150 million in deferred cash consideration, payable in four annual payments of \$37.5 million, commencing on December 31, 2027.</p> <p>Management applied significant judgment in estimating the fair values of acquired mining interests, and plant and equipment in the amount of \$496.5 million and \$431.0 million, respectively. Management used discounted cash flow models to determine the fair values of the mining interests, including the use of significant assumptions such as future metal prices, production based on estimated quantities of mineral resources, operating and capital expenditures and discount rates. In determining the fair values of plant and equipment, management primarily uses the depreciated replacement cost approach. Management's estimates of production based on quantities of mineral resources are based on information compiled by qualified persons (management's experts).</p> <p>We considered this a key audit matter due to (i) the magnitude of the acquired mining interests, plant and equipment, (ii) the significant judgments by management in estimating the fair values of acquired mining interests and plant and equipment, and the underlying assumptions and (iii) significant audit effort, which includes the assistance of professionals with specialized skill and knowledge in the field of valuation.</p>	<ul style="list-style-type: none"> <li data-bbox="894 297 1522 692">– evaluated the reasonableness of significant assumptions such as future metal prices, production based on estimated quantities of mineral resources and operating and capital expenditures by (i) comparing future metal prices to external market and industry data; (ii) comparing production and operating and capital expenditures against current and past performance; and (iii) assessing whether these assumptions were consistent with evidence obtained in other areas of the audit; <li data-bbox="894 734 1522 1290">– the work of management's experts was used in performing the procedures to evaluate the reasonableness of the production based on estimated quantities of mineral resources and production and operating and capital expenditures. As a basis for using this work, the competence, capabilities and objectivity of management's experts were evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts, tests of the data used by management's experts and an evaluation of their findings; and <li data-bbox="894 1332 1522 1679">– professionals with specialized skill and knowledge in the field of valuation assisted in assessing the following: (i) appropriateness of the discounted cash flow models and the reasonability of the discount rates and future metal prices used within the models; and (ii) appropriateness of the depreciated replacement cost approach and the reasonability of the resulting fair values assigned to acquired plant and equipment.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated 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 consolidated 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 Company'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 Company'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 consolidated 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Marelize Barber.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

February 18, 2026

DISCOVERY SILVER CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in thousands of United States dollars, except where otherwise noted)

As at	Notes	December 31, 2025	December 31, 2024	January 1, 2024
			Restated – note 3(b)	Restated – note 3(b)
ASSETS				
Current				
Cash and cash equivalents	7	\$ 410,667	\$ 20,370	\$ 44,567
Accounts receivable	8	54,178	2,225	1,829
Inventories	9	61,191	—	—
Other current assets		771	342	375
		526,807	22,937	46,771
Non-current				
Mining interests, plant and equipment	10	1,179,886	60,967	61,929
Accounts receivable	8	1,588	1,497	1,739
Inventories	9	29,976	—	—
Restricted cash	29	8,438	—	—
Reclamation financial assurance	29	42,851	—	—
Other non-current assets		6,305	—	—
TOTAL ASSETS		\$ 1,795,851	\$ 85,401	\$ 110,439
LIABILITIES				
Current				
Accounts payable and accrued liabilities	11	\$ 106,391	\$ 3,818	\$ 8,598
Current tax payable	25	85,088	—	—
Employee-related benefits	13	28,937	1,994	519
Reclamation liabilities	14	35,702	—	—
Deferred revenue	15(a)	25,348	—	—
Other current liabilities	12	3,165	172	84
		284,631	5,984	9,201
Non-current				
Deferred consideration	17	100,873	—	—
Reclamation liabilities	14	460,302	—	—
Deferred income tax liabilities	25	40,296	—	—
Employee-related benefits	13	3,362	—	—
Deferred revenue	15(a)	274,907	—	—
Other non-current liabilities	12	3,994	1,589	3,385
TOTAL LIABILITIES		\$ 1,168,365	\$ 7,573	\$ 12,586
SHAREHOLDERS' EQUITY				
Share capital	18	\$ 595,805	\$ 166,409	\$ 163,461
Contributed surplus		33,043	33,793	32,255
Warrants		18,985	13,250	13,250
Accumulated other comprehensive income (loss)		180	(8,287)	1,057
Accumulated deficit		(20,527)	(127,337)	(112,170)
TOTAL EQUITY		\$ 627,486	\$ 77,828	\$ 97,853
TOTAL LIABILITIES AND SHAREHOLDERS'		\$ 1,795,851	\$ 85,401	\$ 110,439

Approved on Behalf of the Board on February 18, 2026:

"Jeff Parr" "Murray John"

DISCOVERY SILVER CORP.

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND TOTAL COMPREHENSIVE INCOME (LOSS)

(Expressed in thousands of United States dollars, except per share and share information)

	Notes	December 31, 2025	Years Ended
		December 31, 2024	Restated – note 3(b)
Revenue	20	\$ 653,213	\$ —
Production costs		235,540	—
Depreciation and amortization		101,591	—
Royalties		13,394	—
Earnings from mining operations		302,688	—
Expenses			
General and administration	21	51,707	10,492
Exploration		7,167	373
Impairment		2,140	—
Share-based compensation	18	4,979	3,235
Other operating costs	22	47,512	—
Earnings (loss) from operations		\$ 189,183	\$ (14,100)
Other			
Other income (loss)	23	(1,012)	(2,592)
Finance items			
Finance income (expense), net	24	(38,650)	1,525
Income (loss) before taxes		149,521	(15,167)
Current income tax expense (recovery)	25	85,088	—
Deferred income tax expense (recovery)	25	(42,377)	—
Net income (loss)		\$ 106,810	\$ (15,167)
Items that may in future be reclassified to profit or loss:			
Foreign currency translation differences		5,442	(9,344)
Items that will not be subsequently reclassified to profit or loss:			
Change in pension benefits, net of tax	13	1,423	—
Total comprehensive income (loss)		\$ 113,675	\$ (24,511)
Weighted average shares outstanding (000's)			
Basic		687,819	398,386
Diluted		710,042	398,386
Net earnings (loss) per share			
Basic	19	\$ 0.16	\$ (0.04)
Diluted	19	\$ 0.15	\$ (0.04)

DISCOVERY SILVER CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of United States dollars, except where otherwise noted)

	Notes	December 31, 2025	Years Ended	
		December 31, 2025	December 31, 2024	Restated – note 3(b)
Operating Activities				
Net Income (loss)		\$ 106,810	\$ (15,167)	
Items not affecting cash:				
Depreciation and amortization		101,976	277	
Accretion	14,17	24,382	198	
Deferred income taxes		(42,377)	—	
Current taxes		85,088	—	
Share-based compensation	18	4,979	3,235	
Interest expense on net smelter return	15(a)	18,999	—	
Deferred revenue on net smelter return	15(a)	(12,149)	—	
Other operating costs	22	47,512	—	
Other non-cash adjustments		1,433	3,190	
Changes in non-cash operating working capital:				
Trade and other receivables	8	(44,513)	(406)	
Inventories	9	34,415	—	
Accounts payable and accrued liabilities	11	51,168	(6,468)	
Net cash from/(used in) operating activities		\$ 377,723	\$ (15,141)	
Investing Activities				
Additions of mining interests, plant and equipment	10	(205,532)	(7,250)	
Disposals of mining interests, plant and equipment	10	—	5	
Increase in restricted cash	29	(51,551)	—	
Cash paid on acquisition of Porcupine	6	(200,631)	—	
Net cash from/(used in) investing activities		\$ (457,714)	\$ (7,245)	
Financing Activities				
Equity Financing, net of share issue costs		168,713	—	
Proceeds on exercise of options	18(d)	7,456	1,251	
Net Smelter Return proceeds	15(a)	300,000	—	
Net Smelter Return payments	15(a)	(6,595)	—	
Principal payment on lease liability		(2,188)	(490)	
Net cash from/(used in) financing activities		\$ 467,386	\$ 761	
Effect of exchange rates on cash and cash equivalents		2,902	(2,572)	
Increase (decrease) in cash and cash equivalents		\$ 390,297	\$ (24,197)	
Cash and cash equivalents, beginning of period		20,370	44,567	
Cash and cash equivalents, end of period		\$ 410,667	\$ 20,370	
Supplemental Cash Flow Information:				
Income tax expense paid		—	—	
Interest paid		568	87	
Interest received		6,496	186	

DISCOVERY SILVER CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in thousands of United States dollars, except where otherwise noted)

	Notes	Number of Common Shares (000's)	Share Capital	Warrants	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Equity
January 1, 2025		400,461	\$ 166,409	\$ 13,250	\$ 33,793	\$ (8,287)	\$ (127,337)	\$ 77,828
Share-based compensation	18	—	—	—	4,979	—	—	4,979
Shares issued on exercise of options	18(d)	7,617	11,837	—	(4,381)	—	—	7,456
Shares issued on exercise of RSU's	18(e)	2,202	1,805	—	(1,805)	—	—	—
Shares issued on TTN Resource Development Agreement	18(c)	2,763	10,868	—	—	—	—	10,868
Warrants issued under term debt facility	15(b)	—	—	5,735	—	—	—	5,735
Equity financing, net of share issue costs	18(b)	275,000	172,188	—	—	—	—	172,188
Acquisition of Porcupine Operations, net of share issue costs	18(b)	119,717	232,698	—	457	—	—	233,155
Net income (loss) and total comprehensive income (loss) for the period		—	—	—	—	8,467	106,810	115,277
December 31, 2025		807,760	\$ 595,805	\$ 18,985	\$ 33,043	\$ 180	\$ (20,527)	\$ 627,486

	Notes	Number of Common Shares (000's)	Share Capital	Warrants	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Equity
January 1, 2024		395,862	\$ 163,461	\$ 13,250	\$ 32,255	\$ 1,057	\$ (112,170)	\$ 97,853
Share-based compensation	18	—	—	—	3,235	—	—	3,235
Shares issued on exercise of options	18(d)	3,468	1,919	—	(668)	—	—	1,251
Shares issued on redemption of RSUs	18(e)	1,131	1,029	—	(1,029)	—	—	—
Net income (loss) and total comprehensive income (loss) for the period		—	—	—	—	(9,344)	(15,167)	(24,511)
December 31, 2024		400,461	\$ 166,409	\$ 13,250	\$ 33,793	\$ (8,287)	\$ (127,337)	\$ 77,828

DISCOVERY SILVER CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of United States dollars, except where otherwise noted)
For the years ended December 31, 2025 and 2024

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

Discovery Silver Corp. ("Discovery Silver" or the "Company") is a Canadian-based precious metals company primarily engaged in mineral exploration, development, mining, and processing of gold in Canada, and is also advancing silver exploration projects in Mexico. The Company is listed on the Toronto Stock Exchange (the "Exchange" or "TSX") under the symbol "DSV", and on the Frankfurt Stock Exchange under the symbol "1CU0". The Company's head office is located at Suite 2410 - 79 Wellington St W, Toronto, Ontario, M5K 1E7.

