

## DENARIUS METALS CORP.

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED JUNE 30, 2025 August 14, 2025

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*The following discussion and analysis of the results of operations and financial condition ("MD&A") for Denarius Metals Corp. (the "Company" or "Denarius Metals") should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes thereto for the three and six months ended June 30, 2025 (the "Interim Financial Statements"), which are available on the Company's web site at [www.denariusmetals.com](http://www.denariusmetals.com) and on [www.sedarplus.ca](http://www.sedarplus.ca). Readers are encouraged to read the Cautionary Note Regarding Forward Looking Information included on page 27 of this MD&A. The financial information in this MD&A is derived from the Interim Financial Statements prepared in accordance with IFRS Accounting Standards ("IFRS") for interim financial statements in International Accounting Standard – Interim Financial Reporting ("IAS34"). **All figures contained herein are expressed in United States dollars ("USD"), except as otherwise stated.***

Denarius Metals uses the following non-GAAP financial performance measures in its MD&A: realized gold and silver price per ounce sold and total cash cost per ounce sold. Non-GAAP financial performance measures in this MD&A are identified with "NG". For a detailed description of the computation of each of the non-GAAP measures used in this MD&A, please refer to page 25. The non-GAAP financial performance measures set out in this MD&A are intended to provide additional information to investors and do not have any standardized meaning under IFRS, and therefore may not be comparable to other issuers, and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

#### Highlights

Denarius Metals commenced mining operations in April 2025 at its Zancudo Project in Colombia. During the early production phase, expected to run until the first quarter of 2026 when the Company's new 1,000 tonnes per day ("tpd") processing plant is expected to go into operation, mined material is being crushed onsite and then shipped to a local port for sale to Trafigura Pte. Ltd. ("Trafigura") to start generating operating cash flow.

First production and revenues were recorded by the Company in the second quarter of 2025. In late June 2025, the first shipment of 64 tonnes of crushed material from the Zancudo Project was loaded and transported to port where it was sold to Trafigura. With grades averaging 9.4 g/t gold and 184.5 g/t silver, the material in the first shipment contained approximately 19 ounces of gold and 377 ounces of silver. During the current early production phase, Trafigura's payability rates range from 55% to 70% for gold and 30% to 40% for silver, depending on the grades of the material. For the shipment in June 2025, the Company received payment for approximately 13 ounces of gold and 138 ounces of silver. Trafigura's payability rates in the early production phase reflect the additional costs they will have to incur to bring the material to a saleable condition. When the Company begins shipping concentrates to Trafigura, payability rates will increase to 86% to 90% for gold and 35% to 45% for silver, depending on the grades in the concentrates.

With an average realized gold price <sup>NG</sup> of \$3,303 per ounce sold and total cash cost <sup>NG</sup> of \$2,260 per ounce of gold sold in the first shipment, the Company generated a margin of \$1,043 per ounce of gold sold, equivalent to approximately 31% of gold revenue. Total cash cost per ounce <sup>NG</sup> is expected to decrease once the Company begins producing and selling concentrates.

The frequency and quantity of shipments from the Zancudo Project will continue to increase over the next few months as the Company ramps up its mining operations. In July 2025, the Company delivered a total of 266 tonnes of material to port with grades averaging 8.7 g/t gold and 224.1 g/t silver, containing approximately 74 ounces of gold and 1,913 ounces of silver. Payable ounces from July's shipments amounted to 48 ounces of gold and 639 ounces of silver.

In Spain, the Aguablanca Project now has all the permits required to commence activities to restart mining operations. The Company has engaged METSO Spain S.A. ("METSO") to carry out the refurbishment program at Aguablanca's 5,000 tpd processing plant and, in October 2025, the Company expects to commence the dewatering of the existing open pit to gain access to the underground mine workings. In addition to financing being provided by METSO for the plant refurbishment program, the Company is continuing its efforts, as operator of the Rio Narcea Recusos, S.L. ("RNR") joint venture, to secure additional project financing directly through RNR to fund the capital expenditures associated with startup activities at RNR's Aguablanca Project. The Company has a 21% equity interest in RNR and currently expects that the Aguablanca underground mine will be back in production by mid-2026.

To bolster its liquidity to fund ongoing operating and investing activities at its projects in Spain and for general corporate purposes, the Company completed two private placements in the first half of 2025 raising total net proceeds of \$7.8 million. In March 2025, the Company completed a non-brokered private placement of common shares and warrants (the "2025 Private Placement") raising net cash proceeds of approximately \$3.4 million and settling related party bridge loans amounting to approximately \$1.1 million. In June 2025, the Company completed an offering under the Listed Issuer Financing Exemption ("LIFE") of common shares and warrants (the "LIFE Offering") raising net cash proceeds of \$4.4 million. As at June 30, 2025, the Company's cash position stood at \$4.4 million, up from \$1.1 million at the end of 2024. The Company also has up to an additional \$6.5 million of funding available in two further advances through a prepayment agreement (the "Zancudo Prepayment Facility") arranged in February 2025 with Trafigura related to the construction activities at its Zancudo Project. The Company received an initial advance of \$2.5 million pursuant to the Zancudo Prepayment Facility in March 2025.

The Company also took a step to improve its liquidity while it ramps up production at its Zancudo Project through a consent solicitation process successfully completed in June 2025 that enables the Company to issue shares rather than using cash to settle the monthly interest payments on both series of its Convertible Debentures during the period from June 2025 through May 2026. The Company issued 563,140 shares to settle the June 30, 2025 interest payments and 657,201 shares to settle the July 31, 2025 interest payments. The holders of the Convertible Debentures Series 1 due October 2029 also consented to receiving shares in lieu of cash payments for the quarterly gold premiums due in January and April 2026. Holders of both series of Convertible Debentures agreed to imposing a maximum price of \$4,000 per ounce in the quarterly gold premium calculations which commence in 2026.

The Company reported a net loss of \$5.0 million (\$0.05 per share) in the second quarter of 2025 compared with net income of \$8.5 million (\$0.13 per share) reported in the second quarter of 2024. This brings the net loss for the first half of 2025 to \$9.3 million (\$0.09 per share) compared with a net loss of \$2.6 million (\$0.04 per share) in the first half of 2024. The year-over-year change in the net loss amounts reported for the second quarter and first half primarily reflects fluctuations in the fair value of the Convertible Debentures that have impacted the non-cash gains/losses recognized on financial instruments.

## Selected Financial Information

	Second Quarter		First Half	
	2025	2024	2025	2024
Gold sold (ounces)	13	-	13	-
Average realized gold price (\$/oz sold) <sup>(1)</sup>	\$ 3,303	\$ -	\$ 3,303	\$ -
Total cash cost (\$/oz sold) <sup>(1)</sup>	2,260	-	2,260	-
Revenue (000's)	\$ 49	\$ -	\$ 49	\$ -
Net (loss) income (000's)	(5,012)	8,523	(9,255)	(2,588)
Per share – basic and diluted	(0.05)	0.13	(0.09)	(0.04)
Exploration and capital expenditures (000's)	2,094	3,027	3,221	5,914
			June 30, 2025	December 31, 2024
<b>Balance sheet (\$000's):</b>				
Cash and cash equivalents <sup>(1)</sup>			\$ 4,412	\$ 1,130
Total assets			101,609	81,053
Convertible Debentures (at fair value) <sup>(2)</sup>			36,101	29,486

(1) Refer to non-GAAP measures on page 25.

(1) The Company has up to \$6.5 million of available cash proceeds that may be drawn under its Zancudo Prepayment Facility with Trafigura to fund construction activities at its Zancudo Project.

(2) As at June 30, 2025 and December 31, 2024, the total principal amount of Convertible Debentures issued and outstanding amounted to CA\$34.2 million.

## Description of Business

Denarius Metals is a Canadian junior company engaged in the acquisition, exploration, development and eventual operation of polymetallic mining projects in high-grade districts in Colombia and Spain. On March 27, 2025, the Company celebrated the first anniversary of the graduation of its listing to Cboe Canada where it trades under the symbol "DMET". The Company also trades on the OTCQX Market in the United States under the symbol "DNRSF".

In Colombia, Denarius Metals commenced mining operations in the second quarter of 2025 at its 100%-owned Zancudo Project, a high-grade gold-silver deposit, which includes the historic producing Independencia mine, located in the Cauca Belt, about 30 km southwest of Medellin.

In Spain, Denarius Metals has interests in three projects focused on in-demand critical minerals. The Company owns a 21% interest in RNR and is the operator of its Aguablanca Project, which has recently been recognized by the EU as a Strategic Project. The Aguablanca Project comprises a 5,000 tpd turnkey processing plant and the rights to exploit the historic producing Aguablanca nickel-copper mine, located in Monesterio, Extremadura. The Company expects to commence operations in the next 12 months at the Aguablanca Project. Denarius Metals also owns a 100% interest in the Lomero Project, a polymetallic deposit located on the Spanish side of the prolific copper rich Iberian Pyrite Belt, approximately 88 km southwest of the Aguablanca Project, and a 100% interest in the Toral Project, a high-grade zinc-lead-silver deposit located in the Leon Province, Northern Spain.

## Outlook

Denarius Metals reached an important milestone in its emergence as a metals producer with its Zancudo Project completing its first shipment in June 2025. The Company's mine contractor is carrying out a development plan to open three primary fronts over the next 6 months amenable to semi-mechanized mining. In parallel, the Company is continuing its early production activities, also carried out by the mine contractor, taking advantage of certain areas that are currently accessible through artisanal mining. Ore is currently being crushed at site and delivered to port for sale to Trafigura under the Company's offtake contract. The frequency and quantity of shipments will continue to increase over the next few months as the Company ramps up its mining operations. In July 2025, the Company delivered a total of 266 tonnes of material to port with grades averaging 8.7 g/t gold and 224.1 g/t silver, containing approximately 74 ounces of gold and 1,913 ounces of silver. Payable ounces from July's shipments amounted to 48 ounces of gold and 639 ounces of silver. Meanwhile, all processing plant equipment has been received and is in storage at the project site. Receipt of the industrial facility permit is expected within the coming weeks and, with this in hand, the Company will be able to proceed with the construction and installation of the processing plant, maintaining the schedule to have the plant in operation in the first quarter of 2026, at which point the Company will begin to produce high-grade Au-Ag concentrates to be delivered to port for sale to Trafigura.

