DISCOVERY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended December 31, 2025 and 2024

February 18, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the annual audited consolidated financial statements, and their related notes, of Discovery Silver Corp. ("Discovery Silver" or "the Company"), as at and for the years ended December 31, 2025 and 2024 (the "Financial Statements") which are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). Additional information relating to the Company, including the most recent Annual Information Form ("AIF") for the year ended December 31, 2025 is available on SEDAR+ at www.sedarplus.ca.

All information contained in this MD&A is current and has been reviewed by management and approved by the Board of Directors (the "Board") of the Company as of February 18, 2026, unless otherwise stated. All dollar ($) amounts are expressed in United States dollars ("USD"), the Company's reporting currency, except where otherwise noted. References to Canadian dollars are denoted as ("CAD").

FORWARD-LOOKING STATEMENTS

This MD&A may contain forward-looking statements and should be read in conjunction with the risk factors described in the "Financial Risk Factors", "Other Risks and Uncertainties" and "Forward Looking Statements" sections near the end of this MD&A and as described in the Company's AIF for the year ended December 31, 2025. Additional information including this MD&A, Consolidated Financial Statements for the year ended December 31, 2025, the Company's AIF and press releases have been filed electronically under the Discovery Silver Corp. profile at www.sedarplus.ca and are posted on the Company's website at www.discoverysilver.com.

NON-GAAP MEASURES

Certain non-GAAP measures are included in this MD&A, among them: sustaining and growth capital expenditures, free cash flow, operating cash costs and operating cash costs per ounce sold, all-in sustaining costs ("AISC") and AISC per ounce sold, average realized gold price per ounce sold, adjusted net earnings and adjusted net earnings per share, earnings before interest, taxes and depreciation and amortization ("EBITDA") and working capital. In the mining industry, these are common performance measures but may not be comparable to similar measures presented by other issuers. The Company believes that these measures, when considered in conjunction with information prepared in accordance with GAAP, provide investors with useful information to assist in their evaluation of the Company's performance and ability to generate cash flow from its operations. Accordingly, these measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board. For further information, refer to the "Non-GAAP Measures" section of this MD&A.

The following additional abbreviations may be used throughout this MD&A: General and Administrative Expenses ("G&A"); Troy Ounces ("oz"); Grams per Tonne ("g/t"); Square Kilometre ("km^2"); and Life of Mine ("LOM"). Throughout this MD&A the reporting periods for the three months ended December 31, 2025, and December 31, 2024, are abbreviated as Q4 2025 and Q4 2024, respectively, while the reporting periods for the year ended December 31, 2025, and December 31, 2024, are abbreviated as FY 2025 and FY 2024, respectively. Additionally, the reporting period for the three months ended June 30, 2025 and September 30, 2025, are abbreviated as Q2 2025 and Q3 2025, respectively.

COMPARATIVE INFORMATION

Discovery completed the acquisition (the "Porcupine Acquisition" or the "Acquisition") of the Porcupine Complex ("Porcupine" or the "Porcupine Operations") from Newmont Corporation ("Newmont") on April 15, 2025, which transformed the Company into a Canadian gold producer anchored in and near Timmins, Ontario, Canada. Prior to the Porcupine Acquisition, the focus of Discovery's business had primarily been exploration and development activities related to the wholly owned Cordero silver project in Mexico. The change to the Company's business portfolio has a meaningful impact on the comparability of results in both Q4 2025 and Q3 2025, as well as in future quarters, to reporting periods prior to the Porcupine Acquisition.

Q4 2025 HIGHLIGHTS

- **Solid operating performance**
  - Q4 2025 gold production increased 6% to 66,718 ounces from 63,154 ounces in Q3 2025, with total gold sold of 64,479 ounces compared to 66,200 ounces sold the previous quarter.
  - Total production costs of $73.8 million versus $106.8 million in Q3 2025.
  - Operating cash costs[1] of $1,185 per ounce sold, a 12% improvement from $1,339 per ounce the previous quarter
  - Site-level AISC[2] of $1,824 per ounce sold versus $1,699 per ounce the previous quarter largely reflecting higher sustaining capital expenditures.
  - AISC[1] of $2,034 per ounce sold compared to AISC of $1,734 per ounce in Q3 2025.

- **Increased revenue** totaling $274.2 million versus $237.0 million in Q3 2025, with the 16% increase resulting from a higher average realized gold price[1].
- **Net earnings** of $65.3 million, or $0.08 per share, and adjusted net earnings[1] of $113.5 million or $0.14 per share, with adjusted net earnings up 86% from the previous quarter.
- **Significant cash flow generation** during Q4 2025 with net cash flow from operating activities of $163.2 million and free cash flow[1] of $67.9 million.
- **Substantial growth in Liquidity**
  - Liquidity of more than $650.0 million, from cash as at December 31, 2025 of $410.7 million and an undrawn $250.0 million revolving credit facility ("RCF"), with an accordion feature for an additional $100.0 million.
- **Encouraging exploration success**, including excellent results from resource conversion and expansion drilling at Hoyle Pond, Borden and Pamour and positive results from district drilling at Owl Creek

(1) Example of Non-GAAP measure. See the section in this MD&A entitled, NON-GAAP MEASURES, for more information.
(2) Site-level AISC includes corporate G&A allocation and excludes remaining corporate G&A, share-based compensation costs and corporate-level sustaining capital expenditures.

2026 GUIDANCE

(in $ millions, unless otherwise stated)		**Total**
Gold produced (koz)		**260 - 300**
Operating cash costs per ounce sold ($/oz sold)(1)(2)	$	**1,250 - 1,400**
AISC per ounce sold ($/oz sold)(1)(2)	$	**1,950 - 2,250**
Royalties(2)	$	**25 - 35**
Sustaining capital(1)	$	**120 - 165**
Porcupine - Growth capital(1)	$	**195 - 235**
Cordero - Fees and capital	$	**90 - 100**
Exploration (capital & expensed)	$	**55 - 75**
Corporate G&A(3)	$	**35 - 40**

(1) Example of Non-GAAP measure. See the section in this MD&A entitled, "NON-GAAP MEASURES" for more information.
(2) Royalty expense is included in operating cash cost and AISC per ounce sold. Royalty expense does not include costs related to the Franco Nevada Royalties.
(3) Corporate G&A excludes share-based compensation.
(4) Based on, where applicable, a USD/CAD exchange rate of 1.36, a USD/MXN$ exchange rate of 18.0.

Discovery's 2026 guidance outlines a plan for increased production, that is expected to ramp up and peak during the second half of the year. Operating cash costs per ounce sold[1], AISC[1] per ounce sold and capital expenditures[1] are projected to be the highest in the first half of the year.

Targets for both sustaining[1] and growth[1] capital expenditures in 2026, reflect planned investment in support of the Company's goal of more than doubling gold production, to over half a million ounces per year, with a cost profile in the lower half of the global cost curve. The Company's guidance also includes a significant commitment to exploration given the substantial potential that exists to convert and expand mineral resources at existing operations and to identify new resources at the Porcupine operations, near-term projects and regional targets.

Gold Production

Gold production in 2026 is targeted to reach 260,000 – 300,000 ounces, with production weighted towards the second half of the year. Hoyle Pond and Borden are expected to account for approximately two-thirds of gold production in 2026, with the remaining third coming from open-pit mining sources. Open pit production will come from Pamour, as well as the Hollinger open pit, where production resumed early in 2026, and is expected to ramp up as the year progresses.

Unit Costs

Operating cash costs per ounce sold are projected to be highest in the first two quarters of 2026, and average $1,250 – $1,400 per ounce for the full year. Operating cash costs per ounce sold in 2026 are expected to benefit from increased volumes, resulting from higher planned processing rates at the Dome Mill, at similar grades, the impact of which will be offset by increased mining and processing costs and higher royalties as a result of an increase in the average realized gold price[1]. AISC per ounce sold is targeted at $1,950 – $2,250, reflecting higher sustaining capital expenditures and increased royalties compared to 2025. Unit costs are expected to be higher in the first half of the year, due to lower production levels, as mine operations at Hollinger ramp up, with AISC impacted by the weighting of sustaining capital expenditures to the first six months of 2026.

Royalties

Royalty expense in 2026 is expected to total $25 – $35 million. Royalty expense is highly dependent on the average realized gold price and will fluctuate dependent on the commodity cycle. Royalty expense primarily relates to royalty agreements with First Nations groups and private interests at Borden and, to a lesser extent, at Hoyle Pond and Pamour. Royalty expense does not include costs related to the Franco Nevada Royalties, which are accounted for as deferred revenue and are recognized when the performance obligations under the royalty agreement are satisfied. Interest expense is recorded based on the total deferred revenue balance.

Porcupine Sustaining Capital Expenditures

Sustaining capital expenditures for 2026 are projected to be $120 – $165 million primarily related to work to buttress the No. 6 tailings management area ("TMA6") at the Dome property, as well as ongoing investments in capital improvements at the Dome Mill, new mobile equipment and improved infrastructure at Hoyle Pond and Borden. Planned capital development at both operations is required to achieve production targets. The replacement of mobile fleets at Hoyle Pond and Borden is an important initiative that will support future production growth and greater efficiency through improved cycle times for haulage, enhanced backfill rates and reduced ongoing maintenance costs.

Porcupine Growth Capital Expenditures

Growth capital expenditures at Porcupine are targeted at $195 – $235 million. Two key projects contributing to planned growth capital in 2026 include increasing tailings capacity at TMA6 through additional raises and by executing a new deposition strategy, and continued pre-stripping at Pamour, as the mine ramps up towards commercial levels of operation. The new deposition strategy at TMA6 involves dividing the #6 Dam into cells, which will support higher volumes and facilitate progressive rehabilitation, as completed cells can be rehabilitated prior to closure of the dam. Additional key projects include a new ventilation raise to be developed at Borden, and expenditures related to capital development and sump upgrades to support longer-term operations at Hoyle Pond.

Cordero

Fees and growth capital related to Cordero of $90 – $100 million are primarily for the fees required for permits and include capital to advance engineering studies for water treatment and power. A significant component of planned expenditures at Cordero relates to the anticipated payment of the change of land use permit fee. This permit, and payment of the related fee, will follow the approval of the Environmental Impact Statement ("Manifesto de Impacto Ambiental" or "MIA") application by the Mexican Government's Department of Natural Resources and Environment ("Secretaría de Medio Ambiente y Recursos Naturales" or "SEMARNAT").

Exploration

Total exploration expenditures in 2026, including both capitalized and expensed expenditures, are targeted at $55 – $75 million. The Company exploration work program for the year involves an estimated 255,000 – 280,000 metres of drilling, as well as 1,200 – 1,400 metres of exploration development.

Capital exploration expenditures in 2026 are expected to total $25 – $35 million and relate mainly to continued resource conversion and expansion drilling at Hoyle Pond, Borden and Pamour. Key targets include the S Zone Deep and XMS Zone at Hoyle Pond, the further northeast extension of the Main Zone and infill of the Far West and East Lower Zones at Borden and within and along strike all three phases of the Pamour pit design. Capitalized exploration expenditures also include planned drilling at Dome designed to upgrade and add confidence to current inferred resources located on the edges and below the historic Dome pit. In addition, the Company is also targeting completion of 500 – 1,000 metres of underground exploration development at Hoyle Pond and Borden.

Expensed exploration expenditures are targeted at $30 – $40 million and involve work in the mid and upper-mine at Hoyle Pond, at the TVZ Zone adjacent to Hoyle Pond, and at Owl Creek, three kilometres west along the Hoyle Pond volcanic belt. Other key targets for expensed exploration include the down plunge extension of the Main Zone and East Lower Zone at Borden, a number of district targets around Pamour, including the Broulan Pit, AAA Trend and Keora Trend, and regional targets such as the Hollinger-McIntyre and Paymaster properties.

