

Denarius Metals Corp.

Consolidated Financial Statements

For the years ended December 31, 2025 and 2024



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Denarius Metals Corp.

Opinion

We have audited the consolidated financial statements of Denarius Metals Corp. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2025 and December 31, 2024
- the consolidated statements of operations and comprehensive loss for the years then ended
- the consolidated statements of equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

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

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

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



Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Entity has incurred a net loss from operations of \$31,152 thousand and net cash used in operating activities of \$4,720 thousand. The Entity will require additional sources of capital to fund ongoing operational requirements, planned exploration, development and capital expenditures related to its mineral property and exploration and evaluation assets and to pay the gold premiums and interest on the Convertible Debentures.

As stated in Note 2 in the financial statements, these events or conditions, along with other matters as set forth in Note 2 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matter

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

In addition to the matter described in the “***Material Uncertainty related to Going Concern***” section of the auditor’s report, we have determined the matter described below to be the key audit matter to be communicated in our auditor’s report.

Evaluation of indicators of impairment for mineral property, plant and equipment for the Zancudo Project cash generating unit (“CGU”)

Description of the matter

We draw attention to Notes 3, 4(a), and 5 of the financial statements. The carrying amount of mineral property, plant and equipment was \$32,068 thousand, of which \$31,257 is related to the Zancudo Project CGU. The carrying amount of mineral property, plant and equipment is assessed for any impairment indicators such as events or changes in circumstances which indicate that the carrying value may not be recoverable. If there are indicators of impairment, an evaluation is undertaken to determine whether the carrying amounts are in excess of their recoverable amount. The Entity considers both internal and external sources of information in assessing whether there are any indications that the long-lived assets are impaired. A key assumption used in the factors considered is the expected economic performance of the assets.

Why the matter is a key audit matter

We identified the evaluation of indicators of impairment for mineral property, plant and equipment for the Zancudo Project CGU as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of the mineral property, plant and equipment assets. Significant auditor attention was required to evaluate the results of our audit procedures and assess the Entity’s determination of whether the factors, individually and in the aggregate, resulted in indicators of impairment.



How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We evaluated the Entity's assessment of factors within their impairment indicator analysis based on the requirements of relevant accounting standards. We evaluated the economic performance of the assets assumption by:

- Assessing current and forecasted asset performance by comparing internal cash flow forecasts to the actual historical performance and mineral resources estimate within the Entity's technical report,
- Inspecting permit approvals,
- Comparing market commodity prices used by management to external sources.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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

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

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

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

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



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Daniel Gordon Ricica.

Toronto, Canada

March 31, 2026

Denarius Metals Corp.
Consolidated Statements of Financial Position
(Expressed in thousands of U.S. dollars)

	Notes	December 31, 2025	December 31, 2024
ASSETS			
Current			
Cash and cash equivalents	14c	\$ 6,899	\$ 1,130
Cash in trust	8b	-	486
Other receivables		759	216
Inventories		371	-
Prepaid expenses and deposits		664	582
Deferred financing costs	12	458	-
		9,151	2,414
Non-current			
Mineral property, plant and equipment	5	32,068	20,500
Exploration and evaluation assets	6	55,981	48,147
Investment in joint venture	7	12,187	9,992
Advances to joint venture	7	3,236	-
Total assets		\$ 112,623	\$ 81,053
LIABILITIES AND EQUITY			
Current			
Accounts payable and accrued liabilities	8	\$ 4,060	\$ 3,210
Short-term borrowings	9	1,377	1,263
Convertible Debentures	10	55,559	29,486
Current portion of Zancudo NSR liability	11	522	563
Current portion of Zancudo Prepayment Facility	12	1,216	-
Current portion of lease obligations	13	177	87
Amount payable related to acquisition of joint venture	7	-	259
		62,911	34,868
Non-current			
Accounts payable and accrued liabilities	8	1,140	1,451
Zancudo NSR liability	11	4,825	4,773
Zancudo Prepayment Facility	12	3,352	-
Lease obligations	13	122	21
Other liabilities		303	267
Total liabilities		72,653	41,380
Equity			
Share capital	14b	130,694	116,127
Share purchase warrants	14c	19,844	12,577
Contributed surplus	14d	5,763	4,743
Accumulated other comprehensive loss		1,287	(7,308)
Deficit		(117,618)	(86,466)
Total equity		39,970	39,673
Total liabilities and shareholders' equity		\$ 112,623	\$ 81,053

Basis of presentation and going concern
Subsequent events

(Note 2)
(Notes 10a, 10b, 14c, 14d)

On behalf of the Board of Directors:

"Paul Sparkes" (Signed)

"Serafino Iacono" (Signed)

See accompanying notes to the consolidated financial statements.

Denarius Metals Corp.
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in thousands of U.S. dollars, except share amounts)

	Notes	Years ended December 31,	
		2025	2024
Revenue	17	\$ 1,656	\$ -
Costs of sales		(1,104)	-
Gross profit		552	-
General and administrative expenses	19	(5,080)	(4,391)
Share-based compensation	14d	(953)	(298)
Impairment charge	6b	(1,274)	-
Finder's fee and other costs associated with acquisition of investment in joint venture	7	-	(800)
Loss from operations		(6,755)	(5,489)
Other income (expense)			
Finance income		117	161
Finance costs	18	(2,813)	(5,279)
Loss on financial instruments	10	(23,281)	(6,079)
Gain on settlement of interest on Convertible Debentures	10	1	-
Foreign exchange gain		963	536
Gain on modification of Zancudo Prepayment Facility	12	311	-
Gains on modifications of amount payable related to acquisition of joint venture investment	7	-	278
Loss on settlement of Zancudo NSR MPA obligation	11	(621)	-
Equity share of income (loss) in joint venture	7	31	(149)
Gain resulting from capitalization of advances in joint venture	7	794	-
Gain on partial disposal of equity accounted joint venture	7	-	1,225
Gain on modifications of Convertible Debentures	8	-	4,222
Recognition of accumulated foreign currency translation adjustment on disposal of foreign operations	6b	101	649
Net loss		(31,152)	(9,925)
Attributed to:			
Shareholders of the Company		(31,152)	(9,836)
Non-controlling interest		-	(89)
Other comprehensive (loss) income:		(31,152)	(9,925)
Items that will not be reclassified to profit in subsequent periods:			
Unrealized loss on Convertible Debentures due to changes in credit risk (nil tax effect)		(370)	(179)
Items that may be reclassified to profit in subsequent periods:			
Foreign currency translation adjustment (nil tax effect)		8,965	(4,257)
Comprehensive loss		\$ (22,557)	\$ (14,361)
Basic and diluted loss per share		\$ (0.27)	\$ (0.14)
Weighted average number of common shares outstanding		116,381,741	71,459,631

See accompanying notes to the consolidated financial statements.

Denarius Metals Corp.
Consolidated Statements of Equity
(Expressed in thousands of U.S. dollars)

	Notes	Years ended December 31,	
		2025	2024
Share capital			
Balance, beginning of year		\$ 116,127	\$ 103,233
Shares issued on conversions of Convertible Debentures	10a,10b	65	2,008
Shares issued to settle interest on Convertible Debentures, net of costs	10	1,703	-
Shares issued to settle Zancudo NSR MPA obligation, net of costs	11	804	-
Shares issued pursuant to private placements, net of costs	14b	4,085	5,208
Shares issued in the LIFE Offerings, net of costs	14b	7,604	-
Issuance of common shares in acquisition of Toral	6d	-	3,613
Rio Narcea transaction costs settled in shares	14b	-	130
Toral transaction costs settled in shares	14b	95	-
Exercise of warrants	14c	182	1,822
Exercise of options	14d	29	113
Balance, end of year		130,694	116,127
Share purchase warrants			
Balance, beginning of year		12,577	11,022
Warrants issued, net of costs, to settle Zancudo MPA obligation	11	555	-
Zancudo Prepayment Facility warrants issued	12	927	-
LIFE Offering Warrants issued, net of costs	14b	3,290	-
LIFE Offering Broker Warrants issued	14b	334	-
Private placement warrants issued, net of costs	14b	2,198	668
Convertible Debenture Warrants issued, net of costs	10b	-	1,233
Exercise of warrants	14c	(37)	(346)
Balance, end of year		19,844	12,577
Contributed surplus			
Balance, beginning of year		4,743	4,408
Exercise of options	14d	(10)	(39)
Toral transaction costs settled in shares	14b	(95)	-
Share-based compensation	14d	1,125	374
Balance, end of year		5,763	4,743
Accumulated other comprehensive loss			
Balance, beginning of year		(7,308)	(2,872)
Unrealized loss on Convertible Debentures due to changes in credit risk (nil tax effect)	10	(370)	(179)
Foreign currency translation adjustment		8,965	(4,257)
Balance, end of year		1,287	(7,308)
Deficit			
Balance, beginning of year		(86,466)	(79,425)
Net loss attributable to shareholders of the Company		(31,152)	(9,836)
Change in non-controlling interest in Toral		-	3,084
Contributions to non-controlling interest in Toral		-	(289)
Balance, end of year		(117,618)	(86,466)
Non-Controlling Interest			
Balance, beginning of year		-	2,315
Contributions to non-controlling interest in Toral		-	289
Net loss attributable to non-controlling interest		-	(89)
Change in non-controlling interest in Toral		-	(2,515)
Balance, end of year		-	-
Total equity		\$ 39,970	\$ 39,673

See accompanying notes to the consolidated financial statements.

Denarius Metals Corp.
Consolidated Statements of Cash Flows
(Expressed in thousands of U.S. dollars)

	Notes	Years ended December 31,	
		2025	2024
Operating Activities			
Net loss		\$ (31,152)	\$ (9,925)
Adjusted for the following items:			
Share-based compensation	14d	953	298
Impairment charge	6b	1,274	-
Amortization	5	209	206
Finance costs	18	2,813	5,279
Equity share of (income) loss in joint venture	7	(31)	149
Loss on financial instruments	10	23,281	6,079
Loss on settlement of Zancudo NSR MPA obligation	11	621	-
Foreign exchange gain		(963)	(536)
Gain on modification of Zancudo Prepayment Facility	12	(311)	-
Gain on settlement of interest on Convertible Debentures	10	(1)	-
Gain resulting from capitalization of advances in joint venture	7	(794)	-
Gain on partial disposal of equity accounted joint venture	7	-	(1,225)
Gains on modifications of amount payable related to acquisition of joint venture	7	-	(278)
Gain on modifications of Convertible Debentures	10	-	(4,222)
Recognition of accumulated foreign currency translation adjustment on disposal of foreign operations	6b	(101)	(649)
Changes in non-cash working capital items:	16	(518)	777
Net cash used in operating activities		(4,720)	(4,047)
Investing Activities			
Additions to mineral property, plant and equipment	5	(4,566)	(8,621)
Additions to exploration and evaluation assets	6	(2,792)	(3,176)
Payments related to acquisition of joint venture	7	(263)	(8,396)
Advances to joint venture	7	(3,089)	-
Capital contributions to joint venture	7	-	(1,422)
Payments related to acquisition of CRI assets		(177)	(405)
Deferred acquisition costs related to CRI assets		-	(66)
Transaction costs incurred in acquisition of Toral		-	(52)
Net cash used in investing activities		(10,887)	(22,138)
Financing Activities			
Proceeds from Zancudo Prepayment Facility, net of costs	12	4,896	-
Proceeds from LIFE Offerings, net of costs	14b	10,923	-
Proceeds from private placements, net of costs	14b	5,219	5,876
Proceeds from sale of NSR, net of costs	11	-	4,735
Proceeds from issuance of Convertible Debentures Units, net of costs	10b	-	9,737
Convertible debentures consent modification process costs paid		(77)	(69)
Net decrease (increase) in cash in trust for interest on Convertible Debentures		494	941
Interest paid		(1,440)	(2,508)
Other financing costs		(64)	-
Share issue costs related to settlement of Zancudo NSR MPA obligations	11	(11)	-
Share issue costs related to settlements of interest on Convertible Debentures	10	(20)	-
Increase in short-term borrowings	9	1,280	-
Payment of lease obligations	13	(224)	(266)
Exercise of warrants	14c	145	1,476
Exercise of options	14d	19	74
Net cash provided by financing activities		21,140	19,996
Impact of foreign exchange rate changes on cash and cash equivalents		236	(309)
Increase (decrease) in cash and cash equivalents		5,769	(6,498)
Cash and cash equivalents, beginning of year		1,130	7,628
Cash and cash equivalents, end of year		\$ 6,899	\$ 1,130

See accompanying notes to the consolidated financial statements.