In Spain, the Aguablanca Project now has all the required permits to commence restart activities. The Company has engaged METSO to carry out the refurbishment program at the RNR plant and, in October 2025, the Company expects to commence the dewatering of the existing open pit to gain access to the underground mine workings. In addition to financing being provided by METSO for the plant refurbishment program, the Company is continuing its efforts as operator of the joint venture to secure additional project financing directly through RNR to fund the capital expenditures associated with startup activities at the Aguablanca Project. If the work all goes as currently planned, the Company expects to have the Aguablanca underground mine back in production by mid-2026. At the Lomero Project, a scoping study encompassing the development of the underground mine and the processing of its material at the RNR plant is expected to be completed in the third quarter this year. The Company also expects to complete an update of the Mineral Resource estimate and commence a scoping study for the Toral Project later in 2025.

The Company is ramping up production from its Zancudo Project in 2025 and has started to generate cash flow from its mining operations. However, it will require additional sources of capital to fund ongoing operational requirements, and planned exploration, development and capital expenditures related to its projects in Spain. The Company continues to evaluate its options to raise additional funding, which may include proceeds from the exercise of stock options and warrants, to fund its projects in Spain and for general corporate purposes.

## Issued and Outstanding Securities

As at August 14, 2025, the Company had the following securities issued and outstanding:

Securities	Cboe Canada Symbol	Number	Shares Issuable	Exercise price per share	Expiry or Maturity
<i>Common shares</i>	DMET	123,012,071			
		200,000	200,000	CA\$0.55	2026
		515,000	515,000	CA\$4.45	2026
		260,000	260,000	CA\$6.50	2026
		4,000,000	4,000,000	CA\$0.52	2028
		400,000	400,000	CA\$0.59	2029
		4,700,000	4,700,000	CA\$0.59	2030
		127,500	127,500	CA\$1.00	2030
		490,000	490,000	CA\$4.50	2031
			10,692,500		
<i>Warrants</i>	Unlisted	23,335,676	23,335,676	CA\$0.60	March 2, 2026
	DMET.WT	75,000,000	7,500,000	CA\$8.00	March 17, 2026
	Unlisted	803,700	80,370	CA\$8.00	March 17, 2026
	Unlisted	16,036,625	16,036,625	CA\$0.60	April 4, 2026
	Unlisted	4,149,149	4,149,149	CA\$0.85	October 31, 2026
	Unlisted	6,698,014	6,698,014	CA\$0.60	May 30, 2027
	Unlisted	3,000,000	3,000,000	CA\$0.74	February 7, 2028
	Unlisted	2,083,500	2,083,500	CA\$0.60	April 30, 2028
	Unlisted	13,138,000	13,138,000	CA\$0.60	March 20, 2028
	Unlisted	13,139,930	13,139,930	CA\$0.66	June 20, 2030
			89,161,264		
<i>Convertible Debentures</i>	DMET.DB	CA\$19,886,560	44,192,355	CA\$0.45	October 19, 2029
	Unlisted	CA\$14,287,914	23,813,190	CA\$0.60	May 30, 2030
		CA\$34,174,474	68,005,545		

### Trafigura Prepayment Facility and Warrants

In April 2024, the Company signed a commercial agreement with Trafigura for the sale at market prices of 100% of the high-grade gold-silver concentrates to be produced at its Zancudo Project over the next eight years. In conjunction with this offtake arrangement, the Company executed the Zancudo Prepayment Facility on February 7, 2025 with Trafigura pursuant to which the Company will receive up to a total of \$9.0 million from Trafigura in three advances as the Company reaches certain milestones in 2025 related to construction activities at its Zancudo Project. On February 21, 2025, the Company received the first advance of \$2.5 million under the Zancudo Prepayment Facility. Advances under the Zancudo Prepayment Facility bear interest at the three-month SOFR plus 6% (March 27, 2025 – 10.3%) and will be capitalized during the nine-month period following the date of the first advance (the “Grace Period”). The Zancudo Prepayment Facility will be repaid, with interest, over a 26-month period following the Grace Period. The Zancudo Prepayment Facility is secured by certain assets of the Company related to its Zancudo Project.

On signing of the Zancudo Prepayment Facility, the Company issued 3,000,000 common share purchase warrants to Trafigura with an exercise price of CA\$0.74 per common share that will expire on February 7, 2028.

### *2025 Private Placement of Units*

On March 20, 2025, the Company closed the 2025 Private Placement issuing a total of 13,138,000 units at CA\$0.50 per unit for gross proceeds of CA\$6,569,000 (equivalent to \$4.6 million), of which CA\$1,526,000 (equivalent to \$1.1 million) was applied to settle principal and interest owed under the Brockville Promissory Notes (refer to page 20) and the balance of approximately \$3.5 million was received in cash. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of CA\$0.60 per common share at any time on or before March 20, 2028.

### *Issuance of Units to Settle Zancudo NSR Obligation*

On April 30, 2025, the Company issued an aggregate of 2,083,500 units to a syndicate of third-party private investors in exchange for the cancellation of the obligation for the 12-month period ended March 31, 2025 totalling \$750,000 related to the Minimum Payment Adjustment under the Zancudo NSR agreement (refer to page 20). Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of CA\$0.60 per common share at any time on or before April 30, 2028. The common shares and warrants issued are subject to a hold period ending August 31, 2025.

### *Convertible Debentures Consent Solicitation Process Completed in June 2025 and Subsequent Share Issuances to Settle Monthly Interest Payments on the Convertible Debentures*

On June 17, 2025, the Company announced that it received the required consents from holders to approve certain amendments (the “Amendments”) to the trust indentures for its Convertible Debentures. Holders representing 93.6% and 97.1% of the total outstanding principal amount of Convertible Debentures Series 1 due October 2029 and Convertible Debentures Series 2 due May 2030, respectively, consented to the Amendments to the trust indentures which became effective on June 18, 2025 and include:

#### *Convertible Debentures Series 1 due October 2029:*

- enabling the Company to issue common shares rather than using cash to settle the monthly interest payments on the debentures from June 30, 2025 to May 31, 2026, inclusive;
- enabling the Company to issue common shares rather than using cash to settle the Gold Premium Payments, if any, payable on each of January 31, 2026 and April 30, 2026; and
- implementing a maximum amount of US\$4,000 per ounce for the London P.M. Fix price of gold used in the Gold Premium Payment (as defined in the 2023 Indenture) calculation.

#### *Convertible Debentures Series 2 due May 2030:*

- enabling the Company to issue common shares rather than using cash to settle the monthly interest payments on the debentures from June 30, 2025 to May 31, 2026, inclusive; and
- implementing a maximum amount of US\$4,000 per ounce for the London P.M. Fix price of gold used in the Gold Premium Payment (as defined in the 2024 Indenture) calculation.

Holders of the Convertible Debentures who responded to the solicitation and consented to the Amendments received a consent fee equal to 2% of the number of Convertible Debentures they held. Consent fees were satisfied through the issuance of additional Convertible Debentures, denominated in a principal amount of CA\$1.00 per Convertible Debenture, to the consenting holders and were not paid in cash. Based on the consents received, the Company issued a total of 365,560 consent fee debentures to holders of the



Convertible Debentures Series 1 and 272,454 consent fee debentures to holders of the Convertible Debentures Series 2. Finance costs during the first half of 2025 included a total of approximately \$0.8 million related to the consent solicitation process, including the fair value of the consent fee debentures issued to the holders who consented to the amendments and other expenses to carry out the consent solicitation process.

On June 30, 2025, the Company issued a total of 563,140 shares to holders of its Convertible Debentures to settle the monthly interest payable on that date. Subsequently, the Company issued a total of 657,201 shares to holders of its Convertible Debentures to settle the monthly interest payable on July 31, 2025.

#### *LIFE Offering Completed in June 2025*

On June 20, 2025, the Company completed a LIFE Offering of 12,280,309 units at CA\$0.55 per unit for gross proceeds of approximately CA\$6.8 million (approximately \$4.9 million). Each unit consisted of one common share and one common share purchase warrant ("LIFE Offering Warrant"). Each LIFE Offering Warrant entitles the holder to purchase one common share of the Company at a price of CA\$0.66 per common share at any time on or before June 20, 2030. Transaction costs related to the LIFE Offering amounted to approximately \$0.7 million, of which \$0.4 million was allocated to the common shares and the balance was allocated to the LIFE Offering Warrants. The transaction costs include \$0.2 million related to the value of the 859,621 broker warrants issued. The underlying securities issued in the LIFE Offering are not subject to a hold period.

### Projects - Colombia

#### *Zancudo Project, Department of Antioquia*

The Zancudo Project is located in the Municipality of Titiribi, Department of Antioquia, Republic of Colombia, approximately 30 km southwest of Medellin and includes the historic producing Independencia Mine. The Zancudo Project is a high-grade gold-silver-quartz vein deposit with mineralization occurring in multiple veins that have been exploited over a strike length of 3.5 km. The average vein width is 0.35 m, with a maximum width of 3.0 m. The known vertical extent of mineralization is 400 m.

Mining of high-grade gold and silver veins was carried out in the historic Zancudo mining district from 1793 to 1948 with estimated production of between 1.4 and 2.0 Moz Au-equivalent. The Zancudo Project has access to labour, the Colombian national power grid and ample water resources. The Zancudo Project is subject to an aggregate of 3.5% NSR on future production, payable in cash.

#### *Mineral Resource Estimate*

On December 14, 2023, the Company filed the Zancudo Technical Report on SEDAR+ for the Zancudo gold-silver mineral deposit. The work on the Zancudo Technical Report was completed by Mr. Scott E. Wilson, CPG (#4025107RM), President of Resource Development Associates Inc., who is an independent qualified person. The Zancudo Technical Report includes an updated MRE for the Zancudo Project with an effective date of October 24, 2023.