As at February 18, 2026, the Company had 20 exploration drill rigs operating. A breakout of drill-rig locations and related targets is provided below:

Hoyle Pond: Five underground drills – Three drills involved in resource conversion and extension drilling of the S Zone and two drills evaluating targets in the mid-mine.

TVZ Zone: Two underground drills – One drill on the 1210 level focused on infilling and extending mineralization, and a drill on the 1680 level testing the down plunge extension of mineralization.

Owl Creek: Two surface drills – Both drills are targeting mineralization near surface and at depth at Owl Creek, as well as towards the 750 Zone, located approximately 850 metres to the east.

Borden: Six drills (four underground and two surface) – Three drill rigs involved in infill and expansion drilling targeting the Main (Deep) Zone to the northeast and one involved in infill and extension of the East Lower Zone, with two surface drills exploring to the northeast of the mine.

Pamour: Four surface drills – Three drills focused on conversion drilling of the resource pit and one drill exploring targets near the Broulan Pit.

Dome: One surface drill – Focused on the northeast portion of the historic open pit; work is also advancing to evaluate additional drill targets to the north, south and below the pit.

Corporate G&A

Corporate G&A in 2026 is estimated at $35 – $40 million. Expenditure levels are expected to increase in 2026 reflecting the full-year impact of the Company's transformation into a growing Canadian gold producer, and the related strengthening of organizational capabilities across operations, exploration, and corporate functions, such as finance and information technology.

(1) Example of Non-GAAP measure. See the section in this MD&A entitled, NON-GAAP MEASURES, for more information.

BUSINESS OVERVIEW

The Company was incorporated on October 10, 1986, under the laws of British Columbia as Ayubowan Capital Ltd. On June 13, 2017, the Company's name was changed to Discovery Metals Corp. On April 14, 2021, the Company's name was changed to Discovery Silver Corp. The Company's Common Shares are listed on the Toronto Stock Exchange ("TSX") under the symbol "DSV", on the OTCQX under the symbol "DSVSF", and on the Frankfurt Stock Exchange under the symbol "1CU0".

Discovery is a growing precious metals company with assets in Canada and Mexico. The Company currently produces gold from the Porcupine operations in and near Timmins, Ontario, Canada. These operations were acquired from Newmont in April 2025. The Porcupine Operations include the Hoyle Pond and Borden underground mines, the Pamour open pit, which is currently ramping up to commercial levels of production, the Hollinger open pit, and the Dome Mill, a 12,000 tonne per day processing facility with potential for both optimization and expansion. In addition, the Company is currently evaluating opportunities to resume mining operations at the Dome Mine property, where approximately 17 million ounces of gold were produced from 1910 to 2017, and to develop and produce from the TVZ Zone, a large, mineralized zone adjacent to Hoyle Pond. Porcupine also includes extensive exploration upside at existing operations as well as at multiple locations within a 1,400 km^2 land position.

Prior to April 2025, Discovery was a single-asset company focused on advancing the 100%-owned Cordero silver development-stage project ("Cordero" or the "Project") located on a prolific mining belt in Chihuahua State, Mexico. A feasibility study ("FS") dated February 16, 2024, clearly demonstrated the potential for Cordero to be developed into one of the largest silver mines globally, with low unit costs that is capable of generating attractive economic returns. Since release of the FS, work at Cordero has focused on continuing to de-risk the project, and to advance the permitting process, with Cordero's Environmental Impact Statement ("Manifesto de Impacto Ambiental" or "MIA") continuing to be reviewed by the Mexican Government's department of natural resources and environment ("Secretaría de Medio Ambiente y Recursos Naturales" or "SEMARNAT").

A key component of Discovery's business is its commitment to achieving excellence in all aspects of responsible mining. Consistent with this commitment, the Company has been honoured with numerous awards in Mexico, including: receiving both the Socially Responsible Enterprise distinction from the Mexican Center for Philanthropy ("CEMEFI") and the international Great Place to Work Certification for the third consecutive year in 2024; receiving CEMEFI's Best Environmental Practices distinction for the first time 2024; and being awarded the two-year Quality Environmental Certification from Mexico's Federal Attorney's Office for Environmental Protection or "PROFEPA" in November 2023. The Company also supports energy transition, with plans to increase the use of electric vehicles and other equipment at Porcupine, and the ongoing evaluation of using solar energy, battery electric, trolley assist and other alternative energy systems in the development and operation of Cordero.

PORCUPINE ACQUISITION

On April 15, 2025, Discovery completed the acquisition of the Porcupine Complex. Under terms of the share purchase agreement (the "Agreement") between Discovery and Newmont, announced on January 27, 2025, consideration paid to Newmont at closing included $200 million of cash ("Cash Consideration") and 119.7 million Discovery common shares ("Equity Consideration"). In addition, the Agreement also included deferred consideration ("Deferred Consideration") of $150 million, to be paid to Newmont in four annual cash payments of $37.5 million commencing on December 31, 2027.

To fund the Acquisition and provide liquidity in support of operating and growing the Porcupine Operations, Discovery completed a $575.0 million financing package, (the "Financing Package"), which included $400.0 million related to royalty and debt agreements with Franco-Nevada Corporation ("Franco-Nevada"), and approximately $175.0 million of gross proceeds from a bought deal public offering of subscription receipts (the "Public Offering"), which closed on February 3, 2025.

Included in the $400.0 million from Franco-Nevada were $200.0 million related to a 2.25% LOM net smelter return ("NSR") royalty, and $100.0 million from a 2.00% NSR royalty-linked note (collectively, the "Franco-Nevada Royalties"). The 2.00% NSR royalty-linked note will be extinguished upon the earlier of royalty payments being made equal to the equivalent of 72,000 ounces of gold, or Discovery making a one-time early cash payment to Franco-Nevada, at Discovery's sole option, equal to a 12% annual internal rate of return. Also included in the $400.0 million of financing from Franco-Nevada was a $100.0 million senior debt facility ("SDF"). Under terms of the SDF, the Company issued to Franco-Nevada 3.9 million share purchase warrants, exercisable at CAD$0.95 with a three-year expiry. The SDF was terminated following the announcement for the RCF agreement on September 15, 2025, with the SDF remaining undrawn as of the date of termination. Additional details of the Financing Package are provided in the press release entitled, "Discovery Announces Transformational Acquisition of Newmont's Porcupine Complex," issued on January 27, 2025 and filed on the Company's profile on SEDAR+.

Pursuant to the terms of the Public Offering, the Company issued an aggregate of 275.0 million Subscription Receipts at an issue price of CAD$0.90 per Subscription Receipt, for gross proceeds of CAD$247.5 million (approximately $175.0 million), which included 25.0 million Subscription Receipts issued pursuant to the exercise, in full, of the over-allotment option granted to the underwriters of the Public Offering. Upon closing of the Porcupine Acquisition, the 275.0 million common shares of Discovery were issued in exchange for the Subscription Receipts on a one-for-one basis. The Subscription Receipts were delisted at the close of business on April 16, 2025.

REVOLVING CREDIT FACILITY

During Q4 2025, Discovery closed its previously announced revolving credit facility ("RCF") agreement with a syndicate of lenders, which matures on September 15, 2028. The Syndicate includes Bank of Montreal, ("BMO"), acting as administrative agent and lender, BMO Capital Markets, acting as sole bookrunner and co-lead arranger, with Canadian Imperial Bank of Commerce ("CIBC") and National Bank of Canada ("NBC") acting as co-lead arrangers, co-syndication agents and lenders. 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 $250.0 million, with an accordion feature for an additional $100.0 million, subject to certain conditions.

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

OPERATING AND FINANCIAL PERFORMANCE SUMMARY

	Three months ended			Year ended	
(in $ thousands except per share amounts)	**December 31, 2025**	December 31, 2024	September 30, 2025	**December 31, 2025**	December 31, 2024
Revenue	**274,242**	—	236,961	**653,213**	—
Production costs	**73,814**	—	106,807	**235,540**	—
Earnings (loss) before income taxes	**60,349**	(5,663)	71,114	**149,521**	(15,167)
Net earnings (loss)	**65,289**	(5,663)	42,439	**106,810**	(15,167)
Basic earnings (loss) per share	**0.08**	(0.01)	0.05	**0.16**	(0.04)
Diluted earnings (loss) per share	**0.08**	(0.01)	0.05	**0.15**	(0.04)
Cash flow from (used in) operating activities	**163,231**	(2,937)	153,488	**377,723**	(15,141)
Cash investment on mine development and PPE	**(95,324)**	479	(66,675)	**(205,532)**	(7,245)

	Three months ended			Year ended	
	December 31, 2025	December 31, 2024	September 30, 2025	**December 31, 2025**	December 31, 2024
Tonnes milled	**892,818**	—	808,688	**2,210,297**	—
Average Grade (g/t Au)	**2.58**	—	2.69	**2.80**	—
Recovery (%)	**90.2%**	—	90.3%	**90.5%**	—
Gold produced (oz)	**66,718**	—	63,154	**180,424**	—
Gold sold (oz)[(1)]	**64,479**	—	66,200	**173,229**	—
Average realized price ($/oz sold)[(2)]	**$ 4,157**	$ —	$ 3,489	**$ 3,701**	$ —
Operating cash costs per ounce sold ($/oz sold)[(2)]	**$ 1,185**	$ —	$ 1,339	**$ 1,267**	$ —
AISC per ounce sold ($/oz sold)[(2)(3)]	**$ 2,034**	$ —	$ 1,734	**$ 1,925**	$ —
Adjusted net earnings[(2)]	**$ 113,495**	$ (4,320)	$ 61,090	**$ 199,974**	$ (10,736)
Adjusted net earnings per share[(2)]	**$ 0.14**	$ (0.01)	$ 0.08	**$ 0.29**	$ (0.03)
Free cash flow[(2)]	**$ 67,907**	$ (2,458)	$ 86,813	**$ 172,191**	$ (22,386)

(1) The difference between ounces produced and ounces sold largely reflects the delivery of in-kind ounces under the Franco-Nevada royalty arrangement.
(2) Example of Non-GAAP measure. See the section in this MD&A entitled, "NON-GAAP MEASURES" for more information.
(3) 2025 results exclude G&A expense, share-based compensation costs and sustaining capital expenditures and lease expense incurred prior to April 15, 2025, the completion date of the Porcupine Acquisition.

Q4 2025

Gold production totaled 66,718 ounces, which resulted from processing 892,818 tonnes at an average grade of 2.58 g/t with average recoveries of 90.2%. The 66,718 ounces of production increased 6% compared to 63,154 ounces in Q3 2025. Gold sales totaled 64,479 ounces versus 66,200 ounces the previous quarter, with the change primarily related to the timing of sales, as Q3 2025 sales included a larger amount of ounces held in inventory at the end of the previous quarter. The difference between ounces produced and ounces sold largely reflects the delivery of in-kind ounces under the Franco-Nevada royalty arrangement, which started in Q3 2025.

Production costs totaled $73.8 million compared to $106.8 million in Q3 2025. Production costs in Q4 2025 included $2.2 million of costs related to purchase price allocation ("PPA") adjustments on short-term inventory and $3.0 million of costs for transition services agreement ("TSA"). Costs in Q3 2025 were higher due to PPA adjustments of $18.5 million, inventory change costs of $13.8 million related to ounces held in inventory at the end of Q2 2025, and $3.3 million of TSA costs.

Operating cash costs[1], which excluded the impact of PPA adjustments and TSA costs, averaged $1,185 per ounce sold, down from $1,339 per ounce the previous quarter, with the reduction mainly reflecting the impact of inventory changes. AISC[1] averaged $2,034 per ounce sold versus $1,734 per ounce sold in Q3 2025. The increase in AISC per ounce sold compared to the previous quarter largely reflected a $13.0 million increase in sustaining capital expenditures[1], mainly related to higher levels of investment in mobile equipment and capital development, higher corporate G&A costs, higher accretion and amortization expenditures related to reclamation obligations, and the impact of lower gold sales on unit costs.