On April 15, 2025, the Company acquired Dome Mine Ltd. from Goldcorp Canada Ltd., a wholly owned subsidiary of Newmont Corporation (note 6). Dome Mine Ltd. is the holder of mining assets in and around Timmins and Chapleau, Ontario, which consists of the Hoyle Pond, Pamour and Hollinger mine properties, the Dome Mine property and milling facility (collectively "Dome"), numerous near-mine and regional exploration targets in and around Timmins, and the Borden mine in Chapleau (collectively, the "Porcupine Complex"). In addition to the approximately 1,400 km² of land in and around Timmins, the Borden mining operation also includes a large land position near Chapleau, Ontario. Hoyle Pond and Borden are both underground mining operations. Pamour is an open-pit operation that has recently commenced production and is ramping up towards meeting the criteria to declare commercial production.

The Company's Board of Directors authorized the issuance of these annual audited consolidated financial statements as at and for the years ended December 31, 2025 and 2024 (the "Consolidated Financial Statements") on February 18, 2026.

2. BASIS OF PREPARATION

The Consolidated Financial Statements for the years ended December 31, 2025 and 2024, have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The April 15, 2025 acquisition of the Porcupine Complex is considered a business combination under IFRS 3 (note 6). As such the consolidated financial statements for the period ended December 31, 2025 include the assets and liabilities and results of operations of the Porcupine Complex since April 15, 2025 (the "acquisition date").

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted by the Company in the preparation of its consolidated financial statements are set out below.

a) Basis of Consolidation

The consolidated Financial Statements include the Financial Statements of the Company and its subsidiaries. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are consolidated from the date control is transferred to the Company and are deconsolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, expenses and cash flows of the Company and its subsidiaries after eliminating intercompany balances and transactions.

DISCOVERY SILVER CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The Company's principal subsidiaries and its geographic locations are as follows:

Direct Parent Company	Location	Ownership Percentage	Properties
Minera Titán S.A. de C.V.	Mexico	100%	Cordero
Dome Mine Ltd. ⁽¹⁾	Canada	100%	Porcupine Complex

⁽¹⁾ Acquisition effective April 15, 2025 (note 6)

b) Currency of Presentation

The consolidated financial statements are presented in U.S. dollars ("US\$"). The functional currency for the entities through which the Company conducts its operations is determined depending upon the primary economic environment in which they operate. The functional currency of the Mexican subsidiaries is the Mexican Peso ("MXP"), Dome Mine Ltd. is US\$ and Discovery Silver Corp. is the Canadian Dollar ("C\$").

During the year ended December 31, 2025, the Company elected to change its presentation currency from Canadian dollars to U.S. dollars to align with the functional currency of Dome Mine Ltd. In accordance with *IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors*, this change in presentation currency was applied retrospectively as if the new currency had always been the Company's presentation currency. As a result, prior period comparative figures have been restated in US\$ (including in the notes to the consolidated financial statements).

In accordance with *IAS 21 - The Effects of Changes in Foreign Exchange Rates*, the method followed in restating historical financial information from Canadian dollars to U.S. dollars was:

- Assets and liabilities for each consolidated statements of financial position presented were translated at the closing rate for the period;
- Income and expenses for each consolidated statements of income (loss) and total comprehensive income (loss) were translated at quarterly average rates for the period (unless this average was not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses were translated at the rate on the dates of the respective transactions);
- Equity transactions were translated at historical exchange rates in effect on the date of the respective equity transaction; and
- All resulting exchange differences (currency translation adjustments) were recognized in equity under accumulated other comprehensive income (loss).

The exchange rates used to reflect the change in presentation currency in the accompanying consolidated financial statements were as follows:

	December 31, 2025	December 31, 2024	January 1, 2024
Average rate (C\$/US\$)	1.3978	1.3698	N/A
Closing exchange rate (C\$/US\$)	1.3706	1.4389	1.3226

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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c) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in foreign currencies are not re-translated. Total foreign exchange gains and losses are recognized in the income statement and the unrealized portion is reported separately in the consolidated statement of cash flows.

d) Business combination

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and accounts for the combination using the acquisition method. The total consideration paid for the acquisition is the aggregate of the fair values of assets acquired, liabilities assumed, and equity instruments issued in exchange for control of the acquiree at the acquisition date, the date when the Company obtains control of the acquiree. The identifiable assets acquired and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS provides exceptions to recording the amounts at fair value. Goodwill represents the difference between total consideration paid and the fair value of the net identifiable assets acquired. Acquisition costs incurred are recognized as an expense in the consolidated statements of income (loss) and total comprehensive income (loss). Results of operations of the business acquired are included in the Company's consolidated financial statements from the date of acquisition.

Based on the facts and circumstances that exist at the acquisition date, management performs a valuation analysis to allocate the purchase price based on the fair values of the identifiable assets acquired and liabilities assumed on the acquisition date. The Company has up to one year from the acquisition date to confirm and finalize the facts and circumstances that support the finalized fair value analysis and related purchase price allocation. Until such time, these values are provisionally reported and are subject to change. Changes to fair values and allocations are retrospectively adjusted in subsequent periods.

e) Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments with original maturities of three months or less. Restricted cash is cash held in banks or in escrow that is not available for general corporate use. The Company invests excess cash in high yield savings accounts maintained with high credit-rated institutions.

f) Inventories

Inventories are valued at the lower of weighted average cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling the final product. Inventories include stockpiled mineralized material, in circuit and precious metals finished goods inventories as well as materials and supplies inventory.

For production-related inventories (including stockpiled mineralized material, in-circuit/work-in-process, and finished goods), costs include:

- Materials, equipment, labour and contractor expenses which are directly attributable to the extraction and processing of mineralized material;
- Depletion and depreciation of mining interests, property, plant and equipment used in the extraction and processing of mineralized material;

DISCOVERY SILVER CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of United States dollars, except where otherwise noted)
For the years ended December 31, 2025 and 2024

- Related production overheads (based on normal operating capacity); and
- Refining and smelting costs incurred to process mineralized material into saleable product.

g) Mining interests, plant and equipment

Mining interests represent capitalized expenditures related to the development of mining properties, related plant and equipment and expenditures arising from property acquisitions.

Mining properties

Purchased mining properties are recognized as assets at their cost of acquisition or at fair value if purchased as part of a business combination. Drilling and related costs are capitalized for an ore body where proven and probable reserves exist and the activities are directed at obtaining additional information on the ore body or converting resources to proven and probable reserves. All other drilling and related costs are expensed as incurred. Property acquisition costs, longer term development, infrastructure and drilling and related costs are capitalized if the criteria for recognition as an asset are met.

The carrying amounts of mining properties are depleted using the unit-of-production ("UOP") method over the estimated recoverable ounces expected to be extracted from the mine.

Estimated recoverable ounces are based on proven and probable reserves where such reserves have been established. Where proven and probable reserves have not yet been defined, but mining activities are supported by an approved life-of-mine plan, depletion is calculated using measured and indicated mineral resources, or other mineralized material that management expects to be economically recoverable.

Estimates of recoverable ounces are reviewed at least annually and updated when there are changes in mine plans, technical studies, commodity prices, or other factors affecting the economic recoverability of mineralized material. Changes in estimates are accounted for prospectively.

Depletion of mining properties commences when the related assets are available for use, being when they are in the location and condition necessary for them to operate in the manner intended by management, which may be prior to the declaration of commercial production.

A mine is considered to have reached commercial production when it is capable of operating at levels intended by management. This determination is based on qualitative and quantitative factors, including, but not limited to:

- Completion of a reasonable period of time for testing the mine, plant, mill and equipment;
- Ability to produce minerals in saleable form (within specifications); and
- Ability to sustain ongoing production of minerals.

Stripping and development costs incurred prior to production are capitalized when they provide access to ore and meet asset recognition criteria. For open pit mines, pre-stripping is capitalized by phase. Production-phase stripping costs are included in the cost of inventory produced during the period unless the costs are expected to provide a future economic benefit to an identifiable component of the ore body, in which case the costs are capitalized within mining interests, plant and equipment as mineral property. For underground operations, development costs accessing future ore are capitalized and amortized over recoverable reserves. Costs supporting only current production are expensed as incurred.