At the time of the preparation of the Zancudo Technical Report, the Company had not completed any drilling on the Zancudo Project since its acquisition in 2021. The database for the updated MRE included a total of 40,100 meters of diamond drilling in 149 holes, including 33 underground holes drilled in the Independencia

Mine, that was carried out at the Zancudo Project by Gran Colombia Gold and IAMGOLD over the period from 2011 through 2021.

The following table summarizes the updated MRE for the Zancudo Project:

Class	Tonnes (kt)	Grade			Material Content		
		Au (g/t)	Ag (g/t)	AuEq (g/t)	Au (koz)	Ag (koz)	AuEq <sup>(4)</sup> (koz)
Inferred	4,100	6.53	107	8.1	860	14,090	1,060

Notes:

- 1) Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources estimated will be converted into mineral reserves.
- 2) All figures are rounded to reflect the relative accuracy of the estimates. Gold and silver assays were capped where appropriate.
- 3) Mineral resources are reported at an in situ cut-off grade of 4.0 g/t AuEq over a 1.0 meter mining width, which was derived using a gold price of \$1,850/oz, a silver price of \$23.0/oz, and suitable benchmarked technical and economic parameters for underground mining (mining = \$105.0, processing = \$42.0, G&A and selling costs = \$21.0 and royalties = 3.2%).
- 4) Metal equivalent is calculated with the formula  $AuEq = (Au * Au \text{ Recovery } (75\%) * AuPrice + Ag * Ag \text{ Recovery } (80\%) * AgPrice) / (Au \text{ Recovery } (75\%) * Au \text{ Price})$ .
- 5) It assumed that the Zancudo Project will produce a concentrate product based on assumed conventional gold and silver processing recoveries of 75% Au and 80% Ag from initial preliminary metallurgical sampling and benchmarked projects within the region.

### *2023 Preliminary Economic Assessment (PEA)*

The Zancudo Technical Report also includes a PEA, effective as of October 24, 2023, which affirmed the economic viability of the planned underground mining operation at the Zancudo Project. The PEA, based on the updated MRE, envisioned an initial capital cost estimate of \$14.8 million and a 10-year mine life over which the Company expected to generate net revenue of approximately \$1.0 billion from the sale of approximately 576,000 payable ounces of gold and 8.8 million payable ounces of silver at a LOM average AISC of \$1,059 per ounce of gold. The PEA incorporates local contract mining and indicative pricing terms for its concentrate production. At long-term gold and silver prices of \$1,800 per ounce and \$22 per ounce, respectively, total LOM undiscounted after-tax project cash flow from mining operations amounted to \$266.4 million. At a 5% discount rate, the net present value of the total LOM after-tax project cash flow amounted to \$206.3 million. The Zancudo Project PEA has an after-tax internal rate of return of 287% and payback in 2025. The PEA is preliminary in nature and it includes Inferred Resources that are considered too speculative to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the estimates presented in the PEA will be realized.

### *Mining License and EIS*

The Zancudo Project comprises three adjoining mining concession contracts (HDWA-02, H5911005 and C5521011) and one exploration license (HEOM-12) covering a total area of 1,054 hectares.

For concession 5521, which includes the historic producing Independencia Mine, the Mining Technical Work Plan (Programa de Trabajo y Obras or “PTO”) was approved in December 2023 by the Secretary of Mines of Antioquia. This permit, along with the EIS approved by Corantioquia (the local environmental authority) at the end of 2024, allows the Company to start mining activities within this area at the Zancudo Project.

Integration of the other two concessions and the exploration license through a Plan of Exploration and Exploitation (Plan Único de Exploración y Explotación or “PUÉE”) was also approved in December 2023 by



the Secretary of Mines of Antioquia.

The Company is currently awaiting approval, expected to be received in the coming weeks, of an industrial facility permit related to the construction and operation of the planned 1,000 tpd processing plant.

#### *Exploration Update*

The Company reported the final results in April 2025 from the drilling campaign carried out in the latter part of 2024 on the second target at the Zancudo Project, Las Brisas. This phase of the drilling campaign comprised a total of 2,435 meters completed in 13 drill holes. The results reinforce that systematic, more tightly spaced, infill drilling has produced very positive results similar to those previously achieved at the Los Albertos Target as announced in September 2024. In addition, the discovery of a new mineralized manto vein close to the Manto Antiguo vein introduces a new player in the future exploration plan for the Las Brisas Target. These results confirm the results from previous drilling campaigns and have better delineated a high-grade ore shoot, which is still open along strike, within the main Manto Antiguo vein that significantly de-risks the future production at the Zancudo underground operation.

The Company is preparing an updated Mineral Resource estimate incorporating the 2024 drilling program results and an updated PEA to be completed before the end of the year. As the Company continues to ramp up the production rate at Zancudo, mine development will be supported with an ongoing exploration program aimed at the continued expansion of the high-grade resources at the Zancudo Project.

#### *Phosphates Project, Department of Boyacá*

In July 2023, the Company acquired 100% of the issued and outstanding shares of Emerene, a Panamanian company which owns several phosphorite mining rights in the Department of Boyacá in the central northeastern part of Colombia. The acquisition of the phosphate concessions is in keeping with the Company's long-term sustainability initiatives and is expected to provide a source of cash flow to the Company when in production. The development of a phosphate mining operation in Colombia is expected to support the growth in locally sourced fertilizer for use in the Colombian agriculture industry. Given the Company has prioritized its immediate focus in Colombia on the commencement of mining operations at the Zancudo Project, the Company has deferred the start of the planned technical studies at the Phosphates Project until later in 2025.

#### Projects - Spain

##### *Aguablanca Project, Monesterio, Extremadura, Spain*

The Aguablanca Project, which is 100% owned by RNR, is located in Monesterio, Extremadura, Spain, approximately 88 km northeast from the Company's Lomero Project. The Aguablanca Project comprises the rights to exploit the historic producing Aguablanca nickel-copper mine and a 5,000 tpd processing plant. The Aguablanca Project is the only nickel deposit in Spain and one of the few in Europe. On March 25, 2025, The Aguablanca Project was recognised by the EU as a Strategic Project under the *Critical Raw Materials Act*. The Company, through Alto Minerals S.L.U. ("Alto"), its wholly-owned subsidiary in Spain, owns a 21% equity interest in RNR. Key to the Company's acquisition of its investment in RNR was gaining access to the RNR plant. The Company believes the RNR plant can act as the central hub for its strategy in Spain, capable of accelerating the path to production from the Lomero and Torralba Projects using the RNR plant's available capacity while also giving the Company exposure to cash flow from the resumption of operations at the

Aguablanca underground mine.

The Company, through Alto, and the RNR Shareholder Group have entered into a joint venture agreement (the “JV Agreement”) pursuant to which Alto has been appointed as the operator of the Aguablanca Project. RNR is a joint venture in which the Company, through Alto, has joint control. As a result, the Company is accounting for its investment in RNR using the equity method.

Recognizing the importance of the RNR Plant to the Company's future development of its Lomero Project, the Company and the RNR Shareholder Group agreed in the JV Agreement to negotiate and enter into the necessary agreements for Alto to process ore from the Lomero Project at the RNR Plant under mutually agreed conditions, taking into account market conditions at the time of negotiation.

As operator of the RNR joint venture, the Company arranged commercial terms in 2024 with Boliden Commercial AB, a subsidiary of Boliden AB, for the sale at market prices of 100 per cent of the nickel-copper concentrates to be produced at the Aguablanca Project. The initial term of the agreement covers the period through mid-2031 and is renewable annually thereafter. The concentrates will be shipped from Aguablanca through the Huelva Port to Boliden's state-of-the-art nickel flash smelting facilities located in Harjavalta, Finland, the only nickel sulphide smelter in the European Union.

The Aguablanca Project has an approved EIS and an updated Underground Exploitation Plan already approved by the local mining authority. In May 2025, the application for the Water Concession for the Aguablanca Project was approved for a 20-year period. With all required permits in place, RNR has commenced the activities required to restart the mining operations.

RNR recently signed an agreement with METSO to carry out a Phase 1 detailed assessment, commencing in September 2025, of the condition of the existing 5,000 tpd processing facility to determine the extent of the required expenditures to be carried out in Phases 2 and 3 of the refurbishment program. The reconditioning services in Phase 2 and subsequent commissioning of the plant in Phase 3 will be financed by METSO and will be carried out by a Portuguese company with extensive experience in industrial maintenance under the supervision of METSO. As the processing facility has been maintained in good condition, maintenance and commissioning activities to resume operation of the plant are expected to last no longer than eight months. Refurbishment work on all plant services will run in parallel with the dewatering activities.

Pilot dewatering activities commenced in July 2025 with the installation of a 10-nozzle forced evaporation system to accelerate the evaporation of water from the tailings dam during the hot summer months in Spain. Two more evaporators with much higher evaporation capacity will be installed in August 2025 to test their efficiency. In October 2025, the Company expects to commence the dewatering of the existing open pit to gain access to the underground mine workings. The design and engineering of the dewatering system has been completed and will be carried out by a renowned Andalusian company specializing in providing dewatering solutions for the mining sector. The installation of the dewatering system will take place during the month of September 2025. Dewatering activities to resume operation of the underground mine are expected to last no longer than six months.

Negotiations are underway with Endesa, one of the three largest electricity companies in Spain, for the installation and maintenance of underground electrical connections. Once dewatering is completed, the underground assessment of ventilation, ramp access and power in the mine will commence. Construction of a new escapeway system in the underground mine will commence after dewatering of the main ramp is completed.

In addition to the financing being provided by METSO, the Company is continuing its efforts as operator of the joint venture to secure additional project financing directly through RNR to fund the capital expenditures associated with startup activities at the Aguablanca Project. If the work all goes as currently planned, the Company expects to have the Aguablanca underground mine back in production by mid-2026.

