



UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2026 and 2025

(expressed in thousands of United States dollars)

DISCOVERY MINING LTD. (formerly Discovery Silver Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(unaudited - expressed in thousands of United States dollars, except where otherwise noted)

As at	Notes	June 30, 2026	December 31, 2025
ASSETS			
Current			
Cash and cash equivalents	7	\$ 364,294	\$ 410,667
Accounts receivable	8	75,721	54,178
Inventories	9	110,747	61,191
Other current assets		2,121	771
		552,883	526,807
Non-current			
Mining interests, plant and equipment	10	1,688,517	1,179,886
Inventories	9	21,678	29,976
Restricted cash	22	13,230	8,438
Reclamation financial assurance	22	41,330	42,851
Other non-current assets		78,273	7,893
TOTAL ASSETS		\$ 2,395,911	\$ 1,795,851
LIABILITIES			
Current			
Accounts payable and accrued liabilities	11	\$ 115,420	\$ 135,328
Current tax payable		32,763	85,088
Share-based compensation liabilities	13	14,879	—
Reclamation liabilities	14	88,582	35,702
Deferred revenue	15	27,097	25,348
Other current liabilities	12	3,411	3,165
		282,152	284,631
Non-current			
Deferred consideration		106,883	100,873
Reclamation liabilities	14	783,969	460,302
Deferred income tax liabilities		117,089	40,296
Share-based compensation liabilities	13	21,801	—
Deferred revenue	15	274,452	274,907
Other non-current liabilities	12	80,071	7,356
TOTAL LIABILITIES		\$ 1,666,417	\$ 1,168,365
SHAREHOLDERS' EQUITY			
Share capital	16	\$ 616,247	\$ 595,805
Contributed surplus		23,334	33,043
Warrants		18,985	18,985
Accumulated other comprehensive income (loss)		(447)	180
Accumulated earnings (deficit)		71,375	(20,527)
TOTAL EQUITY		\$ 729,494	\$ 627,486
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 2,395,911	\$ 1,795,851

DISCOVERY MINING LTD. (formerly Discovery Silver Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS)
AND TOTAL COMPREHENSIVE INCOME (LOSS)

(unaudited - expressed in thousands of United States dollars, except per share and share information)

	Notes	Three Months Ended			Six Months Ended		
		June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Revenue	18	\$ 319,094	\$ 142,010	\$ 604,129	\$ 142,010		
Production costs		108,609	54,919	184,793	54,919		
Depreciation and amortization		40,589	16,384	72,165	16,384		
Royalties		5,625	1,916	12,683	1,916		
Earnings from mining operations		164,271	68,791	334,488	68,791		
Expenses							
General and administration		14,355	22,877	25,830	28,351		
Exploration		6,453	830	13,270	855		
Share-based compensation	13,16	3,507	1,953	12,366	3,120		
Other operating costs		10,121	—	10,222	—		
Earnings from operations		\$ 129,835	\$ 43,131	\$ 272,800	\$ 36,465		
Other							
Other income (loss)		(3,016)	(6,879)	(1,925)	(6,690)		
Finance items							
Finance income (expense), net	19	(14,067)	(11,742)	(26,752)	(11,717)		
Income before taxes		112,752	24,510	244,123	18,058		
Current income tax expense (recovery)		40,756	18,976	77,402	18,976		
Deferred income tax expense (recovery)		19,847	—	32,893	—		
Net income (loss)		\$ 52,149	\$ 5,534	\$ 133,828	\$ (918)		
Items that may in the future be reclassified to profit or loss:							
Foreign currency translation differences		2,407	8,860	2,690	9,539		
Items that will not be subsequently reclassified to profit or loss:							
Change in fair value of equity securities, net of tax		(2,248)	—	(2,248)	—		
Change in pension benefits, net of tax		1,620	660	(1,069)	660		
Total comprehensive income (loss)		\$ 53,928	\$ 15,054	\$ 133,201	\$ 9,281		
Weighted average shares outstanding (000's)							
Basic		811,222	735,616	810,659	569,293		
Diluted		818,077	762,923	817,514	596,600		
Net earnings (loss) per share							
Basic	17	\$ 0.06	\$ 0.01	\$ 0.17	\$ 0.00		
Diluted	17	\$ 0.06	\$ 0.01	\$ 0.16	\$ 0.00		

DISCOVERY MINING LTD. (formerly Discovery Silver Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited - expressed in thousands of United States dollars, except where otherwise noted)

	Notes	Three Months Ended		Six Months Ended	
		June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Operating Activities					
Net income (loss)		\$ 52,149	\$ 5,534	\$ 133,828	\$ (918)
Adjustments for:					
Depreciation and amortization		40,703	16,369	72,401	16,427
Accretion	19	8,840	7,767	16,482	7,767
Deferred income taxes		19,847	(7,395)	32,893	(7,395)
Share-based compensation	13,16	3,507	1,953	12,366	3,120
Settlement of share-based compensation	13	(2,845)	—	(19,388)	—
Interest expense on net smelter return	15	6,700	5,643	13,309	5,643
Deferred revenue on net smelter return	15	(6,406)	—	(12,015)	—
Other income		—	6,129	—	6,318
Other non-cash adjustments		7,535	3,698	8,570	3,712
Changes in non-cash operating working capital:					
Trade and other receivables	8	(38,002)	(18,412)	(22,621)	(18,667)
Inventories	9	(2,868)	884	(13,449)	884
Accounts payable and accrued liabilities	11	(35,092)	18,540	(53,106)	17,743
Income taxes		19,909	26,371	(52,325)	26,371
Net cash from/(used in) operating activities		\$ 73,977	\$ 67,081	\$ 116,945	\$ 61,005
Investing Activities					
Additions of mining interests, plant and equipment	10	(85,414)	(39,766)	(152,471)	(43,533)
Increase in restricted cash	22	—	(51,551)	(5,191)	(51,551)
Purchase of investments		(10,017)	—	(10,017)	—
Cash paid on acquisition of Porcupine	6(a)	—	(200,631)	—	(200,631)
Net cash from/(used in) investing activities		\$ (95,431)	\$ (291,948)	\$ (167,679)	\$ (295,715)
Financing Activities					
Equity Financing, net of share issue costs	16(b)	—	168,713	—	168,713
Proceeds on exercise of options	16(d)	2,188	4,133	6,517	4,156
Net smelter return proceeds	15	—	300,000	—	300,000
Net smelter return payments	15	—	(2,345)	—	(2,345)
Principal payment on lease liability		(1,146)	(44)	(2,208)	(129)
Net cash from/(used in) financing activities		\$ 1,042	\$ 470,457	\$ 4,309	\$ 470,395
Effect of exchange rates on cash and cash equivalents					
		(229)	(3,651)	52	(3,602)
Increase (decrease) in cash and cash equivalents		\$ (20,641)	\$ 241,939	\$ (46,373)	\$ 232,083
Cash and cash equivalents, beginning of period		384,935	10,514	410,667	20,370
Cash and cash equivalents, end of period		\$ 364,294	\$ 252,453	\$ 364,294	\$ 252,453
Supplemental Cash Flow Information:					
Income tax expense paid		(20,847)	(18)	(129,727)	(18)
Interest paid		(45)	(900)	(772)	(900)
Interest received		2,732	1,920	5,062	2,071