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Plant and equipment

Plant and equipment is carried at cost less accumulated depreciation and impairment losses or at fair value if purchased as part of a business combination. The cost of property, plant and equipment comprises its purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the estimated close down and restoration costs associated with the asset and borrowing costs incurred that are attributable to qualifying assets as noted in note 3(h).

Depreciation is recorded on a straight-line or units of production ("UOP") basis, over the shorter of the useful life of the asset or the remaining life of the mine ("LOM"); the life of mine is based on estimated recoverable ounces contained in proven and probable reserves.

The significant classes of depreciable plant and equipment and their estimated useful lives are as follows:

Depreciable Assets	Estimated Useful Life
Mill and related infrastructure	LOM and/or UOP
Vehicles and mobile equipment	4-15 years
Office equipment	3-10 years
Computer equipment	3 years
Buildings and improvements	5-20 years

h) Borrowing costs

Borrowing costs that are directly attributable to the acquisition and construction or development of a qualifying asset are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably. Management applies judgment on a case-by-case basis to determine whether an asset is a qualifying asset, which is defined as an asset that necessarily takes a substantial period of time to get ready for its intended use. Other borrowing costs are recognized as finance expense in the period in which they are incurred.

i) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on the substance of the agreement on the inception date.

As a lessee, the Company recognizes a right-of-use asset and lease obligation on a present-value basis on the date which the leased asset becomes available for use.

Right-of-use assets

The right-of-use asset is initially measured at cost, comprising of:

- The initial amount of the lease liability;
- Any lease payments made at or before the commencement date;
- Any initial direct costs incurred; and
- An estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset.

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Right-of-use assets are included within mining interests, plant and equipment in the consolidated statement of financial position and are depreciated over the shorter of the estimated useful life of the right-of-use asset or the lease term using the straight-line method. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option.

Lease liabilities

The lease liability is initially measured at the net present value of the following lease payments:

- Fixed payments;
- Variable lease payments that are based on an index or rate;
- Amounts payable under residual guarantees;
- Purchase options if the Company is reasonably certain to exercise the option; and
- Termination penalties if the lease term reflects the termination option being exercised.

Generally, the Company uses its incremental borrowing rate as the discount rate. Subsequently, the lease liability is measured at amortized cost using the effective interest method. Interest recognized on the consolidated statements of income (loss) and comprehensive income (loss) is classified as finance expense. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option. A corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero upon remeasurement of the liability.

Payments for short-term leases, which are leases with a lease term of 12 months or less, and low-value leases are expensed on a straight-line basis as incurred in the consolidated statements of income (loss) and comprehensive income (loss).

j) Provisions

A provision is recognized if, as a result of a past event, the Company has a present liability for statutory, contractual, constructive, or legal obligations that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

k) Financial instruments

Measurement

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as fair value through profit or loss ("FVTPL"). Transaction costs of financial assets and liabilities classified as at FVTPL are expensed in the period in which they are incurred.

Subsequent measurement of financial assets and liabilities depends on the classifications of such assets and liabilities. Management determines the classification on initial recognition.

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Subsequent to the initial measurement at fair value, all recognized financial assets are measured at amortized cost or fair value based on the Company's business model and the contractual characteristics of the cash flows. Financial assets held to collect contractual cash flows consisting solely of payments of principal and interest are measured at amortized cost. Financial assets held to both collect contractual cash flows and for sale are generally measured at fair value through other comprehensive income ("FVTOCI"). All other financial assets are measured at fair value through profit and loss ("FVTPL"). In addition, on initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's FVTOCI, with only dividend income generally recognized in profit or loss. Transaction costs for financial assets held at FVTPL are expensed, and for all other financial assets, they are recognized at fair value at initial measurement plus any directly attributable transaction costs.

Financial liabilities are designated as either: (i) FVTPL; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the consolidated statements of financial position, subsequent to inception, and how changes in value are recorded.

For an impairment of financial assets, an 'expected credit loss' model is applied which requires a loss allowance to be recognized based on expected credit losses. This applies to financial assets measured at amortized cost. The expected credit loss model is updated at each reporting date to reflect changes in initial recognition.

I) Reclamation obligations

Reclamation obligations are recognized when the Company has a present legal or constructive obligation where it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Included in the estimated obligations are a number of significant assumptions made by management in determining closure provisions. Accordingly, closure provisions are more uncertain the further into the future mine closure activities are expected to be carried out.

A reclamation obligation is measured at the present value of the expected expenditures required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and a weighted average risk-free rate. The liability is accreted over time through periodic charges to earnings. In addition, the reclamation obligation is capitalized as part of the asset's carrying value and amortized over the life of the related asset. Reclamation costs are periodically adjusted to reflect changes in the estimated present value resulting from the passage of time and revisions to the estimates of either the timing or amount of reclamation costs. Changes in reclamation estimates at mines that are not currently operating, as the mine or portion of the mine site has entered the closure phase and has no substantive future economic value, are reflected in earnings. The estimated reclamation obligation is based on when spending for an existing disturbance is expected to occur.

m) Employee-related benefits

Defined benefit pension plan

For defined benefit retirement plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognized immediately in the consolidated statements of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are not reclassified. Past service cost is recognized in profit or loss when the plan amendment or curtailment occurs, or when the Company recognizes related restructuring costs or termination benefits, if earlier. Gains

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or losses on settlement of a defined benefit plan are recognized when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset.

Defined benefit costs are split into three categories:

- Service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements;
- Net interest expense or income; and
- Remeasurements.

The Company recognizes net interest expense or income within the consolidated statements of income (loss) and total comprehensive income (loss). Any past service cost (or the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling, that may arise when the defined benefit plan is in a surplus position. The Company uses the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest for the period post-plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured with the discount rate used in the remeasurement, also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset). The retirement benefit obligation recognized in the consolidated statements of financial position represents the deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

n) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from the proceeds, net of any tax effects.

o) Warrants

Warrants are classified as equity, separately from common shares and are valued at their fair value on grant date. The fair value of the warrants issued is measured using the Black-Scholes pricing model, considering the terms and conditions upon which the warrants were granted. The impact of changes to the original terms of a warrant grant or revisions to original estimates are accounted for prospectively and recognized in equity with a corresponding change in contributed surplus on the date of remeasurement. Consideration received on the exercise of warrants is recorded as share capital and the related contributed surplus is transferred from warrants, within the Company's equity accounts.

p) Share-based compensation

The Company recognizes share-based compensation expense for share purchase options, restricted share units ("RSU"), performance share units ("PSU") and deferred share units ("DSU") granted to directors, officers, and employees under the Company's equity-based incentive plans.

Share purchase options

The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period

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during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, considering the terms and conditions upon which the options were granted. The Company annually revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to reserve.

In situations where equity instruments are issued to non-employees and some or all the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital.

Restricted share units and performance share units

Under the Company's share-based compensation plans, the Board of Directors may, at its discretion, grant non-performance based share units, referred to as restricted share units ("RSUs"), and share units with a performance-based component, referred to as performance share units ("PSUs"). The fair value of RSUs and PSUs is determined by the market value of the underlying shares at the date of the grant. Under the Company's RSU and PSU Plan, the Board of Directors has the discretion to settle the vested RSUs in cash or equity. As the Company does not have a present obligation to settle the issued RSUs in cash, the RSUs issued have been treated as equity-settled instruments. The fair values of RSUs and PSUs at the date of grant are expensed over the vesting periods with a corresponding increase to equity. At the end of each reporting period, the Company re-assesses its estimates of the number of awards that are expected to vest and recognizes the impact of any revisions to this estimate in equity.

Deferred share units

DSUs awarded to non-executive directors may be settled in cash or equity at the discretion of the Board of Directors and are measured at the fair value which is determined based on the closing share price of the Company on the date of the grant. As the Company does not have a present obligation to settle the issued DSUs in cash, the DSUs issued have been treated as equity-settled instruments. The fair values of the DSUs at the date of grant are expensed over the vesting periods with a corresponding increase to equity.

q) Revenue

The Company's primary source of revenue is the sale of refined gold, which is produced from gold doré generated at its mining operations. Revenue is measured at the fair value of the consideration received or receivable and is presented net of discounts and sales-related taxes, where applicable.

Revenue is recognized when the refined gold is transferred to the customer, which typically occurs upon delivery in accordance with the terms of the sales agreement and is also the date that title to the gold passes. At this point, the Company has transferred the significant risks and rewards of ownership, and it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be reliably measured.

r) Deferred revenue

Payment received by the Company from its Franco Nevada royalty agreement represents deferred revenue in accordance with IFRS 15 Revenue from Contracts with Customers. For this specific royalty, revenue is recognized when the performance obligations under the royalty agreement are satisfied by delivery of refined gold from the Company's own production. Payments received in advance of satisfying these obligations are recorded as deferred revenue and recognized as revenue when earned. When an arrangement includes variable consideration, revenue is recognized to

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the extent it is highly probable that a significant revenue reversal will not occur. Drawdowns of deferred revenue are limited to the portion of in-kind gold and silver ounces supported by proven and probable reserves and certain mineral resources which management is reasonably certain will be transferred to mineral reserves.

Interest expense on the total deferred revenue balance is recognized when there is a difference in the timing of the upfront consideration received and delivery of the in kind ounces. The discount rate is determined based on the rate that would be used in an arms length transaction between the Company and its customer.

s) Royalties

Royalties payable to third parties in respect of mineral production are recognized in accordance with the terms of the underlying royalty agreements and applicable legislation. Royalties are accrued based on actual production volumes or sales values, as applicable, and measured at the rates specified in the relevant agreements or statutory requirements. Royalties payable in cash and royalties payable in-kind are recognized in royalties expense and production costs, respectively, in the period in which the related gold production or sale takes place.

t) Income taxes

Income tax on the earnings or loss for the years presented comprises current and deferred tax. Income tax is recognized in earnings or loss in the consolidated statements of income (loss) and total comprehensive income (loss) except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

u) Earnings (loss) per share

Basic earnings or loss per share ("EPS") represents the profit or loss for the period, divided by the weighted average number of common shares in issue during the period. Diluted EPS represents the profit for the period, divided by the weighted average number of common shares in issue during the period plus the weighted average number of dilutive shares that could result from the exercise of stock options, warrants and other similar instruments where the inclusion of these items would not be anti-dilutive.