#### *Mineral Resource and Mineral Reserve Estimates*

On April 11, 2024, the Company announced the results of the Aguablanca Pre-Feasibility Study (“PFS”). The Aguablanca PFS, with an effective date of March 24, 2024, was prepared by Mr. Scott E. Wilson, CPG, President of Resource Development Associates Inc., who is an independent qualified person. In conjunction with the Aguablanca PFS, the Company announced a MRE for the Aguablanca underground mine estimated in accordance with the CIM Definition Standards for Mineral Resources and Reserves, prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council on May 14, 2014. The Aguablanca PFS is supported by a NI 43-101 independent report (“RNR Technical Report”) which was published and filed on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and Denarius Metal's website at [www.denariusmetals.com](http://www.denariusmetals.com) on May 23, 2024. The RNR Technical Report includes detailed information on the key assumptions, parameters and methods used to estimate the MRE and the Mineral Reserves for the Aguablanca Project.

The MRE is based on 496 diamond drillholes containing 25,025 assay intervals. Drilling includes two exploration holes which were recently drilled in 2023. Outlier grades were capped prior to compositing to 24,250 two-meter intervals. Nickel, copper and cobalt mineralization was estimated using ordinary kriging techniques based on detailed variography analysis of the mineral deposit. Gold, platinum and palladium mineralization was interpolated using inverse distance estimation techniques. Three-dimensional geology models were constructed to identify the mineralized domains of the mineral deposit. Mineralization is constrained geologically to the mineralized domains to accurately reflect the in situ mineralization. The mineral resource estimate was completed using Vulcan scientific software in a 3D block model, with blocks ranging from 4x4x4 meters down to 2x2x2 meters which is a size reflective of the selective mining unit envisioned for underground mining of the deposit.

The following table summarizes the MRE for the Aguablanca underground mine:

Resource Category	Cutoff (Ni%)	Tonnage (K tonnes)	Grade							Contained Metal						
			Ni (%)	Cu (%)	Co (%)	Pd (ppm)	Pt (ppm)	Au (ppm)	NiEq (%)	Ni (Klbs)	Cu (Klbs)	Co (Klbs)	Pd (Oz)	Pt (Oz)	Au (Oz)	NiEq (Klb)
Measured	0.35%	4,048	0.66	0.60	0.02	0.29	0.34	0.17	0.95	58,836	53,512	1,473	38,033	43,919	21,954	84,493
Indicated	0.35%	1,273	0.64	0.52	0.02	0.27	0.31	0.14	0.89	17,986	14,462	503	11,060	12,492	5,760	24,919
<b>Measured + Indicated</b>		<b>5,321</b>	<b>0.65</b>	<b>0.58</b>	<b>0.02</b>	<b>0.29</b>	<b>0.33</b>	<b>0.16</b>	<b>0.93</b>	<b>76,822</b>	<b>67,974</b>	<b>1,976</b>	<b>49,094</b>	<b>56,411</b>	<b>27,715</b>	<b>109,412</b>
Inferred	0.35%	4	0.67	0.61	0.02	0.31	0.37	0.17	0.96	66	60	2	45	54	24	95

#### Notes:

- Reasonable prospects of eventual economic extraction were assessed by enclosing the mineralized material in the block model estimate in a 3D wireframe shape that was constructed based upon geological interpretations as well as adherence to a minimum mining unit with geometry appropriate for underground mining.
- The cutoff grade of 0.35% Ni considered mining costs of:
  - Metal selling prices Ni at \$7.30/lb and Cu selling prices of \$3.50/lb,
  - Recoveries of Ni 82.8% and Cu 93.6%, and
  - Costs including mining, processing, general and administrative (G&A), and off-site realization (TCRC).
- Nickel Equivalent is estimated as  $((3.50/7.30) * \text{Cu grade}) + \text{Ni Grade}$ .
- Mineral resources are not mineral reserves and do not have demonstrated economic viability.
- Mineral resources are inclusive of mineral reserves.
- Figures may not add up due to rounding.

The mine plan in the Aguablanca PFS is based on Mineral Reserves, as summarized in the following table, which have been estimated for a combination of sub-level extraction and long-hole open stoping underground mining methods. The MRE in the table above is inclusive of the Mineral Reserves estimate, which represents approximately 89% of the tonnes in the Measured and Indicated category of the MRE.

The following table summarizes the Mineral Reserves for the Aguablanca underground mine:

Reserve Category	Cutoff (Ni%)	Tonnage (K tonnes)	Grade							Contained Metal						
			Ni (%)	Cu (%)	Co (%)	Pd (ppm)	Pt (ppm)	Au (ppm)	NiEq (%)	Ni (Klbs)	Cu (Klbs)	Co (Klbs)	Pd (Oz)	Pt (Oz)	Au (Oz)	NiEq (Klb)
Proven	0.35%	3,650	0.67	0.61	0.02	0.29	0.34	0.17	0.97	54,051	49,281	1,343	34,454	39,798	19,835	77,678
Probable	0.35%	1,062	0.67	0.53	0.02	0.28	0.31	0.14	0.92	15,582	12,452	429	9,419	10,578	4,875	21,553
<b>Proven + Probable</b>		<b>4,713</b>	<b>0.67</b>	<b>0.59</b>	<b>0.02</b>	<b>0.29</b>	<b>0.33</b>	<b>0.16</b>	<b>0.96</b>	<b>69,633</b>	<b>61,733</b>	<b>1,772</b>	<b>43,874</b>	<b>50,375</b>	<b>24,709</b>	<b>99,231</b>

Notes:

1. CIM Definition Standards were followed for Mineral Reserves
2. Mineral reserves are not additive to mineral resources
3. Mineral reserves are based on the March 24, 2024 mineral resource estimate
4. Totals may not add up due to rounding
5. Mineral reserves are reported using \$7.30/lb Ni, \$3.50/lb Cu, \$12/lb Co, \$2,000/oz Au, \$900/oz Pt and \$1,200/oz Pd
6. The cutoff grade of 0.35% Ni considered mining costs of:
  - a. Metal selling prices Ni at \$7.30/lb and Cu selling prices of \$3.50/lb,
  - b. Recoveries of Ni 82.8% and Cu 93.6%, and
  - c. Costs including mining, processing, general and administrative (G&A), and off-site realization (TCRC).
7. Mineral reserves are constrained within a mine design.
8. Units are metric tonnes, metric grams, troy ounces and imperial pounds. Contained metal are estimates of in situ material and do not account for dilution of processing losses.

### *Aguablanca PFS*

The Aguablanca PFS supports the economic viability of the Aguablanca Project. Activities to be carried out in the first year will require approximately \$6.1 million of capital investment to re-start the existing 5,000 tpd RNR plant, to carry out de-watering activities to gain access to the underground mine and to commence underground mine development. This will culminate in first production of nickel-copper concentrates in the second year of operation. Only 50% of the processing plant's capacity will initially be deployed for the Aguablanca Project, preserving the opportunity to use the remaining capacity for the planned development of the Company's nearby Lomero Project at a later date.

Over the projected 6-year LOM, production from the mining and processing of approximately 4.8 million tonnes of material is expected to recover 43.2 million pounds of payable nickel and 34.6 million pounds of payable copper through the sale of approximately 406,359 tonnes of nickel-copper concentrates. LOM all-in sustaining costs are expected to average \$4.04 per pound of payable nickel on a by-product credit basis. The Aguablanca Project incorporates local contract mining and is expected to stimulate the local economy, benefitting Extremadura and surrounding communities through direct and indirect employment at the Aguablanca Project, local sourcing of services and supplies and community programs funded by the Company. At long-term nickel and copper prices of \$7.30 per pound and \$3.50 per pound, respectively, total LOM undiscounted after-tax Project cash flow from mining operations on a 100% basis amounts to \$105.7 million. At a 5% discount rate, the net present value of the total LOM after-tax Project cash flow on a 100% basis amounts to \$83.1 million. The Aguablanca PFS has an after-tax internal rate of return of 213% and payback after 1.2 years.

## *Future Exploration*

The Company is in the process of designing a brownfield drilling program to commence in 2026 aimed at extending the life of the Aguablanca mine, focusing on expanding reserves in the known main orebodies, as well as expanding the resource footprint of the satellite mineralization of the deposit.

### *Lomero Project, Iberian Pyrite Belt*

The Company owns a 100% interest in the Investigation Permit N° 14,977, also identified as Rubia, covering the areas occupied by the former Lomero-Poyatos Concessions and the mine within them in Southern Spain (collectively, the “Lomero Project”). The Lomero Project is owned by Alto and is subject to a 2% net smelter returns royalty granted in connection with the acquisition of the project in April 2021.

The Rubia Permit is an investigative mining permit covering 15 graticular blocks totalling approximately 454 hectares within the adjoining municipalities of El Cerro del Andevalo and Cortegana within Huelva, Andalucía, southern Spain. The area covered by the Rubia Permit is located approximately 85 km northwest of Seville and 60 km northeast of the port of Huelva and includes the area previously occupied by 13 mining concessions including the former Lomero-Poyatos mine. The Lomero Project is a polymetallic deposit located within the Iberian Pyrite Belt, which is one of the largest districts of pyrite-rich massive sulphide deposits in the world.

In April 2023, the Company announced that it received approval from the Mining Department in Huelva for a three-year extension of the Rubia Permit. The extension of the Rubia Permit was granted by the Department of Mines in Huelva in conjunction with its approval of the Company’s planned drilling program for 2023.

The Company also announced in April 2023 that it was granted Investigation Permit “Palomarejo” N° 14.978 to the west of the Rubia Permit. The Palomarejo Permit covers an area of 151 hectares in the Cortegana area (Huelva), increasing the Company’s exploration area by about 30%, and is in a similar geological setting as the adjacent polymetallic Lomero-Poyatos deposit. The Palomarejo Permit has an initial three-year term and may be extended for another three years.