DISCOVERY MINING LTD. (formerly Discovery Silver Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(unaudited - expressed in thousands of United States dollars, except where otherwise noted)

	Notes	Number of Common Shares (000's)	Share Capital	Warrants	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings (Deficit)	Total Equity
January 1, 2026		807,760	\$ 595,805	\$ 18,985	\$ 33,043	\$ 180	\$ (20,527)	\$ 627,486
Share-based compensation	16	—	—	—	10	—	—	10
Shares issued on exercise of options	16(d)	4,455	10,442	—	(3,925)	—	—	6,517
Change in classification of share-based compensation	13	—	—	—	(5,794)	—	(41,926)	(47,720)
Acquisition of Kidd Creek, net of share issue costs	16(c)	1,679	10,000	—	—	—	—	10,000
Net income (loss) and total comprehensive income (loss) for the period		—	—	—	—	(627)	133,828	133,201
June 30, 2026		813,894	\$ 616,247	\$ 18,985	\$ 23,334	\$ (447)	\$ 71,375	\$ 729,494

	Notes	Number of Common Shares (000's)	Share Capital	Warrants	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings (Deficit)	Total Equity
January 1, 2025		400,461	\$ 166,409	\$ 13,250	\$ 33,793	\$ (8,287)	\$ (127,337)	\$ 77,828
Share-based compensation	16	—	—	—	3,120	—	—	3,120
Shares issued on exercise of options	16(d)	5,217	6,558	—	(2,402)	—	—	4,156
Shares issued on exercise of RSU's	16(e)	1,890	1,551	—	(1,551)	—	—	—
Warrants issued under term debt facility		—	—	5,735	—	—	—	5,735
Equity financing, net of share issue costs	16(b)	275,000	168,713	—	—	—	—	168,713
Acquisition of Porcupine Operations, net of share issue costs	16(b)	119,717	232,698	—	457	—	—	233,155
Net income (loss) and total comprehensive income (loss) for the period		—	—	—	—	10,199	(918)	9,281
June 30, 2025		802,285	\$ 575,929	\$ 18,985	\$ 33,417	\$ 1,912	\$ (128,255)	\$ 501,988

DISCOVERY MINING LTD. (formerly Discovery Silver Corp.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2026 and 2025
(unaudited - expressed in thousands of United States dollars, except where otherwise noted)

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

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

On April 15, 2025, the Company acquired Dome Mine Ltd. from Goldcorp Canada Ltd., a wholly owned subsidiary of Newmont Corporation (note 6(a)). Dome Mine Ltd. holds mining assets in and around Timmins and Chapleau, Ontario, which consists of the Hoyle Pond, Pamour and Hollinger mine properties, the Dome Mine property and milling facility (collectively "Dome"), numerous near-mine and regional exploration targets approximating 1,400 km² of land in and around Timmins, and the large land position surrounding the Borden mine in Chapleau (collectively, the "Porcupine Complex"). Hoyle Pond and Borden are both underground mining operations. Pamour and Hollinger are open-pit operations.

On June 1, 2026, the Company acquired, through a wholly-owned subsidiary, Glencore Canada Corporation's 100% interest in the Kidd operations located in Timmins, Ontario, which include the Kidd Creek mine (the "Kidd Creek Mine"), the Kidd Metallurgical Site (the "Kidd Met Site"), the Kidd tailings management area (the "Kidd TMA") and the exploration land package held through Kidd Creek Timber Ltd. (collectively, the "Kidd Operations") (note 6(b)). The Kidd Creek Mine is an underground mining operation producing copper, zinc, and silver concentrates, while the Kidd Met Site is a large, fully permitted processing facility that includes concentrator circuits, tailings infrastructure and related operating assets. The acquisition also includes an exploration land position located north of Timmins, outside of the existing Kidd Creek operations.

The Company's Board of Directors authorized the issuance of these unaudited condensed interim consolidated financial statements as at and for the three and six months ended June 30, 2026 and 2025 (the "condensed interim consolidated financial statements") on August 12, 2026.