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4. ACCOUNTING PRONOUNCEMENTS

Adoption of New Accounting Standards

The new standards, or amendments to standards and interpretations adopted by the Company, effective January 1, 2025, are as follows:

The Effects of Changes in Foreign Exchange Rates (Amendment to IAS 21)

The amendments address the lack of exchangeability which applies when one currency cannot be exchanged into another as a result, for example, of government-imposed controls on capital imports and exports, or a limitation on the volume of foreign currency transactions that can be undertaken at an official exchange rate. The amendments clarify when a currency is considered exchangeable into another currency, and how an entity estimates a spot rate for currencies that lack exchangeability. The amendments introduce new disclosures to help financial statement users assess the impact of using an estimated exchange rate.

The adoption of this amendment did not have a material impact on the Company's consolidated financial statements.

New Accounting Standards Not Yet Adopted

Classification and Measurement of Financial Instruments (Amendment to IFRS 9 and IFRS 7)

In May 2024, IASB issued amendments clarifying that financial assets and financial liabilities are recognized and derecognized at settlement date except for regular way purchases or sales of financial assets and financial liabilities meeting conditions for a new exception. The new exception permits companies to elect to derecognize certain financial liabilities settled via electronic payment systems earlier than the settlement date.

This amendment is effective for annual periods beginning on or after January 1, 2026. The Company does not expect these amendments to have a material impact on its consolidated financial statements.

Presentation and Disclosure in Financial Statements ("IFRS 18")

In April 2024, IASB issued IFRS 18 replacing IAS 1 – Presentation of Financial Statements, which sets out presentation and disclosure requirements for financial statements. The changes, which mostly affect the income statement, include the requirement to classify income and expenses into three new categories – operating, investing and financing – and present subtotals for operating profit or loss and profit or loss before financing and income taxes.

IFRS 18 also provides enhanced guidance for aggregation and disaggregation of information in the financial statements, introduces new disclosure requirements for management-defined performance measures ("MPMs") and eliminates classification options for interest and dividends in the statement of cash flows.

IFRS 18 is effective for annual periods beginning on or after January 1, 2027 and is to be applied retrospectively. The Company is currently assessing the impact of the standard on its consolidated financial statements.

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5. CRITICAL JUDGMENTS AND ESTIMATES IN APPLYING ACCOUNTING POLICIES

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, contingent liabilities, income and expenses. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and applied prospectively. The significant judgments, estimates, and assumptions made by management in applying IFRS are summarized below.

Functional currency

Determining the functional currency of the Company and its subsidiaries is a matter of significant judgment. Management considers the currency that most faithfully represents the economic effects of the underlying transactions, events, and conditions relevant to the Company. In making this assessment, management evaluates the following primary and secondary factors in accordance with IAS 21 - The Effects of Changes in Foreign Exchange Rates:

- The currency that mainly influences sales prices and labor/material costs (primary indicators);
- The currency of financing activities and cash flows from operating activities (secondary indicators);
- The degree of autonomy of foreign operations and the nature of their transactions with the reporting entity.

Changes in these factors or in the economic environment may result in a reassessment of the Company's functional currency. Judgment is particularly significant where entities operate in multi-currency environments or when indicators are mixed.

Business combinations

The determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs, or economic benefits. In determining the fair value of all identifiable assets acquired and liabilities assumed, the most significant estimates generally relate to mining interests and asset retirement obligations. Mining interests are initially measured at fair value using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows of the acquiree. Asset retirement obligations are initially measured at fair value using appropriate valuation techniques which are generally based on a forecast of the total estimated future cash flows required to settle the obligation. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets, costs to fulfil the obligations and any changes in the discount rates applied. Management applied significant judgment in estimating the fair value of acquired mining interests and plant and equipment. Management used discounted cash flow models to determine the fair value of the mining interests, including the use of significant assumptions such as future metal prices, production based on estimated quantities of mineral resources, operating and capital expenditures and discount rates. In determining the fair value of plant and equipment, management primarily used the depreciated replacement cost approach. Management's estimates of production based on quantities of mineral resources are based on information compiled by qualified persons (management's experts). Changes to the preliminary measurements of assets and liabilities acquired may be retrospectively adjusted when new information is obtained until the final measurements are determined within one year of the acquisition date.

The determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an

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integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs, or economic benefits. The acquisition of Dome Mine Ltd. (note 6) was determined to constitute a business combination. To date, the combination has taken into account known facts and circumstances and will continue to be adjusted for a period of up to 12 months from the date of acquisition if new information arises.

Mining interests, plant and equipment

Significant management judgment is required to determine the point at which a mining project transitions from the development phase to the production phase. This judgment affects the timing, and classification of project-related expenditures as described in note 3(g) - Mining interests, plant and equipment, including the cessation of capitalization of development costs, the commencement of depreciation of mining assets, and the recognition of operating costs in the consolidated statements of income (loss) and total comprehensive income (loss).

In assessing whether commercial production has commenced, management considers factors specific to the operation, including, but not limited to:

- Completion of a reasonable period of time for testing the mine, plant, mill and equipment;
- Ability to produce minerals in saleable form (within specifications); and
- Ability to sustain ongoing production of minerals.

The timing of this transition is critical as it directly impacts the capitalization of development costs, depreciation expense, and the presentation of cash flows. Any changes in operating plans, technical challenges, or market conditions could result in a reassessment of the production status and impact the Company's financial results.

Impairment charges

The Company assesses whether exploration, evaluation and development costs that have been capitalized are economically recoverable and whether they are expected to generate future economic benefits. These assessments are performed at each reporting date and whenever facts and circumstances indicate that the carrying amount of an asset or cash-generating unit ("CGU") may not be recoverable.

In making these determinations, management applies judgment and considers information from both internal and external sources. Criteria used to assess economic recoverability and the probability of future economic benefits include geological and metallurgical information, economic assessments, existing permits for land access and drilling, forecasted long-term metal prices, changes in applicable laws and regulatory requirements, and the relationship between the Company's market capitalization and the carrying value of its net assets.

Internal indicators considered primarily relate to the extent to which CGUs perform relative to expectations, as well as changes in mineral reserves and resources, updates to life-of-mine plans, and the results of exploration and development activities.

Where indicators of impairment exist, the Company performs an impairment assessment and estimates the recoverable amount of the relevant CGU or asset, being the higher of its fair value less costs to sell and value in use. Determining the recoverable amount requires the use of management judgment and estimates and assumptions relating to discount rates, projected production profiles (including recoverable reserves, resources and exploration upside), expected operating and capital expenditures, and forecast long-term metal prices.

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Estimates and assumptions used in assessing economic recoverability and impairment are subject to change over time. Changes in any of these assumptions may result in the recognition of impairment charges or the reversal of previously recognized impairments in future periods.

Reclamation costs

The Company makes estimates and assumptions in determining the provisions for reclamation costs. The estimates and assumptions include determining the amount and timing of future cash flows, inflation rates and discount rates. The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including judgments of the extent of rehabilitation activities, technological changes, and regulatory changes. Consequently, there could be significant adjustments to the provisions established, which would affect future financial position, results of operations, and changes in financial position. The provision is management's best estimate of the present value of the reclamation costs. Actual future expenditures may differ from the amounts currently provided.

Franco Nevada net smelter return royalty

Selection of an appropriate accounting model for the royalty arrangement requires significant judgment. In particular, the assessment of meeting the 'own use' scope exception in IFRS 9 Financial Instruments, and the remote likelihood of exercising the early repayment option and cash payments for royalty settlements. Significant estimates are applied in recognizing revenue and measuring deferred revenue, primarily relating to future production levels, commodity prices, and timing of performance obligations.

Current estimates include proven and probable mineral reserves and certain mineral resources which management is reasonably certain will be transferred to mineral reserves. This estimate does not include inferred resources as the likelihood of converting these into eventual reserves involves too much uncertainty. As mine plans are updated, management reflects these updates in the total amount of in-kind gold and silver credits to be delivered and will adjust for changes in the current period with appropriate disclosures.

Payments received in advance are recorded as deferred revenue and recognized as revenue as production and sales occur. The recorded liability reflects management's best estimate of future royalty obligations, however due to uncertainties in mine plans and market conditions, actual quantities and timing of deliveries under the royalty arrangement may differ from the initial estimates, potentially resulting in adjustments to deferred revenue and revenue recognized to date.

Share-based payments

The fair value of the estimated number of stock options that will eventually vest is recognized as share-based compensation expense over the vesting period of the stock options with the corresponding increase in equity. Determining the fair value of stock options requires the exercise of judgment related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate, and the expected term of the underlying instruments. Option pricing models require the input of highly subjective assumptions including the expected price volatility and expected life. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's options at the date of grant. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of equity.

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6. ACQUISITION OF PORCUPINE COMPLEX

On April 15, 2025, the Company and Goldcorp Canada Ltd., a wholly owned subsidiary of Newmont Corporation (“Newmont”), entered into a Share Purchase Agreement (“SPA”), under which, the Company acquired 100% share ownership interest in Dome Mine Ltd., which held all title and interests in the Porcupine Complex (the “Transaction”).