Denarius Metals Corp.
Notes to the Consolidated Financial Statements
Years ended December 31, 2025 and 2024
(Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

1. NATURE OF OPERATIONS

Denarius Metals Corp. (the “Company”) is a company incorporated under the laws of the Province of British Columbia, Canada. The Company’s head office is located in Toronto, Canada. The Company and its wholly-owned subsidiaries are engaged in the acquisition, exploration, development and operation of mineral properties, primarily in Spain and Colombia.

The Company is listed on Cboe Canada and trades under the symbol “DMET”. The Company also trades on the OTCQX Market in the United States under the symbol “DNRSF”.

2. BASIS OF PRESENTATION AND GOING CONCERN

These financial statements, approved by the Board of Directors on March 31, 2026, have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The financial statements have been prepared under the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, and are presented in U.S. dollars, rounded to the nearest thousand except when otherwise indicated.

These financial statements have been prepared on a going concern basis assuming that the Company will be able to realize its assets and discharge its liabilities in the normal course of business as they come due in the foreseeable future.

During the year ended December 31, 2025, the Company reported a net loss of \$31.2 million and net cash used in operating activities of \$4.7 million. As at December 31, 2025, the Company has cash and cash equivalents of \$6.9 million and a working capital deficiency of \$53.8 million, including \$55.6 million for the Convertible Debentures. Although the Convertible Debentures are not repayable in cash within the next 12 months, the Company must commence paying quarterly gold premiums on the Convertible Debentures in 2026 as described in Note 10. In 2025, the Company commenced mining operations at its Zancudo Project and is carrying out activities to reach commercial production in 2026. While the Company is ramping up its production, it will require additional sources of capital to fund ongoing operational requirements, planned exploration, development and capital expenditures related to its mineral property and E&E assets, and to pay the gold premiums and interest on the Convertible Debentures. Subsequent to December 31, 2025, the Company received cash proceeds of approximately CA\$20.9 million (equivalent to approximately \$15.2 million) during the period up to March 30, 2026 from the exercise of warrants and stock options. 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.

These financial statements do not include adjustments to the recoverability and classifications of recorded assets and liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The recoverability of the amounts shown for mineral properties is dependent on the existence and economic extraction of resources, the capacity to obtain financing to complete the development of such resources, the ability to obtain the necessary licenses and permits, stability or increases in future commodity prices, and the success of future operations or dispositions of the mineral properties.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies used in the preparation of these financial statements are as follows:

Consolidation

These financial statements comprise the financial results of the Company including its subsidiaries. Details regarding the Company and its principal subsidiaries, all of which have a December 31 year end, are summarized in the following table:

Denarius Metals Corp.
Notes to the Consolidated Financial Statements
Years ended December 31, 2025 and 2024
(Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

Entity	Property/ function	Registered	Functional currency ⁽¹⁾	Interest as at	
				December 31, 2025	December 31, 2024
Denarius Metals Corp.	Corporate	Canada	CA	-	-
Alto Minerals S.L.U. ("Alto")	Lomero Project	Spain	EUR	100%	100%
Toral Metals Iberia S.L.U. ("Torral")	Toral Project	Spain	EUR	100%	100%
Zancudo Metals Sucursal Colombia ("Zancudo")	Zancudo Project	Colombia	COP	100%	100%
Emerene Corporation S.A. ("Emerene")	Phosphates Project	Colombia	COP	100%	100%

(1) "CA" = Canadian dollar, "USD" = U.S. dollar, "COP" = Colombian peso, "EUR" = Euro

Intercompany transactions, balances and unrealized gains and losses on transactions between group companies are eliminated.

The consolidated financial statements also include the Company's 21.8% equity interest (2024 – 21%) in Rio Narcea Recursos, S.A. ("RNR"), as outlined in Note 7. The investment in the RNR is accounted for using the equity method.

Foreign currency translation

a) Functional and presentation currencies

Items included in the financial statements of each entity consolidated by the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of each of the Company's significant subsidiaries is disclosed in the table under "Consolidation" above. The financial statements are presented in U.S. dollars as the Company believes this will facilitate comparison with other mining and resource companies.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency of the entity using the exchange rates prevailing at the dates of the transactions or revaluation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of operations in "foreign exchange gain".

c) Group companies

The results and financial position of all group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. assets and liabilities for each statement of financial position are translated at the closing rate at the date of that statement of financial position;
- ii. income and expenses for each consolidated statement of operations and cash flows for the years are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);
- iii. components of equity are translated at the exchange rates at the dates of the relevant transactions or at average exchange rates where this is a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, and are not re-translated; and
- iv. all resulting exchange differences are recognized in other comprehensive income (loss).

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the consolidated statement of operations as part of the gain or loss on sale.

Segment reporting

Reportable segments are those whose operating results are reviewed by the chief operating decision-maker, identified as the Board of Directors, which is responsible for allocating resources and assessing performance.

Denarius Metals Corp.
Notes to the Consolidated Financial Statements
Years ended December 31, 2025 and 2024
(Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

Business combinations

The Company determines whether a business is acquired when the integrated set of assets and activities includes at a minimum, an input and substantive process and whether the acquired set has the ability to contribute to the creation of outputs.

The Company also has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. If substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the concentration test is met, and the transaction is determined not to be a business combination. If the assets acquired are not a business, the transaction is accounted for as an asset acquisition.

Investments in joint arrangements

A joint arrangement is a contractual arrangement of which the Denarius group of entities and another party have joint control. Joint arrangements are either joint operations or joint ventures. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. The Company determines the type of joint arrangement in which it is involved by considering the structure and form of the arrangement, the terms agreed by the parties in the contractual arrangement and other facts and circumstances such as the parties' rights and obligations arising from the arrangement.

Joint operations are contractual arrangements which involve joint control between the parties. The consolidated financial statements of the Company include its share of the assets in such joint operations, together with its share of the liabilities, revenues and expenses arising jointly or otherwise from those operations. All such amounts are measured in accordance with the terms of each arrangement.

A joint venture is an arrangement over which the Company shares joint control and which provides the Company with the rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method. Under the equity method, investments in joint ventures are initially recorded at cost and adjusted thereafter to record the Company's share of post-acquisition earnings or losses of the joint venture as if the joint venture had been consolidated. The carrying value of investments in joint ventures is also increased or decreased to reflect the Company's share of capital transactions, including amounts recognized in other comprehensive income, and for accounting changes that relate to periods subsequent to the date of acquisition.

The Company follows the guidance of IAS 28, Investments in Associates and Joint Ventures to assess whether there is objective evidence that its net investment in joint venture is impaired. This determination requires significant judgment in evaluating objective evidence and loss events. If there is objective evidence that the carrying value of the joint venture is impaired, it is written down to its recoverable amount.

If the investment ceases to be an associate or joint venture, the Company shall discontinue the use of the equity method from the date the Company loses joint control or significant influence. Any items previously recognized in other comprehensive income are reclassified to profit and loss on discontinuation of the equity method.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, term deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, if applicable, are included in liabilities as bank indebtedness.

Other receivables

Receivables are measured at amortized cost using the effective interest method less a provision for impairment. Provision is made in the allowance for doubtful accounts based on management's best estimate of the other receivable balances that may not be collectible.

Exploration and evaluation ("E&E") assets

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility

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and the assessment of commercial viability of an identified resource.

Exploration and evaluation expenditures include costs which are directly attributable to:

- researching and analyzing existing exploration data;
- conducting geological studies, exploratory drilling, trenching and sampling;
- examining and testing extraction and treatment methods;
- activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource;
- costs incurred in acquiring mineral rights; and
- administrative and other general overhead costs associated with finding specific mineral resources.

E&E expenditures are capitalized and are classified as such until the project demonstrates technical feasibility and commercial viability. Technical feasibility and commercial viability generally coincide with the establishment of proven and probable reserves; however, they may also occur when the Company makes a decision to proceed with development or begins production. Upon demonstrating technical feasibility and commercial viability, and subject to an impairment analysis, capitalized E&E costs are transferred to mineral properties within property, plant and equipment.

An impairment review of E&E assets is performed, either individually or at the cash-generating unit level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against in the financial year in which this is determined. E&E assets are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions below is met:

- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation, amortization and impairment charges. Cost includes expenditures that are directly attributable to the acquisition and are recorded as part of the development and construction of the asset.

Depletion of capitalized costs related to mineral properties will be charged to cost of sales on a unit-of-production basis based upon proven and probable reserves and estimated mineable mineral resources until the properties are abandoned, sold or considered to be impaired in value. Mineral properties are tested for impairment in accordance with the policy for impairment of non-financial assets as set out below. Land is not depreciated.

Depreciation of plant and equipment and other assets is calculated using the straight-line method over their estimated useful lives, as follows:

Equipment	3 to 7 years
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The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant components and depreciates each component separately. The residual values and useful lives of the assets are reviewed and adjusted, if appropriate, at the end of each reporting period.

Mineral property - production phase

When management determines that a property is capable of commercial production, amortization of costs capitalized during development begins.

Once a mineral property has been brought into commercial production, the costs of any additional work on that property are expensed as incurred, except for exploration and development programs which constitute a betterment, which will be deferred and amortized over the remaining useful life of the related assets. Mineral

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properties include decommissioning and restoration costs related to the reclamation of mineral properties. Mineral properties are derecognized upon disposal, or impaired when no future economic benefits are expected to arise from continued use of the asset or the carrying value of the CGU exceeds its recoverable amount. Any gain or loss on disposal of the asset, determined as the difference between the proceeds received and the carrying amount of the asset is recognized in the consolidated statement of operations and comprehensive loss.

Mineral properties are amortized on the unit-of-production basis using the mineable ounces extracted from the mine in the period as a percentage of the total mineable ounces to be extracted in current and future periods based on mineral resources. Mineral properties are recorded at cost, net of accumulated depreciation and depletion and accumulated impairment losses and are not intended to represent future values. Recovery of capitalized costs is dependent on successful development of economic mining operations or the disposition of the related mineral property.

Current and deferred income tax

The provision for income tax for the year comprises current and deferred income tax. Income tax is recognized in the consolidated statement of operations, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is recognized in other comprehensive income or directly in equity, respectively.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized using the asset and liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined on a non-discounted basis using tax rates (and laws) that have been enacted or substantively enacted by the consolidated statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Provision for decommissioning

The provision for decommissioning arises from the development, construction and normal operation of mining property, plant and equipment as mining activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing, and the Company intends to make expenditures to comply with such laws and regulations.

The estimated present value of reclamation liabilities is recorded in the period in which the liabilities are incurred and the resulting costs are capitalized to the carrying amount of the related asset. The liability will be increased each period to reflect the interest element and will also be adjusted for changes in the discount rates and in the estimates of the amount, timing and cost of the work to be carried out.

As at December 31, 2025 and December 31, 2024, the Company has not incurred such obligations in its principal subsidiaries.

Share-based payments

The Company has equity-settled and cash-settled share-based compensation plans under which it issues

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either equity instruments or makes cash payments based on the value of the underlying equity instrument of the Company. The Company's share-based compensation plans are comprised of the following:

a) *Stock option plan*

The Company's stock option plan is an equity-settled share-based compensation plan under which it issues equity instruments of the Company. The Company records equity-settled share-based payments under which the entity receives services from employees, consultants and directors as consideration for stock options granted by the Company. For employees and others providing similar services, the total amount to be expensed or capitalized, as appropriate, is based on the fair value of the options granted. The fair value is determined using the Black-Scholes model on grant date. Measurement inputs include share price on measurement date, exercise price, expected volatility, expected life, expected dividends, expected forfeiture rate and the risk-free interest rate.

The share-based compensation cost is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of operations with a corresponding adjustment to equity.

b) *Deferred Share Units ("DSU") plan*

DSUs are an equity-based instrument under the Company's long-term incentive plan for its nonexecutive directors. Each DSU represents the right for a non-executive director to receive a cash payment (subject to withholdings) when they cease to be a director of the Company. The cash payment is equal to the product of (i) the vested number of DSUs held and (ii) the volume-weighted average market price of the Company's common shares for the five business days preceding such date.