2. BASIS OF PREPARATION

The condensed interim consolidated financial statements for the three and six months ended June 30, 2026 and 2025, have been prepared in accordance with IFRS Accounting Standards ("IFRS") applicable to the preparation of interim financial statements under International Accounting Standard 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). As such, certain disclosures required by IFRS have been condensed or omitted. These Interim Financial Statements should be read in conjunction with the Company's audited consolidated financial statements and related notes for the years ended December 31, 2025 and 2024. The Company's interim results are not necessarily indicative of its results for a full year.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted by the Company in the preparation of its condensed interim consolidated financial statements remain materially consistent with those disclosed in note 3 of the Company's consolidated financial statements for the year ended December 31, 2025, except as noted below:

DISCOVERY MINING LTD. (formerly Discovery Silver Corp.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2026 and 2025
(unaudited - expressed in thousands of United States dollars, except where otherwise noted)

a) Functional Currency

The functional currency of Discovery Mining Ltd. (formerly Discovery Silver Corp.) changed from the Canadian Dollar ("C\$") to the United States Dollar ("US\$") effective January 1, 2026, reflecting changes in the underlying transactions, events and conditions relevant to the entity. The change has been applied prospectively from the date of change in accordance with IAS 21. Cumulative translation differences previously recognized in other comprehensive income (loss) and accumulated in equity were not reclassified to profit or loss and continue to be presented as a separate component of equity.

b) Financial instruments

Recognition and initial measurement

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

Subsequent measurement of financial assets and liabilities depends on their classification, which management determines on initial recognition. Financial assets held to collect contractual cash flows consisting solely of payments of principal and interest are measured at amortized cost. Financial assets held both to collect contractual cash flows and for sale are generally measured at fair value through other comprehensive income ("FVTOCI"). All other financial assets are measured at FVTPL.

Financial assets at amortized cost

Financial assets measured at amortized cost are non-derivative financial assets held to collect contractual cash flows, where those cash flows represent solely payments of principal and interest. These assets are initially recognized at fair value plus directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Trade receivables are measured at amortized cost, other than the portion that is provisionally priced and measured at FVTPL as described below.

Financial assets at FVTPL

Financial assets measured at FVTPL are those that do not qualify for measurement at amortized cost or FVTOCI, including assets management intends to sell in the short term and derivative financial instruments not designated in a hedging relationship. Transaction costs for financial assets held at FVTPL are expensed as incurred. These assets are carried at fair value, with changes in fair value recognized in the consolidated statements of income (loss) and total comprehensive income (loss).

Provisionally priced trade receivables are measured at FVTPL, as the associated cash flows are dependent on commodity prices. These receivables are initially recognized at their transaction price and are subsequently remeasured at each reporting date to reflect changes in the underlying commodity price, with the resulting adjustment recognized in revenue in the consolidated statements of income (loss) and total comprehensive income (loss).

DISCOVERY MINING LTD. (formerly Discovery Silver Corp.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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Financial assets at FVTOCI

On initial recognition of an equity investment that is not held for trading, the Company may make an irrevocable election to present subsequent changes in the investment's fair value in other comprehensive income. Financial assets designated at FVTOCI are subsequently measured at fair value, with unrealized gains and losses recognized in other comprehensive income (loss). Amounts recognized in other comprehensive income are not subsequently reclassified to profit or loss, including on derecognition.

Financial liabilities

Financial liabilities are classified as either FVTPL or other financial liabilities. All financial liabilities are subsequently measured at amortized cost using the effective interest method, except for financial liabilities at FVTPL, which are carried at fair value with changes in fair value recognized in the consolidated statements of income (loss) and total comprehensive income (loss). Financial liabilities are required to be measured at FVTPL where they are held for trading or are derivatives not designated in a hedging relationship, or where the Company has elected to measure them at FVTPL.

Impairment

For financial assets measured at amortized cost, an expected credit loss model is applied, requiring a loss allowance to be recognized based on expected credit losses. The expected credit loss model is updated at each reporting date to reflect changes since initial recognition.

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or are transferred, or when it transfers substantially all the risks and rewards of ownership. On derecognition, the difference between the carrying amount and the consideration received is recognized in the consolidated statements of income (loss) and total comprehensive income (loss), except for financial assets at FVTOCI, for which the cumulative gain or loss is not reclassified to profit or loss. A financial liability is derecognized when the obligation is discharged, cancelled or expires, with any difference between the carrying amount and the consideration paid recognized in the consolidated statements of income (loss) and total comprehensive income (loss).

c) Revenue

The Company's primary sources of revenue are the sale of precious and base metals, comprising refined gold and metal concentrates containing copper, zinc and silver, produced from its mining operations.

Revenue is recognized when control of the product transfers to the customer, which generally occurs upon delivery in accordance with the terms of the applicable sales agreement, at which point the customer obtains the ability to direct the use of, and obtain substantially all of the remaining benefits from, the product. This is generally the point at which title and the significant risks and rewards of ownership transfer to the customer, it is probable that the economic benefits will flow to the Company, and the amount of revenue can be reliably measured.

Revenue is measured based on the consideration to which the Company expects to be entitled under the contract and is presented net of discounts, treatment and refining charges, penalties, freight and other commercial deductions, and sales-related taxes, where applicable.

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Revenue from refined gold sales is recognized when the refined gold is transferred to the customer, which typically occurs upon delivery and is also the date that title to the gold passes.

Revenue from concentrate sales is recognized when control of the concentrate transfers to the customer. Such sales are initially recorded based on provisional values determined using prevailing market prices for the payable metals, estimated weights and assays, and applicable commercial deductions. Final settlement is generally based on final weights and assays and metal prices determined by reference to specified quotational periods, using prices published by the London Metal Exchange and London Bullion Market Association, as applicable. Where sales are subject to provisional pricing, the related receivable is remeasured to fair value at each reporting date by reference to forward prices for the applicable quotational period, with changes recognized in revenue. Adjustments arising from final weights and assay results are recognized in revenue when determined.

4. ACCOUNTING PRONOUNCEMENTS

Adoption of New Accounting Standards

The new standards, or amendments to standards and interpretations adopted by the Company, effective January 1, 2026, are as follows:

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

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

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

New Accounting Standards Not Yet Adopted

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

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

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

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

DISCOVERY MINING LTD. (formerly Discovery Silver Corp.)
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5. CRITICAL JUDGMENTS AND ESTIMATES IN APPLYING ACCOUNTING POLICIES

The preparation of condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, contingent liabilities, income and expenses. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and applied prospectively. Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the interim financial statements for the three and six months ended June 30, 2026 and 2025 is consistent with those applied and disclosed in the Company's audited consolidated financial statements for the years ended December 31, 2025 and 2024.