Revenue in Q4 2025 totaled $274.2 million, mainly reflecting total gold sales of 64,479 ounces and an average realized gold price[1] of $4,157 per ounce sold. Revenue in Q4 2025 increased 16% from revenue of $237.0 million in Q3 2025, with the increase resulting from a 19% improvement in the average realized gold price.

EBITDA[1,2] in Q4 2025 totaled $126.0 million compared to a loss before interest, taxes and depreciation and amortization of $5.6 million in Q4 2024. The substantial improvement in EBITDA performance compared to Q4 2024 resulted from revenue and earnings generated from gold sales following completion of the Porcupine Acquisition on April 15, 2025. EBITDA increased to $126.0 million in Q4 2025 from $122.1 million in the previous quarter, primarily reflecting higher revenue and lower production costs, partially offset by a one-time $45.0 million reclamation expense for non-operating mine sites. See the section, REVIEW OF FINANCIAL PERFORMANCE later in this MD&A, for more information on the one-time $45.0 million reclamation expense for non-operating mine sites.

Net earnings for Q4 2025 totaled $65.3 million, or $0.08 per basic share, which compared to a net loss of $5.7 million, or $0.01 per basic share, in Q4 2024 and net earnings of $42.4 million, or $0.05 per basic share, in Q3 2025. The increase in net earnings compared to the previous quarter related to higher revenue, lower production costs, and the recognition of previously unrecognized deferred tax assets related to reclamation obligations. Partially offsetting these favourable factors are the one-time $45.0 million reclamation expense for non-operating mine sites, increased depreciation and amortization costs, an unfavourable foreign exchange impact, and higher corporate G&A expense. The increase in corporate G&A expense was attributable to a full-year adjustment for the annual incentive plan recognized in Q4 2025, expansion of the management team, severance, and other one-time items.

Average basic shares outstanding in Q4 2025 were 806.0 million shares versus 400.4 million shares in Q4 2024 and 802.8 million shares in Q3 2025, with the increase from Q4 2024 mainly resulting from the impact of issuing 401.8 million shares during Q2 2025, with 275.0 million shares issued through the Public Offering and 119.7 million shares issued to Newmont as Equity Consideration for the Porcupine Acquisition.

Adjusted net earnings[1] in Q4 2025 totaled $113.5 million, or $0.14 per basic share, which compared to adjusted net loss of $4.3 million, or $0.01 per share, in Q4 2024 and adjusted net earnings of $61.1 million, or $0.08 per basic share, in the previous quarter. The main differences between net earnings and adjusted net earnings in Q4 2025 related to the exclusion from adjusted net earnings of the one-time $45.0 million reclamation expense for non-operating mine sites due to one-time accounting remeasurement, a $10.9 million expense related to shares issued for the Taykwa Tagamou Nation (“TTN”) Resource Development Agreement, $4.0 million of foreign exchange losses, $3.0 million of TSA costs, and $2.2 million of PPA adjustments.

Net cash generated from operating activities in Q4 2025 totaled $163.2 million compared to net cash used in operating activities of $2.9 million in Q4 2024, and net cash from operating activities of $153.5 million the previous quarter. Free cash flow[1] in Q4 2025 totaled $67.9 million, compared to free cash flow of $86.8 million the previous quarter, with the reduction mainly related to higher capital expenditures as the Company ramped up investment programs aimed at optimizing operations and growing future production.

Capital expenditures[1] in Q4 2025 totaled $99.9 million, which compared to $65.2 million in Q3 2025. Of the $99.9 million, sustaining capital[1] expenditures accounted for $33.8 million, while $66.1 million were growth capital expenditures[1]. Sustaining capital expenditures were largely focused on mobile equipment procurement and capital development at Hoyle Pond and Borden, combined with construction work to buttress the No. 6 tailings management area ("TMA6") at the Dome property. Growth capital expenditures primarily related to pre-stripping at Pamour and longer-term investments at the TMA6.

Cash at December 31, 2025, totaled $410.7 million compared to $341.5 million at September 30, 2025, with the increase in cash mainly resulting from the $67.9 million of free cash flow generated during the quarter. Cash tax payments for FY 2025 will be made during Q1 2026.

FY 2025

Discovery did not generate revenue or earnings from mine operations in FY 2024 or Q1 2025.

Gold production in FY 2025, representing operations for the period from April 16, 2025 to December 31, 2025, totaled 180,424 ounces, while gold sales totaled 173,229 ounces, generating total revenue of $653.2 million. The difference between ounces produced and ounces sold largely reflects the delivery of in-kind ounces under the Franco-Nevada royalty arrangement. Production costs totaled $235.5 million. Operating cash costs averaged $1,267 per ounce sold, while AISC per ounce sold averaged $1,925.

EBITDA for FY 2025 totaled $297.0 million versus a loss before interest, taxes and depreciation and amortization of $15.1 million in FY 2024. Earnings generated following the closing of the Porcupine Acquisition on April 15th, 2025 mainly accounted for the significant improvement in EBITDA performance in FY 2025 compared to the same period a year earlier.

Net earnings for FY 2025 totaled $106.8 million, or $0.16 per basic share, mainly reflecting the favourable impact on earnings of gold sales following the completion of the Porcupine Acquisition on April 15, 2025. FY 2025 net earnings compared to a net loss of $15.2 million, or $0.04 per basic share, in FY 2024, a period during which the Company did not have producing assets and was primarily focused on exploration and development activities. Weighted average basic shares outstanding in FY 2025 were 687.8 million shares versus 398.4 million shares for the same period a year earlier, with the increase mainly due to the impact of the 401.8 million shares issued during Q2 2025 in relation to the Porcupine Acquisition and the Company's Financing Package.

For FY 2025, adjusted net earnings totaled $200.0 million, or $0.29 per basic share, compared to adjusted net loss of $10.7 million, or $0.03 per basic share, in 2024. The difference between net earnings and adjusted net earnings in 2025 mainly reflected the exclusion from of the one-time $45.0 million reclamation expense for non-operating sites due to a one-time accounting remeasurement, $22.1 million of transaction-specific business development expenses primarily related to the Porcupine Acquisition, $20.7 million of PPA adjustments, $10.9 million expense related to shares issued on TTN Resource Development Agreement, and $8.8 million of TSA costs.

Net cash from operating activities in FY 2025 totaled $377.7 million, while free cash flow totaled $172.2 million.

Capital expenditures for FY 2025 totaled $212.3 million, with an additional $8.1 million of leases. Included in the $212.3 million were $70.8 million of sustaining capital expenditures and $141.5 million of growth capital expenditures. Of growth capital expenditures in FY 2025, $134.4 million related to Porcupine primarily due to to pre-stripping at Pamour and longer-term investments at the TMA6, and $7.1 million related to Cordero, largely for land acquisition.

(1) Example of Non-GAAP measure. See the section in this MD&A entitled, "NON-GAAP MEASURES" for more information.
(2) Refers to earnings before interest, taxes and depreciation and amortization costs.

PORCUPINE OPERATIONS REVIEW

Discovery's Porcupine Operations consist of the Hoyle Pond, Pamour and Hollinger mine properties, the Dome mine property and milling facility, and numerous near-mine and regional exploration targets. The Complex also includes the Borden mine property and large land position near Chapleau, Ontario. Current operations include the Hoyle Pond and Borden underground mines, with the Pamour open-pit project ramping up towards commercial levels of production. All mineralization is processed at Dome, including mineralization from Borden, which is trucked 190 km to the Dome Mill. The Dome Mill is a 12,000 tonne-per-day processing facility that in recent years has operated at rates well below optimal levels. Through investment programs launched following the closing of the Porcupine Acquisition, the Company is targeting a return to full capacity operations by 2027 or sooner.

Porcupine Complex	Three months ended December 31, 2025	Three months ended September 30, 2025	Year ended December 31, 2025
Ore processed (t)	**892,818**	808,688	**2,210,297**
Average Grade (g/t Au)	**2.58**	2.69	**2.80**
Recovery (%)	**90.2%**	90.3%	**90.5%**
Gold produced (oz)(1)	**66,718**	63,154	**180,424**
Gold poured (oz)(1)	**67,010**	65,978	**179,605**
Gold sold (oz)(1)(2)	**64,479**	66,200	**173,229**
Milling costs (in thousands)	**$ 19,354**	$ 17,107	**$ 49,351**
Milling costs per tonne processed ($/tonne)	**$ 21.7**	$ 21.2	**$ 22.3**
Production costs	**$ 73,814**	$ 106,807	**$ 235,540**
Operating cash costs per ounce sold(3)(4)	**$ 1,185**	$ 1,339	**$ 1,267**
AISC per ounce sold(3)(4)	**$ 1,824**	$ 1,699	**$ 1,781**
Total capital expenditures(3)(4) (in thousands)	**$ 96,581**	$ 65,976	**$ 204,189**

(1) Includes gold production, poured and sold from Hoyle Pond, Borden and Pamour.
(2) The difference between ounces produced and ounces sold largely reflects the delivery of in-kind ounces under the Franco-Nevada royalty arrangement.
(3) Example of Non-GAAP measure. See the section in this MD&A entitled, "NON-GAAP MEASURES" for more information.
(4) Operating cash costs per ounce sold, AISC per ounce sold and total capital expenditures are site level and exclude remaining corporate G&A, share-based compensation costs and corporate-level sustaining capital expenditures.

During Q4 2025, a total of 892,818 tonnes were processed at Porcupine Complex at an average grade of 2.58 g/t, with recovery rates averaging 90.2%, which compared to 808,688 tonnes at an average grade of 2.69 g/t and recovery rates averaging 90.3% in the previous quarter. A total of 66,718 ounces of gold were produced over this period, with total gold poured of 67,010 ounces, compared to 63,154 and 65,978 ounces produced and poured respectively, in the previous quarter. Higher production in Q4 2025 reflected the favourable impact of increased ore mining rates at Pamour and higher average grades at Hoyle Pond, Borden, and Pamour, partially offset by lower mining rates at Borden. The change in the combined average grade for the Porcupine Complex to 2.58 g/t in Q4 2025 from 2.69 g/t in the previous quarter, reflected a higher proportion of tonnes processed from Pamour.

Availability rates at the Dome Mill during Q4 2025 were impacted by a scheduled four-day maintenance shutdown in October, with an additional nine hours of scheduled maintenance in November. Based on operating days during Q4 2025, mill throughput averaged approximately 10,145 tonnes per day. Mill operating costs during Q4 2025 averaged $21.68 per tonne processed, similar to $21.15 per tonne processed for the previous quarter.

For FY 2025, representing operations for the period from April 16, 2025 to December 31, 2025, a total of 2,210,297 tonnes were processed at Dome Mill at an average grade of 2.80 g/t, with recovery rates averaging 90.5%. A total of 180,424 ounces of gold were produced over this period, with total gold poured of 179,605 ounces. Total mill operating costs were $49.4 million for FY 2025, for an average of $22.33 per tonne processed.

Production costs, including mining and processing costs, in Q4 2025 totaled $73.8 million versus $106.8 million in the previous quarter. Operating cash costs[1] per ounce sold averaged $1,185 compared to $1,339 in the previous quarter. Site-level AISC[1,2] averaged $1,824 per ounce sold compared to $1,699 in Q3 2025. The quarter-over-quarter increase in AISC reflected a 49% increase in sustaining capital expenditures[1] to $32.9 million in Q4 2025, which were mainly related to increased mobile equipment procurement at Hoyle Pond and higher level of capital development at both Hoyle Pond and Borden.

For FY 2025, production costs totaled $235.5 million, with operating cash costs averaging $1,267 per ounce sold and AISC averaging $1,781 per ounce sold. Included in AISC were $69.7 million of sustaining capital expenditures related to capital development and expenditures related to TMA6.