The DSUs represent a financial liability as they can only be settled in cash upon the departure of the directors. As such, the DSUs granted and vested are initially recognized at their fair value as share-based compensation with a corresponding amount recorded in accounts payable and accrued liabilities on the statement of financial position. The DSU liability is subsequently remeasured to its fair value at each period end with the change in fair value during the period recognized as share-based compensation. Unvested DSUs are recognized as share-based compensation over the vesting period using the straight-line method.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease, if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a lease liability with a corresponding right-of-use ("ROU") asset on the date at which the leased asset is available for use by the Company. The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date, discounted using the interest rate implicit in the lease. If the implicit rate cannot be readily determined, the Company's incremental borrowing rate is used, being the rate that it would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment.

The lease liability is subsequently increased by the interest cost and decreased by lease payments made over the lease period. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the Company's estimate of any residual amount payable, or if applicable, the Company changes its assessment of whether it will exercise a purchase, extension, or termination option. The ROU asset is depreciated using the straight-line method from the recognition date to the earlier of the end of the useful life of the asset or the end of the lease term.

Payments associated with short-term leases and leases of low-value assets are expensed as they are incurred in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

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Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net income for the period by the weighted average number of common shares outstanding during the period.

Provided that they are not anti-dilutive, diluted earnings per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. This method assumes that proceeds received from the exercise of stock options and warrants and any unamortized share-based compensation amounts are used to repurchase common shares at the prevailing market rate.

Financial instruments

The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest.

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as FVTPL, directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial asset has been classified as amortized cost, FVTPL or fair value through other comprehensive income ("FVOCI"). The carrying amount of financial liabilities subsequent to initial recognition depends on whether they are classified as amortized cost or FVTPL. Financial assets and financial liabilities classified as amortized cost are measured subsequent to initial recognition using the effective interest method.

Financial liabilities are subsequently measured and classified as amortized cost or as fair value through profit or loss ("FVTPL"). Derivative financial liabilities are measured at FVTPL. The Company, at initial recognition, may designate a hybrid financial liability that contains embedded derivative financial instruments, at FVTPL. For such financial liabilities recorded at FVTPL, the change in fair value due to changes in the Company's credit risk is recorded in other comprehensive income, with the remainder of the change in fair value recorded in profit and loss.

The Company has assessed the classification and measurement of its financial assets and financial liabilities as follows:

	Classification category
Cash and cash equivalents	Amortized cost
Other receivables	Amortized cost
Advances to joint venture	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Short-term borrowings	Amortized cost
Convertible Debentures	FVTPL
Zancudo NSR liability	Amortized cost
Zancudo Prepayment Facility	Amortized cost
Amount payable related to acquisition of joint venture	Amortised cost

Fair value hierarchy

IFRS requires an entity to classify financial assets and liabilities that are recognized in the statement of financial position at fair value in a hierarchy that is based on significance of the inputs used in making the measurements.

The levels in the hierarchy are:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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The Convertible Debentures are classified as Level 2 in the fair value hierarchy as the fair value has been determined based on inputs, including volatility factors, risk-free rate, stock price and credit spread, which can be substantially observed or corroborated in the marketplace.

Impairment

Financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Non-financial assets

Assets that are subject to amortization are reviewed for impairment, or reversal of impairment, as the case may be, whenever events or changes in circumstances indicate there is a change in the recoverability of the carrying amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows (cash generating units or "CGUs"), which are typically the individual mining projects. The estimates used for impairment reviews are based on detailed mine plans and operating budgets, modified as appropriate to meet the requirements of IAS 36, *Impairment of Assets*.

When evaluating fair value less costs of disposal, fair value is determined based on the amount that could be obtained in an arm's length transaction and generally uses a discounted cash flow model based on the present value of estimated future cash flows, including future expansions or development projects. In a fair value less costs of disposal analysis the assumptions used are those that a market participant would be expected to apply.

An impairment charge is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount and is recorded in the consolidated statement of operations. Non-financial assets, other than goodwill, that were previously impaired are reviewed for possible reversal of the impairment at each reporting date when an event warrants such consideration. The reversal is limited to the carrying value that would have been determined, net of any applicable depreciation, had no impairment charge been recognized in prior years.

Borrowing costs

The Company does not capitalize borrowing costs related to exploration and evaluation assets. All borrowing costs related to exploration and evaluation assets are recognized as interest and accretion in the consolidated statement of operations in the period in which they are incurred.

Once the Company has established that exploration and evaluation assets have reached technical feasibility and commercial viability, they are reclassified to development projects. Borrowing costs incurred that are attributable to qualifying assets under development will be capitalized and included in the carrying amounts during the development period until the assets are ready for their intended use. In the case of mining properties, the mining property is ready for its intended use when it commences commercial production. Capitalization will commence on the date that expenditures for the qualifying asset are incurred, borrowing costs are being incurred by the Company and activities that are necessary to prepare the qualifying asset for its intended use are being undertaken.

For funds obtained from general borrowing, the amount capitalized will be calculated using a weighted average of rates applicable to the borrowings during the period. For funds borrowed specifically for the purpose of obtaining or developing a qualifying asset, the amount capitalized will represent the actual borrowing costs incurred on the specific borrowings less any investment income earned on the temporary investment of those borrowings. This applies to the Zancudo NSR liability and Zancudo Prepayment Facility.

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Inventories

Stockpiled ore is recorded at the lower of weighted average cost and net realizable value (“NRV”). Stockpiled ore inventory represents ore that has been extracted from the mine and is available for further processing. The cost of stockpiled ore inventory is derived from the costs incurred up to the point of stockpiling the ore and is removed at the weighted average cost as ore is processed.

Materials and supplies inventories are valued at the lower of cost and NRV, where cost is based on a first in, first out basis. NRV is the estimated selling price less applicable selling expenses and estimated costs to complete production.

Revenue recognition

Revenue from the sale of gold and silver is recognized when control has been transferred to the customer, which is considered to occur when products have been delivered to the location specified by the customer and the risks of loss have been passed to the customer. Revenue is measured at an amount reflecting the consideration the Company expects to receive in exchange for the product.

New accounting standards issued but not 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. The adoption of IFRS 18 will not affect net income, but it will change how income and expenses are presented. Items of income and expenses in the statement of operations will be classified into three new categories of operating, investing, and financing, with new subtotals presented. 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.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to use judgment in applying its accounting policies and estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Judgments and 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 financial statements.

a) Significant judgments in the application of accounting policies

E&E assets

The Company has incurred E&E costs during the year at its Lomero and Toral Projects. Management is required to apply judgment in determining whether technical feasibility and commercial viability can be demonstrated for mineral properties. The technical feasibility and commercial viability is based on management’s evaluation of the geological properties of a mineral deposit based on information obtained through evaluation activities, including metallurgical testing, resource and reserve estimates and economic assessment of whether the mineral deposit can be mined economically. Once technical feasibility and commercial viability of a mineral property can be demonstrated, exploration costs will be assessed for impairment and reclassified to development projects within mineral properties.

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Indicators of Impairment

The carrying amounts of mineral property, plant and equipment, E&E assets, development assets and the investment in joint venture are assessed for any impairment indicators such as events or changes in circumstances which indicate that the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying amounts are in excess of their recoverable amount.

The Company considers both internal and external sources of information in assessing whether there are any indications that long-lived assets are impaired. A key assumption used in the factors considered is the expected economic performance of the assets. External sources of information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of its long-lived assets. Internal sources of information the Company considers include the manner in which mineral property, plant and equipment are being used or are expected to be used, which includes management judgment, and in respect of exploration assets, the right to explore in the specific area has or will expire in the future and is not expected to be renewed, substantive expenditures are neither budgeted or planned, exploration has not led to the discovery of commercially viable quantities of mineral resources or sufficient data exists that although development of a specific area is likely to proceed, the carrying amount of the assets is unlikely to be recovered.

Recoverability of advances to joint venture

The recoverability of advances to joint venture are expected to be repaid following the joint venture securing project financing or achieving commercial production. Management assesses expected credit losses considering: (i) project development risks and timelines; and (ii) financing market conditions. Management has concluded no expected credit loss allowance is required at December 31, 2025.

b) Significant accounting estimates and assumptions

Convertible Debentures

The Convertible Debentures have been designated at FVTPL. Fair values have been determined based on valuation methodologies that capture all of the features of the Convertible Debentures to arrive at the value of these Convertible Debentures. The fair value estimates are based on numerous assumptions including, but not limited to, volatility factors, risk-free rates, liquidity discount, stock price and credit spreads. The fair value estimates may differ from actual fair values and these differences may be significant and could have a material impact on the Company's financial position and results of operations.

Provision for decommissioning

The Company assesses its provision for decommissioning when new material information becomes available. Mining and exploration activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing, and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations.

Share-based payments

The factors affecting stock-based compensation include estimates of when stock options might be exercised and share price volatility. The timing of exercise of options is out the Company's control and will depend upon a variety of factors, including the market value of the Company's shares and financial objectives of the share-based instrument holders. The Company uses historical data to determine volatility in accordance with appropriate fair value methodology. However, the future volatility is uncertain, and the model has its limitations.

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5. MINERAL PROPERTY, PLANT AND EQUIPMENT

	Mineral property	Construction in progress	Plant and equipment	Leasehold improvements	ROU Asset	Total
Year ended December 31, 2025						
Opening net book value	\$ 8,285	\$ 10,934	\$ 1,089	\$ 92	\$ 100	\$ 20,500
Additions	3,453	1,100	66	(15)	369	4,973
Transfers	-	(473)	473	-	-	-
Capitalized borrowing costs (Note 17)	2,683	-	-	-	-	2,683
Impairment	-	-	(53)	-	-	(53)
Share-based compensation	152	-	-	-	-	152
Depreciation and amortization	39	-	(96)	(8)	(200)	(265)
Exchange difference	1,879	1,948	223	10	18	4,078
Closing net book value	\$ 16,491	\$ 13,509	\$ 1,702	\$ 79	\$ 287	\$ 32,068
As at December 31, 2025						
Cost	\$ 16,491	\$ 13,509	\$ 1,952	\$ 118	\$ 458	\$ 32,528
Accumulated depreciation and amortization	-	-	(250)	(39)	(171)	(460)
Net book value	\$ 16,491	\$ 13,509	\$ 1,702	\$ 79	\$ 287	\$ 32,068
As at December 31, 2025						
Zancudo Project	\$ 16,491	\$ 13,509	\$ 1,257	\$ -	\$ -	\$ 31,257
Lomero Project	-	-	445	79	287	811
Net book value	\$ 16,491	\$ 13,509	\$ 1,702	\$ 79	\$ 287	\$ 32,068
Year ended December 31, 2024						
Opening net book value	\$ 2,740	\$ 4,307	\$ 949	\$ 110	\$ 356	\$ 8,462
Acquisition of CRI assets (Note 6c)	-	-	291	-	-	291
Additions	4,054	7,794	36	-	1	11,885
Capitalized borrowing costs (Note 17)	2,202	-	-	-	-	2,202
Share-based compensation	37	-	-	-	-	37
Depreciation and amortization	-	-	(65)	(10)	(237)	(312)
Exchange difference	(748)	(1,167)	(122)	(8)	(20)	(2,065)
Closing net book value	\$ 8,285	\$ 10,934	\$ 1,089	\$ 92	\$ 100	\$ 20,500
As at December 31, 2024						
Cost	\$ 8,285	\$ 10,934	\$ 1,220	\$ 121	\$ 607	\$ 21,167
Accumulated depreciation and amortization	-	-	(131)	(29)	(507)	(667)
Net book value	\$ 8,285	\$ 10,934	\$ 1,089	\$ 92	\$ 100	\$ 20,500
As at December 31, 2024						
Zancudo Project	\$ 8,285	\$ 10,934	\$ 601	\$ -	\$ -	\$ 19,820
Phosphates Project	-	-	45	-	-	45
Lomero Project	-	-	443	92	68	603
Corporate	-	-	-	-	32	32
Net book value	\$ 8,285	\$ 10,934	\$ 1,089	\$ 92	\$ 100	\$ 20,500

As at December 31, 2025, accounts payable and accrued liabilities (Note 8) includes \$2.6 million related to expenditures on plant and equipment (2024 - \$2.3 million).