As consideration for the Transaction, the Company paid Newmont \$200 million of cash and issued 119.7 million Discovery common shares, valued at \$232.7 million, resulting in Newmont owning an approximate 15% equity interest in the Company as at acquisition date. In addition, the Company will pay Newmont \$150 million in deferred cash consideration, payable in four annual payments of \$37.5 million commencing on December 31, 2027. The transaction has been accounted for as a business combination under IFRS 3 using the acquisition method, which requires all identifiable assets acquired and liabilities assumed to be recorded at their fair values as at the date of acquisition. The following table summarizes the fair value of the consideration paid and the preliminary estimates of the fair values of identified assets acquired and liabilities assumed from Newmont. Final valuations of assets and liabilities are not yet complete due to the timing of the acquisition and the inherent complexity associated with the valuations. The values assigned are, therefore, preliminary and subject to change. The Company expects to finalize the determination of the fair values of the assets and liabilities acquired and deferred taxes within 12 months of the acquisition date, which could result in material differences from the preliminary values presented in these financial statements.

Purchase Price	\$	200,000
Cash paid upon closing	\$	200,000
Common shares issued	\$	232,698
Deferred cash consideration ⁽¹⁾	\$	92,927
Fair value of replacement restricted share units	\$	457
Cash paid on land transfer taxes	\$	631
Working capital adjustment	\$	(2,925)
Total consideration	\$	523,788

⁽¹⁾ An aggregate of \$150.0 million is payable in equal installments of \$37.5 million on each of December 31, 2027 through 2030, resulting in deferred cash consideration over the period specified in the share purchase agreement and has been discounted to present value as of acquisition date.

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The fair value of the identifiable net assets acquired includes the following:

Assets acquired	\$	1,113
Accounts receivable	\$	1,113
Inventories	\$	74,194
Other current assets	\$	1,719
Total current assets	\$	77,026
Mining Interests	\$	479,132
Plant and Equipment	\$	430,997
Stockpile	\$	49,930
Other non-current assets	\$	4,233
Total assets	\$	1,041,318
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Liabilities assumed	\$	25,729
Accounts payable, accrued, and other liabilities	\$	25,729
Employee-related benefits	\$	7,753
Other current liabilities	\$	20,641
Total current liabilities	\$	54,123
Reclamation liabilities	\$	373,641
Deferred income tax liability	\$	86,207
Employee-related liabilities	\$	3,559
Total liabilities	\$	517,530
Net assets acquired	\$	523,788

During the year, as management continues to finalize the provisional fair value allocation of the assets acquired and liabilities assumed, adjustments were made to the purchase price allocation. These adjustments resulted in an increase of \$117.1 million in property, plant and equipment, an increase of \$22.9 million in reclamation liabilities, an increase of \$10.4 million in deferred tax liabilities, a net decrease of \$83.8 million in mining interests, and a reclassification of \$30.7 million of stockpile inventory from current to non-current.

In connection with the Transaction, the Company:

- Granted to Franco-Nevada Corporation (“Franco”) a 4.25% net smelter royalty in exchange for cash consideration of \$300.0 million to be used for the Transaction and general working capital purposes (note 15(a)).
- Completed a bought deal public offering of 275.0 million subscription receipts for gross proceeds of \$175.0 million (C\$247.5 million) (note 18(b)).
- Entered into a debt commitment letter to obtain financing through a non-revolving multiple-draw term loan facility for a maximum principal amount of \$100.0 million (note 15(b)).

From the date of acquisition through December 31, 2025, the Porcupine Complex contributed \$653.2 million of revenue, \$302.7 million of earnings from mine operations, and \$206.3 million of net income before taxes. If the acquisition had occurred on January 1, 2025, group revenue would have been \$920.5 million, and group net income before taxes for the period would have been \$234.0 million.

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7. CASH AND CASH EQUIVALENTS

	December 31, 2025	December 31, 2024
Cash	\$ 406,525	\$ 20,370
Short-term deposits	4,142	—
Total cash and cash equivalents	\$ 410,667	\$ 20,370

8. ACCOUNTS RECEIVABLE

	December 31, 2025	December 31, 2024
Trade and other receivables	\$ 8,607	\$ 58
Sales and value-added tax receivables	36,948	3,664
Supplier advances and other prepaids	10,211	—
Total trade and other receivables	\$ 55,766	\$ 3,722
Less: current portion	54,178	2,225
Non-current portion	\$ 1,588	\$ 1,497

9. INVENTORIES

	December 31, 2025	December 31, 2024
Stockpiles	\$ 53,287	\$ —
In-circuit inventory	7,617	—
Precious metals inventory	498	—
Materials and supplies	29,765	—
Total inventories	\$ 91,167	\$ —
Less: current portion	61,191	—
Non-current portion	\$ 29,976	\$ —

Included in production costs for the year ended December 31, 2025 of \$235.5 million, is \$35.0 million related to changes in metal inventories (stockpiles, in-process, and precious metals). There were no write downs or reversals of write downs of inventory to net realizable value during the year ended December 31, 2025 and 2024. Non-current inventory consists of stockpiles that are not expected to be processed within 12 months.

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10. MINING INTERESTS, PLANT AND EQUIPMENT

Year ended December 31, 2025	Depletable	Non depletable ⁽¹⁾	Total Mining Interests	Plant and equipment	Total
Cost					
At January 1, 2025	\$ —	\$ 59,038	\$ 59,038	\$ 3,045	\$ 62,083
Additions, including transfer from construction in progress	86,372	6,788	93,160	27,832	120,992
Construction in progress net of transfer to Plant and Equipment ⁽²⁾	79,741	—	79,741	21,847	101,588
Impairment ⁽³⁾	—	—	—	(2,140)	(2,140)
Change in reclamation liability (note 14)	83,845	—	83,845	—	83,845
Porcupine acquisition (note 6)	479,132	—	479,132	430,997	910,129
Currency translation adjustment	—	7,773	7,773	161	7,934
Cost at December 31, 2025	\$ 729,090	\$ 73,599	\$ 802,689	\$ 481,742	\$ 1,284,431
Accumulated Depreciation and Depletion					
At January 1, 2025	\$ —	\$ —	\$ —	\$ 1,116	\$ 1,116
Depreciation	—	—	—	63,659	63,659
Depletion	39,775	—	39,775	—	39,775
Currency translation adjustment	—	—	—	(5)	(5)
Accumulated depreciation and depletion at December 31, 2025	\$ 39,775	\$ —	\$ 39,775	\$ 64,770	\$ 104,545
Carrying value at December 31, 2025	\$ 689,315	\$ 73,599	\$ 762,914	\$ 416,972	\$ 1,179,886

(1) Non-depletable mining interests include capitalized exploration and evaluation assets for mineral properties not yet available for use.

(2) Construction in progress assets are classified within mining interests and plant and equipment, as applicable; however, depreciation and depletion commence only when the related assets are available for use.

(3) During 2025, the Company recognized an impairment charge of \$2.1 million related to the write-down of software.

Year ended December 31, 2024	Depletable	Non depletable	Total Mining Interests	Plant and equipment	Total
Cost					
At January 1, 2024	\$ —	\$ 60,786	\$ 60,786	\$ 2,118	\$ 62,904
Additions, including transfer from construction in progress	—	8,204	8,204	1,353	9,557
Disposals	—	—	—	(5)	(5)
Currency translation adjustment	—	(9,952)	(9,952)	(421)	(10,373)
Cost at December 31, 2024	\$ —	\$ 59,038	\$ 59,038	\$ 3,045	\$ 62,083
Accumulated Depreciation and Depletion					
At January 1, 2024	\$ —	\$ —	\$ —	\$ 975	\$ 975
Depreciation	—	—	—	277	277
Currency translation adjustment	—	—	—	(136)	(136)
Accumulated depreciation and depletion at December 31, 2024	\$ —	\$ —	\$ —	\$ 1,116	\$ 1,116
Carrying value at December 31, 2024	\$ —	\$ 59,038	\$ 59,038	\$ 1,929	\$ 60,967

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Leased Assets	Total
At January 1, 2024	\$ 294
Right-of-use assets additions	1,269
Depreciation	(106)
Currency translation adjustment	(79)
At December 31, 2024	\$ 1,378
Right-of-use assets additions	8,021
Depreciation	(2,046)
Currency translation adjustment	271
At December 31, 2025	\$ 7,624

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2025	December 31, 2024
Trade and other payables	\$ 51,368	\$ 3,602
Accrued liabilities	55,023	216
Total accounts payable and accrued liabilities	\$ 106,391	\$ 3,818

12. OTHER LIABILITIES

	December 31, 2025	December 31, 2024
Lease liabilities	\$ 6,594	\$ 1,018
Less: current portion of lease liabilities	3,165	172
Non-current portion of lease liabilities	\$ 3,429	\$ 846
Provision for future land payment obligation (note 29)	565	743
Total non-current other liabilities	\$ 3,994	\$ 1,589

13. EMPLOYEE-RELATED BENEFITS

	December 31, 2025	December 31, 2024
Accrued payroll and withholding taxes	\$ 27,363	\$ 1,994
Employee pension benefits	3,362	—
Other employee-related payables	1,574	—
Total employee-related benefits	\$ 32,299	\$ 1,994
Less: current portion	28,937	1,994
Non-current portion	\$ 3,362	—

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Defined Contribution and Other Benefit Plans

In connection with the Transaction (note 6), the Company received, continuation of defined contribution pension plans and other benefit plans (collectively, the "Benefit Plans") for the eligible employees of the Porcupine Complex. The amount charged to costs applicable to sales in the consolidated statements of income (loss) and comprehensive income (loss) was \$1.0 million and \$1.4 million for the year ended December 31, 2025, respectively (year ended December 31, 2024 – \$nil).