(1) Example of Non-GAAP measure. See the section in this MD&A entitled, "NON-GAAP MEASURES" for more information.
(2) Site-level AISC includes corporate G&A allocation and excludes remaining corporate G&A, share-based compensation costs and corporate-level sustaining capital expenditures.

CORDERO OVERVIEW

The Cordero Project was acquired by Discovery in 2019. Since that time, the Company has invested over $100.0 million in Mexico, conducting significant exploration drilling and technical analysis, leading to the release of multiple studies, most recently the FS dated February 16, 2024 and filed on SEDAR+ (www.sedarplus.ca) on March 28, 2024. The results of the FS confirmed Cordero to be one of the world's largest undeveloped silver deposits, with the potential for large-scale production at low unit costs, is capable of generating substantial free cash flow and attractive economic returns.

Key highlights of the FS include:

- Average annual production of 37.0 million silver equivalent ounces[1] ("AgEq") over the first 12 years with a total project life of 19 years;
- AISC[2] averaging below $12.50 per AgEq ounce in Years 1 – 8;
- Base-case after-tax net present value ("NPV") of $1.2 billion (Base-case metal prices: Silver – $22.00 per ounce; Gold – $1,600 per ounce; Zinc – $1.20 per ounce; Lead – $1.00 per ounce);
- Initial capital expenditures[2] of $606.0 million (resulting in a NPV to capital ratio of 2:1);
- Large-scale Mineral Reserves totaling 302 million ounces of silver, 840,000 ounces of gold, 5.2 billion pounds of zinc and 3.0 billion pounds of lead;

- Important socio-economic contribution to Mexico, including an initial investment of over $600 million, the creation of 2,500 jobs during development, and over 1,000 jobs during operations, $4.0 billion in total procurement, all to remain within Mexico, and, assuming a fixed $35.00 per ounce silver price, total tax contributions within Mexico of $2.4 billion over the project life; and,

- High levels of environmental responsibility and a commitment to contributing to the management of key social issues such as carbon reduction and water quality and availability.

Fourth Quarter 2025 Highlights

During Q4 2025, Discovery continued work on key initiatives to further de-risk the project, including:

- A third-party assessment to use natural gas power sources versus grid power supply and commencement of a peer review and follow up work to reach a decision point in 2026 for the primary source of power for Cordero;

- Completion of geotechnical and other assessment work related to the planned upgrade of the local water treatment plant;

- Ongoing evaluation of the potential to establish solar farms around the project site to contribute to the power supply required for mine development and operation; and,

- Participation in ongoing discussions with the various governmental bodies involved in issuing the permits for the project.

(1) AgEq Produced is metal recovered in concentrate. AgEq is calculated as Ag + (Au x 72.7) + (Pb x 45.5) + (Zn x 54.6); these factors are based on metal prices of Ag - $22/oz, Au - $1,600/oz, Pb - $1.00/lb and Zn - $1.20/lb.
(2) Example of Non-GAAP measure. See the section in this MD&A entitled, "NON-GAAP MEASURES" for more information.

REVIEW OF FINANCIAL PERFORMANCE

	Three months ended			Year ended	
(in thousands except per share amounts)	**December 31, 2025**	December 31, 2024	September 30, 2025	**December 31 2025**	December 31, 2024
Revenue	$ **274,242**	$ -	$ 236,961	$ **653,213**	$ -
Production costs	**73,814**	-	106,807	**235,540**	-
Depreciation and amortization	**49,381**	-	35,826	**101,591**	-
Royalties	**7,859**	-	3,619	**13,394**	-
Earnings from mining operations	**143,188**	-	90,709	**302,688**	-
Expenses					
General and administration	**16,695**	4,834	6,661	**51,707**	10,492
Exploration	**340**	(2)	5,972	**7,167**	373
Impairment	**—**	—	2,140	**2,140**	—
Share-based compensation	**461**	1,212	1,398	**4,979**	3,235
Other operating costs	**47,512**	—	—	**47,512**	—
Earnings from operations	**78,180**	(6,044)	74,538	**189,183**	(14,100)
Other					
Other income (loss)	**(3,623)**	186	9,301	**(1,012)**	(2,592)
Finance Items					
Finance expense (income), net	**(14,208)**	195	(12,725)	**(38,650)**	1,525
Earnings before taxes	**60,349**	(5,663)	71,114	**149,521**	(15,167)
Current income tax expense (recovery)	**26,255**	-	32,462	**85,088**	-
Deferred income tax expense (recovery)	**(31,195)**	-	(3,787)	**(42,377)**	-
Net (loss) earnings	**$ 65,289**	$ (5,663)	$ 42,439	**$ 106,810**	$ (15,167)
Basic earnings per share	**$ 0.08**	$ (0.01)	$ 0.05	**$ 0.16**	$ (0.04)
Diluted earnings per share	**$ 0.08**	$ (0.01)	$ 0.05	**$ 0.15**	$ (0.04)
Weighted average number of common shares outstanding (in 000's)					
Basic	**805,988**	400,415	802,837	**687,819**	398,386
Diluted	**828,211**	400,415	825,798	**710,042**	398,386

EARNINGS

Revenue

Revenue in Q4 2025 totaled $274.2 million which compared to revenue of $237.0 million the previous quarter. Revenue for the quarter resulted from 64,479 ounces of gold sold at an average realized gold price[1] of $4,157 per ounce sold and recognition of deferred revenue related to the Franco-Nevada Royalty arrangement of $6.2 million.

For FY 2025, revenue totaled $653.2 million, which resulted from 173,229 ounces of gold sold at an average realized gold price of $3,701 per ounce sold and recognition of deferred revenue related to the Franco-Nevada Royalty arrangement of $12.1 million.

Earnings from Mining Operations

Earnings from mine operations in Q4 2025 totaled $143.2 million, a 58% increase from Q3 2025, reflecting solid revenue growth of 16%, lower production costs of 31%, depreciation and depletion expense of $49.4 million and royalty expense totaling $7.9 million

For FY 2025, earnings from mine operations totaled $302.7 million, reflecting revenue from gold sales reduced by production costs of $235.5 million, depreciation and depletion expense of $101.6 million and royalty expense totaling $13.4 million.

Earnings from Operations

Earnings from operations in Q4 2025 totaled $78.2 million, which compared to a loss from operations of $6.0 million in Q4 2024 and earnings from operations of $74.5 million in Q3 2025. The increase from the previous quarter reflected strong earnings from mining operations, which increased 58% from the previous quarter, partially offset by other operating costs recognized in Q4 2025 related to reclamation expenses from post acquisition reclamation accounting remeasurement and share issuances for TTN Resource Development Agreement. Corporate G&A costs totaled $16.7 million in Q4 2025, compared to $6.7 million in Q3 2025, with the increase attributable to a full-year adjustment for the annual incentive plan recognized in Q4 2025, expansion of the management team, severance and certain one-time expenditures. Expensed exploration costs totaled $0.3 million, compared to $6.0 million in the previous quarter.

Reclamation Expense - Non-Operating Mine Sites

Following the completion of the Porcupine acquisition, 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 increase during the period, $72.8 million related to operating mine sites and was recognized as an adjustment to mining interests, consistent with IAS 16 Property, Plant and Equipment. The remaining $45.0 million of the remeasurement related to non-operating mine sites and was recognized immediately as reclamation expense in other operating costs. 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.

For FY 2025, earnings from operations totaled $189.2 million versus a loss from operations of $14.1 million for the same period in FY 2024. Earnings from operations in FY 2025 resulted from the $302.7 million of earnings from mining operations, partially offset by $51.7 million of G&A expense, largely related to the one-time acquisition-specific costs of $22.1 million, other operating costs of $47.5 million related to reclamation expenses from post acquisition reclamation remeasurement and share issuances for TTN Resource Development Agreement, exploration expense of $7.2 million, and $5.0 million of share-based compensation costs.

Other

The Company had other loss of $3.6 million in Q4 2025 versus other income of $0.2 million in Q4 2024 and other income of $9.3 million in the previous quarter. Other loss in Q4 2025 reflected a foreign exchange loss largely due to the strengthening of the Canadian dollar against the U.S. dollar during the quarter. Net finance expense in Q4 2025 totaled $14.2 million, which compared to net finance income of $0.2 million in Q4 2024 and net finance expense of $12.7 million in Q3 2025. Net finance expense in Q4 2025 mainly resulted from accretion expense of $8.6 million from reclamation liabilities and deferred consideration, as well as interest expense of $7.7 million, primarily related to the Franco-Nevada Royalties, offsetting the favourable impact of $2.1 million of interest income earned in the quarter.

For FY 2025, other loss totaled $1.0 million compared to other loss of $2.6 million in FY 2024. Foreign exchange loss of $1.1 million mainly accounted for the other loss in FY 2025. Net finance costs in FY 2025 totaled $38.7 million, reflecting $45.9 million of accretion and interest expense, partially offset by $7.3 million of interest income. The Company had net finance income of $1.5 million in FY 2024, resulting from interest income earned during the period.

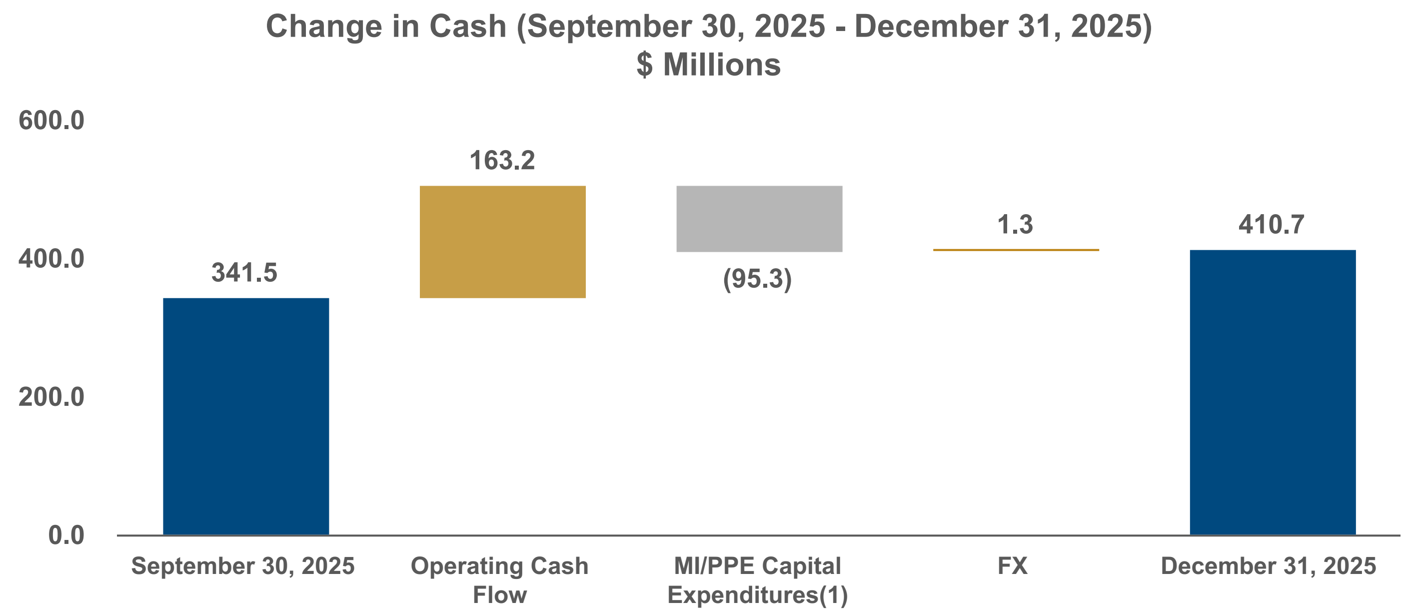
Net Earnings

Net earnings in Q4 2025 totaled $65.3 million, or $0.08 per basic share, compared to a net loss of $5.7 million, or $0.01 per basic share in Q4 2024 and net earnings of $42.4 million or $0.05 per basic share in Q3 2025. The increase in net earnings resulted from growth in revenue, driven by an increase in the average realized gold price, lower production costs, and the recognition of previously unrecognized deferred tax assets related to reclamation obligations. Partially offsetting these favourable factors are the one-time $45.0 million reclamation expense for non-operating sites, increased depreciation and amortizations costs, unfavourable foreign exchange impact, and higher corporate G&A expense.