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6. EXPLORATION AND EVALUATION ASSETS

	Phosphates	Lomero	Total	Total
Year ended December 31, 2025				
Opening net book value	\$ 1,040	\$ 39,642	\$ 7,465	\$ 48,147
Additions	-	1,753	666	2,419
Impairment	(1,221)	-	-	(1,221)
Share-based compensation	-	24	-	24
Depreciation and amortization capitalized	-	56	-	56
Exchange difference	181	5,407	968	6,556
Closing net book value	\$ -	\$ 46,882	\$ 9,099	\$ 55,981
Year ended December 31, 2024				
Opening net book value	\$ 1,200	\$ 37,261	\$ 7,120	\$ 45,581
Acquisition of CRI assets	-	2,439	-	2,439
Additions	-	2,319	792	3,111
Depreciation and amortization capitalized	-	85	-	85
Share-based compensation	-	39	-	39
Exchange difference	(160)	(2,501)	(447)	(3,108)
Closing net book value	\$ 1,040	\$ 39,642	\$ 7,465	\$ 48,147

a) As at December 31, 2025, accounts payable and accrued liabilities (Note 8) includes \$0.2 million related to expenditures on E&E assets (2024 - \$0.5 million).

b) *Phosphates Project, Colombia and Impairment Charge*

The Company owns 100% of the issued and outstanding shares of Emerene Corporation S.A. ("Emerene"), a Panamanian company which owns the mining rights to several phosphorite claims in Boyacá, Colombia (the "Phosphates Project").

Since the Company acquired the Phosphates Project in 2023, its priorities have focused its technical and financial resources in Colombia on the development of its Zancudo Project in Colombia and the Company has not been able to engage in any exploration activities at the Phosphates Project. In light of the impact the lack of mining works or operations has on the Company's ability to retain its rights to the phosphorite claims, and the Company's current assessment of the economic potential of the Phosphates Project, it decided in 2025 to abandon the claims. This represents an indicator of impairment under IAS 36 Impairment of Assets and IFRS 6 Exploration for and Evaluation of Mineral Resources. As a result, the Company performed an impairment test for the land and E&E assets of the Phosphates Project as at December 31, 2025 and determined that the recoverable amount of these assets was \$nil. Accordingly, the Company recorded an impairment loss of \$1.3 million in the consolidated statement of operations during the year ended December 31, 2025.

In conjunction with the above assessment, management concluded that, for accounting purposes, the Company had effectively disposed of its net investment in Emerene during the year ended December 31, 2025. In accordance with IAS 21, the cumulative amount of foreign currency translation adjustments relating to Emerene that had been recognised in accumulated other comprehensive income was reclassified to the statement of operations. The amount reclassified during the year ended December 31, 2025 was a gain of \$0.1 million.

c) *Lomero Project*

The Company owns a 100% interest in the Lomero Project, including the Rubia Investigation Permit which covers the areas occupied by the former Lomero-Poyatos Concessions and the mine within them and the adjacent Palomarejo Investigation Permit, both located in the Iberian Pyrite Belt in southern Spain. In September 2025, the Company was granted the exploration permit for the Cruzadillo claims (the "Cruzadillo Investigation Permit") which are located less than 1 km from the Rubia and Palomarejo Investigation Permits. The Lomero Project is subject to a 2% NSR on production from the project, payable in cash.

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

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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 nº 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 \$2.2 million) to the creditors of CRI, including EUR 1.3 million (equivalent to \$1.5 million) that will be paid in five instalments over a four-year period. As at December 31, 2025, the Company has paid EUR 0.7 million (equivalent to \$0.8 million) and there is EUR 1.2 million (equivalent to \$1.3 million), included in accounts payable and accrued liabilities (Note 8), that is remaining to be paid over the next three years.

d) Total Project

In November 2024, after carrying out an exploration campaign pursuant to an option agreement, the Company completed the acquisition of 100% of the issued and outstanding shares of Toral (the "Torale Acquisition") from Europa Metals Ltd. ("Europa"). Toral holds the Torale Zn-Pb-Ag Project (the "Torale Project") located in the Leon Province, Northern Spain. The Torale Project is subject to a 1% NSR on any future production of minerals, payable in cash.

7. INVESTMENT IN RIO NARCEA RECURSOS, S.A. JOINT VENTURE

On November 29, 2023, the Company, through Alto, a wholly-owned subsidiary of the Company in Spain and owner of the Lomero Project, entered into a definitive agreement (the "RNR Agreement") with the third party shareholders of RNR (collectively, the "RNR Shareholder Group") to acquire a 50% interest in RNR, which owns a 5,000 tonnes per day processing plant and has the rights to exploit the historic producing Aguablanca nickel-copper mine located in Monesterio, Extremadura, Spain.

Under the RNR Agreement, Alto initially acquired 50% of all of the issued and outstanding shares of RNR in an arm's length transaction with the RNR Shareholder Group for cash consideration totaling EUR 25 million (equivalent to approximately US\$27 million), of which EUR 2.5 million was paid on signing of the RNR Agreement in 2023 and the balance of EUR 22.5 million was to be paid in instalments in 2024. The amount payable to the RNR Shareholder Group was non-interest bearing and was initially recorded at a discounted amount at the acquisition date using an effective interest rate of 21.53%.

In addition, Alto and the RNR Shareholder Group entered into a Shareholders' Agreement (the "Shareholder Agreement") pursuant to which Alto appointed three members to the RNR board of directors and the RNR Shareholder Group appointed the remaining three members. Pursuant to the Shareholder Agreement, Alto was appointed as the operator of the Aguablanca Project. RNR was initially recognized as a joint venture in which the Company, through Alto, had joint control. The acquisition of RNR was determined to be an asset acquisition. The investment in the joint venture was accounted for using the equity method.

The Company also paid a finder's fee of EUR 0.2 million (equivalent to approximately \$0.2 million) to an unrelated third party. During the year ended December 31, 2024, 50% of the finder's fee was paid in cash and the balance was settled through an issuance of common shares to the finder (Note 14b).

During the year ended December 31, 2024, the Company and the RNR Shareholder Group mutually agreed to modify the instalment schedule for the remaining acquisition payments. These changes to the instalment schedule resulted in gains on debt modifications totaling approximately \$0.3 million that were recognized in the consolidated statement of operations during the year ended December 31, 2024.

As at December 27, 2024, the Company had paid a total of EUR 10.25 million (equivalent to approximately \$11.2 million) to the RNR Shareholder Group and had a balance payable of EUR 14.75 million (equivalent to approximately \$15.4 million). On December 27, 2024, the Company sold a 29% interest in RNR (the "RNR Sale Transaction") back to the RNR Shareholder Group in exchange for a EUR 14.5 million (equivalent to \$15.1 million) reduction in the amount payable associated with the acquisition of the Company's initial 50% interest in RNR. The Company also agreed to make a final payment of EUR 0.25 million (equivalent to approximately \$0.3 million) related to its remaining 21% interest in RNR which was completed in January 2025.

In conjunction with the RNR Sale Transaction, the Company and the RNR Shareholder Group agreed to a new Shareholder Agreement, providing the Company with the right to appoint two of the six members of the RNR board of directors (previously the Company had 50% representation), establishing protective rights in

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key decisions related to the governance of RNR and providing the Company with a right of first refusal to increase its stake in RNR in the future. In addition, the Company retained its role as operator of the Aguablanca Project, responsible for resuming operations at the RNR plant and the Aguablanca underground mine. As such, the Company determined that it maintained joint control over RNR and therefore has continued to account for its equity interest in RNR as an investment in joint venture using the equity method.

Pursuant to the new Shareholder Agreement, the Company is responsible to arrange the financing on behalf of the joint venture that is required by RNR for the capital investments to resume operations at the Aguablanca Project. RNR received its pending Water Concession in May 2025. In the event that the financing does not commence within 12 months of RNR having all the required permits, including the Water Concession, for the reactivation of the Aguablanca Project, the Company will be obligated to pay a EUR 2 million penalty to the RNR Shareholder Group.

During the year ended December 31, 2025, the Company made advances amounting to approximately \$3.2 million to fund RNR's expenditures while it arranges the financing on behalf of RNR. The advances to the joint venture bear interest at a rate equivalent to the quarterly Euribor + 2.5%. Repayment of the advances by the joint venture to the Company will be made over a maximum period of five years following the start of operations at the Aguablanca Project.

On December 29, 2025, the Company and the RNR Shareholder Group formally capitalized advances each of the parties had made to the joint venture up to the end of 2024. As a result, the Company's ownership in RNR increased to 21.8% as these previous capital contributions in the amount of EUR 1.3 million, included in the Company's investment in joint venture, and advances from the RNR Shareholder Group were formally capitalized. The change in the respective equity interests of the Company and the RNR Shareholder Group resulted in the Company's recognition of a gain of \$0.8 million in the year ended December 31, 2025.

The following tables summarize the consolidated financial information of RNR on a 100% basis, taking into account adjustments made by the Company for equity accounting purposes and fair value adjustments, on each of December 31, 2025 and December 31, 2024:

	December 31, 2025	December 31, 2024
Total current assets	\$ 472	\$ 1,963
Total non-current assets	74,544	65,780
Total current liabilities	(4,202)	(7,501)
Total non-current liabilities, including advances payable to the Company	(14,908)	(12,662)
Total net assets	\$ 55,906	\$ 47,580

	Years Ended December 31,	
	2025	2024
Revenue	\$ -	\$ -
Net income (loss)	113	(298)
Other comprehensive income (loss) from foreign currency translation adjustments	6,469	(3,041)

Reconciliation of RNR's net assets to the carrying value of the Company's investment in the RNR joint venture is as follows:

Net assets of RNR at January 1, 2024	\$ 48,118
Capital contributions for the year ended December 31, 2024	2,801
Net loss for the year ended December 31, 2024	(298)
Foreign currency translation adjustments	(3,041)
Net assets of RNR at December 31, 2024	47,580
Net income for the year ended December 31, 2025	113
Capitalization of advances from RNR Shareholder Group	1,744
Foreign currency translation adjustments	6,469
Net assets of RNR at December 31, 2025	55,906
Equity interest	21.8%
Investment in joint venture at December 31, 2025	\$ 12,187

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A summary of the changes in the investment in RNR in the current and prior years is as follows:

	Amount
As at January 1, 2024	\$ 24,059
Capital contributions to RNR	1,422
Equity share of loss in RNR	(149)
Equity share of other comprehensive loss	(1,447)
Reduction of investment on disposal of 29% interest in RNR	(13,893)
As at December 31, 2024	9,992
Equity share of income in RNR	31
Equity share of other comprehensive income	1,370
Gain resulting from capitalization of advances in the joint venture	794
As at December 31, 2025	\$ 12,187

The following table summarizes the changes in the amount payable related to the acquisition of the investment in RNR in the current and prior years:

	Amount
As at January 1, 2024	\$ 21,708
Instalments paid (EUR 7.75 million)	(8,396)
Accretion (Note 17)	3,351
Gains on modifications of debt	(278)
Reduction of investment on disposal of 29% interest in RNR	(15,118)
Exchange difference	(1,008)
As at December 31, 2024	259
Final instalment paid (EUR 0.25 million)	(263)
Exchange difference	4
As at December 31, 2025	\$ -

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2025	December 31, 2024
Related to operating, general and administrative expenses	\$ 1,050	\$ 684
Related to expenditures for mineral property, plant and equipment (Note 5)	2,624	2,322
Related to expenditures for E&E assets (Note 6)	175	474
Related to acquisition of CRI assets, including transaction costs (Note 6c)	1,348	1,181
DSU liabilities	3	-
Total accounts payable and accrued liabilities	5,200	4,661
Non-current portion related to expenditures for mineral property, plant and equipment	(638)	(856)
Non-current portion related to acquisition of CRI assets	(502)	(595)
Current portion	\$ 4,060	\$ 3,210

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9. SHORT-TERM BORROWINGS

	December 31, 2025	December 31, 2024
Financial institutions	\$ 1,377	\$ 776
Brockville Promissory Notes	-	487
Current portion	\$ 1,377	\$ 1,263

Financial Institutions

As at December 31, 2025, the Company has borrowings under other short-term facilities with financial institutions totalling approximately \$1.4 million (December 31, 2024 - \$0.8 million) to fund expenditures related to its Zancudo Project while it awaits receipt of funds under the Zancudo Prepayment Facility. These borrowings have a term of 90 days. The Company is required to pay a facility fee of 1% upon receipt of the funds and to make monthly interest payments at a rate of 2.1%.