6. ACQUISITIONS AND BUSINESS COMBINATIONS

a) Porcupine Acquisition

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

As consideration for the Porcupine Transaction, the Company paid Newmont \$200.0 million of cash and issued 119.7 million Discovery common shares, valued at \$232.7 million. In addition, the Company will pay Newmont \$150.0 million in deferred cash consideration, payable in four annual payments of \$37.5 million commencing on December 31, 2027. The Porcupine Transaction has been accounted for as a business combination under IFRS 3 using the acquisition method, which requires all identifiable assets acquired and liabilities assumed to be recorded at their fair values as at the date of acquisition. The following table summarizes the fair value of the consideration paid and the final fair values of the identifiable assets acquired and liabilities assumed from Newmont. The Company has finalized the determination of the fair values of the assets acquired, liabilities assumed and deferred taxes related to the acquisition; accordingly, the values presented in these financial statements are final and unchanged from the amounts recognized in the annual financial statements for the year ended December 31, 2025.

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

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

DISCOVERY MINING LTD. (formerly Discovery Silver Corp.)
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The finalized fair value of the identifiable net assets acquired includes the following:

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

In connection with the Porcupine Transaction, the Company:

- Granted to Franco-Nevada Corporation ("Franco") a 4.25% net smelter royalty in exchange for cash consideration of \$300.0 million to be used for the Porcupine Transaction and general working capital purposes.
- Completed a bought deal public offering of 275.0 million subscription receipts for gross proceeds of \$175.0 million (C\$247.5 million).
- Entered into a debt commitment letter to obtain financing through a non-revolving multiple-draw term loan facility for a maximum principal amount of \$100.0 million. The term loan facility was subsequently terminated during the year ended December 31, 2025 upon the Company entering into a revolving credit facility agreement.

DISCOVERY MINING LTD. (formerly Discovery Silver Corp.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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b) Kidd Acquisition

On March 2, 2026, the Company, through a wholly-owned subsidiary, Discovery Kidd Creek Inc., entered into an Asset Purchase Agreement (the "APA") with Glencore Canada Corporation ("Glencore"), under which the Company acquired Glencore's 100% interest in the Kidd Operations located in Timmins, Ontario (the "Kidd Transaction"). The Kidd Operations include the Kidd Creek Mine, the Kidd Met Site, the Kidd TMA, all associated property, claims and operating assets, and all of the issued and outstanding shares of Kidd Creek Timber Ltd., which holds an exploration land package. The Kidd Transaction closed on June 1, 2026 (the "Closing Date" or "Acquisition Date").

The Kidd Transaction has been accounted for as a business combination under IFRS 3 using the acquisition method, which requires all identifiable assets acquired and liabilities assumed to be recorded at their fair values as at the Acquisition Date.

As consideration for the Kidd Transaction, the Company issued 1.7 million common shares with a fair value of \$10.0 million as at the Acquisition Date.

The Kidd Transaction also included a reimbursement arrangement, whereby Glencore will reimburse the Company for certain specified costs related to the Kidd TMA up to a maximum of \$75.0 million. The costs related to the Kidd TMA are recorded as an other asset at the fair value at the acquisition date with a corresponding liability. In addition, the Company obtained indemnification from Glencore for up to \$400.0 million in respect to the Kidd TMA, applicable until the earlier of 36 months after commencement of the specified work plan or its completion. After Glencore reimburses the Company for the work performed and upon receipt of the material permits and regulatory approvals required to deposit gold tailings at the Kidd TMA, a payment equal to the sum of amounts reimbursed by Glencore, up to a maximum of \$75.0 million, is due to Glencore.

The Kidd Transaction further included a 1.0% net smelter return royalty applicable to future mineral production from the Kidd Creek Timber Ltd. land package. The net smelter return royalty was assigned a nil fair value as at the Acquisition Date given the early-stage nature of the underlying land package.

As part of the Kidd Transaction, the Company also assumed all financial assurances and environmental, rehabilitation and related obligations associated with the Kidd Met Site and the Kidd Creek Mine. These obligations have been recognized as liabilities assumed in the business combination.

The following table summarizes the fair value of the consideration transferred and the preliminary estimates of the fair values of the identifiable assets acquired and liabilities assumed. Final valuations are not yet complete due to the timing of the acquisition and the inherent complexity of the valuations; accordingly, the values assigned are provisional and subject to change. The Company expects to finalize the determination of the fair values of the assets acquired, liabilities assumed and related deferred taxes within 12 months of the Acquisition Date, which could result in material differences from the preliminary values presented in these financial statements.

Purchase Price		
Common shares issued	\$	10,000
Total consideration	\$	10,000

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

Assets acquired		
Inventories	\$	25,933
Total current assets	\$	25,933
Mining Interests		208,902
Plant and Equipment		155,445
Other assets		63,365
Total assets	\$	453,645
Liabilities assumed		
Accounts payable, accrued, and other liabilities	\$	16,850
Reclamation liabilities		36,400
Total current liabilities	\$	53,250
Reclamation liabilities		277,300
Other liabilities		63,365
Deferred income tax liability		44,438
Employee-related liabilities		5,292
Total liabilities	\$	443,645
Net assets acquired	\$	10,000

7. CASH AND CASH EQUIVALENTS

		June 30, 2026		December 31, 2025
Cash	\$	360,246	\$	406,525
Short-term deposits		4,048		4,142
Total cash and cash equivalents	\$	364,294	\$	410,667