14. RECLAMATION LIABILITIES

The reclamation liability has been estimated using discount rates ranging between 3.05% and 3.80% over the period from 2025 to 2068. Projected cash flows have been adjusted for inflation using the Consumer Price Index and include a risk premium of 15% to account for uncertainty. The reclamation liability is sensitive to changes in key assumptions, and revisions to these assumptions may materially affect the recognized liability.

Reclamation liabilities are reviewed periodically based upon facts and circumstances available at the time. Changes in estimates are recorded in current and non-current reclamation liabilities in the period estimates are revised.

The following are reconciliations of reclamation liabilities:

At April 15, 2025	\$	—
Porcupine acquisition (note 6)	373,641	
Post acquisition change in estimate	117,836	
Additions, changes in estimates and other	2,653	
Reclamation expenditure	(14,585)	
Accretion expense	16,459	
At December 31, 2025	\$	496,004
Less: current portion	35,702	
Non-current portion	\$	460,302

The reclamation liability was initially recognized at fair value on the acquisition date using a market-based discount rate, as required by IFRS 3 Business Combinations. The subsequent remeasurement under IAS 37 Provisions, Contingent Liabilities, and Contingent Assets resulted in a \$117.8 million increase in the provision, solely attributable to the change in discount rate methodology between the two accounting standards. There were no changes to the underlying estimated reclamation and closure costs.

Of the \$117.8 million subsequent remeasurement of reclamation and closure obligations, \$72.8 million related to operating mine sites and was recognized as an adjustment to mining interests (note 10), consistent with IAS 16 Property, Plant and Equipment. The remaining \$45.0 million related to non-operating mine sites and was recognized immediately as reclamation expense (note 22). For non-operating mine sites, the related mining assets are no longer in use and do not meet the capitalization criteria under IAS 16; accordingly, changes in estimates of reclamation and closure obligations are recognized in profit or loss in accordance with IAS 37 Provisions, Contingent Liabilities, and Contingent Assets.

As at December 31, 2025, the estimated undiscounted future cost for reclamation liability before inflation and risk premium was \$584.2 million.

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15. FRANCO NEVADA AGREEMENT

a) Deferred Revenue

At April 15, 2025	\$	—
Additions	300,000	
Initial repayments	(6,595)	
Deferred revenue recognized	(12,149)	
Interest expense	18,999	
At December 31, 2025	\$	300,255
Less: current portion	25,348	
Non-current portion	\$	274,907

As part of the Transaction (note 6), Discovery entered into an agreement with Franco, whereby the Company granted Franco a 4.25% two - tranche net smelter return royalty on all minerals produced from the Porcupine Complex (the “NSR”) for proceeds to the Company of \$300.0 million. The royalty is payable in in-kind metals produced or cash at the election of Franco.

The two-tranche royalty consists of:

- 2.25% NSR in perpetuity on all minerals produced from the Porcupine Complex;
- 2.00% NSR on all minerals produced until the earlier of i) royalty payments equivalent to 72,000 gold ounces (attributable solely to the 2.00% net smelter return royalty) or ii) a cash payment equal to a pre-tax annual internal rate of return of 12.00% in reference to a \$100.0 million attributable purchase price.

For the year ended December 31, 2025, the Company received proceeds of \$300.0 million under the royalty agreement and made initial cash repayments totaling \$6.6 million before the obligation to deliver in-kind refined metal credits became effective. In accordance with IFRS 15 Revenue from Contracts with Customers, the Company recognized deferred revenue of \$12.1 million and interest expense of \$19.0 million.

b) Term Loan Facility

As part of the Transaction (note 6), the Company entered into a \$100.0 million senior secured term loan (the “Term Facility” or the “Loan”) with Franco, available to be drawn by Discovery within two years of closing. The Term Facility bears annual interest at the three month Secured Overnight Financing Rate (“SOFR”) plus 450 basis points.

The Company issued 3.9 million common share purchase warrants to Franco, each exercisable into one common share at an exercise price of C\$0.95. The warrants have a term of three years from the date of issuance. The fair value of the warrants was calculated using the Black Scholes model, with the following assumptions: volatility of 80%, no dividends, risk free rate of 2.59% and expected term to maturity of 3 years.

During the third quarter of 2025, the Company terminated its \$100.0 million Term Facility upon execution of the revolving credit facility agreement (note 16). The Term Facility was undrawn at the time of termination.

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16. REVOLVING CREDIT FACILITY

On September 15, 2025, the Company announced and entered into a revolving credit facility agreement (the “Facility”) provided by a syndicate of lenders which matures on September 15, 2028. The Facility is subject to customary covenants and is secured by all assets of the Company and its material subsidiaries. The Company is permitted to borrow up to US\$250.0 million, with an accordion feature for an additional US\$100.0 million, upon completion and subject to certain conditions. The facility bears interest on drawn funds by way of (i) Term Secured Overnight Financing Rate (“Term SOFR”) plus a credit spread adjustment of 0.10%, per annum plus an applicable margin ranging from 2.50% to 3.50% per annum based on the Company’s consolidated net leverage, (ii) US dollar base rate loans, with interest accruing at a specified US dollar base rate plus an applicable margin ranging from 1.50% to 2.50% per annum, based on the Company’s consolidated net leverage ratio.

As at December 31, 2025, Discovery was in compliance with all financial covenants and \$nil was drawn.

17. DEFERRED CONSIDERATION

At April 15, 2025	\$	—
Additions		92,927
Accretion		7,923
Foreign exchange loss (gain)		23
At December 31, 2025	\$	100,873
Less: current portion		—
Non-current portion	\$	100,873

18. SHARE CAPITAL

a) Authorized

- i. Unlimited common shares with no par value; and
- ii. Unlimited preferred voting shares with no par value.

b) Equity financing and Porcupine acquisition

As part of the Transaction described in note 6, the Company completed a bought deal public offering of 275.0 million subscription receipts for gross proceeds of \$175.0 million (C\$247.5 million). Each subscription receipt entitled the holder to receive one common share of the Company upon closing of the Transaction. As part of the bought deal, share issuance costs of \$2.8 million, net of tax, were incurred. On the closing of the Transaction, a total of 275.0 million common shares were issued pursuant to the exchange of subscription receipts.

As consideration for the Transaction, the Company issued 119.7 million common shares to an affiliate of Newmont, valued at \$232.7 million, net of share issue costs of \$2.6 million.

c) Shares issued on TTN Resource Development Agreement

On October 21, 2025, Discovery and Taykwa Tagamou Nation (“TTN”) entered into a Resource Development Agreement (“RDA”) to provide the framework for ongoing consultation and communication with respect to Discovery’s mineral

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properties within TTN's traditional territory. In connection with the signing of the RDA, Discovery issued to TTN 2,762,819 Common Shares, valued using the 5-day volume weighted-average price at the time of issuance.

d) Stock Options

The Company has adopted a rolling stock option plan (the "Option Plan") which provides that the Company's Board of Directors and/or Compensation Committee (the "Board") may grant options to purchase common shares of the Company to directors, officers, employees and service providers.

The maximum number of common shares that may be reserved for issuance upon the exercise of the options, together with the common shares which may be issuable under any other security-based compensation plan, is limited to 10% of the issued and outstanding common shares of the Company at the time of grant.

The Board, may, in its sole discretion determine any vesting provisions for options. The exercise price shall be determined by the directors of the Company at the time of grant in accordance with the provisions of the Option Plan. The expiry date for an option shall not be more than ten years from the grant date.

There were no options granted during the years ended December 31, 2025 or 2024. Option transactions and the number of options outstanding are summarized as follows:

	Outstanding (000's)	Weighted Average Exercise Price (C\$)
At January 1, 2024	19,994	\$ 1.44
Options exercised	(3,468)	0.49
Options forfeited	(674)	1.93
At December 31, 2024	15,852	\$ 1.63
Options exercised	(7,617)	1.36
At December 31, 2025	8,235	\$ 1.87

At December 31, 2025, the options outstanding and exercisable are as follows:

Exercise Price (C\$)	Options Outstanding			Options Exercisable		
	Number (000's)	Weighted average remaining life	Weighted average exercise price (C\$)	Number (000's)	Weighted average remaining life	Weighted average exercise price (C\$)
\$1.89	1,550	0.03	\$ 1.89	1,550	0.03	\$ 1.89
\$2.08	300	0.19	\$ 2.08	300	0.19	\$ 2.08
\$1.77	200	0.84	\$ 1.77	200	0.84	\$ 1.77
\$2.05	4,125	1.01	\$ 2.05	4,125	1.01	\$ 2.05
\$1.76	400	1.28	\$ 1.76	400	1.28	\$ 1.76
\$1.38	60	1.4	\$ 1.38	60	1.4	\$ 1.38
\$1.42	1,600	2.07	\$ 1.42	1,067	2.07	\$ 1.42
	8,235	1.02	\$ 1.87	7,702	0.94	\$ 1.90

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e) Deferred Share Units, Restricted Share Units and Performance Share Units

The Company has adopted a Deferred Share Unit Plan (“DSU Plan”) and Long-Term Incentive Plan (“LTI Plan”) that includes restricted share units “RSUs” and performance share units “PSUs”. The maximum number of shares which may be reserved for issuance shall not exceed 10% of the issued and outstanding common shares of the Company when combined with all common shares issuable under the DSU Plan, the LTI Plan, the Option Plan and the Company’s former restricted share unit plan (the “Old RSU Plan”). Effective June 25, 2025, the LTI Plan replaces the Old RSU Plan and no further awards will be granted under the Old RSU Plan. All current outstanding awards granted under the Old RSU Plan will continue to vest in accordance with the terms of the original grant. Once all existing awards are either exercised or cancelled, the Old RSU Plan will be terminated.