Related Party Borrowings

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 an unsecured 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 7) 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 (Note 14b). 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 additional unsecured promissory note due on the same terms and conditions as the previous Brockville Promissory Notes. Proceeds were used to fund certain expenditures at the Zancudo Project while it awaited receipt of the second advance under the Zancudo Prepayment Facility (Note 12). In October 2025, the maturity date for this Brockville Promissory Note was extended to November 30, 2025. The Company settled this promissory note in conjunction with the Company's November 2025 LIFE Offering.

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 November 30, 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 was incurred at a rate of 12% per annum. The Company repaid this promissory note in cash in November 2025.

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.

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10. CONVERTIBLE DEBENTURES

	December 31, 2025	December 31, 2024
Convertible Debentures Series 1 (Note 10a)	\$ 37,220	\$ 19,379
Convertible Debentures Series 2 (Note 10b)	18,339	10,107
Total Convertible Debentures	\$ 55,559	\$ 29,486

a) *Convertible Debentures Series 1*

In October 2023, the Company closed a private placement in two tranches issuing a total of CA\$20.6 million aggregate principal amount (equivalent to approximately \$14.9 million) of senior unsecured convertible debentures (the "Convertible Debentures Series 1"). The Convertible Debentures Series 1 are listed on Cboe Canada under the symbol "DMET.DB".

	Number	Amount
As at January 1, 2024	20,632,000	\$ 22,653
Conversions	(1,380,000)	(1,970)
Change in FVTPL	-	3,124
Change in FVOCI due to changes in credit risk	-	181
Gain on modification of terms	-	(2,958)
Issuance of consent fee debentures	304,000	302
Exchange difference	-	(1,953)
As at December 31, 2024	19,556,000	\$ 19,379
Conversions	(35,000)	(40)
Change in FVTPL	-	15,954
Change in FVOCI due to changes in credit risk	-	282
Issuance of consent fee debentures	365,560	495
Exchange difference	-	1,150
As at December 31, 2025	19,886,560	\$ 37,220

The Convertible Debentures Series 1 are non-callable and mature and become payable in full at maturity on October 19, 2029, unless otherwise converted, prepaid or accelerated in accordance with their terms. The Convertible Debentures Series 1 bear interest at 12% per annum, paid monthly in equal installments in cash.

On December 31, 2024, the Convertible Debentures Series 1 were amended through a consent solicitation process to i) defer the commencement of the quarterly gold premium payments by one year to January 31, 2026 and ii) extend the maturity date by one year to October 19, 2029. Holders of the Convertible Debentures due 2029 who responded to the solicitation and consented to the amendments received a consent fee equal to 2% of the number of Convertible Debentures due 2029 they held. Consent fees were satisfied through the issuance to the consenting holders of additional Convertible Debentures Series 1, denominated in a principal amount of \$1.00 per Convertible Debentures Series 1. Based on the consents received, the Company issued a total of 304,000 consent fee debentures to holders of the Convertible Debentures Series 1. The amendments resulted in a \$3.0 million decrease in the fair value of the Convertible Debentures Series 1 which was recorded as a gain on modification of Convertible Debentures in the statement of operations for the year ended December 31, 2024.

Commencing January 31, 2026, and at the end of each quarter thereafter, the Company will pay a gold premium in cash on the principal amount of the Convertible Debentures Series 1. The gold premium will be calculated as a percentage equal to 25% of (i) the amount, if any, by which the London P.M. Gold Fix on the quarterly measurement date exceeds \$1,800 per ounce (the "2023 Floor Price") divided by (ii) the 2023 Floor Price. Subsequent to December 31, 2025, the Company issued 8,645,816 common shares on February 2, 2026 to settle the quarterly gold premium due on January 31, 2026 of approximately CA\$6.1 million (equivalent to approximately \$4.5 million).

On June 18, 2025, the Convertible Debentures Series 1 were amended through a consent solicitation process to (i) enable the Company to issue common shares rather than cash to settle the monthly interest payments

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from June 30, 2025 to May 31, 2026, inclusive; (ii) enable the Company to issue common shares rather than cash to settle the Gold Premium Payments, if any, payable on each January 31, 2026 and April 30, 2026 and (iii) implement a maximum amount of \$4,000 per ounce for the London P.M. Gold Fix in the Gold Premium Payment calculation. Holders of the Convertible Debentures Series 1 who responded to the solicitation and consented to the amendments received a consent fee equal to 2% of the number of Convertible Debentures Series 1 they held. Consent fees were satisfied through the issuance to the consenting holders of additional Convertible Debentures Series 1, denominated in a principal amount of \$1.00 per Convertible Debentures Series 1. Based on the consents received, the Company issued a total of 365,560 consent fee debentures to holders of the Convertible Debentures Series 1.

The following table summarizes the common shares issued by the Company during the year ended December 31, 2025 to settle the monthly interest payments for the Convertible Debentures Series 1:

Interest Period	Number	Amount
June	327,756	\$ 145
July	382,433	144
August	423,118	144
September	310,727	143
October	361,572	142
November	382,432	142
December	320,752	145
Total	2,508,790	\$ 1,005

Subsequent to December 31, 2025, the Company issued a total of 880,945 common shares to settle the monthly interest payments for January through March 2026 totaling approximately CA\$0.6 million (equivalent to approximately \$0.4 million) for the Convertible Debentures Series 1.

At any time prior to maturity, the Convertible Debentures Series 1 are convertible at a holder's option into common shares of the Company at a conversion price of CA\$0.45 per share (the "2023 Conversion Option"). On May 7, 2025, the Company issued 77,777 common shares on the conversion of CA\$35,000 principal amount of Convertible Debentures Series 1.

The Convertible Debentures Series 1 are a financial liability and have been designated at fair value through profit or loss ("FVTPL"). As such, the Convertible Debentures Series 1 were recorded at fair value at inception, being equal to the principal amount, and are subsequently remeasured with the change in fair value being recognized in the statement of operations, except the portion of the change in fair value due to changes in the Company's credit risk, which is recognized in the statement of other comprehensive income ("FVOCI").

The fair value of the Convertible Debentures Series 1 at December 31, 2025 has been determined using the finite-differences method model and level 2 fair value inputs that capture all the features of the Convertible Debentures Series 1, including the 2023 Conversion Option, gold futures curve, Company share price of CA\$0.71 per share, share price volatility of 107.28%, risk free interest rate of 2.68%, dividend yield of 0.00% and credit spread of 50.32%. In valuing the Convertible Debentures Series 1, the Company applied a liquidity discount of 26.40% from the Black-Scholes value.

During the year ended December 31, 2025, the Company recorded a loss on fair value of \$16.0 million (2024 – \$3.1 million) related to the Convertible Debentures Series 1 in the statement of operations. The Company also recorded a fair value loss of \$0.3 million during the year ended December 31, 2025 (2024 – \$0.2 million) related to the change in credit risk associated with the Convertible Debentures Series 1 in the statement of other comprehensive income.

b) Convertible Debentures Series 2

In May and June 2024, the Company closed two tranches of a private placement, issuing a total of 13.8 million convertible debenture units ("Convertible Debenture Units") for total gross cash proceeds of CA\$13.8 million (equivalent to approximately \$10.1 million). The Convertible Debenture Units comprised an aggregate principal amount of CA\$13.8 million of senior unsecured convertible debentures (the "Convertible Debentures Series 2") and 6.9 million unlisted warrants (the "Convertible Debenture Warrants") of the Company (Note 14c). Total issuance costs related to the Convertible Debenture Units amounted to approximately \$0.3 million,

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most of which was recognized in finance costs in the year ended December 31, 2024 related to the Convertible Debentures Series 2. A portion of the issuance costs was allocated to the Convertible Debenture Warrants and recognized in the statement of equity in the year ended December 31, 2024.

	Number	Amount
Issued on closing of first tranche on May 30, 2024	10,025,000	\$ 7,329
Issued on closing of second tranche on June 25, 2024	3,783,000	2,765
Total 2024 Convertible Debenture Units issued	13,808,000	10,094
Value allocated to Convertible Debenture Warrants	-	(1,274)
Value allocated to Convertible Debentures Series 2	13,808,000	8,820
Conversions	(50,000)	(38)
Change in FVTPL	-	2,955
Change in FVOCI due to changes in credit risk	-	(2)
Gain on modification of terms	-	(1,264)
Issuance of consent fee debentures	272,460	196
Exchange difference	-	(560)
As at December 31, 2024	14,030,460	\$ 10,107
Conversions	(30,600)	(25)
Change in FVTPL	-	7,327
Change in FVOCI due to changes in credit risk	-	88
Issuance of consent fee debentures	272,454	266
Exchange difference	-	576
As at December 31, 2025	14,272,314	\$ 18,339

On December 31, 2024, the Convertible Debentures Series 2 were amended through a consent solicitation process to i) defer the commencement of the quarterly gold premium payments by one year to June 30, 2026 and ii) extend the maturity date by one year to May 30, 2030. Holders of the Convertible Debentures Series 2 who responded to the solicitation and consented to the amendments received a consent fee equal to 2% of the number of Convertible Debentures Series 2 they hold. Consent fees were satisfied through the issuance to the consenting holders of additional Convertible Debentures Series 2, denominated in a principal amount of \$1.00 per Convertible Debentures Series 2. Based on the consents received, the Company issued a total of 272,460 consent fee debentures to holders of the Convertible Debentures Series 2. The amendments resulted in a \$1.3 million decrease in the fair value of the Convertible Debentures Series 2 which was recorded as a gain on modification of Convertible Debentures in the statement of operations for the year ended December 31, 2024.

The Convertible Debentures Series 2 are non-callable and mature and become payable in full at maturity on May 30, 2030, unless otherwise converted, prepaid or accelerated in accordance with their terms. The Convertible Debentures Series 2 bear interest at 12% per annum, paid monthly in equal installments in cash. At closing in 2024, the Company set aside a portion of the gross proceeds in trust (December 31, 2024 balance - \$0.5 million) to fund the monthly interest payments on the Convertible Debentures Series 2 from June 2024 through May 2025.

Commencing June 30, 2026, and at the end of each quarter thereafter, the Company will pay a gold premium in cash on the principal amount of the Convertible Debentures Series 2. The gold premium will be calculated as a percentage equal to 25% of (i) the amount, if any, by which the London P.M. Gold Fix on the quarterly measurement date exceeds \$2,000 per ounce (the "2024 Floor Price") divided by (ii) the 2024 Floor Price.

On June 18, 2025, the Convertible Debentures Series 2 were amended through a consent solicitation process to (i) enable the Company to issue common shares rather than cash to settle the monthly interest payments from June 30, 2025 to May 31, 2026, inclusive and (ii) implement a maximum amount of \$4,000 per ounce for the London P.M. Gold Fix in the Gold Premium Payment calculation. Holders of the Convertible Debentures Series 1 who responded to the solicitation and consented to the amendments received a consent fee equal to 2% of the number of Convertible Debentures Series 2 they held. Consent fees were satisfied through the issuance to the consenting holders of additional Convertible Debentures Series 2, denominated in a principal

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amount of \$1.00 per Convertible Debentures Series 2. Based on the consents received, the Company issued a total of 272,454 consent fee debentures to holders of the Convertible Debentures Series 2.

The following table summarizes the common shares issued by the Company during the year ended December 31, 2025 to settle the monthly interest payments for the Convertible Debentures Series 2:

Interest period	Number	Amount
June	235,384	\$ 103
July	274,768	103
August	303,999	103
September	223,006	102
October	259,496	102
November	274,468	102
December	230,197	104
Total	1,801,318	\$ 719

Subsequent to December 31, 2025, the Company issued a total of 632,242 common shares to settle the monthly interest payments for January through March 2026 totaling approximately CA\$0.4 million (equivalent to approximately \$0.3 million) for the Convertible Debentures Series 2.

At any time prior to maturity, the Convertible Debentures Series 2 are convertible at a holder's option into common shares of the Company at a conversion price of CA\$0.60 per share (the "2024 Conversion Option"). On June 19, 2025, the Company issued 25,000 common shares on the conversion of CA\$15,000 principal amount of Convertible Debentures Series 2. On September 9, 2025, the Company issued 26,000 common shares on the conversion of CA\$15,600 principal amount of Convertible Debentures Series 2.