In August 2021, the Company, through Alto, entered into an agreement with the creditors of Corporation de Recursos Iberia SL (“CRI”) pursuant to which it agreed to acquire all the assets of CRI related to the Lomero Project, including, but not limited to, physical assets, lands, warehouse and exploration assets, in exchange for making payments to the creditors of CRI. CRI was involved in a bankruptcy process in Spain and, on May 23, 2024, the Commercial Court n° 12 of Madrid approved the Company’s agreement with the creditors of CRI. In aggregate, the Company agreed to pay a total of EUR 1.9 million (equivalent to approximately \$2.1 million) to the creditors of CRI, including EUR 1.3 million (equivalent to \$1.4 million) that will be paid in five instalments over a four-year period. Cash in trust of approximately \$0.4 million was used in June 2024 to fund certain payments to the creditors of CRI and a total of approximately \$0.4 million was paid in cash to the creditors of CRI in the second half of 2024. In connection with the acquisition, the Company had historically incurred \$0.8 million of costs that were considered deferred acquisition costs until the completion of the transaction and incurred an additional \$0.4 million of transaction costs during the year ended December 31, 2024. The acquisition of the CRI assets was accounted for as an asset acquisition, with the acquisition costs paid allocated primarily to the E&E assets related to the Lomero Project. The transaction costs incurred by the Company related to this transaction have been capitalized as part of the consideration amount.

## *Mineral Resource Estimate*

The Lomero Project has a rich history of exploration and production to substantiate the potential for future exploitation. To date, the Company's exploration program has principally comprised surface and validation drilling, including twinning of historical drill holes, to confirm its understanding of the existing geological model for the known Lomero-Poyatos deposit.

Following the acquisition of the Lomero Project in 2021, the Company commenced its Phase 1 surface validation and in-fill drilling program comprised of approximately 26,000 meters in 83 diamond drill holes. The program, completed in July 2022, identified mineralization over a strike length of 1 km and with a vertical extension of 400 m, increasing the Company's confidence in the geological model using data validated from previous historic drilling campaigns. In July 2022, the Company prepared an initial MRE based on the results of its Phase 1 drilling program.

In October 2022, the Company commenced its Phase 2 surface validation and in-fill drilling program comprised of approximately 13,225 meters in 42 diamond drill holes. Results from the Phase 2 program, completed in February 2023, confirmed the expected higher grades at depth and validated the lateral and horizontal continuity of the massive sulphide and semi-massive sulphide mineralized lenses. The Phase 2 program also confirmed the presence of higher-grade mineralized zones within the broader resource envelope.

The Company followed up with a Phase 3 surface validation drilling program completed in July 2023 comprised of approximately 4,760 meters in 20 diamond drill holes. Phase 3 drilling was designed to complete the verification of selected high-grade underground holes drilled in the 1980s by Indumetal/Billiton. Phase 3 drilling also confirmed zonation of metals in the deposit, with significant copper mineralization showing grades >0.6% distributed in the central and eastern sectors of the deposit, and significant gold-silver-zinc and lead mineralization showing grades over 2.0 g/t Au, 20 g/t Ag and 0.5% for Zn and Pb distributed in the western and eastern sectors of the deposit and at depth.

On November 2, 2023, the Company filed the Lomero Technical Report on SEDAR+. The Lomero Technical Report included an updated MRE for the Lomero Project, with an effective date of July 31, 2023, incorporating the results from its Phase 2 and Phase 3 drilling programs. The updated MRE converted approximately 73% of the initial Inferred MRE prepared in 2022 to the Indicated Mineral Resources category. The current geological model and the updated MRE for the Lomero-Poyatos deposit include the results obtained from a total of 146 holes representing 44,228 meters of drilling completed to date by the Company plus another 55 historical holes drilled by CMR in 2001 to 2007 representing 10,053 meters.

The updated MRE for the Lomero Project is shown in Table 1 below. The mineral resource evaluation work was completed by Mr. Benjamin Parsons, MAusIMM (CP#222568), Principal Consultant (Resource Geology) with SRK Consulting (U.S.), Inc. ("SRK"), who is an independent qualified person. The Mineral Resources have been reported based on copper equivalent ("CuEq") with the key assumptions included in the notes to the table. In order to meet "reasonable prospects for eventual economic extraction" requirement, the Lomero deposit has been deemed amenable to both open pit and underground mining (for the remaining material which has displayed continuity above the defined cut-off grades), with the cut-off grades of 0.4% CuEq for open pit resources and 0.6% CuEq for underground resources established using benchmarked costs taken from similar deposits within the Iberian Pyrite Belt and metallurgical recoveries based on the outcomes of the initial metallurgical test work completed by the Company between 2022 and 2023.



**Table 1: SRK CIM Compliant Mineral Resource Statement effective July 31, 2023 for the Lomero Project, Spain, reported based on Copper Equivalent (“CuEq”) <sup>(2)</sup>**

Class	Mining Type	Mass (Mt)	Average Value					Material Content					Metal	
			Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Au (koz)	Ag (koz)	Cu (t)	Pb (t)	Zn (t)	CuEq (%)	CuEq (t)
Indicated	OP <sup>(4)</sup>	5.92	2.22	23	0.74	0.45	1.02	422	4,468	43,867	26,492	60,454	1.96	115,702
	UG <sup>(5)</sup>	1.82	2.45	28	0.41	0.50	1.07	143	1,627	7,392	9,029	19,439	1.74	31,600
	<b>Total</b>	<b>7.73</b>	<b>2.27</b>	<b>25</b>	<b>0.66</b>	<b>0.46</b>	<b>1.03</b>	<b>565</b>	<b>6,095</b>	<b>51,259</b>	<b>35,521</b>	<b>79,893</b>	<b>1.91</b>	<b>147,302</b>
Inferred	OP <sup>(4)</sup>	1.93	1.79	24	0.28	0.60	1.22	111	1,475	5,340	11,562	23,618	1.47	28,317
	UG <sup>(5)</sup>	1.52	1.94	21	0.30	0.45	1.12	95	1,003	4,544	6,860	17,045	1.45	22,043
	<b>Total</b>	<b>3.45</b>	<b>1.86</b>	<b>22</b>	<b>0.29</b>	<b>0.53</b>	<b>1.18</b>	<b>206</b>	<b>2,478</b>	<b>9,884</b>	<b>18,422</b>	<b>40,662</b>	<b>1.46</b>	<b>50,359</b>

Notes:

(1) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All figures have been rounded to reflect the relative accuracy of the estimates. Gold, silver, copper, lead and zinc assays were capped where appropriate. It is assumed based on regional benchmarking that all the elements included in the CuEq calculation have a reasonable potential to be recovered and sold.

(2) The CuEq calculation has been defined using the following formula:

$$\text{CuEq} = ((\text{Au} \times 21.38) + (\text{Ag} \times 0.42) + (\text{Cu} \times 69.45) + (\text{Pb} \times 12.68) + (\text{Zn} \times 25.46) / 99.21) / \text{Cu Recovery}$$

(3) Mineral resources are reported using an assumed CuEq cut-off grade based on metal price assumptions\*, variable metallurgical recovery assumptions\*\*, mining costs, processing costs, general and administrative (G&A) costs and variable NSR factors\*\*\*. Mining, processing and G&A costs total US\$31/t for Open Pit Mining and US\$45/t for Underground Mining which includes assumptions for prices, recoveries and payabilities. The CuEq cut-off grade 0.4% CuEq (OP) and 0.6% CuEq (UG) is calculated by dividing the costs by the Cu Factor and recoveries.

(\*) Metal price assumptions considered for the calculation of Metal Equivalent grades are: Gold (US\$/oz 1,900.00), Silver (US\$/oz 24.0), Copper (US\$/lb 4.50), Lead (US\$/lb 1.15) and Zinc (US\$/lb 1.50)

(\*\*) Cut-off grade calculations assume variable metallurgical recoveries as a function of grade and relative metal distribution. Average metallurgical recoveries are: Gold (35%), Silver (55%), Copper (70%), Lead (50%) and Zinc (77%).

(\*\*\*) Cut-off grade calculations and metal equivalencies assume variable CuEq factors as a function of smelting, transportation costs and royalties (3%).

(4) Open pit (OP) mineral resources are constrained within NPV optimized pits which SRK based on assumed mining costs defined.

(5) Underground (UG) mineral resources represent all material below the proposed limiting pit shell which have been confirmed visually to form contiguous units with a minimum width of 2.5 x 2.5 x 1.25m

### *Toral Project, Leon Province*

In November 2022, the Company entered into a Definitive Option Agreement with Europa pursuant to which Europa had granted two options to the Company to acquire up to an 80% ownership interest in EMI. EMI owns a 100% interest in the Investigation Permit N° 15,199 which covers the area occupied by the Toral Project in Northern Spain. In October 2023, as part of the Company’s commitment under the Definitive Option Agreement, a formal application for a mining license for the Toral Project was completed and submitted to the Junta of Castille and Leon, the local mining authority. While the mining license application is being assessed, EMI’s Investigation Permit remains in effect.

### *Mineral Resource Estimate*

On November 30, 2022, following completion of its 2022 drilling campaign, Europa announced an updated JORC 2012 compliant MRE for the Toral Project prepared by Addison Mining Services Ltd. with an effective date of November 5, 2022 comprising:

- An *Indicated Mineral Resource* of approximately 7Mt @ 5% Zn, 3.7% Pb and 29 g/t Ag, containing 349,000 tonnes of zinc, 260,000 tonnes of lead and 6.6 million ounces of silver, and
- An *Inferred Mineral Resource* of approximately 13Mt @ 4.1% Zn, 2.3% Pb and 19 g/t Ag containing

540,000 tonnes of zinc, 300,000 tonnes of lead and 8 million ounces of silver.

Following Europa's 2022 drilling campaign, the database supporting the MRE for the Toral Project included a total of 61,545 meters of drilling.

#### *Acquisition of 100% Interest in EMI*

The Company closed the acquisition of 100% of the issued and outstanding shares of EMI (the "EMI Acquisition") from Europa on November 12, 2024. Europa also assigned its receivable for advances made to EMI to the Company on closing of the EMI Acquisition. The purchase price consisted of \$3.6 million related to the issuance of 7,000,000 common shares of the Company to Europa on closing of the EMI Acquisition, as well as the settlement of \$3.1 million of advances made by the Company to EMI pursuant to the Definitive Option Agreement. The Definitive Option Agreement was terminated on closing of the EMI Acquisition.