For FY 2025, net earnings totaled $106.8 million, or $0.16 per basic share, compared to a net loss of $15.2 million, or $0.04 per basic share, for the same period in FY 2024. Earnings from mining operations, following the Porcupine Acquisition on April 15, 2025, accounted for the significant improvement in earnings performance in FY 2025 compared to FY 2024.

(1) Example of Non-GAAP measure. See the section in this MD&A entitled, "NON-GAAP MEASURES" for more information.

CASH AND CASH FLOWS



(1) Represents cash capital expenditures incurred during Q4 2025.

Discovery's cash balance at December 31, 2025, totaled $410.7 million, an increase of 20% from $341.5 million at September 30, 2025. The increase in cash mainly resulted from net cash from operating activities of $163.2 million, which compared to net cash used in operating activities of $2.9 million in Q4 2024 and net cash flow from operating activities of $153.5 million the previous quarter. Net cash from operating activities in Q4 2025 resulted mainly from proceeds generated from gold sales at the Porcupine operations.

Net cash used in investing activities in Q4 2025 totaled $95.3 million, which compared to $0.5 million in Q4 2024 and $66.7 million in Q3 2025. Additions to mining interests, plant and equipment in Q4 2025 mainly related to ongoing investments at the Dome tailings management area, pre-stripping and other expenditures at Pamour and investments in new mobile equipment, largely at Hoyle Pond and Pamour.

Net cash used in financing activities for Q4 2025 totaled $0.1 million, mainly reflecting proceeds from the exercise of options, offset by principal payments on lease liabilities. Net cash from financing activities in Q4 2024 totaled $0.4 million, while net cash used in financing activities in Q3 2025 totaled $3.1 million, mainly reflecting $4.3 million of payments related to the Franco-Nevada Royalties, partially offset by proceeds from the exercise of options.

FINANCIAL POSITION

The significant increase in cash, to $410.7 million at December 31, 2025, was the primary factor contributing to an increase in both current assets and total assets during Q4 2025. Other changes in the Company's financial position are summarized below.

CURRENT ASSETS

Accounts Receivable

Accounts receivable totaled $55.8 million at December 31, 2025, of which $54.2 million was included in current assets, which compared to $3.7 million, including $2.2 million in current assets at December 31, 2024, and $49.8 million, including $45.3 million in current assets, at September 30, 2025. The increase in accounts receivable in Q4 2025 versus the prior quarter end mainly reflected higher receivables related to gold sales.

Inventories

Inventories totaled $91.2 million at December 31, 2025, including $61.2 million included in current assets, which compared to total inventories of $93.9 million, of which $51.8 million was included in current assets, at September 30, 2025. Of the $61.2 million of inventories included in current assets at December 31, 2025, $23.3 million related to the value of mineralized material stockpiles at Porcupine compared to $13.0 million at September 30, 2025, $7.6 million related to gold in circuit inventories compared to $7.9 million at September 30, 2025, $0.5 million related to precious metals inventories compared to $1.6 million at September 30, 2025, and $29.8 million related to materials and supplies compared to $29.3 million September 30, 2025.

NON-CURRENT ASSETS

Non-current assets at December 31, 2025, totaled $1,269.0 million compared to $62.5 million at December 31, 2024 and $1,277.3 million at September 30, 2025. The increase from December 31, 2024 mainly reflected the assets acquired and resulting purchase price allocation related to the Porcupine Acquisition, while growth in non-current assets compared to September 30, 2025 mainly related to plant and equipment and an increase in reclamation financial assurance, mainly due to certain letters of credit and cash collateral for the closure plans at the Porcupine operations transferring into the Company's name. Upon closing of the Porcupine Acquisition, Discovery assumed all environmental liabilities and closure obligations related to the Porcupine Complex and is in the process of working with all the relevant authorities to transfer ownership for the assurances.

Mining Interests, Plant and Equipment

Mining interests, plant and equipment at December 31, 2025 totaled $1,179.9 million compared to $61.0 million at December 31, 2024 and $1,084.2 million at September 30, 2025. The increase from December 31, 2024 mainly resulted from the addition of $479.1 million of depletable mining interests and $431.0 million of plant and equipment related to the Porcupine operations, while the change from September 30, 2025 related to changes to the fair value of acquired mining interests and plant and equipment, partially offset by additions during Q4 2025.

Restricted Cash

At December 31, 2025, non-current assets included $8.4 million of restricted cash compared to $nil at December 31, 2024 and $8.4 million at September 30, 2025. Restricted cash at December 31, 2025 and September 30, 2025 related to letters of credit and cash collateral for government required financial assurances for closure plans at the Porcupine Complex, which have yet to be transferred to the Company's name.

CURRENT LIABILITIES

Current liabilities totaled $284.6 million at December 31, 2025, compared to $6.0 million at December 31, 2024 and $215.2 million at September 30, 2025, with the increase from the previous quarter mainly reflecting increased current taxes payable and higher employee-related benefit obligations. Current taxes payable will be paid during Q1 2026.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities totaled $51.4 million and $55.0 million, respectively, at December 31, 2025, compared to $3.6 million and $0.2 million, respectively, at December 31, 2024 and $42.6 million and $37.8 million, respectively, at September 30, 2025. Higher accrued liabilities compared to the previous quarter mainly related to timing of payments.

Current Taxes Payable

Current taxes payable totaled $85.1 million compared to $nil at December 31, 2024 and $58.2 million at September 30, 2025. The increase compared to September 30, 2025 resulted from higher levels of taxable income earned during Q4 2025 and the timing for cash payment related to these income taxes, which will be paid in Q1 2026.

Employee-Based Benefits

Employee-related benefits obligations included in current liabilities totaled $28.9 million compared to $2.0 million at December 31, 2024 and $19.8 million at September 30, 2025. The increase from the previous quarter mainly reflected higher accrued payroll, bonuses, and withholding taxes owed in relation to the increase in workforce through the Porcupine Acquisition. An additional $3.4 million of employee-based benefits obligations were included in non-current liabilities at December 31, 2025. These obligations related to future employee pension benefit obligations.

NON-CURRENT LIABILITIES

Non-current liabilities at December 31, 2025, totaled $883.7 million versus $1.6 million at December 31, 2024, and comparable to $938.1 million at September 30, 2025. The change in non-current liabilities compared to December 31, 2024 mainly reflected an increase in deferred income tax liabilities as a result of the Porcupine acquisition completed earlier in 2025.

Reclamation Liabilities

The Company added $373.6 million of total reclamation liabilities related to the Porcupine Operations at closing of the Porcupine Acquisition on April 15, 2025. The total reclamation liabilities decreased to $496.0 million at December 31, 2025, which compared to $499.6 million at September 30, 2025. The decrease from the prior quarter end mainly reflected draw down of reclamation obligations, partially offset by accretion expense. The Company's reclamation liabilities were determined based on the present value of the expected expenditures required to settle the reclamation obligations. Reclamation obligations relating to operating sites are capitalized as part of the asset's carrying value and amortized over the life of the related asset. Estimates of 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. Of the total reclamation liabilities at December 31, 2025, $35.7 million was included in current liabilities representing expenditures expected to be incurred to settle reclamation obligations over the next 12 months. The remaining $460.3 million of reclamation liabilities are longer term and are included in non-current liabilities.

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

Deferred Income Tax Liabilities

Deferred income tax liabilities totaled $40.3 million at December 31, 2025 compared to $nil at December 31, 2024 and $89.9 million at September 30, 2025. During the period, the Company recognized a higher deferred tax recovery compared to the previous quarter, primarily driven by updated projected reclamation expenditures with a greater portion of the related cash flows now expected to occur over the life of mine, resulting in the recognition of a deferred tax recovery from the release of a previously unrecognized portion.

CAPITAL MANAGEMENT AND LIQUIDITY

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.

The Company's liquidity is influenced by a range of factors, including fluctuations in gold prices, production volumes, capital spending, operating costs, interest rate movements, and changes in foreign exchange rates. Management reviews these factors on an ongoing basis to assess their impact on liquidity.

At December 31, 2025, the Company had $250 million of undrawn capacity under its RCF.

At December 31, 2025, the Company had a positive working capital[1] balance of $242.2 million, which included a cash balance of $410.7 million, as compared to a working capital of $17.0 million and cash of $20.4 million at December 31, 2024 and a positive working capital balance of $224.2 million with cash of $341.5 million at September 30, 2025. The 20% increase in cash during Q4 2025 was partially offset by higher current tax payable and accounts payable and accrued liabilities compared to September 30, 2025. FY 2025 tax payments will be made during Q1 2026.

Financial instrument	Principal amount	Associated Risks
Accounts payable and accrued liabilities	**106,388**	Liquidity
Leases	**6,898**	Market
Deferred consideration	**150,000**	Liquidity & Market

(1) Example of Non-GAAP measure. See the section in this MD&A entitled, "NON-GAAP MEASURES" for more information.

SHARE CAPITAL

A summary of the common shares issued and outstanding at December 31, 2025, and impact of changes to share capital is as follows:

In thousands	**Common Shares**		**Amount ($)**
At December 31, 2024	**400,461**	**$**	**166,409**
Shares issued through public offering of subscription receipts	275,000	$	172,188
Shares issued to Newmont on April 15, 2025	119,717	$	232,698
Shares issued on TTN Resource Development Agreement	2,763	$	10,868
Shares issued on exercise of options	7,617	$	11,837
Shares issued on exercise of RSUs	2,202	$	1,805
At December 31, 2025	**807,760**	**$**	**595,805**

The non-cash share-based compensation expense for the three months and year ended December 31, 2025, was $0.5 million and $5.0 million, respectively (years ended December 31, 2024 - $1.2 million and $3.2 million, respectively).

OUTSTANDING SHARE DATA

At February 18, 2026, the Company had the following equity securities and convertible securities outstanding:

	Authorized	**Number and Type Outstanding**
Voting or Equity Securities Issued and Outstanding	Unlimited Common Shares	810,344,608 Common Shares
Securities convertible or exercisable into voting or equity securities - stock	Stock Options to acquire up to 10% of outstanding Common Shares	Stock options to acquire 5,610,440 Common Shares
Securities convertible or exercisable into voting or equity securities - RSU's & DSU's	RSU's and DSU's to acquire up to 10% of outstanding Common Shares	RSU's and DSU's to acquire 11,239,503 Common Shares
Securities convertible or exercisable into voting or equity securities – Share Purchase Warrants	Share Purchase Warrants to acquire up to 3,900,000 Common Shares of the Company	3,900,000 Share Purchase Warrants to acquire up to 3,900,000 Common Shares at CAD$0.95 for a term of three years [(1)]

SELECTED ANNUAL INFORMATION

$ Thousands	Year ended December 31, 2025	December 31, 2024
Financial results		
Revenue	**$ 653,213**	$ -
Earnings from mining operations	**302,688**	-
Earnings (loss) before income taxes	**149,521**	(15,167)
Net earnings	**$ 106,810**	$ (15,167)

$ Thousands	Year ended December 31, 2025	December 31, 2024
Financial position		
Cash	**$ 410,667**	$ 20,370
Working capital	**242,176**	16,953
Mining interests, plant and equipment	**1,179,886**	60,967
Total assets	**1,795,851**	85,401
Total liabilities	**$ 1,168,365**	$ 7,573

SUMMARY OF QUARTERLY RESULTS

$ Thousands	**Q4 2025[1]**	Q3 2025[1]	Q2 2025[1]	Q1 0251
Revenue	**$ 274,242**	$ 236,961	$ 142,010	$ -
Earnings from mining operations	**143,188**	90,709	68,791	-
Earnings (loss) before income taxes	**60,349**	71,114	24,510	(6,452)
Net earnings	**65,289**	42,439	5,534	(6,452)
Basic earnings per share	**0.08**	0.05	0.01	(0.02)
Diluted earnings per share	**$ 0.08**	$ 0.05	$ 0.01	$ (0.01)
$ Thousands	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Revenue	$ -	$ -	$ -	$ -
Earnings from mining operations	-	-	-	-
Earnings before income taxes	(5,663)	(3,860)	(5,138)	(505)
Net earnings	(5,663)	(3,860)	(5,138)	(505)
Basic earnings per share	(0.01)	(0.01)	(0.01)	0.00
Diluted earnings per share	$ (0.01)	$ (0.01)	$ (0.01)	$ 0.00

(1) The impact on earnings from changes in the fair values of net assets acquired from the PPA are reflected in the period in which the changes occurred. Refer to note 6 in the consolidated financial statements for the changes in the fair values of net assets during the period.