The Convertible Debentures Series 2 are a financial liability and have been designated at FVTPL. As such, the Convertible Debentures Series 2 were recorded at fair value at inception and are subsequently remeasured with the change in fair value being recognized in the statement of operations, except the portion of the change in fair value due to changes in the Company's credit risk, which is recognized in the statement of other comprehensive income.

The fair values of the liability component of the Convertible Debentures Series 2 at inception were determined using the finite-differences method model and level 2 fair value inputs that capture all the features of the Convertible Debentures Series 2, including the 2024 Conversion Option, gold futures curve and the following inputs:

	First Tranche	Second Tranche
Issue date	May 30, 2024	June 25, 2024
Company share price	CA\$0.63/ share	CA\$0.60/ share
Share price volatility	108.31%	108.30%
Risk free interest rate	3.64%	3.30%
Dividend yield	0.00%	0.00%
Credit spread	50.50%	50.59%
Liquidity discount	36.84%	36.84%

The fair value of the liability component of the Convertible Debentures Series 2 at December 31, 2025 has been determined using the finite-differences method model and level 2 fair value inputs that capture all the features of the Convertible Debentures, including the 2024 Conversion Option, gold futures curve, Company share price of CA\$0.71 per share, share price volatility of 105.02%, risk free interest rate of 2.73%, dividend yield of 0.00% and credit spread of 50.32%. In valuing the Convertible Debentures Series 2, the Company applied a liquidity discount of 29.05% from the Black-Scholes value.

During the year ended December 31, 2025, the Company recorded a loss on fair value of \$7.3 million (2024 – \$3.1 million), related to the Convertible Debentures Series 2 in the statement of operations. The Company also recorded a loss of \$0.1 million in the year ended December 31, 2025 (2024 – \$0.2 million), related to the change in credit risk associated with the Convertible Debentures Series 2 in the statement of other comprehensive income.

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11. ZANCUDO NET SMELTER ROYALTY (“NSR”) LIABILITY

As at January 1, 2024	\$ -
Issuance of Zancudo NSR, net of transaction costs	4,734
Accretion	39
Recognition of a portion of Year 1 Minimum Payment Adjustment (“MPA”) obligation	563
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As at December 31, 2024	\$ 5,336
Recognition of the balance of the Year 1 MPA obligation	187
Settlement of the Year 1 MPA obligation with shares on April 30, 2025	(750)
Accretion (Note 17)	52
Recognition of a portion of the Year 2 MPA obligation	563
NSR payments during the year	(41)
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Total carrying value of the Zancudo NSR payable as at December 31, 2025	\$ 5,347
Less: current portion, represented by the Year 2 MPA obligation recognized	(522)
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Non-current portion	\$ 4,825

On March 27, 2024, the Company closed the sale of a 3% NSR on future production from its Zancudo Project to a syndicate of third-party investors for total cash consideration of \$5.0 million.

The Zancudo NSR agreement includes a MPA obligation 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 MPA obligation will be paid in cash to the royalty holders and represents the difference between \$750,000 and the aggregate amount of actual royalties paid to the Zancudo NSR holders during the preceding 12-month period. Once commercial production is achieved, the MPA obligation is cancelled.

On April 30, 2025, the Company issued an aggregate of 2,083,500 units to the Zancudo NSR holders in exchange for the cancellation of the \$750,000 MPA obligation for the first year ended March 31, 2025 (“Year 1”). 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.

If commercial production 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 cancelled.

This Zancudo NSR obligation has been recognized as a financial liability, initially recorded at the value of the consideration received less transaction costs and subsequently measured at amortized cost. Transaction costs incurred related to the sale of the Zancudo NSR, totalling approximately \$0.3 million, have been offset against the fair value of the Zancudo NSR.

12. ZANCUDO PREPAYMENT FACILITY

As at January 1, 2025	\$ -
Advances received	5,000
Facility fees and expenses	(573)
Interest capitalized to principal during the Grace Period (Note 17)	268
Accretion (Note 17)	184
Gain on modification of payment schedule	(311)
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Total carrying value of the Zancudo Prepayment Facility as at December 31, 2025	\$ 4,568
Less: current portion	(1,216)
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Non-current portion	\$ 3,352

In April 2024, the Company signed a commercial agreement with Trafigura Pte. Ltd. (“Trafigura”) for the sale at market prices of 100% of the gold-silver concentrates to be produced at its Zancudo Project over the next eight years.

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In conjunction with this offtake arrangement, the Company executed a prepayment agreement with Trafigura (the “Zancudo Prepayment Facility”) on February 7, 2025 pursuant to which the Company will receive up to a total of \$9.0 million from Trafigura in instalments as the Company reaches certain milestones related to construction activities at its Zancudo Project. In February and October 2025, the Company received the first two advances of \$2.5 million each under the Zancudo Prepayment Facility.

Advances under the Zancudo Prepayment Facility bear interest at the three-month Secured Overnight Financing Rate (“SOFR”) plus 6% (December 26, 2025 – 9.8%). Interest is being capitalized to the principal amount borrowed under the Zancudo Prepayment Facility until June 30, 2026 (the “Grace Period”).

The principal amount drawn under the Zancudo Prepayment Facility will be repaid, with interest, through equal monthly deductions from amounts payable by Trafigura under the commercial agreement over a 26-month period following the Grace Period. On December 1, 2025, the Grace Period was extended to June 30, 2026 to align with the expected completion of the primary construction milestones. This amendment resulted in a gain on modification of the payment schedule of \$0.3 million.

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.

The Zancudo Prepayment Facility has been recognized as a financial liability, initially recorded at fair value and subsequently measured at amortized cost. Facility fees and expenses, including the financing warrants, totaled approximately \$1.0 million, of which \$0.5 million has been offset against the fair value of the first and second advances and the balance of \$0.5 million is included in deferred financing costs in respect of the future advances from the Zancudo Prepayment Facility. The carrying value of the Zancudo Prepayment Facility will be accreted using an effective interest rate of 18.22%.

13. LEASES

The lease obligations are summarized as follows:

	Maturity	Currency	Interest rate	December 31, 2025	December 31, 2024
Leases	2026	EUR	8.58%	\$ 299	\$ 73
Leases	2025	CAD	7.07%	-	35
Total lease obligations				299	108
Less: current portion				177	87
Non-current portion				\$ 122	\$ 21

The table below summarizes the changes in lease obligations during the years ended December 31, 2025 and 2024:

	Amount
As at January 1, 2024	\$ 370
Additions	1
Accretion	17
Lease payments	(266)
Exchange difference	(14)
As at December 31, 2024	\$ 108
Additions	373
Accretion	25
Lease payments	(224)
Exchange difference	17
As at December 31, 2025	\$ 299

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The undiscounted and discounted future lease payments are as follows:

	December 31, 2025	December 31, 2024
Within one year	\$ 194	\$ 89
More than one year	135	21
Total undiscounted lease obligations	329	110
Amount representing interest	(30)	(2)
Lease obligations – discounted	\$ 299	\$ 108

During the year ended December 31, 2025, the Company recognized total payments in the consolidated statement of cash flows in the amount of \$224,000 (2024 - \$266,000).

Scheduled future undiscounted lease payments, comprising principal and interest, are as follows:

	2026	2027	2028	Thereafter	Total
Total payments	\$ 195	\$ 67	\$ 28	\$ 39	\$ 329

14. SHARE CAPITAL

a) Authorized

Authorized share capital comprises an unlimited number of common shares without par value and 10,000,000 preferred shares at \$1.00 par value. No preferred shares have been issued.

b) Issued and fully paid

A summary of the change in the issued and outstanding common shares during the years ended December 31, 2025 and 2024 is as follows:

	Shares	Amount
Balance, January 1, 2024	63,168,030	\$ 103,233
Conversion of Convertible Debentures Series 1 (Note 10a)	3,066,666	1,970
Conversion of Convertible Debentures Series 2 (Note 10b)	83,333	38
Shares issued in the August 2024 Private Placement	8,473,332	2,751
Shares issued in the October 2024 Private Placement	8,298,300	2,457
Issuance of common shares in acquisition of Toral (Note 6d)	7,000,000	3,613
Issuance of common shares to settle finder's fee for RNR investment (Note 7)	231,123	130
Exercise of Rights Offering Warrants	443,796	245
Exercise of 2023 Private Placement Warrants	2,662,500	1,449
Exercise of Convertible Debenture Warrants	205,986	128
Exercise of stock options	200,000	113
Balance, December 31, 2024	93,833,066	116,127
Shares issued in the March 2025 Private Placement	13,138,000	2,676
Shares issued in the June 2025 LIFE Offering	12,280,309	2,423
Shares issued in the November 2025 LIFE Offering	20,000,000	5,220
Shares issued in the November 2025 Private Placement	5,250,000	1,370
Exercise of Rights Offering Warrants	239,666	110
Exercise of 2023 Private Placement Warrants	27,000	20
Exercise of June 2025 LIFE Offering Warrants	60,000	52
Exercise of stock options	50,000	29
Toral Finder's Fee settled in shares	212,634	95
Conversion of Convertible Debentures Series 1 (Note 10a)	77,777	40
Conversion of Convertible Debentures Series 2 (Note 10b)	51,000	25
Settlements of interest on Convertible Debentures (Notes 10a, 10b)	4,310,108	1,703
Settlement of Zancudo NSR MPA (Note 11)	2,083,500	804
Balance, December 31, 2025	151,613,060	\$ 130,694

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March 2025 Private Placement

On March 20, 2025, the Company completed a non-brokered private placement (the “March 2025 Private Placement”) of 13,138,000 Units at CA\$0.50 per Unit for gross proceeds of approximately CA\$6.6 million (approximately \$4.6 million), of which 3,052,000 Units valued at approximately \$1.1 million were issued to settle the Brockville Promissory Notes, including interest (Note 9). Each Unit consisted of one common share and one common share purchase warrant (“March 2025 Warrant”). Each March 2025 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.

The aggregate fair value of the Units issued in the March 2025 Private Placement amounted to approximately \$4.6 million, of which approximately \$2.8 million was allocated to the common shares and approximately \$1.8 million was allocated to the fair value of the March 2025 Warrants. Total fair value of the Units issued in the March 2025 Private Placement was determined based on the quoted closing price of the Company’s common shares and the fair value of the March 2025 Warrants as described in Note 14c.

Transaction costs related to the March 2025 Private Placement amounted to approximately \$0.1 million, of which \$0.1 million was allocated to the common shares and the balance was allocated to the March 2025 Warrants.

June 2025 Listed Issuer Financing Exemption (“LIFE”) Offering

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 (“June 2025 LIFE Offering Warrant”). Each June 2025 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.

The aggregate fair value of the Units issued in the LIFE Offering amounted to approximately \$4.9 million, of which approximately \$2.8 million was allocated to the common shares and approximately \$2.1 million was allocated to the fair value of the 2025 LIFE Offering Warrants. Total fair value of the Units issued in the LIFE Offering was determined based on the quoted closing price of the Company’s common shares and the fair value of the June 2025 LIFE Offering Warrants.

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 June 2025 LIFE Offering Warrants. The transaction costs include \$0.2 million related to the value of the 859,621 broker warrants issued.

November 2025 LIFE Offering and November 2025 Private Placement

On November 19, 2025, the Company completed a LIFE Offering of 20,000,000 Units at CA\$0.50 per Unit for gross proceeds of CA\$10.0 million (approximately \$7.1 million) and a concurrent private placement (“November 2025 Private Placement”) of 5,250,000 Units at CA\$0.50 per Unit for gross proceeds of approximately CA\$2.6 million (approximately \$1.9 million). Each Unit consisted of one common share and one-half of one common share purchase warrant (“November 2025 Warrant”). Each November 2025 Warrant entitles the holder to purchase one common share of the Company at a price of CA\$0.70 per common share at any time on or before November 19, 2028.

The aggregate fair value of the Units issued in the LIFE Offering and November 2025 Private Placement amounted to approximately \$9.0 million, of which approximately \$7.0 million was allocated to the common shares and approximately \$2.0 million was allocated to the fair value of the November 2025 Warrants. Total fair value of the Units issued in the LIFE Offering and November 2025 Private Placement was determined based on the quoted closing price of the Company’s common shares and the fair value of the November 2025 Warrants.