8. ACCOUNTS RECEIVABLE

		June 30, 2026		December 31, 2025
Trade and other receivables	\$	47,349	\$	7,019
Sales and value-added tax receivables		17,780		36,948
Supplier advances and other prepaids		10,592		10,211
Total trade and other receivables	\$	75,721	\$	54,178

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9. INVENTORIES

		June 30, 2026		December 31, 2025
Stockpiles	\$	65,976	\$	53,287
In-circuit inventory		13,888		7,617
Precious metals inventory		3,053		498
Materials and supplies		49,508		29,765
Total inventories	\$	132,425	\$	91,167
Less: current portion		110,747		61,191
Non-current portion	\$	21,678	\$	29,976

Included in production costs of \$184.8 million for the six months ended June 30, 2026, is (\$11.8) million (six months ended June 30, 2025 - \$1.7 million) related to changes in metal inventories (stockpiles, in-process, and precious metals). There were no write downs or reversals of write downs of inventory to net realizable value during the six months ended June 30, 2026 and 2025. Non-current inventory consists of stockpiles that are not expected to be processed within 12 months.

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10. MINING INTERESTS, PLANT AND EQUIPMENT

Six Months Ended June 30, 2026	Depletable Mining Interest	Non-depletable Mining Interest ⁽¹⁾	Plant and Equipment	Assets under Construction ⁽²⁾	Total
Cost					
At January 1, 2026	\$ 649,348	\$ 73,599	\$ 398,697	\$ 162,787	\$ 1,284,431
Additions	16,298	2,533	7,887	139,315	166,033
Transfers to Mining Interest and Plant and Equipment	32,690	—	51,165	(83,855)	—
Change in reclamation liability (note 14)	57,121	—	—	—	57,121
Kidd acquisition (note 6b)	78,400	130,502	155,445	—	364,347
Disposals	—	—	(2,916)	—	(2,916)
Currency translation adjustment	—	468	86	—	554
Cost at June 30, 2026	\$ 833,857	\$ 207,102	\$ 610,364	\$ 218,247	\$ 1,869,570
Accumulated Depreciation and Depletion					
At January 1, 2026	\$ 39,775	\$ —	\$ 64,772	\$ —	\$ 104,547
Depreciation	—	—	40,767	—	40,767
Depletion	38,284	—	—	—	38,284
Disposals	—	—	(2,571)	—	(2,571)
Currency translation adjustment	—	—	26	—	26
Accumulated depreciation and depletion at June 30, 2026	\$ 78,059	\$ —	\$ 102,994	\$ —	\$ 181,053
Carrying value at June 30, 2026	\$ 755,798	\$ 207,102	\$ 507,370	\$ 218,247	\$ 1,688,517

Year Ended December 31, 2025	Depletable Mining Interest	Non-depletable Mining Interest ⁽¹⁾	Plant and Equipment	Assets under Construction ⁽²⁾	Total
Cost					
At January 1, 2025	\$ —	\$ 59,038	\$ 3,045	\$ —	\$ 62,083
Additions	52,997	6,788	12,046	150,749	222,580
Transfers to Mining Interest and Plant and Equipment	33,374	—	15,787	(49,161)	—
Change in reclamation liability (note 14)	83,845	—	—	—	83,845
Porcupine acquisition (note 6a)	479,132	—	369,798	61,199	910,129
Impairment	—	—	(2,140)	—	(2,140)
Currency translation adjustment	—	7,773	161	—	7,934
Cost at December 31, 2025	\$ 649,348	\$ 73,599	\$ 398,697	\$ 162,787	\$ 1,284,431
Accumulated Depreciation and Depletion					
At January 1, 2025	\$ —	\$ —	\$ 1,116	\$ —	\$ 1,116
Depreciation	—	—	63,659	—	63,659
Depletion	39,775	—	—	—	39,775
Currency translation adjustment	—	—	(5)	—	(5)
Accumulated depreciation and depletion at December 31, 2025	\$ 39,775	\$ —	\$ 64,770	\$ —	\$ 104,545
Carrying value at December 31, 2025	\$ 609,573	\$ 73,599	\$ 333,927	\$ 162,787	\$ 1,179,886

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

(2) Assets under construction represent assets that are not yet available for use. Once the related assets are available for their intended use, they are transferred to mining interests or plant and equipment, as applicable, and depreciation or depletion commences.

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11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2026	December 31, 2025
Trade and other payables	\$ 28,253	\$ 51,368
Employee-related payables	23,020	28,937
Accrued liabilities	64,147	55,023
Total accounts payable and accrued liabilities	\$ 115,420	\$ 135,328

12. OTHER LIABILITIES

	June 30, 2026	December 31, 2025
Lease liabilities	\$ 9,202	\$ 6,594
Employee pension benefits	10,319	3,362
Other ⁽¹⁾	63,961	565
Total other liabilities	\$ 83,482	\$ 10,521
Less: current portion	3,411	3,165
Non-current portion	\$ 80,071	\$ 7,356

(1) Includes \$63.4 million of other liabilities acquired as part of the Kidd Transaction (note 6b)

13. SHARE-BASED COMPENSATION LIABILITIES

Share-based compensation liabilities		
At January 1, 2026	\$	—
Modification of awards – change to cash-settled		47,720
Share-based compensation expense		12,672
Redemption of awards		(22,330)
Foreign exchange		(1,382)
At June 30, 2026	\$	36,680
Less: current portion		14,879
Non-current portion	\$	21,801

Effective January 1, 2026, the Company elected under the current DSU Plan and LTI plan, that any future RSU, PSU and DSU awards redeemed will be settled in cash. As a result, previously equity-settled awards were reclassified to cash-settled awards on that date. Upon reclassification, the awards were remeasured at fair value, resulting in the initial recognition of share-based compensation liabilities of \$47.7 million. In connection with the reclassification, an amount of \$5.8 million previously recognized in contributed surplus was reclassified and \$41.9 million was recorded as an adjustment to accumulated earnings (deficit).