Net earnings of $65.3 million in Q4 2025 resulted primarily from revenue and earnings from mining operations related to gold sales following the completion of the Porcupine Acquisition on April 15, 2025. With the completion of the Acquisition, Discovery transitioned from a single-asset, exploration and development company, to a growing gold producer anchored in Northern Ontario, with three operating mines and significant growth potential through existing projects and exploration upside. The change in the Company's business portfolio significantly impacts the comparability of results in Q4 2025, and in future quarters, to quarterly results prior to April 15, 2025.

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

RELATED PARTY TRANSACTIONS

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:

			Years ended December 31,		
Transaction Type	Nature of Relationship		**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

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, trade receivables, other receivables, prepaids and deposits, investments in marketable securities, accounts payable and accrued liabilities, lease liabilities, deferred consideration payable, and a net smelter return royalty. Refer to the accompanying annual financial statements for details on the Company's financial instruments.

FINANCIAL RISK FACTORS

The Company's financial risk factors are disclosed in the accompanying annual audited financial statements.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The Company's commitments and contractual obligations changed due to the Porcupine acquisition and are disclosed in the accompanying annual audited financial statements.

ACCOUNTING POLICIES AND BASIS OF PRESENTATION

For a full description of the Company's material accounting policies, please see note 3 of the consolidated financial statements for the year ended December 31, 2025. Any changes in or adoption of new accounting policies adopted by the Company in Q4 2025 are disclosed in note 3 of the accompanying annual audited financial statements.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, 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 in any future periods affected.

Significant judgments, estimates and assumptions are disclosed in note 3 of the audited Consolidated financial statements for the year ended December 31, 2025, and changes to significant judgments, estimates and assumptions are disclosed in note 5 of the accompanying annual audited financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

NON-GAAP MEASURES

The Company has included certain non-GAAP measures in this document, as detailed below. In the mining industry, these are common performance measures and ratios but may not be comparable to similar measures or ratios presented by other issuers and the non-GAAP measures and ratios do not have any standardized meaning. Accordingly, these measures and ratios are included to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS Accounting Standards. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

Free Cash Flow

Free Cash Flow is a non-GAAP performance measure that is calculated as cash flows from operations net of cash flows invested in mineral property, plant, and equipment and exploration and evaluation assets. The Company believes that this measure is useful to the external users in assessing the Company's ability to generate cash flow after capital investments and build the cash resources of the Company.

Free cash flow is reconciled to the amounts included in the Consolidated Statements of Cash Flows as follows:

	Three months ended			Year ended	
$ Thousands	**December 31, 2025**	December 31, 2024	September 30, 2025	**December 31, 2025**	December 31, 2024
Net cash provided by operating activities	**$ 163,231**	$ (2,937)	$ 153,488	**$ 377,723**	$ (15,141)
Mineral interests and PPE additions	**(95,324)**	479	(66,675)	**(205,532)**	(7,245)
Free cash flow	**$ 67,907**	$ (2,458)	$ 86,813	**$ 172,191**	$ (22,386)

Sustaining and Growth Capital

Sustaining capital and growth capital are non-GAAP measures. Sustaining capital is defined as capital required to maintain current operations at existing levels. Growth capital is defined as capital expenditures for major growth projects or enhancement capital for significant infrastructure improvements at existing operations. Both measurements are used by management to assess the effectiveness of investment programs.

	Three months ended			Year ended	
$ Thousands	**December 31, 2025**	December 31, 2024	September 30, 2025	**December 31, 2025**	December 31, 2024
Sustaining capital	**$ 33,805**	$ -	$ 20,799	**$ 70,762**	$ -
Growth capital	**66,054**	(479)	44,351	**141,549**	7,245
Leases	**5,933**	-	1,413	**8,117**	-
Total capital expenditures	**$ 105,792**	$ (479)	$ 66,563	**$ 220,428**	$ 7,245

Operating Cash Costs and Operating Cash Costs per Ounce Sold

Operating cash costs and operating cash costs per ounce sold are non-GAAP measures. In the gold mining industry, these metrics are common performance measures but do not have any standardized meaning under GAAP. Operating cash costs include mine site operating costs such as mining, processing, administration and royalty expenses but exclude depreciation and depletion and reclamation costs. Operating cash cost per ounce sold is based on ounces sold and is calculated by dividing operating cash costs by volume of gold ounces sold.

The Company discloses operating cash costs and operating cash cost per ounce sold as it believes the measures provide valuable assistance to investors and analysts in evaluating the Company's operational performance and ability to generate cash flow. The most directly comparable measure prepared in accordance with GAAP is production costs. Operating cash costs and operating cash costs per ounce sold should not be considered in isolation or as a substitute for measures prepared in accordance with GAAP.

AISC and AISC per Ounce Sold

AISC and AISC per ounce sold are non-GAAP measures. These measures are intended to assist readers in evaluating the total costs of producing and selling gold from current operations. While there is no standardized meaning across the industry for this measure, the Company's definition conforms to the definition of AISC as set out by the World Gold Council in its guidance note dated June 27, 2013.

The Company defines AISC as the sum of operating costs (as defined and calculated above), sustaining capital, exploration expense, corporate expenses, lease payments relating to sustaining assets, and reclamation cost accretion and depreciation related to current operations. Corporate expenses include general and administrative expenses, net of transaction related costs, severance expenses for management changes and interest income. AISC excludes growth capital expenditures, growth exploration expenditures, reclamation cost accretion and depreciation not related to current operations, lease payments related to non-sustaining assets, interest expense, debt repayment and taxes.

Operating cash costs and AISC Reconciliation

The following tables reconcile these non-GAAP measures to the most directly comparable GAAP measures available for Q4 2025, FY 2025 and Q3 2025:

Three months ended December 31, 2025			
$ Thousands unless otherwise stated	**Porcupine**	**Corporate**	**Total Consolidated**
Production costs	**73,814**	-	**73,814**
Royalty expense	**7,859**	-	**7,859**
TSA[1]	**(3,047)**	-	**(3,047)**
PPA inventory[2]	**(2,231)**	-	**(2,231)**
Operating cash costs	**76,395**	-	**76,395**
General and administrative[3]	**1,809**	12,118	**13,927**
Share-based compensation	**-**	461	**461**
Accretion of site closure provisions	**3,688**	-	**3,688**
Amortization of site closure provision	**1,043**	-	**1,043**
Sustaining capital[4]	**32,908**	897	**33,805**
Sustaining leases	**1,740**	84	**1,824**
AISC	**117,583**	13,560	**131,143**
Ounces of gold sold	**64,479**	-	**64,479**
Operating cash costs per ounce sold ($)	**1,185**	-	**1,185**
Sustaining capital expenditures per ounce sold ($)	**510**	-	**524**
AISC per ounce sold ($)	**1,824**	-	**2,034**

(1) Costs not reflective of normal operations.
(2) Purchase price allocation represents the depletion of inventories acquired with the business combinations.
(3) Excludes certain items not reflective of normal operations.
(4) Corporate includes the write-down of software.

Year ended December 31, 2025			
$ Thousands unless otherwise stated	**Porcupine**	**Corporate**	**Total Consolidated**
Production costs	**235,540**	-	**235,540**
Royalty expense	**13,394**	-	**13,394**
TSA(1)	**(8,780)**	-	**(8,780)**
PPA inventory(2)	**(20,724)**	-	**(20,724)**
Operating cash costs	**219,430**	-	**219,430**
General and administrative(3)(4)	**4,292**	20,092	**24,384**
Share-based compensation	**-**	3,812	**3,812**
Accretion of site closure provisions	**10,455**	-	**10,455**
Amortization of site closure provision	**2,139**	-	**2,139**
Sustaining capital(3)(5)	**69,746**	980	**70,726**
Expensed exploration	**659**	-	**659**
Sustaining leases	**1,740**	126	**1,866**
AISC	**308,461**	25,010	**333,471**
Ounces of gold sold	**173,229**	-	**173,229**
Operating cash costs per ounce sold ($)	**1,267**	-	**1,267**
Sustaining capital expenditures per ounce sold ($)	**403**	-	**408**
AISC per ounce sold ($)	**1,781**	-	**1,925**

Three months ended September 30, 2025			
$ Thousands unless otherwise stated	**Porcupine**	**Corporate**	**Total Consolidated**
Production costs	**106,807**	-	**106,807**
Royalty expense	**3,619**	-	**3,619**
TSA(1)	**(3,317)**	-	**(3,317)**
PPA inventory(2)	**(18,493)**	-	**(18,493)**
Operating cash costs	**88,616**	-	**88,616**
General and administrative(4)	**2,483**	2,142	**4,625**
Share-based compensation	**-**	1,398	**1,398**
Accretion of site closure provisions	**1,303**	-	**1,303**
Amortization of site closure provision	**(1,967)**	-	**(1,967)**
Sustaining capital(5)	**22,063**	(1,264)	**20,799**
Sustaining leases	**-**	21	**21**
AISC	**112,498**	2,297	**114,795**
Ounces of gold sold	**66,200**	-	**66,200**
Operating cash costs per ounce sold ($)	**1,339**	-	**1,339**
Sustaining capital expenditures per ounce sold ($)	**333**	-	**314**
AISC per ounce sold ($)	**1,699**	-	**1,734**

(1) Costs not reflective of normal operations.
(2) Purchase price allocation represents the depletion of inventories acquired with the business combinations.
(3) 2025 results exclude G&A expense, share-based compensation costs and sustaining capital expenditures and lease expense incurred prior to April 15, 2025, the completion date of the Porcupine Acquisition.
(4) Excludes certain items not reflective of normal operations.
(5) Corporate includes the write-down of software.

Average Realized Price per Ounce Sold

In the gold mining industry, average realized price per ounce sold is a common performance measure that does not have any standardized meaning. The most directly comparable measure prepared in accordance with GAAP is revenue from gold sales. Average realized price per ounces sold should not be considered in isolation or as a substitute for measures prepared in accordance with GAAP. The measure is intended to assist readers in evaluating the total revenues realized in a period from current operations.

	Three months ended		Year ended
$ Thousands unless otherwise stated	**December 31, 2025**	September 30, 2025	**December 31, 2025**
Revenue	**$ 274,242**	$ 236,961	**$ 653,213**
Less: Deferred Revenue	**6,181**	5,968	**12,149**
Sales Refined Gold	**$ 268,061**	$ 230,993	**$ 641,064**
Ounces sold	**64,479**	66,200	**173,229**
Average realized price per ounce sold ($)	**$ 4,157**	$ 3,489	**$ 3,701**

Adjusted Net Earnings and Adjusted Net Earnings per Share

Adjusted net earnings and adjusted net earnings per share are used by management and investors to measure the underlying operating performance of the Company. Adjusted net earnings is defined as net earnings adjusted to exclude the after-tax impact of specific items that are significant, but not reflective of the underlying operations of the Company, including foreign exchange gains and losses and other non-recurring items. Adjusted net earnings per share is calculated using the weighted average number of shares outstanding for adjusted net earnings per share.