Transaction costs related to the LIFE Offering and the November 2025 Private Placement amounted to approximately \$0.5 million, of which \$0.4 million was allocated to the common shares and the balance was allocated to the November 2025 Warrants. The transaction costs include \$0.1 million related to the value of the 447,780 broker warrants issued with an exercise price of CA\$0.50 per share and expiring November 19, 2028.

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August 2024 Private Placement

On August 13, 2024, the Company closed the first tranche of a private placement (the "August 2024 Private Placement") issuing a total of 7,362,221 common shares of the Company at a price of CA\$0.45 per common share for gross cash proceeds of CA\$3.3 million (approximately \$2.4 million). On September 5, 2024, the Company closed the final tranche of the August 2024 Private Placement issuing an additional 1,111,111 common shares of the Company at a price of CA\$0.45 per common share for gross cash proceeds of CA\$0.5 million (approximately \$0.4 million). Transaction costs related to the August 2024 Private Placement amounted to less than \$0.1 million.

October 2024 Private Placement

On October 31, 2024, the Company completed a non-brokered private placement (the "October 2024 Private Placement") of 8,298,300 Units at CA\$0.55 per Unit for gross proceeds of approximately CA\$4.6 million (approximately \$3.3 million). Each Unit consisted of one common share and one-half common share purchase warrant ("2024 Private Placement Warrant"). Each full 2024 Private Placement Warrant entitles the holder to purchase one common share of the Company at a price of CA\$0.85 per common share at any time on or before October 31, 2026. In conjunction with the October 2024 Private Placement, the Company paid a total of approximately CA\$0.1 million of fees in cash to certain arm's length agents and brokers who acted as finders.

The aggregate fair value of the Units issued in the October 2024 Private Placement amounted to approximately \$3.3 million, of which approximately \$2.6 million was allocated to the common shares and approximately \$0.7 million was allocated to the fair value of the 2024 Private Placement Warrants. Total fair value of the Units issued in the October 2024 Private Placement was determined based on the quoted closing price of the Company's common shares and the fair value of the 2024 Private Placement Warrants as described in Note 14c.

Transaction costs related to the October 2024 Private Placement amounted to approximately \$0.2 million, of which less than \$0.1 million was allocated to the common shares and the balance was allocated to the 2024 Private Placement Warrants.

RNR Finder's Fee Shares Issued in 2024

On October 17, 2024, the Company issued 231,123 common shares to pay the balance of a finder's fee related to the investment in RNR in the amount of EUR100,000 (equivalent to approximately \$0.1 million).

Toral Finder's Fee Shares

In 2022, the Company incurred a finder's fee with an arm's length third party for services rendered in connection with the acquisition of the Toral Project through the initial option arrangement with Europa. The parties agreed to settle the finder's fee through the issuance of a total of 457,163 common shares by the Company (the "Finder's Fee Shares"), of which a total of 244,529 common shares were issued in 2023 as the Company achieved certain milestones under the option agreement. The Finder's Fee Shares were issued at a price of CA\$0.63 per share, being the closing price of the shares on the Toronto Stock Venture Exchange on November 22, 2022.

In March 2025, the remaining 212,634 Finder's Fee Shares were issued as a result of the Toral Acquisition (Note 6d).

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c) *Share Purchase Warrants*

A summary of the change in the share purchase warrants outstanding during the years ended December 31, 2025 and 2024 is as follows:

	Outstanding	Common shares issuable	Weighted average exercise price per common share (CA\$)
Balance, January 1, 2024	118,423,741	50,200,411	\$ 1.72
Issuance of Convertible Debenture Warrants (Note 10b)	6,904,000	6,904,000	0.60
Warrants issued in the October 2024 Private Placement	4,149,149	4,149,149	0.85
Exercise of Rights Offering Warrants ⁽¹⁾	(443,796)	(443,796)	0.60
Exercise of 2023 Private Placement Warrants ⁽¹⁾	(2,662,500)	(2,662,500)	0.60
Exercise of Convertible Debenture Warrants ⁽¹⁾	(205,986)	(205,986)	0.60
Balance, December 31, 2024	126,164,608	57,941,278	\$ 1.59
Warrants issued in the March 2025 Private Placement	13,138,000	13,138,000	0.60
Warrants issued in the June 2025 LIFE Offering	12,280,309	12,280,309	0.66
Broker warrants issued in the June 2025 LIFE Offering	859,621	859,621	0.66
Warrants issued in the November 2025 LIFE Offering	10,000,000	10,000,000	0.70
Warrants issued in the November 2025 Private Placement	2,625,000	2,625,000	0.70
Broker warrants issued in the November 2025 LIFE Offering	447,780	447,780	0.50
Warrants issued in settlement of Zancudo NSR MPA obligation (Note 11)	2,083,500	2,083,500	0.60
Warrants issued in Zancudo Prepayment Facility financing (Note 12)	3,000,000	3,000,000	0.74
Exercise of Rights Offering Warrants ⁽²⁾	(239,666)	(239,666)	0.60
Exercise of 2023 Private Placement Warrants ⁽²⁾	(27,000)	(27,000)	0.60
Exercise of June 2025 LIFE Offering Warrants ⁽²⁾	(60,000)	(60,000)	0.66
Balance, December 31, 2025	170,272,152	102,048,822	\$ 1.18

(1) Cash proceeds from the warrants exercised during the year ended December 31, 2024 amounted to CA\$1,987,369.

(2) Cash proceeds from the warrants exercised during the year ended December 31, 2025 amounted to CA\$199,600.

As described in Note 10b, the Company issued 6,904,000 Convertible Debenture Warrants with an exercise price of CA\$0.60 per share expiring on May 30, 2027. The estimated fair value of \$1.3 million was determined using the Black-Scholes option pricing model and level 3 fair value inputs, including expected share price volatility of 100.59%, risk free interest rate of 3.90%, dividend yield of 0%, expected average life of 3.0 years and a liquidity discount of 36.84% from the Black-Scholes value. The issuance costs of less than \$0.1 million related to the Convertible Debenture Warrants were recognized in the statement of equity.

As at December 31, 2025, the Company had the following warrants issued and outstanding:

	Number of warrants	Shares Issuable	Exercise price per share	Expiry date
Listed warrants (Cboe CA: DMET.WT)	75,000,000	7,500,000	CA\$8.00	March 17, 2026
Unlisted warrants:				
Finder's warrants	803,700	80,370	CA\$8.00	March 17, 2026
Rights Warrants	23,237,454	23,237,454	CA\$0.60	March 2, 2026
2023 Private Placement Warrants	16,009,625	16,009,625	CA\$0.60	April 4, 2026
2024 Private Placement Warrants	4,149,149	4,149,149	CA\$0.85	October 31, 2026
Convertible Debenture Warrants	6,698,014	6,698,014	CA\$0.60	May 30, 2027
Zancudo Prepayment Facility warrants	3,000,000	3,000,000	CA\$0.74	February 7, 2028
March 2025 Warrants	13,138,000	13,138,000	CA\$0.60	March 20, 2028
Zancudo NSR Settlement Warrants	2,083,500	2,083,500	CA\$0.60	April 30, 2028
November 2025 Warrants	12,625,000	12,625,000	CA\$0.70	November 19, 2028
November 2025 LIFE Offering Broker Warrants	447,780	447,780	CA\$0.50	November 19, 2028
June 2025 LIFE Offering Warrants	12,220,309	12,220,309	CA\$0.66	June 20, 2030
June 2025 LIFE Offering Broker Warrants	859,621	859,621	CA\$0.66	June 20, 2030
	170,272,152	102,048,822		

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Subsequent to December 31, 2025, the Company received a total of approximately CA\$20.7 million (equivalent to approximately \$15.1 million) in cash through the issuance of a total of 33,579,628 common shares for the exercises of warrants. A total of 1,402,226 Rights Warrants, 74,509,000 Listed warrants and 803,700 Finder's warrants all expired unexercised on their respective expiry dates in March 2026. The Listed warrants were also de-listed from the Cboe CA exchange on their expiry.

d) *Stock option plan*

The Company has a stock option plan in place under which it is authorized to grant options to directors, executive officers, management, employees and consultants enabling them to acquire up to a total of 10% of the issued and outstanding common stock of the Company. Under the plan, the option price of any common share in respect of which an option may be granted under the stock option plan shall be fixed by the Board of Directors but shall be not less than the minimum price permitted by Cboe Canada. A summary of the change in the stock options outstanding during the years ended December 31, 2025 and 2024 is as follows:

	Outstanding	Weighted average exercise price per common share (CA\$)
Balance, January 1, 2024	6,097,500	\$ 1.57
Granted	400,000	0.59
Exercised ⁽¹⁾	(200,000)	0.52
Expired	(205,000)	4.47
Forfeited	(100,000)	0.55
Balance, December 31, 2024	5,992,500	1.46
Granted	8,850,000	0.63
Exercised ⁽²⁾	(50,000)	0.52
Cancelled	(160,000)	0.77
Forfeited	(100,000)	0.59
Balance, December 31, 2025	14,532,500	\$ 0.97

⁽¹⁾ Cash proceeds from options exercised during the year ended December 31, 2024 amounted to CA\$104,000. The share price at the date the stock options were exercised was CA\$0.70.

⁽²⁾ Cash proceeds from options exercised during the year ended December 31, 2025 amounted to CA\$26,000. The share price at the date the stock options were exercised was CA\$0.60.

The table below summarizes information about the stock options outstanding and as at December 31, 2025:

Expiry date	Stock Options Outstanding	Vested Stock Options	Remaining contractual life in years	Exercise price (CA\$/share)
June 30, 2026	505,000	505,000	0.5	\$ 4.45
July 25, 2026	200,000	200,000	0.6	0.55
November 22, 2026	260,000	260,000	0.9	6.50
May 3, 2028	3,800,000	3,800,000	2.3	0.52
February 8, 2029	200,000	200,000	3.1	0.59
July 11, 2029	200,000	200,000	3.5	0.59
April 16, 2030	4,600,000	-	4.3	0.59
August 27, 2030	127,500	127,500	4.7	1.00
December 22, 2030	4,150,000	-	5.0	0.67
February 19, 2031	490,000	490,000	5.1	4.50
	14,532,500	5,782,500	3.7	\$ 0.97

Subsequent to December 31, 2025, the Company received approximately CA\$0.2 million (equivalent to approximately \$0.1 million) from the issuance of 300,000 common shares for the exercise of stock options with an exercise price of CA\$0.52 per share.

Pursuant to the Company's long-term incentive plan, the Company granted a total of 8,850,000 stock options during the year ended December 31, 2025 to executive officers, directors, senior management and consultants

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through grants completed on April 16, 2025 and December 22, 2025. During the year ended December 31, 2024, the Company granted 200,000 stock options on February 8, 2024 and 200,000 stock options on July 11, 2024 at an exercise price of CA\$0.59 per share to two new non-executive directors of the Company.

A summary of the inputs used in the determination of the fair value of the stock options granted during the year ended December 31, 2025 and 2024 is as follows:

Grant date	December 22, 2025	April 16, 2025	July 11, 2024	February 8, 2024
Number of stock options granted	4,150,000	4,700,000	200,000	200,000
Term	5 years	5 years	5 years	5 years
Vesting	1 year	1 year	1 year	1 year
Weighted average Black-Scholes option pricing model inputs				
Market price per share	CA\$0.67	CA\$0.59	CA\$0.59	CA\$0.59
Exercise price per share	CA\$0.67	CA\$0.59	CA\$0.59	CA\$0.59
Dividends expected	Nil	Nil	Nil	Nil
Expected volatility	101.33%	102.98%	104.53%	98.10%
Risk-free interest rate	2.92%	2.64%	3.88%	4.03%
Expected life of options	5 years	5 years	2.5 years	2.5 years
Fair value per option	\$ 0.37	\$ 0.32	\$ 0.27	\$ 0.25

A summary of share-based compensation expense is as follows:

	Years ended December 31,	
	2025	2024
Total share-based compensation cost recognized in the period		
Stock options granted in 2023	\$ -	\$ 307
Stock options granted in 2024	32	67
Stock options granted in 2025	1,093	-
DSUs (Note 14e)	4	-
	1,129	374
Less: amounts capitalized to mineral property and E&E assets (Notes 5, 6)	176	76
Share-based compensation expense	\$ 953	\$ 298

e) *DSU plan*

A summary of the changes in the DSU liability during the year ended December 31, 2025 is as follows:

	Amount
As at December 31, 2024	\$ -
Share-based compensation expense	
Recognized	4
Exchange difference	(1)
As at December 31, 2025	\$ 3

On December 22, 2025, the Company granted a total of approximately \$0.1 million of DSUs to its three non-executive directors representing a total of 268,656 DSUs at a price of CA\$0.67 per share that will vest on December 22, 2026. If a director ceases to be a director, other than through a change of control, any unvested DSUs will be forfeited and will not be paid to the director. On a change of control, all unvested DSUs will immediately vest.