Subsequent to the initial recognition, any future changes in fair value of the share-based compensation liabilities are recognized as share-based compensation expense over the respective vesting periods. For the six months ended June 30, 2026, total share-based compensation expense on cash-settled awards was \$12.7 million, of which \$0.3 million was capitalized to non-depletable mining interests.

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14. RECLAMATION LIABILITIES

Reclamation provision estimates are based on existing legislation and regulations, third-party cost estimates, and management's assumptions regarding the timing and scope of reclamation activities. Assumptions reflecting current economic conditions, including inflation and discount rates, are used in estimating the provision. Estimated cash flows are adjusted for inflation using the Consumer Price Index, incorporating inherent uncertainty in the estimates. The discount rates used in measuring the provision range between 3.19% and 3.77% over the period from 2026 to 2075. The provision is sensitive to changes in key assumptions, and revisions to these assumptions may materially affect the recognized liability. Reclamation liabilities are reviewed periodically based upon facts and circumstances available at the time and changes in estimates are recognized prospectively in the period in which they arise.

The following are reconciliations of reclamation liabilities:

	June 30, 2026	December 31, 2025
Balance at beginning of year	\$ 496,004	\$ —
Acquired from Porcupine (note 6a)	—	373,641
Acquired from Kidd (note 6b)	313,700	—
Post acquisition change in estimate ⁽¹⁾	60,380	117,836
Additions, change in estimates and other ⁽¹⁾	1,582	2,653
Reclamation expenditure	(9,587)	(14,585)
Accretion expense	10,472	16,459
Total reclamation liability	\$ 872,551	\$ 496,004
Less: current portion	88,582	35,702
Non-current portion	\$ 783,969	\$ 460,302

(1) For the six months ended June 30, 2026, \$4.8 million was recognized as other operating costs relating to changes in estimates for non-operating mine sites. Changes in estimates for operating mine sites are recorded directly to the underlying mineral interest asset (note 10).

Reclamation liabilities acquired through business combinations are initially recognized at fair value on the acquisition date using a market-based discount rate, as required by IFRS 3 Business Combinations. At the first reporting date following acquisition, these liabilities are remeasured under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, which can result in a change to the carrying amount arising solely from the difference in discount rate methodology between the two standards, with no change to the underlying estimated reclamation and closure costs.

During the year ended December 31, 2025, the Company recognized a post-acquisition change in estimate of \$117.8 million related to the Porcupine reclamation liability, of which \$45.0 million related to non-operating mine sites and was recognized immediately as reclamation expense in other operating cost. During the six months ended June 30, 2026, the Company recognized a post-acquisition change in estimate of \$60.4 million related to the Kidd reclamation liability, of which \$1.5 million related to non-operating mine sites. In each case, the change was solely attributable to the difference in discount rate methodology between IFRS 3 and IAS 37, with no change to the underlying estimated reclamation and closure costs.

As at June 30, 2026, the estimated undiscounted future cost for reclamation liability before inflation was \$1,119.4 million.

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15. DEFERRED REVENUE

		June 30, 2026	December 31, 2025
Balance at beginning of year	\$	300,255	\$ —
Additions		—	300,000
Initial repayments		—	(6,595)
Deferred revenue recognized		(12,015)	(12,149)
Interest expense		13,309	18,999
Total deferred revenue	\$	301,549	\$ 300,255
Less: current portion		27,097	25,348
Non-current portion	\$	274,452	\$ 274,907

16. SHARE CAPITAL

a) Authorized

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

b) Equity financing and Porcupine acquisition

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

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

c) Kidd acquisition

As part of the Kidd Transaction described in note 6(b), the Company issued 1.7 million common shares to Glencore, valued at \$10.0 million.

d) Stock Options

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

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

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

There were no options granted during the three and six months ended June 30, 2026 or 2025. Option transactions and the number of options outstanding are summarized as follows:

	Outstanding (000's)	Weighted Average Exercise Price (C\$)
At January 1, 2025	15,852 \$	1.63
Options exercised	(7,617)	1.36
At December 31, 2025	8,235 \$	1.87
Options exercised	(4,455)	1.99
At June 30, 2026	3,780 \$	1.73

At June 30, 2026, the options outstanding and exercisable are as follows:

Options Outstanding				Options Exercisable			
Exercise Price (C\$)	Number (000's)	Weighted average remaining life	Weighted average exercise price(C\$)	Number (000's)	Weighted average remaining life	Weighted average exercise price (C\$)	
\$1.77	200	0.34	\$ 1.77	200	0.34	\$ 1.77	
\$2.05	1,545	0.52	\$ 2.05	1,545	0.52	\$ 2.05	
\$1.76	395	0.78	\$ 1.76	395	0.78	\$ 1.76	
\$1.38	40	0.90	\$ 1.38	40	0.90	\$ 1.38	
\$1.42	1,600	1.58	\$ 1.42	1,600	1.58	\$ 1.42	
	3,780	1.00	\$ 1.73	3,780	1.00	\$ 1.73	

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

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

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

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The following tables reflect the continuity of share units and DSUs granted and redeemed under the LTI Plan and the Old RSU Plan during the three and six months ended June 30, 2026 and year ended December 31, 2025.

	Number of Share Units (000's)
At January 1, 2025	5,601
RSUs granted	3,527
PSUs granted	2,812
Replacement RSUs granted ⁽¹⁾	1,072
RSUs redeemed	(2,202)
RSUs forfeited	(1,692)
At December 31, 2025	9,118
RSUs granted	1,497
PSUs granted	841
RSUs redeemed	(2,680)
RSUs forfeited	(1,004)
At June 30, 2026	7,772

(1) As part of the terms of the Porcupine acquisition, existing restricted share units ("Replacement RSU's") of Newmont were settled with equivalent RSU's of the Company (note 6(a)).