	Three months ended			Year ended	
$ Thousands unless otherwise stated	**December 31, 2025**	December 31, 2024	September 30, 2025	**December 31, 2025**	December 31, 2024
Net earnings	**$ 65,289**	$ (5,663)	$ 42,439	**$ 106,810**	$ (15,167)
Business development expenses	**345**	1,501	1,638	**22,137**	1,834
Foreign exchange loss (gain)	**4,037**	(158)	(9,162)	**1,568**	2,597
TSA	**3,047**	—	3,317	**8,780**	—
Severance	**1,853**	—	397	**2,250**	—
Shares issued on TTN Resource Development Agreement	**10,868**	—	—	**10,868**	—
Impairment	**—**	—	2,140	**2,140**	—
PPA adjustment - inventory	**2,231**	—	18,493	**20,724**	—
Reclamation expense - discount rate change(1)	**45,036**	—	—	**45,036**	—
Income tax related to above adjustments	**(19,211)**	—	1,828	**(20,339)**	—
Adjusted net earnings	**$ 113,495**	$ (4,320)	$ 61,090	**$ 199,974**	$ (10,736)
Weighted average shares outstanding – basic ('000s)	**805,988**	400,415	802,837	**687,819**	398,386
Adjusted net earnings per share ($)	**$ 0.14**	$ (0.01)	$ 0.08	**$ 0.29**	$ (0.03)

(1) Non-recurring accounting remeasurement from IFRS 3 Business Combinations to IAS 37 Provisions, Contingent Liabilities, and Contingent Assets related to non-operating mine sites acquired through the Porcupine acquisition. Refer to the REVIEW OF FINANCIAL POSITION section of this MD&A.

Earnings before Interest, Taxes, Depreciation, and Amortization ("EBITDA")

EBITDA represents net earnings before interest, taxes, depreciation and amortization. EBITDA is an indicator of the Company's ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations, and fund capital expenditures.

The following is a reconciliation of EBITDA to the consolidated financial statements:

	Three months ended			Year ended	
$ Thousands	**December 31, 2025**	December 31, 2024	September 30, 2025	**December 31, 2025**	December 31, 2024
Net earnings	**$ 65,289**	$ (5,663)	$ 42,439	**$ 106,810**	$ (15,167)
Add back:					
Finance costs	**16,304**	78	15,170	**45,907**	87
Depreciation and amortization	**49,381**	-	35,826	**101,591**	-
Income tax expenses (recovery)	**(4,940)**	-	28,675	**42,711**	-
EBITDA	**$ 126,034**	$ (5,585)	$ 122,110	**$ 297,019**	$ (15,080)

Working Capital

Working capital is a non-GAAP measure. In the gold mining industry, working capital is a common measure of liquidity, but does not have any standardized meaning. The most directly comparable measure prepared in accordance with GAAP is current assets and current liabilities. Working capital is calculated by deducting current liabilities from current assets. Working capital should not be considered in isolation or as a substitute for measures prepared in accordance with GAAP. The measure is intended to assist readers in evaluating the Company's liquidity. Working capital is reconciled to the amounts in the Consolidated Statements of Financial Position as follows:

$ Thousands	**December 31, 2025**	December 31, 2024
Current assets	**$ 526,807**	$ 22,937
Current liabilities	**284,631**	5,984
Working capital	**$ 242,176**	$ 16,953

OTHER RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration, development, and production of mining properties. Additional risks not currently known to the Company, or that the Company currently deems to be immaterial, may also impair the Company's operations. If any of these risks occur, including the financial risks described above, the Company's business, financial condition and operating results could be adversely affected.

Key risks are described below. For a detailed discussion of risks, refer to the Company's Annual Information Form ("AIF") for the year ended December 31, 2025, available on the Company's website.

This MD&A also contains forward-looking information that involves risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risks faced by the

Company as described in the documents incorporated by reference herein. Refer to the "Cautionary Statement Regarding Forward-Looking Information".

Risks Relating to the Porcupine Complex Acquisition

Unexpected Liabilities Related to the Porcupine Acquisition

In connection with the Porcupine Acquisition, there may be liabilities including environmental liabilities associated with the Porcupine Complex that the Company failed to discover or was unable to quantify in the due diligence which it conducted in connection with the Porcupine Acquisition and the Company may not be indemnified for some or all of these liabilities. The Company may discover that it has acquired substantial undisclosed liabilities. The discovery of any material liabilities, or the inability to obtain full indemnification for such liabilities, could have a material adverse effect on the Company's business, financial condition or future prospects. While the Company has estimated these potential liabilities for the purpose of completing the Porcupine Acquisition , there can be no assurance that any resulting liability including environmental liabilities will not exceed the Company's estimates.

The existence of undisclosed liabilities could have an adverse impact on the Company's business, financial condition and results of operations.

Nature of Acquisitions

Acquisitions of mineral properties are based in large part on engineering, environmental and economic assessments made by the acquiror, independent engineers and consultants. These assessments include a series of assumptions regarding such factors as operational performance, status of and impact of policy, legislation and regulations and effective tax rates. Many of these factors are subject to change and are beyond Discovery's control. All such assessments involve a measure of engineering, environmental and regulatory uncertainty that could result in lower revenue or higher operating or capital expenditures than anticipated.

Information Provided by GCL

Information related to the Porcupine Complex in this MD&A is based on information provided by GCL. Although the Company has conducted what it believes to be a prudent and thorough level of investigation with respect to the Porcupine Complex in connection with the Porcupine Acquisition, a certain degree of risk remains regarding the accuracy and completeness of such information. While the Company has no reason to believe the information obtained from GCL is misleading, untrue or incomplete, the Company cannot assure the accuracy or completeness of such information, nor can the Company compel GCL to disclose events which may have occurred or may affect the completeness or accuracy of such information, but which are unknown to the Company.

Failure to Realize Porcupine Acquisition Benefits

There is a risk that some or all of the expected benefits of the Porcupine Acquisition may fail to materialize or may not occur within the time periods that Discovery anticipates. The realization of such benefits may be affected by a number of factors, many of which are beyond the control of the Company.

Moreover, a variety of factors, including those risk factors set forth in this AIF, may adversely affect the Company's ability to achieve the anticipated benefits of the Porcupine Acquisition.

Integration of the Porcupine Complex

Although the Company expects to realize certain benefits as a result of the Porcupine Acquisition, there is a possibility that the Company is unable to fully realize on the efficiencies and benefits of the integration or may be unable to do so within the anticipated timeframe.

The Company expects to implement certain operational improvements and cost-savings initiatives following the completion of the Porcupine Acquisition. Any cost-savings that the Company realizes from such efforts may differ materially from the Company's estimates. In addition, any cost-savings that the Company realizes may be offset, in whole or in part, by reductions in revenues or through increases in other expenses. The Company's operational improvements and cost-savings plans are subject to numerous risks and uncertainties that may change at any time.

To effectively integrate the Porcupine Complex, Discovery must establish appropriate operational, administrative, finance, and management systems and controls functions relating to the Porcupine Complex. These efforts, together with the ongoing integration following the closing of the Porcupine Acquisition, will require substantial attention from Discovery's management. This diversion of management attention, as well as any other difficulties which Discovery may encounter in completing the Acquisition and integration process, could have an adverse effect on Discovery's business, financial condition, results of operations and cash flows.

Discovery Will Rely on GCL Following Completion of the Porcupine Acquisition for Certain Services

In connection with the Porcupine Acquisition, Discovery and GCL pursuant to which GCL has agreed to provide, or cause its affiliates to provide, certain services to Discovery that are required for the operation of the Porcupine Complex in a similar manner as the Porcupine Complex was operated immediately prior to the Porcupine Acquisition Closing. As a result, Discovery will be reliant on GCL's personnel, good faith, contractual compliance, expertise and judgment in providing the services under the TSA, where the Company's ability to manage operational risks may be limited. Accordingly, Discovery may be exposed to adverse developments in the business and affairs of GCL, its management and to its financial strength.

There can be no assurance that the services provided by GCL pursuant to the TSA will be adequate for the Company to operate the Porcupine Complex and facilitate the efficient and effective transition of business operations as currently contemplated, or at all. If GCL does not perform the services under the TSA as currently contemplated, the operations and financial performance of the Porcupine Complex may be negatively affected, which could have a material adverse effect on the business, financial condition and future performance of the Company. If, after the expiration of the TSA, the Company is unable to perform these services or replace them in a timely manner or on terms and conditions as favorable as those under the TSA, the Company may experience operational problems and an increase in its costs.

Failure by GCL to meet its obligations under the TSA could have a material adverse effect on the operation of the Porcupine Complex, which could in turn have a material adverse effect on the business, financial condition and future performance of the Company.

Litigation and Public Attitude towards the Porcupine Acquisition

The Company may be exposed to increased litigation from shareholders or other third-parties in connection with the Porcupine Acquisition. Such litigation may have an adverse impact on the Company's business and results of operations or may cause disruptions to the Company's operations. Even if any such claims are without merit, defending against these claims can result in substantial costs and divert the time and resources of management.

Furthermore, public attitudes towards the Porcupine Complex could result in negative press coverage and other adverse public statements affecting the Company. Adverse press coverage and other adverse statements could negatively impact the ability of the Company to achieve the benefits of the Porcupine Acquisition or take advantage of various business and market opportunities. The direct and indirect effects of negative publicity, and the demands of responding to and addressing it, may have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Porcupine Acquisition and Related Costs

The Company incurred significant costs associated with completing the Porcupine Acquisition and will continue to incur significant costs through integrating the operations of Discovery and the Porcupine Complex. The substantial majority of such costs are non-recurring expenses resulting from the Porcupine Acquisition and consist primarily of transaction costs related to the Porcupine Acquisition. Additional unanticipated costs may be incurred through the integration of the Porcupine Complex into Discovery's existing business and such costs, if incurred, may have a negative effect on the Company's business, operations and financial performance and cash flows.

Increased Indebtedness

In financing the Porcupine Acquisition, Discovery may incur additional debt under the Debt Facility and/or any other debt facilities which are entered into by the Company. Such borrowing, to the extent incurred, would increase Discovery's consolidated indebtedness. Such additional indebtedness will increase Discovery's interest expense and debt service obligations and may have a negative effect on Discovery's results of operations and/or credit ratings. Such increased indebtedness may also make Discovery's results more sensitive to increases in interest rates. Discovery's degree of leverage could have other important consequences for purchasers, including: (i) having a negative effect on Discovery's issuer debt rating; (ii) it may limit Discovery's ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes; (iii) it may limit Discovery's ability to declare dividends on the Common Shares; (iv) Discovery may be vulnerable in a downturn in general economic conditions; and (v) Discovery may be unable to make capital expenditures that are important to its growth and strategies.

SCIENTIFIC AND TECHNICAL INFORMATION

Scientific and technical Information in this Circular with respect to the Company's Cordero project has been prepared and presented based on the technical report entitled "Cordero Silver Project, Technical Report & Feasibility Study" with an effective date of February 16, 2024, available on the Company's SEDAR+ profile at www.sedarplus.ca, and such scientific and technical information is subject to the assumptions and qualifications contained in the said technical report.

Scientific and technical Information in this Circular with respect to the Company's Porcupine complex has been prepared and presented based on the technical report entitled "Porcupine Complex, Ontario, Canada, NI 43-101 Technical Report on Preliminary Economic Assessment" with an effective date of January 13, 2025, available on the Company's SEDAR+ profile at www.sedarplus.ca, and such scientific and technical information is subject to the assumptions and qualifications contained in the said technical report. The Technical Report includes the results of a preliminary economic assessment which is preliminary in nature. It includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves and there is no certainty that the estimates will be realized.