The Company's work in 2023 and 2024, including a drilling campaign comprised of approximately 6,200 meters of validation and infill drilling in nine holes completed within the project's known Indicated Mineral Resource area, provided it with confidence in the potential for the Toral Project to become a long-life underground mining operation which has the possibility, subject to further economic study, to eventually supply material to the RNR Plant. Completing the acquisition of 100% of the Toral Project in late 2024 with share consideration also strengthened the Company's liquidity and improved its flexibility to manage the development schedule for its projects in Spain without having to meet the specific obligations mandated under the Definitive Option Agreement.

### Results of Operations and Overall Performance

#### *Revenues and Operating Costs*

(\$000's)	Second Quarter		First Half	
	2025	2024	2025	2024
Gold				
Ounces sold	13	-	13	-
Average realized price (\$/oz) <sup>(1)</sup>	\$ 3,303	\$ -	\$ 3,303	\$ -
Silver				
Ounces sold	138	-	138	-
Average realized price (\$/oz) <sup>(1)</sup>	\$ 36	\$ -	\$ 36	\$ -
Revenues				
Gold	\$ 44	\$ -	\$ 44	\$ -
Silver	5	-	5	-
Total	49	-	49	-
Operating costs	35	-	35	-
Total cash cost (\$/oz) <sup>(1)</sup>	2,260	-	2,260	-

(1) Refer to non-GAAP measures on page 25.

In late June 2025, the first shipment of 64 tonnes of crushed material from the Zancudo Project was loaded and transported to port where it was sold to Trafigura under the Company's long-term offtake agreement. With the grades averaging 9.4 g/t gold and 184.5 g/t silver, the material in the first shipment contained approximately 19 ounces of gold and 377 ounces of silver. During the current early production phase, Trafigura's payability rates range from 55% to 70% for gold and 30% to 40% for silver, depending on the

grades of the material. For the shipment in June 2025, the Company received payment for approximately 13 ounces of gold and 138 ounces of silver. Trafigura's payability rates in the early production phase reflect the additional costs they will have to incur to bring the material to a saleable condition. When the Company begins shipping concentrates, payability rates will increase to 86% to 90% for gold and 35% to 45% for silver.

Operating costs associated with the first shipment in June 2025 comprised the contract mining fee, which is higher in the early production phase and will decrease once the contract miner opens up the new fronts currently in development that will facilitate the use of semi-mechanized mining methods, transportation costs, mine site overhead, royalties and selling costs. Total cash cost <sup>NG</sup> amounted to \$2,260 per ounce of gold sold in the first shipment, resulting in a margin of \$1,043 per ounce of gold sold, equivalent to approximately 31% of gold revenue. Total cash cost per ounce <sup>NG</sup> is expected to decrease once the Company begins producing and selling concentrates.

(\$000's)	Second Quarter		First Half	
	2025	2024	2025	2024
G&A expenses	\$ 1,157	\$ 1,198	\$ 2,422	\$ 2,152
Share-based compensation expense	270	73	287	249
Finance costs	1,258	2,070	2,067	3,701
Loss (gain) on financial instruments	1,195	(11,973)	4,092	(3,715)
Gain on settlement of interest on Convertible Debentures	(54)	-	(54)	-
Loss on settlement of Zancudo NSR Minimum Payment Adjustment	1,036	-	1,036	-

**G&A expenses** were \$1.2 million in the second quarter of 2025 bringing the total for the first half of 2025 to \$2.4 million, up from \$2.2 million in the first half last year. G&A expenses are generally attributed to costs associated with the corporate functions of the public company, including personnel related costs, board fees, legal and audit fees, insurance, shareholder relations and investor relations program costs. The year-over-year increase in first half G&A expenses can primarily be attributed to senior management additions in the third quarter of 2024, an increase in audit/accounting fees driven by the increase in the Company's projects and activities, and an increase in business development, investor relations and marketing programs in 2025.

**Share-based compensation expense** represents the service cost of stock options granted by the Company under its long-term incentive program and that typically vest over a one-year period following the grant date. The expense recognized in the first half of 2025 reflects the first quarter of vesting related to the 4,700,000 stock options granted in April 2025 and the service cost related to a total of 400,000 stock options granted to two new directors in 2024. The expense recognized in the first half of 2024 reflects the service cost of stock options granted in 2023 that completed their vesting in the first half of 2024.

**Finance costs** in the second quarter of \$1.3 million brought the total for the first half of 2025 to \$2.1 million, down from \$3.7 million in the first half of 2024, and included the following major items:

- **Borrowing costs** – gross borrowing costs, comprising interest and accretion, incurred in the second quarter and first half of 2025 amounted to \$1.1 million and \$2.1 million, respectively, of which \$0.7 million and \$1.0 million, respectively, were capitalized to the Zancudo Project. In the first half last year, gross borrowing costs amounted to \$1.2 million and no amounts were capitalized. Gross borrowing costs include:

- Interest of \$0.7 million and \$1.4 million in the second quarter and first half of 2025, respectively, related to the Convertible Debentures, up from \$1.0 million in the first half of 2024 due to the issuance of the Convertible Debentures Series 2 in mid-2024; and,
  - Other borrowing costs in the second quarter and first half of 2025 totalling approximately \$0.4 million and \$0.7 million, respectively, associated with the Zancudo NSR agreement, the Zancudo Prepayment Facility and the short-term borrowings, compared with \$0.2 million in the first half last year for the Zancudo NSR agreement.
- Accretion of \$1.0 million and \$2.2 million in the second quarter and first half of 2024, respectively, attributable to the amount payable in connection with the Company's acquisition of its investment in RNR. The total acquisition cost was non-interest bearing and was payable by the Company in several instalments in 2024, and as such, was initially recorded at a discounted amount on the acquisition date and then accreted with a charge to finance costs over. The final instalment related to the amount payable for the RNR acquisition was paid in early 2025.
- Costs associated with the Convertible Debentures. In the second quarter and first half of 2025, the Company incurred a total of \$0.8 million of consent fees and other expenses to carry out the consent solicitation process as outlined on page 5 of this MD&A. In the second quarter and first half last year, the Company recorded \$0.3 million of finance costs associated with the issuance of the Convertible Debentures Series 2.

The Company's Convertible Debentures are financial liabilities and have been designated at fair value through profit and loss ("FVTPL"). In the second quarter of 2025, the Company recognized a **loss on financial instruments** of \$1.2 million for the change in fair values of the Convertible Debentures bringing the first half 2025 cumulative \$4.1 million. In the second quarter last year, the Company recognized a gain on financial instruments of \$12.0 million which brought the cumulative gain for the first half of 2024 to \$3.7 million.

In the second quarter of 2025, the Company received approval from the holders of both series of Convertible Debentures to issue shares, rather than cash, to settle the monthly interest and certain Gold Premiums on the Convertible Debentures commencing June 30, 2025 and continuing through to, and including, May 31, 2026. The number of shares to be issued to settle the monthly interest payments is determined based on the Company's share price 15 days before the respective interest payment date ("Monthly Measurement Date"). The shares are subsequently recorded in shareholders' equity at the closing share price on the date they are issued. The Company issued a total of 563,140 shares on June 30, 2025 to settle the interest due on that date. This resulted in a **gain on settlement of interest on the Convertible Debentures** in the amount of \$54,000 reflecting the difference in the Company's share price between the Monthly Measurement Date (CA\$0.60 per share) and the issuance date (June 30, 2025 – CA\$0.47 per share). The Company expects to record additional gains/losses in future quarters as it settles the monthly interest payments and Gold Premiums through May 2026 with shares.

As discussed on page 5 of this MD&A, the Company issued an aggregate of 2,083,500 units to a syndicate of third-party private investors in exchange for the cancellation of a total obligation of \$750,000 for the Minimum Payment Adjustment for the 12-month period ended March 31, 2025 under the Zancudo NSR agreement. Each unit consisted of one common share and one common share purchase warrant. As the total fair value of the underlying securities issued by the Company exceeded the amount of the obligation, the Company recognized a \$1.0 million **loss on settlement Zancudo NSR Minimum Payment Adjustment** in the second quarter and first half of 2025.

## Net loss

The Company reported a **net loss** of \$5.0 million (\$0.05 per share) in the second quarter of 2025 compared with net income of \$8.5 million (\$0.13 per share) reported in the second quarter of 2024. This brings the net loss for the first half of 2025 to \$9.2 million (\$0.09 per share) compared with a net loss of \$2.6 million (\$0.04 per share) in the first half of 2024. The year-over-year change in the net loss amounts reported for the second quarter and first half primarily reflects fluctuations in the fair value of the Convertible Debentures that have impacted the non-cash gains/losses recognized on financial instruments.

## Summary of Quarterly Results

	2025		2024				2023	
\$000's except ounces, per ounce and per share data	2 <sup>nd</sup> Qtr	1 <sup>st</sup> Qtr	4 <sup>th</sup> Qtr	3 <sup>rd</sup> Qtr	2 <sup>nd</sup> Qtr	1 <sup>st</sup> Qtr	4 <sup>th</sup> Qtr	3 <sup>rd</sup> Qtr
Gold sold (ounces)	13	-	-	-	-	-	-	-
Average realized gold price (\$/oz sold) <sup>(1)</sup>	\$ 3,303	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total cash cost (\$/oz sold) <sup>(1)</sup>	2,260	-	-	-	-	-	-	-
Revenue	\$ 49	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net income (loss)	(5,012)	(4,243)	2,129	(9,466)	8,523	(11,111)	(9,391)	(965)
Per share - basic and diluted	(0.05)	(0.04)	0.02	(0.14)	0.13	(0.18)	(0.15)	(0.02)
Exploration and capital expenditures	2,094	1,127	2,332	3,601	3,002	2,862	3,435	3,816

(1) Refer to non-GAAP measures on page 25.

Results of operations can vary significantly by quarter as a result of a number of factors. The Company's level of activity and expenditures during a specific quarter are influenced by the level of working capital, the availability of external financing, the time required for ongoing administration and maintenance of the Company and its exploration and mining projects.