	Number of DSU's (000's)
At January 1, 2025	2,376
DSUs granted	877
At December 31, 2025	3,253
DSUs granted	114
DSUs redeemed	(512)
At June 30, 2026	2,855

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

Share-based compensation expense for the three and six months ended June 30, 2026 were \$3.5 million and \$12.4 million (June 30, 2025 - \$2.0 million and \$3.1 million), respectively.

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17. EARNINGS PER SHARE

Earnings per share has been calculated using the weighted average number of common shares outstanding for the three and six months ended June 30, 2026 and 2025 as follows:

a) Basic earnings (loss) per share

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net income (loss) for the period	\$ 52,149	\$ 5,534	\$ 133,828	\$ (918)
Weighted average number of common shares (000's)	811,222	735,616	810,659	569,293
Basic earnings per share	\$ 0.06	\$ 0.01	\$ 0.17	\$ 0.00

b) Diluted earnings (loss) per share

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net income (loss) for the period	\$ 52,149	\$ 5,534	\$ 133,828	\$ (918)
Weighted average number of common shares (000's)	811,222	735,616	810,659	569,293
Dilutive potential ordinary shares (000's)				
Warrants	3,900	—	3,900	—
Options	2,955	—	2,955	—
Weighted average number of ordinary shares (000's)	818,077	735,616	817,514	569,293
Diluted earnings per share	\$ 0.06	\$ 0.01	\$ 0.16	\$ 0.00

18. REVENUE

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Gold	\$ 283,017	\$ 142,010	\$ 562,443	\$ 142,010
Copper	15,934	—	15,934	—
Zinc	9,255	—	9,255	—
Silver	5,267	—	5,267	—
Deferred Revenue (note 15)	6,406	—	12,015	—
Revenue from contracts with customers	\$ 319,879	\$ 142,010	\$ 604,914	\$ 142,010
Price adjustments on provisional concentrate sales ⁽¹⁾	(785)	—	(785)	—
Total revenue	\$ 319,094	\$ 142,010	\$ 604,129	\$ 142,010

(1) Changes in commodity forward prices between the date of initial recognition and final settlement directly affect the carrying value of provisionally priced copper, zinc and silver.

The Company sells refined gold to banks and market traders, and copper and zinc concentrate to a single customer. During the six months ended June 30, 2026, two customers each contributed more than 10% to total revenues from

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mining operations, with a combined total of approximately 84%. The Company is not dependent on a limited number of customers for the sale of its products, as refined gold, copper concentrate and zinc concentrate can be sold to a range of counterparties and through numerous markets worldwide.

19. FINANCE INCOME (EXPENSE), NET

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Finance income - interest income on bank deposits	\$ 2,586	\$ 2,565	\$ 4,879	\$ 2,716
Finance expense				
Interest expense ⁽¹⁾	(7,813)	(6,540)	(15,149)	(6,666)
Accretion expense ⁽²⁾	(8,840)	(7,767)	(16,482)	(7,767)
Finance income (expense), net	\$ (14,067)	\$ (11,742)	\$ (26,752)	\$ (11,717)

(1) Interest expense includes \$13.3 million relating to interest on Franco Nevada deferred revenue (note 15).

(2) Accretion expense includes \$10.5 million relating to reclamation liabilities (note 14) and \$6.0 million relating to the Newmont deferred consideration.

20. CAPITAL MANAGEMENT

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

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

There was no change to the Company's approach to capital management during the three and six months ended June 30, 2026.

As at June 30, 2026, Discovery was in compliance with all financial covenants. The Company's revolving credit facility was undrawn, with \$6.5 million utilized for letters of credit.

21. FINANCIAL INSTRUMENTS

a) Financial assets and liabilities measured at amortized cost

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

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b) Financial assets and liabilities measured at fair value

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

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

Financial assets and liabilities measured at fair value include:

					As at June 30, 2026
Financial assets		Level 1	Level 2	Level 3	Total
Investment in marketable securities	\$	7,732	\$ —	\$ 500	\$ 8,232
Accounts receivable on provisionally priced sales		—	29,671	—	29,671

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

22. COMMITMENTS AND CONTINGENCIES

a) Commitments

As at June 30, 2026, the Company had future purchase commitments of \$222.6 million, of which \$138.6 million related to capital expenditures for the Company's ongoing operations.

The Company is required by various jurisdictional requirements to provide surety bonds and letters of credit as financial support for multiple purposes, including environmental reclamation, exploration permitting, and other general corporate purposes. At June 30, 2026, there were \$54.6 million of outstanding letters of credit and surety bonds associated with the Company's closure plans. Included in this amount is \$13.2 million of restricted cash relating to letters of credit and \$41.3 million of cash collateral, held in the custody of the underwriters and presented separately as reclamation financial assurances on the consolidated statements of financial position in respect of government required assurances for the Company's closure plans.

b) Provision for land payment obligation

Included in other long-term liabilities in the consolidated statement of financial position is the provision for the minimum amount payable annually under the land acquisition agreement related to the Cordero project, signed in May 2023. This provision was calculated as the present value of the annual payments, using a discount rate of 8% over the 25 years of payments per the land acquisition agreement. Once commercial production is achieved, the annual payments under the agreement are \$0.6 million over 25 years.

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c) Contingencies

The Company is from time to time party to legal proceedings in the ordinary course of its business. Management is not aware of any pending or threatened litigation that, if resolved against the Company, would have material adverse effect on the Company's financial condition or results of operations.