The DSU Plan provides that the Board may grant deferred share units (“DSUs”) to non-executive directors of the Company, to be settled in cash or common shares of the Company, at the discretion of the Board. The LTI Plan provides that the Board may grant restricted share units (“RSUs”) and/or performance share units (“PSUs”) (collectively, the “Share Units”) to eligible employees, officers and eligible contractors, to be settled in cash or common shares of the Company, at the discretion of the Board. The Board in its sole discretion may determine any vesting provisions for DSUs, RSUs or Share Units.

The following tables reflect the continuity of RSUs and DSUs granted and redeemed during the years ended December 31, 2025 and 2024 granted under the LTI Plan and the Old RSU Plan.

	Number of RSU's (000's)	Weighted average market price on redemption (C\$)
At January 1, 2024	3,492	\$ —
RSUs granted	3,240	—
RSUs redeemed	(1,131)	0.82
At December 31, 2024	5,601	\$ —
RSUs granted	3,527	—
PSUs granted	2,812	—
Replacement RSUs granted ⁽¹⁾	1,072	—
RSUs redeemed	(2,202)	1.13
RSUs forfeited	(1,692)	—
At December 31, 2025	9,118	\$ —

⁽¹⁾ As part of the terms of the Transaction, existing restricted share units (“Replacement RSU's”) of Newmont were settled with equivalent RSU's of the Company (note 6).

RSUs are each redeemable for one common share of the Company and vest annually in three equal tranches beginning on the first anniversary of each grant date. Performance RSUs are each redeemable for one common share of the Company and vest in one tranche on December 31, 2027.

	Number of DSU's (000's)
At January 1, 2024	1,476
DSUs granted	900
At December 31, 2024	2,376
DSUs granted	877
At December 31, 2025	3,253

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The DSUs vest on the first anniversary of each grant date but may only be redeemed on the termination date of a director, in accordance with the DSU Plan.

Share-based compensation expense for the years ended December 31, 2025 and December 31, 2024 were \$5.0 million and \$3.2 million, respectively.

Subsequent to year-end, the Company elected under the current DSU Plan and LTI plan, that any future RSU, PSU and DSU awards redeemed will be settled in cash. Upon reclassification of the previously equity-settled awards to cash-settled awards, the awards are remeasured at the fair value on the reclassification date and recognized as share-based compensation liabilities. Any amount recognized in contributed surplus related to the reclassified awards is reversed, with the remainder recorded directly in accumulated deficit. After the initial reclassification adjustment, any future changes in fair value of the share based compensation liabilities will be recognized as share based compensation expense over the respective vesting periods.

19. EARNINGS PER SHARE

Earnings per share has been calculated using the weighted average number of common shares outstanding for the years ended December 31, 2025 and 2024 as follows:

a) Basic earnings (loss) per share

	Years Ended December 31,	
	2025	2024
Net income (loss) for the period	\$ 106,810	\$ (15,167)
Weighted average number of common shares (000's)	687,819	398,386
Basic earnings (loss) per share	\$ 0.16	\$ (0.04)

b) Diluted earnings (loss) per share

	Years Ended December 31,	
	2025	2024
Net income (loss) for the period	\$ 106,810	\$ (15,167)
Weighted average number of common shares (000's)	687,819	398,386
Dilutive potential ordinary shares (000's)		
<i>Warrants</i>	3,900	—
<i>Options</i>	5,952	—
<i>RSUs</i>	9,118	—
<i>DSUs</i>	3,253	—
Weighted average number of ordinary shares (000's)	710,042	398,386
Diluted earnings (loss) per share	\$ 0.15	\$ (0.04)

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20. REVENUE

	Years Ended December 31,	
	2025	2024
Sales Refined Gold	\$ 641,064	\$ —
Deferred Revenue	12,149	—
Revenue	\$ 653,213	\$ —

The Company sells refined gold to banks and market traders. During the year ended December 31, 2025, two customers each contributed more than 10% to total revenues from mining operations, with a combined total of approximately 98%. However, the Company is not dependent on a limited number of customers for the sale of its products, as refined gold is a widely traded commodity that can be sold through numerous markets worldwide.

21. GENERAL AND ADMINISTRATION

	Years Ended December 31,	
	2025	2024
Salaries and benefits	\$ 20,455	\$ 5,146
Professional fees	2,234	1,084
General office and other	4,330	1,691
Shareholder communication and investor relations	1,050	381
Travel	848	207
Filing and transfer agent fees	653	149
Business development ⁽¹⁾	22,137	1,834
General and Administration	\$ 51,707	\$ 10,492

⁽¹⁾Costs include legal, consulting, advisory and other expenses primarily related to the evaluation and acquisition of the Porcupine Complex

22. OTHER OPERATING COSTS

	Years Ended December 31,	
	2025	2024
Shares issued on TTN Resource Development Agreement	\$ 10,868	\$ —
Reclamation expense	36,644	—
Other operating costs	\$ 47,512	\$ —

For reclamation obligations related to non-operating mine sites, the asset component of the obligation arising from the subsequent remeasurement of the reclamation liability is recognized as reclamation expense immediately. During the period, \$45.0 million was recognized as reclamation expense (note 15), and subsequent remeasurements of the reclamation liability resulted in a reduction of the expense.

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23. OTHER INCOME (LOSS)

Other income (loss) for the years ended December 31, 2025 and 2024 includes the following:

	Years Ended December 31,	
	2025	2024
Gain (loss) on fair value remeasurement of investments	\$ 112	\$ 5
Foreign exchange gain (loss)	(1,124)	(2,597)
Other income (loss)	\$ (1,012)	\$ (2,592)

24. FINANCE INCOME (EXPENSE), NET

	Years Ended December 31,	
	2025	2024
Finance income - interest income on bank deposits	\$ 7,257	\$ 1,612
Finance expense		
Interest expense	(21,525)	(87)
Accretion expense	(24,382)	—
Finance income (expenses), net	\$ (38,650)	\$ 1,525

25. INCOME TAXES

a) Tax expense (recovery)

The income and mining tax expense is made up of the following components:

	Years Ended December 31,	
	2025	2024
Current income and mining tax expense (recovery)	\$ 85,088	\$ —
Deferred income and mining tax expense (recovery)	(42,377)	—
Total income and mining taxes expense (recovery)	\$ 42,711	\$ —

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b) Rate reconciliation

The following table reconciles the expected income tax expense calculated at the combined Canadian federal and provincial statutory income tax rates to the income tax expense in the consolidated statement of income and loss:

	Years Ended December 31,	
	2025	2024
Net income (loss) before tax	\$ 149,521	\$ (15,167)
Statutory rate	26.5 %	28.0 %
Total income tax expense at statutory rate	\$ 39,623	\$ (4)
Effect on taxes of:		
Permanent differences	(767)	915
Entity tax rate differential	(2,873)	—
Mining taxes	12,889	—
Unrecognized/(recognized) tax benefits	(6,161)	3,332
Tax expense	\$ 42,711	\$ —

c) Current income tax

	Years Ended December 31,	
	2025	2024
Opening balance at the beginning of the period	\$ —	\$ —
Current income tax expense	68,172	—
Current mining tax expense	16,916	—
Balance at the end of the period	\$ 85,088	\$ —

d) Deferred income tax

The following table reflects the change in the net deferred income tax liability at December 31, 2025 and 2024 respectively:

	Years Ended December 31,	
	2025	2024
Opening balance at the beginning of the period	\$ —	\$ —
Deferred income tax expense (recovery) in net earnings	(42,377)	—
Deferred income tax expense (recovery) recognized in equity	(3,534)	—
Deferred income tax liability recognized upon acquisition	86,207	—
Balance at the end of the period	\$ 40,296	\$ —

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The following table summarizes the components of the deferred tax liability:

	Years Ended December 31,	
	2025	2024
Mining interests, plant and equipment	\$ 260,592	\$ —
Inventories	7,737	—
Deferred consideration	(62,030)	—
Reclamation liabilities	(125,836)	—
Non-capital losses	(25,990)	—
Share issuance and debt costs	(3,520)	—
Lease and Other Liabilities	(10,657)	—
Net deferred income tax liability	\$ 40,296	\$ —

e) Income tax temporary differences - not recognized

	Years Ended December 31,	
	2025	2024
Non-capital loss carryforwards	\$ 13,300	\$ 20,072
Capital loss carry-forwards	9,800	8,785
Reclamation liabilities and other	115,106	—
Mining interests, plant and equipment	—	113,711
	\$ 138,206	\$ 142,568

The Company also had unrecognized deductible temporary differences for Ontario mining tax purposes of \$136.2 million.

26. CAPITAL MANAGEMENT

The Company defines capital as its shareholder's equity comprised of issued share capital, contributed surplus and accumulated earnings (deficit). The Company manages its capital structure to maximize its financial flexibility to enable the Company to respond to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities.

The Company's objectives when managing capital are to fund and support the Company's exploration, evaluation, development and operating activities, with the goal of creating shareholder value, as well ensuring that the Company will be able to meet its financial obligations as they become due.

There was no change to the Company's approach to capital management during the years ended December 31, 2025 and 2024.

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27. FINANCIAL INSTRUMENTS

a) Financial assets and liabilities measured at amortized cost

Cash and cash equivalents, trade receivables, other receivables and deposits are measured at amortized cost using the effective interest method. Accounts payable and accrued liabilities, and lease liabilities are classified as other financial liabilities and are measured at amortized cost. These financial instruments approximate their fair value due to their short-term maturities and/or the market interest rate being charged thereon.

b) Financial assets and liabilities measured at fair value

Financial instruments are classified into one of three levels in the fair value hierarchy according to the degree to which the inputs used in the fair value measurement are observable.