The scientific and technical information in this MD&A was reviewed and approved by Pierre Rocque, P.Eng., Chief Operating Officer of the Company and Eric Kallio P. Geo., Senior Vice President Exploration of the Company, who are recognized as a Qualified Persons ("QPs") under the guidelines of National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Canadian Securities Administrators have issued National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") which requires public companies in Canada to submit annual and interim certificates relating to the design and effectiveness of the disclosure controls and procedures that are in use at the Company. The Company's disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, to enable this information to be reviewed and discussed so that appropriate decisions can be made regarding the timely public disclosure of the information. Management has evaluated the effectiveness of the Company's disclosure controls and procedures and has concluded that they were effective as at December 31, 2025.

Internal Control over Financial Reporting

NI 52-109 also requires public companies in Canada to submit interim and annual certificates relating to the design of internal control over financial reporting ("ICFR") and an annual certificate that includes evaluating the operating effectiveness of ICFR. The Company's ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards. Management is responsible for establishing and maintaining ICFR. The Company used the 2013 Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework as the basis for designing its ICFR. Due to its inherent limitations, ICFR may not prevent or detect misstatements on a timely basis as such systems can only be designed to provide reasonable as opposed to absolute assurance. Also, projections of any evaluation of the effectiveness of ICFR to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. There have been no significant changes in the Company's internal controls during the year ended December 31, 2025, that have materially affected, or are reasonably likely to materially affect, ICFR. The individuals performing the duties of the Company's Chief Executive Officer and the Chief Financial Officer have each evaluated the operating effectiveness of the Company's ICFR as at December 31, 2025, and have concluded that the ICFR is effective.

Limitation on Scope of Evaluation

The Company has limited the scope of the evaluation on its disclosure controls and procedures and internal control over financial reporting evaluation to exclude Porcupine, as permitted by securities regulators.

The Company acquired Porcupine on April 15, 2025. The financial information for this acquisition is included in note 6 to the consolidated financial statements. As permitted by securities regulators for acquired businesses, management has limited the scope of its evaluation of disclosure controls and procedures and internal control over financial reporting to exclude controls, procedures, and processes associated with Porcupine for the period covered by this report. Accordingly, management's conclusions regarding the effectiveness of disclosure controls and procedures and ICFR as at December 31, 2025 relate to the Company excluding Porcupine.

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

The table below presents certain summary financial information included in the Company's annual audited financial statements amounts related to Porcupine excluded from our evaluation:

Selected financial information from the annual audited consolidated statements of income (loss)		Year ended December 31, 2025
Production costs	$	235,540
Depreciation and amortization expense		101,591
Royalty expense		13,394
Earnings from mining operations	$	302,688

Selected financial information from the annual audited consolidated statements of financial position		As at December 31, 2025
Current assets	$	292,554
Non-current assets		1,136,795
Current liabilities		257,026
Non-current liabilities	$	780,264

FORWARD-LOOKING INFORMATION

Except for statements of historical fact, information contained, or incorporated by reference, herein constitutes "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws. Such information or statements may relate to future events, facts or circumstances or the Company's future financial or operating performance or other future events or circumstances. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "planned", "expect", "project", "predict", "potential", "targeting", "intends", "believe", and similar expressions, or describes a "goal", or variation of such words and phrases or states that certain actions, events or results "may", "should", "could", "would", "might" or "will" be taken, occur or be achieved. Statements relating to mineral resources are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the mineral resources described exist in the quantities predicted or estimated or that it will be commercially viable to produce any portion of such resources. Forward-looking statements in this MD&A include, but may not be limited to, statements and expectations regarding: outlooks for the Porcupine Complex and the Cordero Project pertaining to production rates, mining and processing rates, total cash costs, all-in sustaining costs, capital spending, cash flow, operational performance, mine life, value of operations and decreases to costs resulting from the intended mill expansion; intended infrastructure investments in, method of funding for, and timing of completion of the development and construction of the Cordero Project, planned continuation of negotiation of formal agreements with land owners and Mexican authorities with respect to the Cordero Project, as well as other statements and information as to strategy, plans or future financial and operating performance, such as project timelines, production plans, expected sustainable impact improvements, expected exploration programs, costs and budgets, forecasted cash shortfalls and the ability to fund them and other statements that express management's expectations or estimates of future plans and performance, as well as the anticipated use of proceeds therefrom and the impact thereof on Discovery's financial condition; and the Porcupine Complex, including the assumptions and qualifications contained in the Porcupine Technical Report (as defined herein). Forward-looking statements and forward-looking information are not guarantees of future performance and are based upon a number of estimates and assumptions of management at the date the statements are made, including among other things, the future prices of gold, silver, lead, zinc, and other metals, the price of other commodities such as coal, fuel and electricity, currency exchange rates and interest rates; favourable operating conditions, political stability, timely receipt of governmental approvals, licenses, and permits (and renewals thereof); access to necessary financing; stability of labour markets and in market conditions in general; availability of equipment; the estimation of mineral resource and mineral reserve estimates, and of any metallurgical testing completed to date; estimates of costs and expenditures to complete our programs and goals; the speculative nature of mineral exploration and development in general; there being no significant disruptions affecting the development and operation of the project, including possible pandemic; exchange rate assumptions being approximately consistent with the assumptions in the report; the availability of certain consumables and services and the prices for power and other key supplies being approximately consistent with assumptions in the report; labour and materials costs being approximately consistent with assumptions in the report and assumptions made in mineral resource estimates, including, but not limited to, geological interpretation, grades, metal price assumptions, metallurgical and mining recovery rates, geotechnical and hydrogeological assumptions, capital and operating cost estimates, and general marketing, political, business and economic conditions. Many of these assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies, and other factors that are not within the control of Discovery Silver Corp. and could thus cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking statements and forward-looking information.

Forward-looking information and forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any other future results, performance or achievements expressed or implied by such statements. In addition to factors already discussed in this document, such risks, uncertainties and other factors include, among others: metal prices, continued access to capital and financing, general economic and market access restrictions or tariffs, changes in U.S. laws and policies regarding regulating international trade, including but not limited to changes to or implementation of tariffs, trade restrictions, or responsive measures of foreign and domestic governments, changes to cost and availability of goods and raw materials, along with supply, logistics and transportation constraints, changes in general economic conditions including market volatility due to uncertain trade policies and tariffs;potential disputes with Indigenous groups in relation to the Porcupine Complex; risks related to unexpected liabilities arising after the Porcupine Acquisition Closing; risks related to the nature of acquisitions; reliance on information about the Porcupine Complex provided by third parties; regulatory risks associated with the Porcupine Acquisition; the risk that the Company will not realize the anticipated benefits of the Porcupine Acquisition; risks related to integrating the Porcupine Complex; reliance on a third party for transitional services for a period of time after the Porcupine Acquisition Closing; litigation and public attitude towards the Porcupine Acquisition; costs related to the Porcupine Acquisition; increased indebtedness arising from financing the Porcupine Acquisition; risks associated with exploration, development, and operating risks, and risks associated with the early-stage status of the Company's mineral properties; the nature of exploration could have a negative effect on the Company's operations and valuation; risk related to the cyclical nature of the mining business; permitting and license risks; risks related to title to land and the potential acquisition of neighboring land packages and the timing thereof; risks related to requiring a significant supply of water for the Company's operations and being able to source it; the availability of adequate infrastructure for the Company's operations; risks related to community relations; environmental risks and hazards and the limitations that environmental regulation poses on the Company; market price volatility of the Company's common shares; uncertainties with respect to economic conditions; the Company's mineral exploration activities being subject to extensive laws and regulations and the risk of failing to comply with those laws or obtain required permits; the accuracy of historical and forward-looking operational and financial information estimates provided by Newmont; the Company's ability to integrate the Porcupine Operations; statements regarding the Porcupine Operations, including the results of technical studies and the anticipated capital and operating costs, sustaining costs , internal rate of return, concession or claim renewal, the projected mine life and other attributes of the Porcupine Operations, including net present value, the timing of any environmental assessment processes, reclamation obligations; risks and uncertainties related to operating in a foreign country, and specifically, risks arising from operating in Mexico; risks posed by health epidemics and other outbreaks; climate change risks, including risks associated with increased frequency of natural disasters such as fire, flood and seismicity; the risk that commodity prices decline;

cybersecurity risks; risks of adverse publicity; potential dilution to the common shares; risks associated with contractual agreements and subsidiaries; the potential of future lack of funding; credit and liquidity risks; the Company's history of net losses and negative operating cash flow; the Company's reliance on a limited number of properties; uninsurable risks; costs of land reclamation; pandemic and global health risks on the Company's business, operations, and market for securities; the competitive nature of mineral exploration and in the mining industry generally; the Company's reliance on specialized skills and knowledge; risks associated with acquisitions and integrating new business; future sales of common shares by existing shareholders; risks associated with having multiple shareholders holding over 10% of the common shares; influence of third-party stakeholders; litigation risk; conflicts of interest; reliance on key executives; reliance on internal controls; risks stemming from international conflicts; risks related to changes to tariff and import/ export regulations; global financial conditions; currency rate risks; potential enforcement under the Extractive Sector Transparency Measures Act (Canada); and the potential to pay future dividends.

Although the Company has attempted to identify important factors that could cause actual performance, achievements, actions, events, results, or conditions to differ materially from those described in forward-looking statements or forward-looking information, there may be other factors that cause performance, achievements, actions, events, results, or conditions to differ from those anticipated, estimated, or intended. Further details relating to many of these factors is discussed in the section entitled "Risk Factors" in the Company's AIF available on SEDAR+ at www.sedarplus.ca.

Forward-looking statements and forward-looking information contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update or revise any forward-looking statements or forward-looking information, whether as a result of new information, future events, or results or otherwise, except as required by applicable law. There can be no assurance that forward-looking statements or forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information. All forward-looking statements and forward-looking information attributable to the Company is expressly qualified by these cautionary statements.

CAUTIONARY NOTE TO UNITED STATES INVESTORS CONCERNING ESTIMATES OF MEASURED, INDICATED, AND INFERRED RESOURCES

Information in this MD&A, including any information incorporated by reference, and disclosure documents of Discovery that are filed with Canadian securities regulatory authorities concerning mineral properties have been prepared in accordance with the requirements of securities laws in effect in Canada, which differ from the requirements of United States securities laws.

Without limiting the foregoing, these documents use the terms "measured resources", "indicated resources", and "inferred resources". Shareholders in the United States are advised that, while such terms are defined in and required by Canadian securities laws, the United States Securities and Exchange Commission (the "SEC") does not recognize them. Under United States standards, mineralization may not be classified as a reserve unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. United States investors are cautioned not to assume that all or any part of measured or indicated resources will ever be converted into reserves. Further, inferred resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It is reasonably expected that the majority of inferred mineral resources could be upgraded to indicated mineral resources with continued exploration; however, there is no certainty that these inferred mineral resources will be converted into mineral reserves, once economic considerations are applied. Under Canadian rules inferred mineral resources must not be included in the economic analysis, production schedules, or estimated mine life in publicly disclosed Pre-Feasibility or Feasibility Studies, or in the Life of Mine plans and cash flow models of developed mines. Inferred Mineral Resources can only be used in economic studies as provided under NI 43-101. These standards are similar to, but differ in some ways from, the requirements of the SEC that are applicable to domestic United States reporting companies and foreign private issuers not eligible for the multijurisdictional disclosure system. Any mineral reserves and mineral resources reported by the Company in accordance with NI 43-101 may not qualify as such under SEC standards under Subpart 1300 of Regulation S-K. Therefore, United States investors are also cautioned not to assume that all or any part of the inferred resources exist, or that they can be mined legally or economically. Disclosure of contained ounces is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report resources as in place tonnage and grade without reference to unit measures. Accordingly, information concerning descriptions of mineralization and resources contained in these documents may not be comparable to information made public by United States companies subject to the reporting and disclosure requirements of the SEC.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on the Company's website at www.discoverysilver.com or on SEDAR+ at www.sedarplus.ca.