23. SEGMENTED INFORMATION

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

The Company has two reportable segments: Porcupine Complex and the Kidd Operations. These segments are organized predominantly by the products and services provided to customers and geography of the businesses. The Corporate and Other segment (comprised of Mexico and the Corporate Office) includes corporate, exploration and evaluation and other income and expenses that do not pertain directly to a reportable segment.

a) Income (loss) for the period by segment

	Three Months Ended June 30, 2026				
	Porcupine		Kidd		Corporate & Other
					Total
Revenue	\$	289,423	\$	29,671	\$ 319,094
Production costs		(89,694)		(18,915)	(108,609)
Depreciation and amortization		(30,307)		(10,282)	(40,589)
Royalties		(5,625)		—	(5,625)
Earnings from mining operations	\$	163,797	\$	474	\$ 164,271
General and administration ⁽¹⁾		—		—	(14,355)
Exploration		(6,453)		—	(6,453)
Share-based compensation		(773)		—	(2,734)
Other operating costs ⁽²⁾		(3,216)		(6,905)	(10,121)
Other income (loss) ⁽³⁾		4,726		578	(3,016)
Finance income (expense), net		(10,549)		(1,085)	(14,067)
Income (loss) before taxes	\$	147,532	\$	(6,938)	\$ (27,842)

(1) General and administration costs include salaries and benefits, business development, professional fees, listing and filing fees, travel, and other costs. During the period, the Company incurred \$2.6 million of costs related to the evaluation and acquisition of the Kidd Operations.

(2) Other operating costs include \$4.7 million of reclamation expenses relating to changes in estimates for non-operating mine sites and \$5.4 million payment to First Nations group in connection with the closing of the Kidd Transaction.

(3) Other income (loss) includes foreign exchange gain and loss and fair value remeasurement of investments.

DISCOVERY MINING LTD. (formerly Discovery Silver Corp.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2026 and 2025
(unaudited - expressed in thousands of United States dollars, except where otherwise noted)

					Six Months Ended June 30, 2026	
	Porcupine		Kidd		Corporate & Other	Total
Revenue	\$	574,458	\$	29,671	\$	604,129
Production costs		(165,878)		(18,915)		(184,793)
Depreciation and amortization		(61,883)		(10,282)		(72,165)
Royalties		(12,683)		—		(12,683)
Earnings from mining operations	\$	334,014	\$	474	\$	334,488
General and administration ⁽¹⁾		—		—	(25,830)	(25,830)
Exploration		(13,270)		—		(13,270)
Share-based compensation		(2,122)		—	(10,244)	(12,366)
Other operating costs ⁽²⁾		(3,317)		(6,905)		(10,222)
Other income (loss) ⁽³⁾		12,928		578	(15,431)	(1,925)
Finance income (expense), net		(21,389)		(1,085)	(4,278)	(26,752)
Income (loss) before taxes	\$	306,844	\$	(6,938)	\$	244,123

(1) General and administration costs include salaries and benefits, business development, professional fees, listing and filing fees, travel, and other costs. During the period, the Company incurred \$2.7 million of costs related to the evaluation and acquisition of the Kidd Operations.

(2) Other operating costs include \$4.8 million of reclamation expenses relating to changes in estimates for non-operating mine sites and \$5.4 million payment to First Nations group in connection with the closing of the Kidd Transaction.

(3) Other income (loss) includes foreign exchange gain and loss and fair value remeasurement of investments.

					Three Months Ended June 30, 2025	
	Porcupine		Corporate & Other		Total	
Revenue	\$	142,010	\$	—	\$	142,010
Production costs		(54,919)		—		(54,919)
Depreciation and amortization		(16,384)		—		(16,384)
Royalties		(1,916)		—		(1,916)
Earnings from mining operations	\$	68,791	\$	—	\$	68,791
General and administration ⁽¹⁾	\$	—	\$	(22,877)	\$	(22,877)
Exploration		(740)		(90)		(830)
Share-based compensation		—		(1,953)		(1,953)
Other income (loss) ⁽²⁾		(6,541)		(338)		(6,879)
Finance income (expense), net		(11,179)		(563)		(11,742)
Income (loss) before taxes	\$	50,331	\$	(25,821)	\$	24,510

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

(2) Other income (loss) includes foreign exchange gain and loss and fair value remeasurement of investments.

DISCOVERY MINING LTD. (formerly Discovery Silver Corp.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2026 and 2025
(unaudited - expressed in thousands of United States dollars, except where otherwise noted)

		Six Months Ended June 30, 2025		
		Porcupine	Corporate & Other	Total
Revenue	\$	142,010	\$ —	\$ 142,010
Production costs		(54,919)	—	(54,919)
Depreciation and amortization		(16,384)	—	(16,384)
Royalties		(1,916)	—	(1,916)
Earnings from mining operations	\$	68,791	\$ —	\$ 68,791
General and administration ⁽¹⁾	\$	—	\$ (28,351)	\$ (28,351)
Exploration		(740)	(115)	(855)
Share-based compensation		—	(3,120)	(3,120)
Other income (loss) ⁽²⁾		(6,541)	(149)	(6,690)
Finance income (expense), net		(11,179)	(538)	(11,717)
Income (loss) before taxes	\$	50,331	\$ (32,273)	\$ 18,058

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

(2) Other income (loss) includes foreign exchange gain and loss and fair value remeasurement of investments.

b) Assets by segment

		As at June 30, 2026		
		Porcupine	Kidd	Corporate & Other
Total Assets	\$	1,540,269	\$ 532,852	\$ 322,790
				\$ 2,395,911

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

24. SUBSEQUENT EVENTS

On July 31, 2026, the Company amended the terms of its senior secured revolving credit facility (the “Credit Facility”), increasing the Credit Facility to \$400 million from \$250 million and extending the maturity date to July 30, 2030 from September 15, 2028. The \$100 million accordion feature remains unchanged. The amended Credit Facility bears interest on drawn funds by way of the Term Secured Overnight Financing Rate (“Term SOFR”) plus a credit spread adjustment of 0.10% per annum and an applicable margin ranging from 1.875% to 3.00% per annum, based on the Company’s total net leverage ratio. Standby fees for the undrawn portion of the Credit Facility have been reduced, ranging from 0.422% to 0.675% per annum, compared to 0.563% to 0.788% per annum under the previous terms. The amended Credit Facility remains secured by certain of the Company’s assets, supported by guarantees and a pledge of shares from certain material subsidiaries.