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3: Inputs that are not based on observable market data.

Financial assets and liabilities measured at fair value include:

As at	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investment in marketable securities	\$ 273	\$ —	\$ 500	\$ 773

As at	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investment in marketable securities	\$ 148	\$ —	\$ —	\$ 148

28. FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risks, including credit risk, liquidity risk, currency risk, interest rate risk and price risk. The aim of the Company's overall risk management strategy is to reduce the potential adverse effect that these risks may have on the Company's financial position and results. The Company's Board of Directors has overall responsibility and oversight of management's risk management practices. Risk management is carried out by the Board through the Nominating and Corporate Governance Committee with the policies being recommended for approval by the Board of Directors at least annually or when changes are required.

a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At December 31, 2025, the Company had a cash and cash equivalents balance of \$410.7 million (December 31, 2024 – \$20.4 million) to settle current liabilities of \$284.6 million (December 31, 2024 – \$6.0 million). The Company's current financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

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The Company's future operating cash flows and overall liquidity are significantly influenced by gold prices, along with a range of other factors. In light of its current cash resources, ongoing volatility in equity markets, and broader uncertainty in global capital markets, the Company actively monitors spending levels and evaluates strategic opportunities to strengthen liquidity. These actions are intended to maintain sufficient financial flexibility to support the Company's growth objectives, including the advancement of its development projects, while sustaining production at its existing operations.

Prolonged periods of lower gold prices could result in the postponement of certain capital expenditures, which may affect the timing of development activities, project completion, and production levels. In such circumstances, the Company may also consider additional measures to enhance liquidity. The Company manages its liquidity by maintaining adequate committed credit facilities, taking into account expected cash flows from operations as well as available cash and cash equivalents.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Company's cash and cash equivalents, short-term investments and accounts receivable are exposed to credit risk.

The Company has assessed the credit risk on its cash and cash equivalents and short-term investments as low, as these balances are held with several highly rated Canadian financial institutions and counterparties that meet the Company's internal credit quality requirements. The Company monitors counterparty exposures on an ongoing basis.

Credit risk related to accounts receivable is limited due to the nature of the Company's customer base, which consists of a small number of established counterparties with a history of timely settlement. The Company has not experienced significant historical credit losses.

The Company's maximum exposure to credit risk related to the above-noted financial instruments and other financial assets approximates the carrying value of these assets on the Company's consolidated statements of financial position.

The table below summarizes the maturity schedule of the Company's financial liabilities based on contractual undiscounted payments:

As at December 31, 2025	Total	Up to 1 year	1-3 years	4-5 years	After 5 years
Accounts payable and accrued liabilities \$	106,391 \$	106,391 \$	— \$	— \$	—
Lease liability	6,898	3,447	2,321	643	487
Deferred consideration	150,000	—	75,000	75,000	—
	\$ 263,289 \$	109,838 \$	77,321 \$	75,643 \$	487

c) Market Risks

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices.

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i. Interest rate risk

The Company has significant cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in high-yield savings accounts or other highly liquid interest-bearing short-term investments. The Company regularly monitors its cash management policy.

ii. Foreign currency risk

The Company is exposed to foreign currency risk arising from monetary assets and liabilities denominated in currencies other than the respective functional currencies of the Company's entities. The principal currencies giving rise to this risk are C\$, US\$ and MXP.

Foreign currency transactions are translated into the functional currency of the respective Company entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the closing exchange rates. Resulting exchange differences are recognized in profit or loss, except to the extent they relate to items forming part of the Company's net investment in foreign operations. The Company's exposure to foreign currency risk relates primarily to cash and cash equivalents, trade receivables, and trade payables denominated in foreign currencies. The Company does not currently use derivative instruments to reduce its exposure to foreign currency risk, however exchange rates are continually monitored for any significant changes.

The table below outlines the effect of a 10% weakening of the relevant foreign currencies against the respective functional currencies of the Company's entities, on earnings before income taxes and equity at December 31, 2025. A corresponding 10% strengthening of the relevant foreign currencies would have resulted in an equal and opposite impact. This sensitivity analysis assumes that all other variables, including interest rates, remain constant.

	Earnings before income taxes	Equity
Canadian dollar	\$ 35,673	\$ 35,673
US Dollar	47,137	25,770
Mexican Peso	1,562	1,562

iii. Price risk

The Company is exposed to price risk with respect to commodity prices and prices of equity securities. Equity security price risk is defined as the potential adverse impact on the Company's net income or loss due to movements in individual prices of equity securities or price movements in the stock market generally. Commodity price risk is defined as the potential adverse impact on net income or loss and economic value due to commodity price movement and volatility. The Company closely monitors commodity prices, particularly as they relate to base and precious metals, and movements in the price of individual equity securities, and movements in the stock market generally, to assist in determining the appropriate course of action to be taken by the Company.

29. COMMITMENTS AND CONTINGENCIES

a) Commitments

As at December 31, 2025, the Company had future purchase commitments of \$106.5 million of which \$67.3 million relates to commitments for capital expenditures.

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As part of its ongoing business and operations, the Company is required to provide surety bonds and bank letters of credit as financial support for various purposes, including environmental reclamation, exploration permitting, and other general corporate purposes. At December 31, 2025, there were \$51.3 million of outstanding letters of credit and surety bonds associated with the transfer of closure plans for the newly acquired Porcupine Complex assets. Included in this amount is restricted cash of \$8.4 million relating to letters of credit and \$42.9 million of cash collateral, in custody of the underwriters, for government required financial assurances for the closure plans at the Porcupine Complex.

The cash collateral, which is refundable upon release of the bonds, was initially recognized as restricted cash, and subsequently reclassified as reclamation financial assurance on the consolidated statement of Financial Position after the funds were transferred to the custody of the underwriters. The Company believes it is in compliance with all applicable bonding obligations and will be able to satisfy future bonding requirements through existing or alternative means, as they arise.

b) Provision for future land payment obligation

Included in other long-term liabilities in the consolidated statement of financial position is the provision for the minimum amount payable annually under the land acquisition agreement signed in May 2023 (the "Agreement"). This provision was calculated as the present value of the annual payments, using a discount rate of 8% over the 25 years of payments per the Agreement.

Once commercial production is achieved, the Annual Payments under the Agreement are \$0.6 million over 25 years with the last 5 years of payments, totaling \$3.0 million to be paid in advance (\$1.0 million 24 months after signing the Agreement, which was paid in May 2025, and \$2.0 million to be paid on declaration of commercial production).

c) Contingencies

The Company is from time to time involved in various legal proceedings related to its business. Management does not believe that adverse decisions in any pending or threatened proceeding or that amounts that may be required to be paid by reason thereof will have a material adverse effect on the Company's financial condition or results of operations.

30. SEGMENTED INFORMATION

Operating segments are components of an entity whose operating results are regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance and for which separate financial information is available.

The Company has one reportable segment: Porcupine Complex (comprising of the operating mines and mill). This segment is organized predominantly by the products and services provided to customers and geography of the businesses.

The Corporate and Other segment (comprising of Mexico and the Corporate Office) includes corporate, exploration and evaluation and other income and expenses that do not pertain directly to a reportable segment.

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a) Income (loss) for the period by segment

		Year Ended December 31, 2025		
		Porcupine Complex	Corporate and Other	Total
Revenue	\$	653,213	\$ —	\$ 653,213
Production costs		(235,540)	—	(235,540)
Depreciation and amortization		(101,591)	—	(101,591)
Royalties		(13,394)	—	(13,394)
Earnings from mining operations	\$	302,688	\$ —	\$ 302,688
General and administration		—	(51,707)	(51,707)
Exploration		(7,047)	(120)	(7,167)
Impairment		—	(2,140)	(2,140)
Share-based compensation		—	(4,979)	(4,979)
Other operating costs		(47,512)	—	(47,512)
Other income (loss)		(5,928)	4,916	(1,012)
Finance income (expense), net		(35,854)	(2,796)	(38,650)
Income (loss) before taxes	\$	206,347	\$ (56,826)	\$ 149,521

		Year Ended December 31, 2024		
		Corporate and Other		Total
General and administration		\$ (10,492)	\$ —	(10,492)
Exploration		(373)	—	(373)
Share-based compensation		(3,235)	—	(3,235)
Other income (loss)		(2,592)	—	(2,592)
Finance income (expense), net		1,525	—	1,525
Income (loss) before taxes		\$ (15,167)	\$ —	(15,167)

b) Assets by segment

As at		December 31, 2025		
		Porcupine Complex	Corporate and Other	Total
Total Assets	\$	1,429,349	\$ 366,502	\$ 1,795,851

As at		December 31, 2024		
		Corporate and Other		Total
Total Assets	\$	85,401	\$ 85,401	\$ 85,401

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31. RELATED PARTY TRANSACTIONS

a) Key management personnel

Key management personnel include those persons having authority and responsibility for oversight, planning, directing, and controlling the activities of the Company. The Company has determined that key management personnel consist of directors, the President and Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Chief Information Officer, and the Executive and Senior Vice Presidents.

Related party transactions for the years ended December 31, 2025 and 2024 are as follows:

Transaction Type	Nature of Relationship	Years Ended December 31,	
		2025	2024
Non-cash share-based payments	Directors and officers	\$ 3,239	\$ 1,205
Salaries and benefits	Officers	13,582	1,005
Director fees	Directors	452	129
		\$ 17,273	\$ 2,339