The Company issued the Convertible Debentures Series 1 in the fourth quarter of 2023 and followed up with the issuance of the Convertible Debentures Series 2 in the second quarter of 2024. The Convertible Debentures are financial liabilities and have been designated at FVTPL. Changes in assumptions used in the determination of fair value estimates for the Convertible Debentures including, but not limited to, volatility factors, risk-free rates, stock price, credit spreads, gold futures curve and liquidity discounts may also generate losses or gains on financial instruments that cause the results of operations to vary significantly by quarter.

The quarterly net income (loss) was also impacted by an increase in finance costs of the Company starting in the fourth quarter of 2023 primarily reflecting (i) the issuance of the Convertible Debentures and (ii) the recognition of non-cash accretion on the amount payable for the acquisition of the RNR investment.

## Liquidity and Capital Resources

The Company's capital management objective is to have sufficient capital to be able to execute its business plan. The Company manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions and the risk characteristics of the underlying E&E and mining assets. The continued exploration and development of the Company's mining and E&E assets is dependent on the ability of the Company to secure sufficient funds through operations or other sources. Such funds may not be available on acceptable terms or at all.

In March 2025, to bolster its cash position to fund ongoing operating and investing requirements at its projects in Spain and for general corporate purposes, the Company completed the 2025 Private Placement of common shares and warrants raising net cash proceeds of approximately \$3.4 million and settling \$1.1 million of Brockville Promissory Notes with common shares and warrants in lieu of using cash. In June 2025, the Company completed the LIFE Offering of common shares and warrants raising additional net cash proceeds of approximately \$4.4 million. Subject to market conditions, the Company may complete additional private placements to fund its operating and investing activities as the need arises. When practicable, the Company may also continue to consider using equity to settle certain obligations to preserve its cash resources during the ramp up period for its projects.

Potential sources of liquidity for the Company also reside within its current issued and outstanding securities. The Company currently has a significant number of unlisted warrants issued and outstanding, as summarized on page 4 of this MD&A, of which a total of 61.3 million warrants with expiry dates between 2026 and 2028 are exercisable at CA\$0.60 per share. The Company's closing share price on Cboe Canada on August 13, 2025 was CA\$0.50 per share and over the last 52 weeks has ranged between CA\$0.41 and CA\$0.88 per share. The full exercise of these warrants would generate total cash proceeds to the Company of approximately CA\$36.8 million (equivalent to approximately \$26.7 million). The Company's Convertible Debentures have exercise prices of CA\$0.45 per share and CA\$0.60 per share. Exercise of the conversion option by the holders could also result in substantial financial savings to the Company. That being said, the exercise of the warrants or the conversion option on the Convertible Debentures is solely at the discretion of the holders of the securities.

As described elsewhere in this MD&A, the Company's strategy includes a planned re-start of operations at the Aguablanca Project. With all required permits in hand, including the Water Concession which was approved in May 2025, the Company has recently commenced activities for the restart of operations at the Aguablanca Project. RNR recently signed an agreement with METSO to carry out a Phase 1 detailed assessment, commencing in September, of the condition of the existing processing facility to determine the extent of the required expenditures that will be financed by METSO in Phases 2 and 3 of the refurbishment program to recondition and commission the plant. Dewatering activities to gain access to the underground mine have also commenced. In addition to the financing being provided by METSO, the Company in its capacity as operator of the joint venture is continuing its efforts to secure additional project financing directly through RNR to fund the capital expenditures associated with startup activities at the Aguablanca Project, estimated to total up to approximately \$20 million.

#### *Trafigura Prepayment Financing Related to Zancudo Project*

As described on page 4, the Company received a first advance of \$2.5 million in February 2025 under the Prepayment Facility with Trafigura and may receive up to a total of \$6.5 million of additional funding for its capital investments at its Zancudo Project in two further advances as the Company reaches certain milestones in 2025 related to construction activities at its Zancudo Project. The Company can request the second advance of \$2.5 million on receipt of the industrial facility permit associated with the processing plant, which is expected shortly.

#### *Zancudo NSR*

A portion of the funding raised last year for construction at the Zancudo Project was sourced through the sale in March 2024 of a 3% NSR on future production from the Zancudo Project, receiving gross cash proceeds totaling \$5.0 million.



The Zancudo NSR agreement includes a Minimum Payment Adjustment which is calculated on an annual basis, commencing March 31, 2025, until the Zancudo Project reaches commercial production as defined in the Zancudo NSR agreement. The Minimum Payment Adjustment is to be paid in cash to the Zancudo NSR holders and represents the difference between \$750,000 and the aggregate amount of actual Zancudo NSR paid to the Zancudo NSR holders during the preceding 12-month period. Once commercial production is achieved, the Minimum Payment Adjustment is cancelled. For the 12-month period ended March 31, 2025, the Company was obligated to pay the full Minimum Payment Adjustment of \$750,000 as the Zancudo Project was not in production and did not pay any royalties. On April 30, 2025, the Company settled its Minimum Payment Adjustment obligation, as described on page 6, through the issuance of common shares and warrants to the Zancudo NSR holders in lieu of making the required cash payments. With the commencement of production at the Zancudo Project starting in the second quarter of 2025, the Company will be paying royalties to the Zancudo NSR holders in the normal course during the second year of the Zancudo NSR agreement, and as such, expects that it will not be required to pay the full Minimum Payment Adjustment, if any, as of March 31, 2026.

The Zancudo NSR agreement also includes a provision that if commercial production, as defined in the Zancudo NSR agreement, has not been achieved by the Zancudo Project by March 31, 2029, then the Zancudo NSR holders may elect to sell to the Company, and the Company shall be obligated to purchase, the Zancudo NSR for an amount equal to the upfront cash payment totaling \$5.0 million (the "Put Option"). Once commercial production has been achieved, the Put Option is also cancelled.

#### *Going Concern and Working Capital Deficit*

During the six-months period ended June 30, 2025, the Company reported a net loss of \$9.3 million and net cash used in operating activities of \$2.2 million.

As at June 30, 2025, the Company has cash and cash equivalents of \$4.4 million, up from \$1.1 million at the end of December 2024, and a working capital deficiency of \$37.6 million (December 31, 2024 - \$32.5 million). The working capital deficiency at June 30, 2025 includes:

- \$4.6 million of accounts payable and accrued liabilities, of which approximately \$2.0 million relates to the Zancudo Project and is expected to be repaid with proceeds from the Zancudo Prepayment Facility and future operating cash flow; and,
- \$36.1 million for the Convertible Debentures which are not repayable in cash within the next 12 months.

The Company commenced mining operations at its Zancudo Project in April 2025 and recorded its first revenues from production in June 2025. The Company has up to \$6.5 million of funding available through the Zancudo Prepayment Facility to complete construction at the Zancudo Project and will be generating cash flow from operations as it continues to ramp up its Zancudo mining operations. However, it will require additional sources of capital to fund ongoing operational requirements and planned exploration, development and capital expenditures related to its mineral property and E&E assets. To continue as a going concern, the Company must generate sufficient operating cash flow to fund these requirements or secure new funding. There can be no assurance that these initiatives will be successful. These material uncertainties cast significant doubt as to the ability of the Company to meet its business plan and obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

The Company believes that the going concern assumption is appropriate for the Interim Financial Statements and that it will be able to fund its operational requirements and planned exploration and capital programs

during the current year and beyond. There is no guarantee that the Company will be successful in its endeavors and no certainty as to the timing of the Company's impending exploration and development programs, the ramp up in mining operations at the Zancudo Project or the commencement of mining operations at the Aguablanca Project. Should the going concern assumption not be appropriate and the Company is not able to realize its assets and settle its liabilities, the Interim Financial Statements of the Company would require adjustments to the amounts and classifications of assets and liabilities, and these adjustments could be material.

### **Operating activities**

Net cash used in operating activities in the first half of 2025 amounted to \$2.2 million compared to \$2.5 million in the first half of 2024. Similar to the first half last year, operating cash outflow in the first half of 2025 primarily reflected the Company's G&A expenses of \$2.4 million (2024 – \$2.2 million) and changes in non-cash working capital items.

### **Investing activities**

Net cash used in investing activities in the first half of 2025 amounted to \$5.4 million compared with \$11.7 million in the first half of 2024, including:

- As detailed by project in the table below, expenditures on the Company's mineral property, plant and equipment and E&E assets amounted to \$3.2 million (net of an approximately \$0.9 million increase in accounts payable and accrued liabilities and lease obligations), down from \$5.9 million of expenditures in the first quarter last year. Activity in the first half of 2025 focused primarily on the Zancudo Project.
- \$0.3 million for the final payment to the RNR Shareholder Group in connection with the Company's acquisition of its 21% equity interest in RNR.
- \$1.9 million of advances to RNR to fund overhead and site related costs while the Company sources financing for the joint venture.

Total E&E and capital expenditures, as reported in the consolidated statements of cash flows, by project over the trailing eight quarters is as follows:

\$000's	2025		2024				2023	
	2 <sup>nd</sup> Qtr	1 <sup>st</sup> Qtr	4 <sup>th</sup> Qtr	3 <sup>rd</sup> Qtr	2 <sup>nd</sup> Qtr	1 <sup>st</sup> Qtr	4 <sup>th</sup> Qtr	3 <sup>rd</sup> Qtr
Lomero Project	\$ 626	\$ 322	\$ 804	\$ 494	\$ 561	\$ 299	\$ 625	\$ 1,340
Zancudo Project	1,247	711	1,513	2,931	2,132	2,327	2,230	1,557
Total Project	221	94	15	176	309	236	580	919
Total expenditures	\$ 2,094	\$ 1,127	\$ 2,332	\$ 3,601	\$ 3,002	\$ 2,862	\$ 3,435	\$ 3,816

### **Financing activities**

Net cash provided by financing activities in the first half of 2025 was \$10.8 million, including total net proceeds of \$7.8 million from the 2025 Private Placement and LIFE Offering and \$2.4 million of net proceeds received from the first advance under the Zancudo Prepayment Facility from Trafigura. The Company received \$1.5 million of funding from additional short-term borrowings from related parties (see *Related Party Transactions* below). The Company has also arranged certain short-term borrowing facilities to manage its payments related to the Zancudo Project while it waits to draw down funding available under the Zancudo

Prepayment Facility. These short-term borrowings have terms of up to 90 days. In the first half of 2025, the Company short-term borrowings increased to \$0.9 million as at June 30, 2025 from approximately \$0.8 million at the end of 2024. Interest paid in the first half of 2025 amounted to \$1.3 million, of which \$0.5 million related to the Convertible Debentures Series 2 was funded by a reduction in cash in trust. Pursuant to a modification to the terms of the Convertible Debentures in June 2025, the Company issued a total of 563,140 shares to settle interest on the Convertible Debentures for the month of June 2025 in the amount of \$0.2 million. The Company will continue to use shares (i) to settle the monthly interest obligations for the Convertible Debentures through the end of May 2026 and (ii) to settle the Quarterly Gold Premiums payable, if any, on the Convertible Debentures Series 1 in January and April 2026.