The DSU liability at December 31, 2025 was determined based on the Company's closing share price, a level 1 fair value input, of CA\$0.71 (approximately \$0.52) per share.

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f) *Loss per share*

For the years ended December 31, 2025 and 2024, the stock options and warrants were anti-dilutive.

15. FINANCIAL RISK MANAGEMENT

a) *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Credit risk for the Company is primarily associated with the advances to the joint venture, other receivables and cash and cash equivalents. The Company reviews the recoverable amount of its financial assets at each statement of financial position date to ensure that adequate provision is made for expected credit losses on a timely basis.

None of the Company's financial assets are deemed to be in default and there are no other events that have occurred that indicate a significant increase in credit risk. As such, the expected credit loss allowance was calculated based on the 12-month expected credit losses. For all financial assets measured at amortized cost, the Company calculates the expected credit loss based on contractual payment terms of the asset. The exposure to credit risk is influenced by the individual characteristics and the long- and short-term nature of the counterparty.

Repayment of the Company's advances to the joint venture will be made over a maximum period of five years following the start of operations at the Aguablanca Project. RNR has had no events of default on shareholder or external loans or borrowings since it was acquired by the current shareholder group, and as such, management considers the probability of default, and thus the expected credit loss, to be minimal.

b) *Foreign currency risk*

The Company is exposed to foreign currency fluctuations in USD, EUR and COP. Such exposure arises primarily from expenditures that are denominated in currencies other than the functional currency which is denominated in CA. The Company monitors its exposure to foreign currency risks. To reduce its foreign currency exposure associated with operating expenses incurred in USD, EUR and COP, the Company may enter into foreign currency derivatives to manage such risks. For the years ended December 31, 2025 and 2024, the Company did not utilize derivative financial instruments to manage this risk.

The following table summarizes, in USD equivalents, the Company's major currency exposure as at December 31, 2025 in USD, EUR and COP arising from foreign currency monetary assets and liabilities and foreign currency components:

	USD	EUR	COP
Cash	\$ 7	\$ 81	\$ 848
Other receivables	-	47	603
Investment in joint venture	-	12,187	-
Advances to joint venture	-	3,236	-
Accounts payable and accrued liabilities	(256)	(1,523)	(3,104)
Short-term borrowings	-	-	(1,377)
Lease obligations	-	(299)	-
Other liabilities	-	(303)	-
Net financial assets (liabilities)	\$ (249)	\$ 13,426	\$ (3,030)

Based on the net exposure at December 31, 2025, a 10% depreciation or appreciation of the USD against the CA would result in a \$23,000 increase or decrease in the Company's after-tax net loss and a 10% depreciation or appreciation of the EUR and COP against the CA would result in a \$1,221,000 and \$275,000 decrease or increase, respectively in the Company's other comprehensive loss.

c) *Fair value risk*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing their classification (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The fair values of cash and cash equivalents, cash in trust, other receivables and accounts payable and accrued liabilities approximate their carrying values due to the short-term maturity of these financial instruments.

d) *Liquidity risk*

The Company manages its liquidity risk by continuously monitoring forecast cash flow requirements. As at December 31, 2025, the Company has cash and cash equivalents of approximately \$6.9 million. As such, cash inflows are dependent on the Company's ability to successfully achieve commercial production at Zancudo, develop its mineral property and E&E assets, obtain financing through the issuance of additional securities, entering into debt or credit facilities, or entering into joint ventures, partnerships or other similar arrangements.

The Company's undiscounted commitments as at December 31, 2025 consist of the following:

	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities (Note 8) ⁽¹⁾	\$ 4,205	\$ 1,055	\$ 201	\$ -	\$ 5,461
Short-term borrowings (Note 9)	1,377	-	-	-	1,377
Convertible Debentures (Note 10) ⁽²⁾	-	-	24,890	-	24,890
Zancudo NSR liability (Note 11) ⁽³⁾	709	1,500	5,750	-	7,959
Zancudo Prepayment Facility (Note 12) ⁽⁴⁾	1,154	3,846	-	-	5,000
Lease obligations (Note 13)	195	95	39	-	329
Other liabilities	25	100	100	78	303
Total	\$ 7,665	\$ 6,596	\$ 30,980	\$ 78	\$ 45,319

- (1) Includes an amount payable related to the acquisition of the CRI assets which is being paid over a four-year period and is carried at a discounted amount at December 31, 2025.
- (2) Represents the principal amount of the Convertible Debentures as at December 31, 2025 due at maturity.
- (3) Represents the annual Zancudo NSR MPA obligation and the Put Option, both of which are cancelled once the Zancudo Project attains commercial production.
- (4) Represents the principal amount of the first and second advances drawn under the Zancudo Prepayment Facility.

e) *Capital management*

The Company's objectives, when managing capital, are to safeguard cash as well as maintain financial liquidity and flexibility in order to preserve its ability to meet financial obligations and deploy capital to maintain investor, creditor and market confidence to sustain the future development of the business. The Company considers its capital structure to include equity attributable to its shareholders of \$40.0 million (December 31, 2024 – \$39.7 million).

The Company's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to business growth opportunities and changes in economic conditions. In order to maintain or adjust its capital structure, the Company may, from time to time, issue new shares, issue new debt (secured, unsecured, convertible and/or other types of debt instruments), acquire or dispose of assets or adjust its capital spending to manage its ability to continue as a going concern. The Company is not subject to any externally imposed capital requirements.

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16. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	Years ended December 31,	
	2025	2024
Other receivables	\$ (530)	\$ 463
Inventories	(359)	-
Prepaid expenses and deposits	(19)	(274)
Accounts payable and accrued liabilities	390	588
	\$ (518)	\$ 777

17. REVENUE

	Years ended December 31,	
	2025	2024
Gold	\$ 1,336	\$ -
Silver	320	-
	\$ 1,656	\$ -

18. FINANCE COSTS

	Years ended December 31,	
	2025	2024
Convertible Debentures interest expense (Notes 10a, 10b)	\$ 2,913	\$ 2,445
Zancudo NSR MPA obligation (Note 11)	709	563
Accretion of Zancudo NSR liability (Note 11)	52	39
Interest on Zancudo Prepayment Facility (Note 12)	268	-
Accretion of Zancudo Prepayment Facility (Note 12)	184	-
Interest on Brockville Promissory Notes (Note 9)	29	-
Interest on Zenk Promissory Note (Note 9)	37	-
Interest on other short-term borrowing facilities (Note 9)	212	63
Total borrowing costs	4,404	3,110
Less: amount capitalized to mineral property (Note 5)	(2,683)	(2,202)
Net borrowing costs expensed	1,721	908
Accretion of amount payable related to acquisition of CRI assets	165	120
Accretion of amount payable related to acquisition of RNR (Note 7)	-	3,351
Accretion of lease obligations (Note 13)	25	17
Convertible Debentures Series 2 issue costs	-	316
Convertible Debentures consent fees	761	-
Convertible Debentures consent solicitation costs	77	567
Other financing costs	64	-
	\$ 2,813	\$ 5,279

The weighted average rate used to calculate the capitalized interest on the general borrowings was 12%.

19. EXPENSES BY NATURE

During the year ended December 31, 2025, general and administrative expenses included \$1.7 million of salaries and other employee benefits (2024 - \$1.6 million).

20. SEGMENT DISCLOSURES

The Company's reportable segments are consistent with the Company's geographic regions in which the Company's projects are located. In determining the Company's segment structure, the Company considered the basis on which the chief operating decision-maker reviews the financial and operational performance and whether any of the Company's exploration operations share similar economic, operational and regulatory characteristics. The Company considers its Zancudo Project and Phosphates Project in Colombia, its Lomero

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Project, Toral Project and RNR joint venture in Spain and its corporate functions in Canada as its reportable segments.

The following table shows the Company's reportable segments and its geographic locations:

	Colombia	Spain	Corporate	Total
Year ended December 31, 2025				
Revenue	\$ 1,656	\$ -	\$ -	\$ 1,656
Gross profit	552	-	-	552
Loss from operations	(1,232)	(344)	(5,179)	(6,755)
Net loss (income)	(490)	366	(31,028)	(31,152)
Capital expenditures (Notes 5, 6)	4,617	2,775	-	7,392
As at December 31, 2025				
Total assets	\$ 33,776	\$ 72,627	\$ 6,220	\$ 112,623
Total liabilities	14,396	2,125	56,132	72,653
Year ended December 31, 2024				
Revenue	\$ -	\$ -	\$ -	\$ -
Gross profit	-	-	-	-
Loss from operations	(275)	(1,112)	(4,102)	(5,489)
Net loss	(386)	(2,705)	(6,834)	(9,925)
Capital expenditures (Notes 5, 6)	14,122	5,967	-	20,089
As at December 31, 2024				
Total assets	\$ 21,227	\$ 58,213	\$ 1,613	\$ 81,053
Total liabilities	8,337	2,280	30,763	41,380

21. INCOME TAX

A reconciliation between income tax expense and the product of the accounting income before income taxes multiplied by the Company's domestic federal and provincial combined tax rate is provided below:

	Years ended December 31,	
	2025	2024
Loss before income taxes	\$ (31,152)	\$ (9,925)
Canadian statutory income tax rate	26.5%	26.5%
Income tax recovery at statutory rate	(8,255)	(2,630)
Increase (decrease) in income tax provision resulting from:		
Differences in tax rates in foreign jurisdictions	27	18
Non-deductible loss on financial instruments	6,169	1,611
Non-taxable gains on modification of Zancudo Prepayment Facility	(109)	-
Non-deductible loss on settlement of Zancudo NSR MPA obligation	165	-
Non-deductible portion of impairment charge	338	-
Non-taxable gain resulting from capitalization of advances in joint venture	(199)	-
Non-taxable gain on modifications of Convertible Debentures	-	(1,119)
Non-taxable gain on partial disposal of equity accounted joint venture	-	(306)
Non-taxable gains on modifications of amount payable related to acquisition of joint venture	-	(70)
Non-deductible recognition of accumulated foreign currency translation adjustment	(27)	(172)
Non-deductible equity share of (income) loss in joint venture	(8)	37
Non-deductible accretion	37	883
Share-based compensation	251	79
Change in unrecognized deferred tax asset	1,611	1,669
Income tax recovery	\$ -	\$ -

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Deductible temporary differences for which no deferred tax assets have been recognized are attributable to the following deductible temporary differences:

	December 31, 2025	December 31, 2024
Income tax losses	\$ 25,938	\$ 18,979
Unamortized share and debt issue costs	4,832	938

The Company has \$20.6 million of non-capital losses in respect of its Canadian head office which expire from 2041 to 2045. The Company has \$2.0 million of operating losses in respect to its Colombian operations, of which \$1.3 million can be carried forward indefinitely and the remaining \$0.7 million will expire from 2030 to 2037. The Company also has \$3.3 million of operating losses in respect of its operations in Spain which expire from 2029 to 2045.

22. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management personnel during the year ended December 31, 2025 comprised the Company's Executive Chairman, Chief Executive Officer, Chief Financial Officer, General Counsel & Secretary and the non-executive directors. In addition to their short-term employee benefits, comprised of salaries or director fees, as applicable, executive officers and non-executive directors also received share-based compensation through participation in the Company's long-term incentive program, which includes the stock option plan and the DSU plan.

During the year ended December 31, 2025, the Company granted a total of 5,725,000 stock options to its key management personnel and a total of 268,656 DSUs to its non-executive directors. During the year ended December 31, 2024, the Company granted a total of 400,000 stock options to two new non-executive directors. All stock options and DSUs granted in 2025 and 2024 were subject to a one-year vesting period.

Compensation to key management personnel comprised the following:

	2025	2024
Salaries, benefits and directors' fees	\$ 1,088	\$ 950
Share-based compensation issued (Note 14d)	793	255
	\$ 1,881	\$ 1,205

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.