Net cash provided by financing activities in the first half of 2024 was \$13.1 million, primarily reflecting \$9.7 million of net proceeds received from the issuance of the Convertible Debentures Units and \$4.7 million of net proceeds received from the sale of the 3% NSR on Zancudo. Interest expense of \$1.0 million paid in cash in the first half of 2024 related to the Convertible Debentures was funded by the trust accounts established on closing of the issuance of each of the Convertible Debentures Series 1 and Series 2.

### **Related Party Transactions**

In December 2024, Brockville International Holdings Ltd. ("Brockville"), an entity controlled by the Executive Chairman of the Company, advanced CA\$0.7 million (equivalent to \$0.5 million) to the Company by way of a promissory note ("Brockville Promissory Note") maturing June 30, 2025. The proceeds were used by the Company toward the funding for the remaining acquisition payments totalling EUR 0.5 million owing to the RNR Shareholder Group (Note 5) in connection with the Company's acquisition of a 21% equity interest in RNR. In January and February 2025, the Company received two additional advances from Brockville totalling CA\$0.8 million (equivalent to approximately \$0.6 million) on the same terms and conditions as the first Brockville Promissory Note. The proceeds of these additional Brockville Promissory Notes were used by the Company to fund an advance to RNR and for general corporate purposes. These Brockville Promissory Notes were settled in March 2025 in conjunction with the Company's non-brokered private placement (page 5). Interest on the Brockville Promissory Notes was incurred at a rate of 12% per annum.

In May 2025, Brockville advanced CA\$0.4 million (equivalent to \$0.3 million) to the Company by way of an unsecured promissory note due October 31, 2025 on the same terms and conditions as the previous Brockville Promissory Notes to fund certain expenditures at the Zancudo Project while it awaits receipt of the second advance under the Zancudo Prepayment Facility.

The Company also received an advance in May 2025 of \$0.6 million from Zenk Capital Private Fund, an entity controlled by the Chief Executive Officer of the Company, by way of an unsecured promissory note due October 31, 2025 to fund the payment of certain accounts payable at the Lomero Project and to fund an advance to RNR. Interest on the Zenk Promissory Notes is being incurred at a rate of 12% per annum.

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

### **Financial Instruments**

The nature of the acquisition, exploration, development and operation of mineral properties exposes the Company to risks associated with fluctuations in commodity prices, foreign currency exchange rates and

credit risk. The Company may at times enter into risk management contracts to mitigate these risks. It is the Company's policy that no speculative trading in derivatives shall be undertaken.

The Company may at times hold financial instruments, derivatives and/or contracts containing embedded derivatives, which are recorded on its consolidated balance sheet at fair value with gains and losses in each period included in profit (loss) and in other comprehensive income (loss), as appropriate. The most significant of these instruments are the Convertible Debentures.

As of June 30, 2025, the outstanding aggregate principal value of the Convertible Debentures is CA\$34.2 million and the carrying value is \$36.1 million. The Convertible Debentures bear interest at 12% per annum, payable monthly. In addition to the interest, the Convertible Debentures will pay a quarterly gold premium starting in 2026. The gold premiums will represent a percentage equal to 25% of (i) the amount, if any, by which the London Bullion Market Association Gold Price on the respective measurement dates exceeds a prescribed floor price (Convertible Debentures Series 1 - \$1,800; Convertible Debentures Series 2 - \$2,000) divided by (ii) the floor price. The quarterly gold premium payments will be equal to the gold premium multiplied by the principal amount of the Convertible Debentures. The Company has not entered into any instruments to hedge against the market movement of gold, and there is risk that rising gold prices will result in higher gold premiums to be paid. However, there is a natural hedge to this risk as rising gold prices result in higher cash flows from increased operating margins that are available to fund the potential exposure. Further information about our financial instruments, derivatives and contracts containing embedded derivatives and associated risks is outlined in Note 13 to the Interim Financial Statements.

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

### **Critical Accounting Estimates**

The preparation of the consolidated financial statements requires management to make significant estimates and assumptions in determining carrying values. Estimates are continuously evaluated and are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ significantly from the amounts included in the consolidated financial statements. The critical estimates applied in the preparation of the Company's Financial Statements are consistent with those applied and disclosed in Note 4 to the audited consolidated financial statements for the year ended December 31, 2024.

### **Recent Accounting Pronouncements**

#### *New accounting standards issued but not yet effective*

#### *IFRS 18 – Presentation and Disclosure in Financial Statements*

On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosure in the Financial Statements ("IFRS 18") replacing IAS 1. IFRS 18 introduces categories and defined subtotals in the statement of profit or loss, disclosures on management-defined performance measures, and requirements to improve the aggregation and disaggregation of information in the financial statements. As a result of IFRS 18, amendments to IAS 7 Statement of Cash Flows were also issued to require that entities use the operating profit subtotal as the starting point for the indirect method of reporting cash flows from operating activities and also to remove

presentation alternatives for interest and dividends paid and received. Similarly, amendments to IAS 33 Earnings per Share were issued to permit disclosure of additional earnings per share figures using any other component of the statement of profit or loss, provided the numerator is a total or subtotal defined under IFRS 18. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively, with early adoption permitted. The Company is currently assessing the impact of the standard on its financial statements.

## **Disclosure Controls and Procedures and Internal Controls Over Financial Reporting**

### ***Internal controls over financial reporting***

Disclosure controls and procedures have been designed to provide reasonable assurance that all material information required to be disclosed by the Company is accumulated and communicated to senior management as appropriate and recorded, processed, summarized and reported to allow timely decisions with respect to required disclosure, including in its annual filings, interim filings or other reports filed or submitted by it under securities legislation. The Company's management, including the Chief Executive Officer and Chief Financial Officer, are responsible for establishing adequate internal controls over financial reporting.

### ***Changes in internal controls***

During the three months ended June 30, 2025, there were no changes in the Company's internal controls over financial reporting that materially affected or are reasonably likely to materially affect the Company's internal controls over financial reporting.

### ***Limitations of controls and procedures***

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## **Non-GAAP Measures**

The Company has included non-GAAP measures in this MD&A such as average realized gold and silver prices per ounce sold and total cash cost (by-product) per ounce sold. These non-GAAP 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.

These measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to other issuers. The Company believes that, in addition to conventional measures prepared in

accordance with IFRS, certain investors use this information to evaluate the Company's underlying performance of its core operations and its ability to generate cash flow. Accordingly, it is 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.

Non-GAAP measures referred to in this MD&A are defined and calculated as follows:

- "Average realized gold and silver price per ounce sold" is calculated by dividing gold or silver revenue, as applicable, by the respective number of ounces sold.
- "Total cash cost per ounce sold" is calculated on a by-product basis by deducting revenues from silver sales from operating costs and dividing the sum by the number of gold ounces sold. Operating costs include mining, transportation, mine site overhead, royalties and selling costs.

The following table reconciles the Company's average realized gold price, average realized silver price and total cash cost, all on a per ounce sold basis, as disclosed in this MD&A for the three and six months ended June 30, 2025:

	Three and Six Months ended June 30, 2025
Revenues	
Gold	\$ 44
Silver	5
	<hr/>
	\$ 49
Ounces sold	
Gold	13
Silver	138
Average realized price per ounce sold	
Gold	\$ 3,303
Silver	\$ 36
Operating costs	\$ 35
Less: silver revenue	(5)
	<hr/>
Total cash cost	\$ 30
Gold ounces sold	13
Total cash cost per ounce of gold sold	\$ 2,260

### Risks and Uncertainties

Exploration, development and mining of precious and other metals involve numerous inherent risks as a result of the economic conditions in the various areas of operation. As such, the Company is subject to several financial, operational and political risks that could have a significant impact on its profitability and levels of operating cash flows. Although the Company assesses and minimizes these risks by applying high operating standards, including careful management and planning of its facilities, hiring qualified personnel and developing their skills through training and development programs, these risks cannot be eliminated.

Readers are encouraged to read and consider the risk factors which are more specifically described under the caption "*Risk Factors*" in the Company's Annual Information Form dated as of March 31, 2025 which is available for view on the Company's website at [www.denariusmetals.com](http://www.denariusmetals.com) and under Denarius Metals' profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).



If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Company is currently aware or which it considers to be material in relation to the Company's business actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the prices of the Company's securities could decline and investors may lose all or part of their investment. Such risk factors could materially affect the future operating results of the Company and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

#### **Cautionary Note Regarding Forward Looking Statements**

Certain statements in this MD&A constitute forward-looking information. Often, but not always, forward-looking statements use words or phrases such as: "expects", "does not expect" or "is expected", "anticipates" or "does not anticipate", "plans" or "planned", "estimates" or "estimated", "projects" or "projected", "forecasts" or "forecasted", "believes", "intends", "likely", "possible", "probable", "scheduled", "positioned", "goal", "objective" or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Such forward-looking statements, including but not limited to statements with respect to anticipated business plans or strategies, including future exploration activities that may be carried out by the Company, involve known and unknown risks, uncertainties and other factors which may cause the actual actions, events and results to be materially different from estimated actions, events or results expressed or implied by such forward-looking statements. The Company believes the expectations reflected in these forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Factors that could cause actual results to differ materially from those anticipated in these forward-looking statements are described under the caption "*Risk Factors*" in the Company's Annual Information Form dated as of March 31, 2025 which is available for view under Denarius Metals' profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws.