

**Magna Mining Inc.**  
**Consolidated Financial Statements**  
**For the years ended December 31, 2025 and 2024**  
**(Expressed in thousands of Canadian dollars)**

# Independent auditor's report

## To the Shareholders of Magna Mining Inc.

### Opinion

We have audited the consolidated financial statements of Magna Mining Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024 and the consolidated statements of operations and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025, and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (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 Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, 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 1 in the consolidated financial statements, which indicates that the Company has not yet achieved profitable production and has an accumulated deficit of \$58,599,000 as at December 31, 2025. This condition, along with the matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matters to be communicated in our auditor's report.

#### **Acquisition of the KGHM**

Refer to Note 5 of the consolidated financial statements.

On February 28, 2025, the Company completed the acquisition of a portfolio of base metal assets located in the Sudbury Basin from a subsidiary of KGHM International Ltd. ("KGHM"). As a result of the acquisition, the Company acquired the producing McCreedy West copper mine, and a portfolio of mineral property and exploration assets, as well as the assumption of a deferred revenue contract. Consideration for the transaction included cash, common shares, deferred payments, and contingent consideration.

The KGHM business combination was determined to be a key audit matter given the significance of the transaction to the consolidated financial statements, and that management's assessment process is complex, highly judgmental and includes estimation uncertainty for the fair values of the net assets acquired and the fair value of the contingent consideration.

Our audit procedures included, amongst other procedures:

- Review of the purchase agreement to identify and assess relevant terms and conditions;
- Consideration of the qualifications and objectivity of the third-party valuation experts utilized by the Company to complete the valuation report for the fair value of the net assets acquired in the exchange, as well as the purchase price allocation;
- Engagement of our internal valuation team to assess the reasonableness of management's expert's valuation report for the inputs and assumptions, including the valuation of property, plant and equipment acquired, valuation of the mineral property and exploration assets, valuation of contingent consideration, valuation of the deferred revenue liability, and applicable discount rates used to reflect the Company's weighted cost of capital;
- Assessment of the transaction for appropriate accounting under provisions of IFRS Accounting Standards;
- Assessment of the accounting treatment of the acquired streaming contract liability, including consultation with financial instrument subject matter experts; and
- Performed procedures to obtain an understanding of how management made significant estimates and judgements with the acquisition, including the contingent consideration, the asset retirement obligation, valuation of mineral properties and exploration assets, and resulting bargain purchase gain and performed procedures to assess the reasonableness of estimates made.

#### **Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

*Doane Grant Thornton LLP*

Toronto, Canada  
April 20, 2026

Chartered Professional Accountants  
Licensed Public Accountants

**Magna Mining Inc.**  
**Consolidated Statements of Financial Position**  
(Expressed in thousands of Canadian dollars)  
**As at**

	Notes	December 31, 2025	December 31, 2024
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 55,899	\$ 17,535
Trade and other receivables	11	26,481	3,029
Inventories	12	4,987	-
Prepaid expenses		1,054	213
Deferred financing costs	19	244	198
<b>Total current assets</b>		<b>88,665</b>	<b>20,975</b>
<b>Non-current</b>			
Restricted cash	13	1,032	944
Mineral property, plant and equipment	14	83,078	119
Exploration and evaluation assets	15	20,233	17,533
Derivative asset	19(a)	916	-
<b>Total non-current assets</b>		<b>105,259</b>	<b>18,596</b>
<b>Total assets</b>		<b>\$ 193,924</b>	<b>\$ 39,571</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	16	\$ 17,945	\$ 3,607
Deferred revenue	18	8,136	-
Right-of-use lease liability		140	36
Deferred acquisition costs	5	1,945	-
<b>Total current liabilities</b>		<b>28,166</b>	<b>3,643</b>
<b>Non-current</b>			
Contingent consideration	17	6,907	-
Deferred revenue	18	21,356	-
Convertible debentures	19(a)	15,682	-
Asset retirement obligation	20	14,655	875
Right-of-use lease liability		76	10
Deferred tax liabilities	21	8,408	-
<b>Total non-current liabilities</b>		<b>67,084</b>	<b>885</b>
<b>Total liabilities</b>		<b>95,250</b>	<b>4,528</b>
<b>Shareholders' equity</b>			
Share capital	22	141,433	71,285
Contributed surplus	24,25,26	7,863	5,374
Equity portion of convertible debentures	19(a)	7,977	-
Deficit		(58,599)	(41,616)
<b>Total shareholders' equity</b>		<b>98,674</b>	<b>35,043</b>
<b>Total shareholders' equity and liabilities</b>		<b>\$ 193,924</b>	<b>\$ 39,571</b>

Going concern (note 1)  
Commitments and contingencies (note 32)  
Subsequent events (note 33)

"Jason Jessup" Director

"John Seaman" Director

See accompanying notes to the consolidated financial statements

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**Magna Mining Inc.****Consolidated Statements of Operations and Comprehensive Loss**

(Expressed in thousands of Canadian dollars, except share and per share amounts)

		Year ended December 31, 2025	Year ended December 31, 2024
	Notes		
<b>Revenue</b>	7	\$ 58,834	\$ -
<b>Cost of sales</b>			
Mine operating costs	8	53,530	-
Depletion, depreciation and amortization	8,9	7,385	-
Cost of sales		60,915	-
<b>Loss from mining operations</b>		(2,081)	-
Corporate and general		8,360	7,258
Share-based compensation	24,26	4,065	1,840
Exploration and evaluation		8,226	10,117
Site maintenance		10,488	246
<b>Operating loss</b>		(33,220)	(19,461)
Flow-through premium income		-	2,945
Finance and interest expense	10(a)	(4,938)	(173)
Gain on bargain purchase of KGHM assets	5	19,513	-
Costs on purchase of KGHM assets	5	(2,491)	-
Accretion of streaming liability	18	(2,470)	-
Accretion of asset retirement obligation	20	(389)	(23)
Gain on disposal of equipment		-	5
Other income	10(b)	1,124	439
<b>Loss before income and mining taxes</b>		(22,871)	(16,268)
<b>Income and mining tax recovery (expense)</b>			
Current income expense	21	(10)	-
Deferred income and mining tax recovery	21	5,898	-
Total income and mining tax recovery		5,888	-
<b>Net loss and comprehensive loss</b>		\$ (16,983)	\$ (16,268)
<b>Basic and diluted loss per share</b>	23	\$ (0.08)	\$ (0.10)
<b>Weighted average number of outstanding shares</b>			
Basic and diluted	23	215,042,407	170,766,096

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See accompanying notes to the consolidated financial statements

**Magna Mining Inc.**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2025 and 2024**  
(Expressed in thousands of Canadian dollars, except share amounts)

	Notes	Number of shares	Share capital	Contributed surplus	Equity portion of convertible debenture	Deficit	Total shareholders' equity
Balance at December 31, 2023		163,379,860	45,784	4,413	-	(25,348)	24,849
Net loss and comprehensive loss for the year		-	-	-	-	(16,268)	(16,268)
Private placement	22	20,809,480	21,850	-	-	-	21,850
Share issue costs	22	-	(1,517)	-	-	-	(1,517)
Warrants exercised	22,25	9,588,204	4,257	(164)	-	-	4,093
Options exercised	22,24	903,300	811	(353)	-	-	458
Redemption of restricted share units	22,26	229,400	100	(362)	-	-	(262)
Share-based compensation	24,26	-	-	1,840	-	-	1,840
<b>Balance at December 31, 2024</b>		<b>194,910,244</b>	<b>\$ 71,285</b>	<b>\$ 5,374</b>	<b>\$ -</b>	<b>\$ (41,616)</b>	<b>\$ 35,043</b>
Net loss and comprehensive loss for the year		-	-	-	-	(16,983)	(16,983)
Private placement	22	27,284,920	60,000	-	-	-	60,000
Share issue costs	22	-	(3,169)	-	-	-	(3,169)
Share issued on acquisition of KGHM Sales Assets	5	1,180,705	2,000	-	-	-	2,000
Equity portion of convertible debenture, net of tax	19	-	-	-	7,977	-	7,977
Warrants exercised	22,25	26,144,360	10,989	(164)	-	-	10,825
Options exercised	22,24	231,264	279	(126)	-	-	153
Redemption of restricted share units	22,26	107,310	49	(1,286)	-	-	(1,237)
Share-based compensation	24,26	-	-	4,065	-	-	4,065
<b>Balance at December 31, 2025</b>		<b>249,858,803</b>	<b>\$ 141,433</b>	<b>\$ 7,863</b>	<b>\$ 7,977</b>	<b>\$ (58,599)</b>	<b>\$ 98,674</b>

See accompanying notes to the consolidated financial statements

**Magna Mining Inc.**  
**Consolidated Statements of Cash Flows**  
(Expressed in thousands of Canadian dollars)

	Notes	Year ended December 31, 2025	Year ended December 31, 2024
<b>Operating activities</b>			
Net loss for the year		\$ (16,983)	\$ (16,268)
Items not requiring an outlay of cash:			
Depletion, depreciation and amortization	9,14	11,536	83
Finance expense	10(a)	4,938	(35)
Share-based compensation	24,26	4,065	1,579
Accretion of streaming liability	18	2,470	-
Accretion of asset retirement obligation		389	23
Flow-through premium income		-	(2,945)
Interest income		(14)	-
Remeasurement of asset retirement obligation		(394)	-
Market-to-market on embedded derivative	10(b)	(807)	-
Recognition of deferred streaming revenue	18	(4,954)	-
Deferred income and mining taxes	21	(5,898)	-
Gain on bargain purchase of KGHM assets	5	(19,513)	-
Net change in non-cash working capital balances	29	(9,933)	(247)
<b>Cash flow used in operating activities</b>		<b>(35,098)</b>	<b>(17,810)</b>
<b>Investing activities</b>			
Acquisition of NorthX assets	6	666	-
Proceeds on disposal of equipment		-	6
Increase in restricted cash		(74)	(168)
Acquisition of KGHM assets, net of cash received		(5,000)	-
Additions to mineral properties, plant and equipment	14	(7,798)	(24)
<b>Cash flow used in investing activities</b>		<b>(12,206)</b>	<b>(186)</b>
<b>Financing activities</b>			
Issuance of common shares, net of costs	22	56,831	20,333
Proceeds from convertible debenture, net	19(a)	22,339	-
Proceeds from exercise of warrants	25	10,825	4,093
Payment of lease liabilities		299	(45)
Proceeds from exercise of options		129	458
Payment of deferred financing cost	19	(1,072)	(198)
Cash settlement of RSUs	26	(1,237)	-
Interest paid		(2,446)	-
<b>Cash flow provided by financing activities</b>		<b>85,668</b>	<b>24,641</b>
Increase in cash during the year		38,364	6,645
Cash at the beginning of the year		17,535	10,890
<b>Cash at the end of the year</b>		<b>\$ 55,899</b>	<b>\$ 17,535</b>

Supplemental cash flow information (note 29)

See accompanying notes to the consolidated financial statements

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**Magna Mining Inc.**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2025 and 2024**  
(Expressed in thousands of Canadian dollars)

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**1. Reporting entity**

Magna Mining Inc. (the “Company” or “Magna”) is a producing mining company with a portfolio of copper, nickel and platinum group metals with operating, exploration and development projects in the Sudbury Region of Ontario, Canada. The Company’s primary assets are the producing McCreedy West copper mine and the past-producing Levack, Podolsky, Shakespeare, and Crean Hill mines.

The Company is a corporation governed by the Canadian Business Corporations Act. The Company’s shares are listed on the TSX Venture Exchange (“TSXV”) under the symbol NICU.

The Company’s head office and principal business address is 1300 Kelly Lake Road, Sudbury, Ontario, P3E 5P4.

**Going concern**

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards and its interpretations adopted by the International Accounting Standards Board (“IFRS Accounting Standards”) applicable to a going concern, which assumes the Company will be able to realize its assets and settle its liabilities in the normal course of business. As at December 31, 2025, the Company reported an accumulated deficit of \$58,599 (December 31, 2024 - \$41,616).

On February 28, 2025, the Company completed the acquisition of a portfolio of base metal assets located in the Sudbury Basin from a subsidiary of KGHM International Ltd. (“KGHM”) (the “Transaction”). The Company acquired the producing McCreedy West copper mine, the past-producing Levack, Podolsky, and Kirkwood mines, as well as the Falconbridge Footwall (81.41%), Northwest Foy (81.41%), North Range, and Rand exploration assets (together, the “KGHM Sale Assets”) (see note 5 - Acquisition of KGHM mining operations and exploration assets). Prior to the Transaction, the Company had not generated any revenue from commercial mining operations and was considered to be in the exploration stage. Upon completion of the Transaction, the Company acquired a revenue-producing operation, the McCreedy West copper mine. Additionally, during the year ended December 31, 2025, the Company closed a private placement financing (debt and equity) for aggregate gross proceeds of \$23,488 and a brokered common share financing for gross proceeds of \$50,000 (see note 19(a) – Debt facilities: Convertible debentures and note 22 – Issued share capital). As a result, the Company expects to rely on cash flow from operations at the McCreedy West copper mine and on proceeds from financings; however, the Company’s current operating history with this mine has been limited. As at December 31, 2025, the Company had a cash balance of \$55,899 (December 31, 2024 - \$17,535) and a working capital balance of \$60,499 (December 31, 2024 - \$17,332). However, the Company may need to obtain additional funding from loans or equity financings by the Company’s existing shareholders and/or new shareholders or through other arrangements to continue its mining operations and exploration and development activities. There is no assurance that the Company will be successful in this regard if additional funding is required. These events and conditions indicate a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

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**Magna Mining Inc.**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2025 and 2024**  
(Expressed in thousands of Canadian dollars)

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**2. Basis of presentation**

**(a) Statement of compliance**

These consolidated financial statements were prepared in accordance with IFRS Accounting Standards.

The policies applied in these consolidated financial statements are based on IFRS Accounting Standards issued and outstanding as of April 8, 2026, the effective date the Board of Directors approved these consolidated financial statements.

**(b) Basis of consolidation**

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries: Magna Mining (Canada) Corp., Ursa Major Minerals Incorporated, Lonmin Canada Inc., and Project Nikolas Company Inc. ("PNCI").

All intercompany transactions and balances have been eliminated upon consolidation.

A subsidiary is an entity which Magna controls. The Company has control over an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

A subsidiary is fully consolidated from the date on which control is obtained by the Company and is deconsolidated from the date that control ceases. The Company has consolidated PNCI since the completion of the Transaction on February 28, 2025. Details on the Company's subsidiaries as at December 31, 2025 are as follows:

Name of subsidiary	Country of incorporation	Proportion of ownership interest	Principal activity
Magna Mining (Canada) Corp.	Canada	100%	Mineral exploration
Ursa Major Minerals Incorporated	Canada	100%	Mineral exploration
Lonmin Canada Inc.	Canada	100%	Mineral exploration
Project Nikolas Company Inc.	Canada	100%	Mineral production, development and exploration

**(c) Basis of presentation**

These consolidated financial statements have been prepared on an accrual basis, except for cash flow information, and measured at historical cost.

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**Magna Mining Inc.**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2025 and 2024**  
(Expressed in thousands of Canadian dollars)

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**2. Basis of presentation (continued)**

**(d) Functional and presentation currency**

Management is required to assess the functional currency of the parent company, Magna Mining Inc., and the Company's subsidiaries, Magna Mining (Canada) Corp., Ursa Major Minerals Inc., Lonmin Canada Inc., and PNCl. In concluding the functional currencies of the parent and its subsidiary companies, management considered the currency that mainly influences the sales price of its metal and the cost of providing goods and services in each jurisdiction in which the Company operates. The Company also considered secondary indicators, including the currency in which funds from financing activities are denominated and the currency in which funds are retained. The Company reconsiders its functional currency and that of its subsidiaries if there is a change in events and conditions that determine the primary economic environment in which the entity operates and accounts for the effects of a change in functional currency prospectively.

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of Magna Mining Inc., Magna Mining (Canada) Corp., Ursa Major Minerals Inc., Lonmin Canada Inc., and PNCl.

**(e) Significant estimates and critical judgments**

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of judgments and estimates that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These judgments and estimates are based on management's knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the consolidated financial statements. Information about such judgments and estimations is contained in the accounting policies and notes to the consolidated financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Significant estimates as at December 31, 2025 relate to the use of estimates related to the valuation of acquired businesses and assets, the determination of mineral reserves and resources, depletion of mineral properties, provision for decommissioning obligations, share-based compensation, income taxes and deferred taxes, recoverability of mining properties, inventory (ore stockpile), deferred revenue, contingent consideration, convertible debentures, and provisions and contingent liabilities.

**Critical judgment in applying accounting policies**

*Exploration and evaluation expenditures*

Judgment is required in determining whether the respective costs are eligible for capitalization, where applicable, and whether they are likely to be recoverable by future exploration, which may be based on assumptions about future events and circumstances. Estimates and assumptions made may change if new information becomes available.

*Deferred revenue - Streaming agreement*

The Company acquired a metal streaming agreement under which an upfront payment had been made in exchange for the right to receive a portion of future metal production from a specific mining operation at prices discounted to market. Significant judgment was required in determining the appropriate accounting treatment for the streaming agreement. Management assessed whether the arrangement represents a financial instrument, a sale of a mineral interest, or a contract with a customer under IFRS 15. In making this determination, management considered the substance of the contractual rights and obligations, control over production, exposure to production risk, and whether the counterparty obtains a substantive interest in the underlying mineral reserves. The streaming agreement is accounted for as a contract with a customer under

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**Magna Mining Inc.**  
**Notes to the Consolidated Financial Statements**  
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**2. Basis of presentation (continued)**

IFRS 15. The associated contract liability recognized on acquisition is recognized as revenue as metal is delivered based on units of production.

**Key sources of estimation uncertainty**

*(i) Reserves and resources*

Proven and probable reserves are the economically mineable parts of the Company's measured and indicated mineral resources that have been incorporated into the mine plan. The Company estimates its proven and probable reserves and measured, indicated and inferred mineral resources based on information compiled by appropriately qualified persons. The information relating to the geological data on the size, depth and shape of the ore body requires complex geological judgments to interpret the data. The estimation of future cash flows related to proven and probable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgments made in estimating the size and grade of the ore body.

Changes in the proven and probable reserves or measured, indicated and inferred mineral resource estimates may impact the carrying value of mining properties and equipment, exploration and evaluation assets, depletion, impairment assessments and the timing of decommissioning and remediation obligations.

*(ii) Depletion and depreciation*

Mining properties are depleted using the units of production ("UOP") method over a period not to exceed the estimated life of the ore body based on ore tonnes mined from proven and probable reserves delivered to the mill.

The calculation of the UOP rate, and therefore the annual depletion expense, could be materially affected by changes in the underlying estimates. Changes in estimates can be the result of actual future production differing from current forecasts of future production, expansion of mineral reserves through exploration activities, differences between estimated and actual costs of mining and differences in the commodity prices used in the estimation of mineral reserves.

Significant judgment is involved in the determination of useful life and residual values for the computation of depletion and depreciation, and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

*(iii) Provision for decommissioning obligations*

The Company assesses its provision for decommissioning on an annual basis or 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. Accounting for decommissioning obligations requires management to make estimates of the future costs the Company will incur to complete the decommissioning work required to comply with existing laws and regulations applicable to each mining operation. Also, future changes to environmental laws and regulations could increase the extent of decommissioning work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for decommissioning. The provision represents management's best estimate of the present value of the future decommissioning obligation. Actual future expenditures may differ from the amounts currently provided.

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**Magna Mining Inc.**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2025 and 2024**  
(Expressed in thousands of Canadian dollars)

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**2. Basis of presentation (continued)**

*(iv) Share-based compensation*

The determination of the fair value of share-based compensation is not based on historical cost but is derived based on subjective assumptions input into an option pricing model. The model requires that management make forecasts as to future events, including estimates of the average future hold period of issued stock options before exercise, expiry or cancellation; future volatility of the Company's share price in the expected hold period (using historical volatility as a reference); and the appropriate risk-free rate of interest. Share-based compensation incorporates an expected forfeiture rate and is estimated based on historical forfeitures and expectations of future forfeitures and is adjusted if the actual forfeiture rate differs from the expected rate.

The resulting value calculated is not necessarily the value that the holder of the option could receive in an arm's length transaction, given that there is no market for the options, and they are not transferable. It is management's view that the value derived is highly subjective and dependent entirely upon the input assumptions made.

*(v) Income taxes and deferred taxes*

The Company is subject to income tax laws in various jurisdictions. Tax laws are complex and potentially subject to different interpretations by the taxpayer and the relevant tax authority. The provision for income taxes and deferred tax represents management's interpretation of the relevant tax laws and its estimate of current and future income tax implications of the transactions and events during the period. The Company may be required to change its provision for income taxes or deferred tax balances when the ultimate deductibility of certain items is successfully challenged by taxing authorities or if estimates used in determining the amount of deferred tax asset to be recognized change significantly, or when receipt of new information indicates the need for adjustment in the amount of deferred tax to be recognized. Additionally, future events, such as changes in tax laws, tax regulations, or interpretations of such laws or regulations, could have an impact on the provision for income tax, deferred tax balances and the effective tax rate. Any such changes could materially affect the amounts reported in the consolidated financial statements in the year these changes occur.

Judgment is required to continually assess changing tax interpretations, regulations and legislation, to ensure liabilities are complete and to ensure assets are realizable. The impact of different interpretations and applications could be material.

*(vi) Recoverability of mining properties*

The Company's management reviews the carrying values of its mining properties on a regular basis to determine whether any write-downs are necessary. The recovery of amounts recorded for mining properties depends on confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof. Management relies on life-of-mine ("LOM") plans in its assessments of economic recoverability and probability of future economic benefit. LOM plans provide an economic model to support the economic extraction of reserves and resources. A long-term LOM plan and supporting geological model identifies the drilling and related development work required to expand or further define the existing ore body.

*(vii) Inventories – ore stockpile*

Expenditures incurred and depletion of assets used in mining and processing activities are deferred and accumulated as the cost of ore maintained in stockpiles. These deferred amounts are carried at the lower of cost or net realizable value ("NRV"). Impairments of ore in stockpiles resulting from NRV impairments are reported as a component of current-period costs.

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**2. Basis of presentation (continued)**

The allocation of costs to ore in stockpiles and the determination of NRV involve the use of estimates. There is a significant degree of uncertainty in estimating future milling costs, future milling levels, prevailing and long-term metal prices, and the ultimate estimated recovery for ore.

(viii) *Deferred revenue - streaming agreement*

A metals streaming agreement is an agreement where a company receives an upfront payment in exchange for agreeing to deliver a portion of the future metal production from a specific mining operation at a price that is usually at a discount to market prices. The deferred revenue component of the Company's streaming agreement linked to certain mines is considered variable and is subject to adjustment when there is a change in the timing of the delivery of ounces or in the underlying production profile of the relevant mine. Assumptions are used in estimating deferred revenue are Company's production profile and future metal prices. The impact of such a change in the timing or quantity of ounces to be delivered or metal prices to be realized under a streaming agreement will result in adjustments to both the deferred revenue recognized and the accretion recorded prior to the date of the change.

(ix) *Contingent consideration*

As part of the business acquisition of the base metal assets from KGHM, additional consideration is payable to KGHM contingent on the achievement of specific future milestones. Under IFRS 3, Business combinations, contingent consideration is recognized at fair value on the acquisition date and can be classified as either a financial liability or an equity instrument. If the contingent consideration is classified as an equity instrument, there is no subsequent remeasurement. The contingent consideration given as part of the acquisition of the KGHM Sale Assets has been classified as a financial liability, and, as a result, the liability is remeasured at each reporting period with changes in fair value recognized through profit and loss. The remeasured liability reflects an updated estimate of the probabilities of the assets commencing commercial production along with the expected timing.

(x) *Business combinations*

Business combinations are accounted for using the acquisition method of accounting. The allocation of the purchase price requires estimates as to the fair value of acquired assets and liabilities. The Company engages independent appraisers to assist with the determination of the fair value of assets acquired, liabilities assumed, and goodwill/bargain purchase, if any, based on recognized business valuation methodologies. The information necessary to measure the fair values as at the acquisition date of assets acquired and liabilities assumed requires management to make certain judgments and estimates, including but not limited to the most appropriate valuation methodology, estimates of mineral reserves and mineral resources of the assets acquired, value of resources outside life of mine plans including assumptions for market values per ounce, future production levels, future operating costs, capital expenditures, discount rates, future metal prices and long-term foreign exchange rates. Changes to the preliminary measurements of assets and liabilities acquired may be retrospectively adjusted when new information is obtained until the final measurements are determined within one year of the acquisition date. The Company determined that the acquisition of the portfolio of base metal assets from a subsidiary of KGHM International Ltd. met the requirements to be accounted for as a business combination; refer to note 5. The Company determined that the acquisition of a portfolio of exploration properties from NorthX Nickel Corp. did not qualify as a business according to the definition in IFRS 3, and therefore, the acquisition did not constitute a business combination; refer to note 6.

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**2. Basis of presentation (continued)**

(xi) *Provisions and contingent liabilities*

Judgments are made as to whether a past event has led to a liability that should be recognized in the consolidated financial statements or disclosed as a contingent liability. Quantifying any such liability often involves judgments and estimations. These judgments are based on a number of factors, including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, past experience and the probability of a loss being realized. Several of these factors are sources of estimation uncertainty.

**Foreign currency translation**

Assets and liabilities are translated at the exchange rate in effect at the year-end date. Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign currency 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 profit or loss.

**Revenue recognition**

Under IFRS 15, Revenue from Contracts with Customers, revenue is recognized when a customer obtains control of the goods or services and the Company has satisfied its performance obligations. Determining the timing of the transfer of control, whether at a point in time or over time, requires judgment. Control typically passes on the transfer of key shipping documents which typically occurs around the shipment date.

Under the terms of the Company's metal sales contracts, the final sales amount is based on final assay results and quoted market prices, which may occur in a period subsequent to the date of sale. Revenues for these sales, net of treatment and refining charges, are recorded when the customer obtains control of the product, based on an estimate of metal contained using initial assay results and forward market prices for the expected date that final sales prices will be fixed. The period between provisional pricing and final settlement can be up to six months. This settlement receivable is recorded at fair value each reporting period by reference to forward market prices until the date of final pricing, with changes in fair value recorded as an adjustment to the revenue.

Metal revenues earned as part of exploration and evaluation activities on properties that are not yet under development or have not commenced production are considered incidental revenues and are recorded as a credit against exploration and evaluation expenses.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks and highly liquid investments with maturities of less than three months.

**Inventories**

Inventories are comprised of ore stockpiles and supplies. All inventories are carried at the lower of cost and net realizable value. The cost of ore inventory includes all direct costs incurred in production, including mining, processing, mine site administration, freight, waste removal costs, and depreciation charges relating to the production of inventory. Net realizable value is the estimated selling price for inventories less costs of completion and estimated distribution, and other selling costs. The cost of inventories is determined using the average cost method. Write-downs of inventory to net realizable value are recorded as a cost of sales. If there is a subsequent increase in the value of inventories, the previous write-downs to net realizable value may be reversed to the extent that the related inventory has not been sold.

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**3. Material accounting policies (continued)**

**Plant and equipment**

Recognition and measurement

Items of equipment are initially measured at cost. Items of equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Equipment is classified by significant components, which are individually amortized over the useful life of the component.

Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Depreciation

Depreciation is provided at the following rates:

Buildings	Lesser of 10 years straight-line and life of mine
Machinery and equipment	Lesser of 5 years straight-line and life of mine
Mobile equipment	3 years straight-line
Light vehicles	5 years straight-line
Office furniture	3 years straight-line
Right-of-use asset	Same term as related lease

Depreciation is calculated on the depreciable amount, which is the cost of an asset or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss over the estimated useful lives of each part of an item of equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment

Long-lived assets with finite lives are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If an indicator is identified, the asset's recoverable amount is calculated and compared to the carrying amount. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or "CGUs"). The recoverable amount is the higher of an asset's fair value, less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU, as determined by management). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

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**3. Material accounting policies (continued)**

**Mineral properties**

Mineral properties consist of the costs of acquiring, permitting, and developing mineral properties. Once in production, mineral properties are amortized on a UOP basis over the component of the ore body to which the capitalized costs relate.

Property acquisition costs arise either from an individual asset purchase or as part of a business combination and may represent a combination of proven and probable reserves, resources, or future exploration potential.

Mineral property development costs include underground mine development costs that are incurred to build new shafts, drifts and ramps that will enable the Company to physically access ore underground. The time over which the Company will continue to incur these costs depends on the mine life. These underground development costs for operating mines are capitalized as incurred. Capitalized underground development costs are depreciated on a UOP basis, based on the estimated proven and probable reserves and the portion of resources considered probable of economic extraction.

Construction in progress includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Construction in progress includes advances on long-lived items. Construction in progress is not depreciated.

**Exploration and evaluation expenditures**

The costs of acquiring exploration properties are capitalized as exploration and evaluation assets. Acquisition costs may include cash consideration, transaction costs, the fair value of common shares issued, and the fair value of share purchase warrants and options issued based on amounts determined using the Black Scholes option pricing model for mineral property interests. Acquisition costs for each exploration property are carried forward as an asset provided that one of the following conditions is met:

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

Exploration and evaluation expenditures, including drilling and related costs are capitalized if management determines that probable future economic benefits will be generated as a result of the expenditures, as evidenced by a positive economic analysis of the project. Exploration and evaluation expenditures on properties prior to the establishment of a positive economic analysis are charged to operations as incurred. Management assesses whether probable economic benefit exists by conducting an economic analysis. A positive economic analysis includes either internal or external third-party economic evaluation using modelling techniques, such as discounted cash flow or preliminary economic assessment, such that mineral resources within the meaning of Canadian Securities Administrators National Instrument 43-101 are defined on the property.

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**3. Material accounting policies (continued)**

Exploration expenditures that are capitalized as exploration and evaluation expenditures and are subsequently reclassified to mine development costs upon determining that the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. The demonstration of the technical feasibility and commercial viability is the point at which management determines that it will develop the project. This typically includes, but is not limited to, the completion of an economic pre-feasibility or feasibility study; the establishment of mineral resources or reserves; and the receipt of the applicable construction and operating permits for the project. Upon demonstrating the technical feasibility and commercial viability of establishing a mineral reserve or resource, the Company performs an impairment test, based on the recoverable amount, prior to reclassification of exploration and evaluation expenditures to mine development costs in accordance with IFRS 6. In addition, the carrying values of exploration and evaluation expenditures are reviewed periodically, when impairment factors exist, for possible impairment, based on recoverable amount.

**Impairment of exploration and evaluation assets**

When exploration and evaluation costs have been capitalized, they are assessed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Assessment of impairment indicators involves the application of a number of significant judgments over internal and external factors, including reserve and resource estimation, future precious metal prices, estimated costs of future production, changes in government legislation and regulations, estimated deferred taxes and the availability of financing and various other operational factors. If any such indication exists, an estimate of the recoverable amount is undertaken. If the asset's carrying amount exceeds its recoverable amount, an impairment loss is recognized in profit or loss.

**Business combination**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred to the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

When the consideration transferred by the Company in a business combination includes liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill, if any. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. All other subsequent changes in the fair value of contingent consideration classified as a liability are accounted for in accordance with the relevant policy. Other contingent consideration is remeasured to fair value at subsequent reporting dates, with changes in fair value recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that time. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value.

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**3. Material accounting policies (continued)**

As part of the business acquisition of the base metal assets from KGHM, additional consideration is payable to KGHM contingent on the achievement of specific future milestones. Under IFRS 3, Business Acquisitions, contingent consideration is recognized at fair value on the acquisition date and can be classified as either a financial liability or an equity instrument. If the contingent consideration is classified as an equity instrument, there is no subsequent remeasurement. The contingent consideration given as part of the acquisition of the KGHM Sale Assets has been classified as a financial liability, and, as a result, the liability is remeasured at each reporting period with changes in fair value recognized through profit and loss. The remeasured liability reflects an updated estimate of probabilities, expected cash flows, time value of money, and other assumptions.

**Derivative financial instruments**

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured at their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss.

**Government grants**

Government grants are recorded as a reduction to the related exploration and evaluation expenses when there is reasonable assurance that the Company has complied with, and will continue to comply with, all necessary conditions to obtain the grants.

**Asset retirement obligation**

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site damage incurred on an ongoing basis during exploration and evaluation are provided for at their net present values and charged to profit or loss in the period such exploration and evaluation occurs. Net present value is calculated using the pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The liability is adjusted each period for the unwinding of the discount and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

**Income taxes**

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case, the income tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax

Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the country where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a

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**3. Material accounting policies (continued)**

business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled.

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

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**Deferred revenue**

Deferred revenue is recognized in the consolidated statements of financial position when consideration is received prior to the sale of metals. Revenue is subsequently recognized in the consolidated statements of operations and comprehensive loss when control has been transferred to the customer. The Company recognizes the time value of money, where there is a significant financing component and the period between the payment by the customer and the transfer of the contracted goods exceeds one year. Interest expense on deferred revenue is recognized in finance and interest expense in the consolidated statements of operations and comprehensive loss. The Company determines the current portion of deferred revenue based on quantities anticipated to be delivered over the next twelve months.

**Share capital**

Common shares, stock options, RSUs, and warrants issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, warrants, stock options and RSUs are recognized as a deduction from equity, net of any related income tax effects.

Resource expenditure deductions for income tax purposes may be renounced to investors in accordance with income tax legislation for flow-through share arrangements. On issuance of flow-through common shares, the Company bifurcates the flow-through share proceeds into (i) share capital for the fair value of common shares without a flow-through feature (based on the most recent quoted trading price), and (ii) a flow-through share premium liability, for the amount investors pay for the flow-through feature (in excess of the most recent quoted trading price of the common shares). As resource expenditures are incurred, the Company derecognizes the liability and recognizes other income.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. Under the Look-back Rule, amounts unspent at the end of each month after January of the year following the year of renunciation are subject to a monthly Part XII.6 tax calculated as the unspent amount multiplied by a prescribed rate. The prescribed rate at December 31, 2025 was 3%. Amounts renounced under the Look-back Rule that are unspent at the end of the year following the year of renunciation are also subject to an additional 10% tax on the unspent amount.

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**3. Material accounting policies (continued)**

**Options, warrants, restricted share units, reserves and share-based compensation**

The estimation of the fair value of options and warrants at the date of grant requires a valuation model and consideration as to the inputs necessary for the valuation model chosen. For issuance of units, consisting of shares and warrants, the residual value method is used by determining the value of the more reliably measured component, with the residual being allocated to the remaining component. When the Company's shares are publicly traded, the market price is the more reliably measured component, and the residual is allocated to the warrants. Warrants not issued as part of a unit are measured using the Black-Scholes Option pricing model. The Company has made estimates as to the volatility, the expected life of the warrants, the expected dividend rate, the current price of the underlying shares, and the risk-free interest rate for the life of the warrants. The expected life of the warrants is based on the contractual life and historical data.

The estimated fair value of RSUs is the market price on the date that the RSUs are granted.

Employees (including directors and senior executives) of the Company may receive a portion of their remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). The value of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date on which they are granted using either the Black-Scholes option pricing model when valuing stock options or the market price on the date of grant when valuing RSUs.

In situations where equity instruments are issued to non-employees for goods or services, the transaction is measured at the fair value of the goods or services received by the Company. When the value of the goods or services cannot be reliably estimated, the equity instruments are measured at the fair value of the share-based payment.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant option holder becomes fully entitled to the award ("vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period, and the corresponding amount is recorded in contributed surplus.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional amount is recognized on the same basis as the amount of the original award for any modification which increases the total fair value of the equity-settled transactions or is otherwise beneficial to the option holder as measured at the date of modification.

Contributed surplus consists of stock-based compensation expense relating to options and RSUs vesting, net of exercises and forfeitures, and warrants.

The Company has the option to redeem RSUs either for common shares or for cash. The RSUs are accounted for as equity-settled awards as the Company expects to settle RSUs with the issuance of common shares.

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**3. Material accounting policies (continued)**

**Loss per share**

Basic loss per share is computed by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted loss per share by the treasury stock method. In a loss period, potentially dilutive stock options and warrants are excluded from the loss per share calculation as the effect is anti-dilutive.

**Financial instruments**

The following table summarizes the classification and measurement of the Company's financial instruments:

<b>Classification</b>	<b>Financial instrument</b>	<b>Description</b>
Amortized cost	Cash and cash equivalents	Cash and cash equivalent balances with banks
FVTPL	Trade and other receivables	Receivables from metal sales
Amortized cost	Other receivables	Receivables from third parties and sales tax recoverable
Amortized cost	Restricted cash	Cash held by Ontario Ministry of Energy, Northern Development and Mines
Amortized cost	Accounts payable and accrued liabilities	Amounts payable to third parties
Amortized cost	Deferred acquisition costs	KGHM acquisition payable due on December 31, 2026
FVTPL	Contingent consideration	KGHM acquisition-related obligations where the amount payable depends on future events or performance conditions
FVTPL	Embedded derivative	Derivative component contained within convertible debentures
Amortized cost	Convertible debentures	Liability component of convertible debenture

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**3. Material accounting policies (continued)**

***Criteria for classification***

The Company classifies financial instruments at amortized cost, fair value through other comprehensive income (“FVOCI”), or fair value through profit or loss (“FVTPL”). The classification is driven by the following criteria:

Amortized cost	<ul style="list-style-type: none"> <li>• Held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and</li> <li>• Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.</li> </ul>
FVOCI	<ul style="list-style-type: none"> <li>• Held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and</li> <li>• Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.</li> </ul>
FVTPL	<ul style="list-style-type: none"> <li>• Measured at fair value through profit or loss unless measured at amortized cost or FVOCI.</li> <li>• Derivative financial instruments that are not designated and effective as hedging instruments are classified as FVPL. Derivatives embedded in non-derivative contracts that have more than nominal value are recognized separately unless they are closely related to its host contract.</li> </ul>

***Measurement***

After classification as amortized cost, FVTPL or FVOCI, the Company uses the following policy for initial measurement and subsequent measurement at each reporting period:

<b>Classification</b>	<b>Initial measurement</b>	<b>Subsequent measurement</b>	<b>Changes in fair value</b>
Financial assets measured at amortized cost	Fair value less expected credit loss plus transaction costs	Amortized cost using the effective interest method	Reported in profit or loss when realized or impaired
Financial liabilities measured at amortized cost	Fair value less transaction costs	Amortized cost using the effective interest method	Reported in profit or loss when liability is extinguished
Financial assets measured at FVOCI	Fair value plus transaction costs	Fair value	Reported in other comprehensive income (loss)
Financial liabilities measured at FVOCI	Fair value less transaction costs	Fair value	Reported in other comprehensive income (loss)
Financial assets measured at FVTPL	Fair value	Fair value	Reported in profit or loss

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#### 4. Recent accounting pronouncements

##### *Standards and amendments issued but not yet effective*

The following are the new standards and amendments issued by the IASB which are applicable to the Company's financial statements. The Company is in the process of assessing the impact of the adoption of these standards and amendments on its financial statements.

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

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which is intended to give investors more transparent and comparable information about companies' financial performance, thereby enabling better investment decisions. IFRS 18 introduces new sets of requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies through:

- Improved comparability in the statement of profit or loss or income statement;
- Enhanced transparency of management-defined performance measures; and
- More useful grouping of information in the financial statements.

IFRS 18 also requires companies to provide more transparency about operating expenses, helping investors to find and understand the information they need. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, but companies can apply it earlier. IFRS 18 replaces IAS 1. It carries forward many requirements from IAS 1 unchanged.

##### Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

In May 2024, the IASB issued amendments to the classification and measurement requirements in IFRS 9. The amendments will address diversity in accounting practice by making the requirements more understandable and consistent. These include:

- Clarifying the classification and assessment of contractual cash flows of financial assets with environmental, social and corporate governance ("ESG").
- Settlement of liabilities through electronic payment systems - the amendments clarify the date on which a financial asset or financial liability is derecognized. The IASB also decided to develop an accounting policy option to allow a company to derecognize a financial liability before it delivers cash on the settlement date if specified criteria are met.

With these amendments, the IASB has also introduced additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, for example, features tied to ESG-linked targets. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. The Company does not expect a material impact on the consolidated financial statements as a result of the adoption effective January 1, 2026.

##### Annual improvements to IFRS Accounting Standards

In July 2024, the IASB issued narrow amendments to IFRS Accounting Standards and accompanying guidance as part of its regular maintenance of the Standards. The amended Standards are:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

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**4. Recent accounting pronouncement (continued)**

The amendments are effective for annual periods beginning on or after January 1, 2026, with earlier application permitted. Annual improvements are limited to changes that either clarify the wording in an IFRS Accounting Standard or correct relatively minor unintended consequences or oversights in the Accounting Standards. They also correct minor conflicts between the requirements of the Accounting Standards.

**5. Acquisition of KGHM mining operations and exploration assets**

On February 28, 2025, the Company completed the acquisition of a portfolio of base metal assets located in the Sudbury mining district from a subsidiary of KGHM. The Company acquired the producing McCreedy West copper mine, the past-producing Levack, Podolsky, and Kirkwood mines, as well as the Falconbridge Footwall (81.41%), Northwest Foy (81.41%), North Range, and Rand exploration assets. The acquisition of the KGHM Sale Assets expands the Company's presence in the Sudbury mining district, adding an operating mine, multiple mineral and exploration properties with existing mining infrastructure and an existing workforce. This will provide the Company with the opportunity to pursue efficiencies through shared services and integrated operations.

The KGHM Transaction was structured as a share purchase transaction whereby the Company acquired all of the outstanding shares of PNCl from KGHM. The purchase price was comprised of:

- \$5,300 in cash paid on closing;
- 1,180,705 common shares with a value of \$2,000 issued on February 28, 2025;
- a deferred payment of \$2,000 in cash payable on December 31, 2026; and
- contingent payments on the satisfaction of certain future milestones totalling up to \$24,000, which includes the following payments if the respective properties commence commercial production:

<b>Property</b>	<b>Contingent consideration</b>
Levack	\$ 6,000
Podolsky	4,000
Kirkwood	4,000
Falconbridge Footwall	4,000
NW Foy	2,000
Rand	2,000
Northrange	2,000
<b>Total</b>	<b>\$ 24,000</b>

The Company also assumed certain liabilities of PNCl, including reclamation liabilities with an estimated fair value of \$13,905 and a metal streaming obligation with an estimated fair value of \$31,976.

In addition, KGHM will retain a 4% NSR royalty on new discoveries on certain exploration properties that are part of the KGHM Sale Assets. The Company has the right to buy back 3% of these royalties (for a remaining 1% NSR royalty) at any time for various cash considerations.

The Company has determined that the KGHM Transaction represents a business combination under IFRS 3. The Company has consolidated the operating results, cash flows and net assets of the KGHM Sale Assets from February 28, 2025. For the period from February 28, 2025 to December 31, 2025, the KGHM Sale Assets contributed revenue of \$58,834 and incurred a loss before income taxes of \$20,503. If the acquisition of the KGHM Sale Assets had taken place on January 1, 2025, pro-forma consolidated revenue and loss before taxes for the Company would have been \$66,152 and \$24,682, respectively, for the year ended December 31, 2025. Transaction costs related to the KGHM Sale Assets of \$2,491 have been expensed.

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**5. Acquisition of KGHM mining operations and exploration assets (continued)**

The acquisition-date fair value of the consideration transferred consisted of the following:

Share consideration <sup>(1)</sup>	\$	2,000
Cash paid		5,300
Present value of deferred cash payment <sup>(2)</sup>		1,900
Contingent consideration <sup>(3)</sup>		6,700
<b>Total consideration</b>	<b>\$</b>	<b>15,900</b>

(1) The fair value of the 1,180,705 common shares issued was determined using the Company's share price of \$1.69.

(2) The acquisition-date fair value of the \$2,000 deferred cash payment due on December 31, 2026 was determined using a discount rate of 3%.

(3) The fair value of the contingent consideration was determined based on an estimated probability that the various properties will trigger the payment milestone, which is commencing commercial production.

In accordance with the acquisition method of accounting, the acquisition cost was allocated to the underlying assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The table below summarizes the fair values of the assets acquired and liabilities assumed on February 28, 2025, the date of acquisition.

<b>Net assets (liabilities) acquired:</b>	<b>Preliminary</b>	<b>Measurement period adjustments</b>		<b>Final</b>
Cash	\$ 300	\$ -	\$ -	\$ 300
Receivables	1,100	-	-	1,100
Inventories	7,974	(2,814)	-	5,160
Mineral properties, property, plant and equipment	86,761	679	-	87,440
Exploration and evaluation assets	5,695	(2,995)	-	2,700
Accounts payable and accrued liabilities	(1,100)	-	-	(1,100)
Deferred revenue	(18,603)	(13,373)	-	(31,976)
Asset retirement obligations	(9,000)	(4,905)	-	(13,905)
Deferred tax liabilities	(20,652)	6,346	-	(14,306)
<b>Fair value of net assets acquired</b>	<b>\$ 52,475</b>	<b>\$ (17,062)</b>	<b>\$ -</b>	<b>\$ 35,413</b>
Total consideration				15,900
<b>Gain on bargain purchase</b>			<b>\$</b>	<b>19,513</b>

The fair values of mineral properties, exploration and evaluation assets, and reclamation provisions were estimated using discounted cash flow models. Inventory was valued at net realizable value. The fair values of plant and equipment were estimated using market or cost approaches. The fair value of receivables, less any expected credit losses and payables, is equal to their gross contractual amounts at the transaction date. Expected future cash flows, used to estimate the fair value of mineral properties, are based on estimates of future metal prices, projected future production, estimated quantities of ore reserves, metallurgical recovery estimates, expected future production costs, expected capital expenditures, and discount rates based on the life of mine plan at the transaction date.

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**5. Acquisition of KGHM mining operations and exploration assets (continued)**

The liability related to a streaming agreement with a third party assumed as part of the KGHM Transaction, which requires the delivery of 50% of the gold, platinum and palladium from the McCreedy West mine, and certain areas of the Levack and Podolsky mines, until the earlier of the remaining life of these deposits or 2048. The fair value of the acquired deferred revenue was valued using the income valuation method. Key assumptions in the income valuation method include forward metal price curves, the level of metal production over the life of the mine and discount rates. Additional details on the streaming agreement are provided in note 18, Deferred revenue.

The Company recognized a bargain purchase gain of \$19,513 ("Purchase Gain"), equal to the excess of the fair value of the net assets acquired over the total consideration on the consolidated statements of operations and comprehensive loss during the year ended December 31, 2025. The Purchase Gain was largely the result of the assets and operations acquired in the KGHM Transaction being non-core to KGHM.

**6. Asset acquisition from NorthX Nickel Corp.**

On July 18, 2025, the Company completed the acquisition of a portfolio of exploration properties located in the Sudbury mining district from NorthX Nickel Corp. ("NorthX") (the "NorthX Transactions"). The portfolio of exploration properties includes past-producing properties, as well as several exploration properties mainly in the footwall of the Sudbury Igneous Complex contact (the "NorthX Assets"). The acquisition of the NorthX Assets increases the Company's holdings in the Sudbury mining district, adding exploration potential.

The NorthX Transaction was structured as an asset purchase whereby the Company acquired all of NorthX's interest in the acquired properties. The terms of the NorthX Transaction consisted of the following:

- assuming all liabilities of NorthX with respect to the Broken Hammer mine closure plan, including providing financing assurance to the Ministry of Mines in an amount of approximately \$515;
- assuming certain liabilities with respect to the properties acquired, including advanced net smelter return ("NSR") royalty payments, and annual work commitments; and
- NorthX paid the Company \$666 to cover the Broken Hammer mine closure plan financial assurance and other liabilities.

The acquisition of the NorthX Assets constitutes an asset acquisition and has been accounted for under the acquisition method. The assets acquired did not qualify as a business according to the definition in IFRS 3, and therefore, the acquisition did not constitute a business combination. The assets acquired and the liabilities assumed as part of the NorthX Transaction were as follows:

	<b>July 18,</b>
<b>Net assets (liabilities) acquired:</b>	<b>2025</b>
Cash	\$ 666
Accounts payable and accrued liabilities	(151)
Asset retirement obligations	(515)
<b>Fair value of net assets acquired</b>	<b>\$ -</b>

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**7. Revenue**

The Company's revenue-producing operation, the McCreedy West mine, was acquired as part of the Transaction with KGHM on February 28, 2025.

	Year ended December 31, 2025	Year ended December 31, 2024
Copper	\$ 40,363	\$ -
Nickel	8,391	-
Cobalt	219	-
Platinum	3,150	-
Palladium	3,295	-
Gold	1,079	-
Silver	3,519	-
Revenue from contracts	60,016	-
Recognition of deferred streaming revenue	4,954	-
Treatment and refining charges	(6,136)	-
	<b>\$ 58,834</b>	<b>\$ -</b>

**8. Cost of sales**

	Year ended December 31, 2025	Year ended December 31, 2024
Mining	\$ 24,612	\$ -
Processing and surface operations	15,823	-
Site administration	13,332	-
Changes in inventories	(237)	-
Production costs	53,530	-
Depletion, depreciation and amortization	7,385	-
<b>Cost of sales</b>	<b>\$ 60,915</b>	<b>\$ -</b>

**9. Depreciation, depletion and amortization**

	Year ended December 31, 2025	Year ended December 31, 2024
Cost of sales	\$ 7,385	\$ -
Site maintenance	4,151	83
	<b>\$ 11,536</b>	<b>\$ 83</b>

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**10. Finance and interest expense, and other income**

**(a) Finance and interest expense**

	Year ended December 31, 2025	Year ended December 31, 2024
Accretion on convertible debentures (note 19)	\$ 3,182	\$ -
Amortization of deferred financing costs (note 19)	1,026	-
Interest on letter of credit facility (note 19)	222	-
Interest on deferred acquisition costs (note 5)	45	-
Interest on factoring facility (note 19)	253	-
Change in contingent consideration (note 17)	207	-
Interest on lease liabilities	3	173
	<b>\$ 4,938</b>	<b>\$ 173</b>

**(b) Other (income) expense**

	Year ended December 31, 2025	Year ended December 31, 2024
Foreign exchange loss	\$ 737	\$ 12
Mark-to-market on derivative asset (note 19)	(807)	-
Remeasurement of asset retirement obligation (note 20)	(394)	-
Other	(660)	(451)
	<b>\$ (1,124)</b>	<b>\$ (439)</b>

**11. Trade and other receivables**

The Company's trade and other receivables are from the sale of copper, nickel, cobalt, platinum, palladium, gold, and silver, and from harmonized sales tax ("HST"), as well as a grant receivable from Canadian taxation authorities.

	December 31, 2025	December 31, 2024
Trade receivables	\$ 21,678	\$ 1,374
Government grant receivable	150	500
HST receivables	860	1,155
Other	3,793	-
	<b>\$ 26,481</b>	<b>\$ 3,029</b>

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**12. Inventories**

	December 31, 2025	December 31, 2024
Stockpile ore	\$ 237	\$ -
Supplies	4,750	-
	\$ 4,987	\$ -

**13. Restricted cash**

Restricted cash includes cash provided as financial assurance for future reclamation work and corporate credit cards. At December 31, 2025, the aggregate deposits plus accrued interest amounted to \$1,032 (December 31, 2024 - \$944).

**Shakespeare Mine**

In May 2018, the Company filed a Notice of Material Change and Updated Closure Cost Estimate with the Ontario Ministry of Northern Development and Mines ("MNDM") and provided a cash surety deposit as a financial assurance guarantee in connection with the Stage One Mining Closure Plan on the Shakespeare Mine. As at December 31, 2025, the deposit, including accrued interest, had a balance of \$745 (December 31, 2024 - \$732).

**Crean Hill**

During the year ended December 31, 2024, the Company posted \$168 in cash as collateral for a letter of credit provided as financial assurance for work commencing at the Crean Hill Project. As at December 31, 2025, the deposit, including accrued interest, had a balance of \$172 (December 31, 2024 - \$171).

**Other**

As at December 31, 2025, the Company had provided cash as financial security for a corporate credit card facility in the amount of \$115 (December 31, 2024 - \$41).

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**14. Mineral property, plant and equipment**

	Mineral properties	Plant and equipment	Plant and equipment - ROU Assets	Total
<b>Cost</b>				
Balance, December 31, 2023	\$ -	\$ 160	\$ 98	\$ 258
Additions	-	25	43	68
Disposals and write down	-	(6)	-	(6)
Balance, December 31, 2024	\$ -	\$ 179	\$ 141	\$ 320
Additions	3,966	3,480	243	7,689
Acquisition of KGHM Sale Assets	35,933	51,507	-	87,440
Change in asset retirement obligation estimate	(634)	-	-	(634)
Balance, December 31, 2025	\$ 39,265	\$ 55,166	\$ 384	\$ 94,815
<b>Accumulated depletion and depreciation</b>				
Balance, December 31, 2023	\$ -	\$ 66	\$ 58	\$ 124
Depletion and depreciation	-	40	43	83
Disposals and write down	-	(6)	-	(6)
Balance, December 31, 2024	\$ -	\$ 100	\$ 101	\$ 201
Depletion and depreciation	4,680	6,815	41	11,536
Balance, December 31, 2025	\$ 4,680	\$ 6,915	\$ 142	\$ 11,737
<b>Carrying amount</b>				
Balance, December 31, 2023	\$ -	\$ 94	\$ 40	\$ 134
Balance, December 31, 2024	\$ -	\$ 79	\$ 40	\$ 119
Balance, December 31, 2025	\$ 34,585	\$ 48,251	\$ 242	\$ 83,078

As at December 31, 2025, the Company's mineral properties included the operating McCreedy West mine and the past-producing Levack and Podolsky mines, which were acquired as part of the Transaction with KGHM. All of the Company's properties are located near Sudbury, Ontario, Canada.

As at December 31, 2025, included within plant and equipment are assets under construction of \$503 (December 31, 2024 - \$nil).

**15. Exploration and evaluation assets**

Exploration and evaluation assets as at December 31, 2025 and 2024, are as follows:

	KGHM Sale Assets	Crean Hill Project	Shakespeare Mine	Spanish River Option	Total
Balance, December 31, 2023	\$ -	\$ 16,515	\$ 864	\$ 136	\$ 17,515
Additions	-	-	-	-	-
Additions to asset retirement obligation assets	-	147	-	-	147
Change in asset retirement obligation estimate	-	-	(129)	-	(129)
Balance, December 31, 2024	\$ -	\$ 16,662	\$ 735	\$ 136	\$ 17,533
Assets acquired	2,700	-	-	-	2,700
Balance, December 31, 2025	\$ 2,700	\$ 16,662	\$ 735	\$ 136	\$ 20,233

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**15. Exploration and evaluation assets (continued)**

All of the Company's exploration and evaluation assets are located near Sudbury, Ontario, Canada and include the following material properties:

Property	Ownership	Royalty
Crean Hill Project	100%	3% net smelter return royalty
Shakespeare Mine	84%	Parts of the property are subject to aggregate NSR royalties totalling 2.5%, of which 1% can be purchased
Stumpy Bay Property	100%	The Stumpy Bay Property is subject to a 0.5% NSR royalty, which can be purchased for \$250
Kirkwood Mine	100%	4% NSR royalty, of which 3% can be purchased
Falconbridge Footwall	81%	4% NSR royalty, of which 3% can be purchased
Northwest Foy	81%	4% NSR royalty, of which 3% can be purchased
North Range	100%	4% NSR royalty, of which 3% can be purchased
Rand	100%	4% NSR royalty, of which 3% can be purchased
Porter Baldwin Property	100%	4% NSR royalty, of which 3% can be purchased
Spanish River Property	100%	The optionor has retained a 2% net returns royalty, of which 1% can be purchased for \$1,000. Advance royalty payments of \$24 per year commenced January 15, 2007

**16. Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities consist of:

	December 31, 2025	December 31, 2024
Trade accounts payable	\$ 1,345	\$ 1,258
Accrued liabilities and other payables	16,600	2,349
	<b>\$ 17,945</b>	<b>\$ 3,607</b>

**17. Contingent consideration**

As part of the February 28, 2025 acquisition of the KGHM Sale Assets, the Company agreed to pay additional consideration to KGHM contingent on the achievement of future milestones, specifically commencing commercial production. The table below lists the acquired properties, the respective milestone payments, and the fair value the Company recorded for the contingent payment on the date of acquisition and as of December 31, 2025.

Property	Milestone payment	Fair value on acquisition	Fair value December 31, 2025
Levack	\$ 6,000	\$ 4,700	\$ 4,833
Podolsky	4,000	1,670	1,722
Kirkwood	4,000	90	98
Falconbridge Footwall	4,000	90	98
NW Foy	2,000	50	52
Rand	2,000	50	52
Northrange	2,000	50	52
	<b>\$ 24,000</b>	<b>\$ 6,700</b>	<b>\$ 6,907</b>

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**17. Contingent consideration (continued)**

The following is an analysis of the Company's contingent consideration:

	<b>Contingent consideration</b>
Balance, December 31, 2024 and 2023	\$ -
Contingent consideration liability acquired on acquisition of KGHM Sale Assets (note 5)	6,700
Remeasurement of contingent consideration	207
<b>Balance, December 31, 2025</b>	<b>\$ 6,907</b>

**18. Deferred revenue**

As part of the acquisition of the KGHM Sale Assets, the Company assumed a stream arrangement with Franco-Nevada. Under an agreement dated July 15, 2008, there is an obligation to sell to Franco-Nevada 50% of the ounces of gold, platinum and palladium (adjusted by relative price into gold ounces, or "gold equivalent ounces") contained in ore mined and shipped from the McCreedy West mine, and certain areas of the Levack and Podolsky mines, until the earlier of the remaining life of these deposits, or 2048.

Upon the acquisition of the KGHM Sale Assets, the Company determined a fair value of the stream obligation to be \$31,976, which was recorded as deferred revenue. The fair value was determined using the income approach, which is based on the present value of future cash flows. A discounted cash flow method was used to calculate the expected payments based on the contractual terms, the operations production schedule and forward commodity prices. The expected payments were then discounted with an average risk-free rate of approximately 3.9% and a credit spread of 24.4%.

The following table summarizes the changes in deferred revenue:

	<b>Stream Agreement</b>
Balance, December 2024 and 2023	\$ -
Deferred revenue acquired on acquisition of KGHM Sale Assets (note 5)	31,976
Accretion of streaming liability	2,470
Recognition of deferred streaming revenue	(4,954)
<b>Balance, December 31, 2025</b>	<b>\$ 29,492</b>

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Current	\$ 8,136	\$ -
Non-current	21,356	-
	<b>\$ 29,492</b>	<b>\$ -</b>

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**19. Debt facilities**

**(a) Convertible debentures**

On March 5, 2025, the Company completed a \$23,967 private placement of unsecured convertible debentures (“Debentures”) for net proceeds of \$22,339. The Debentures were issued at a 2% discount to the face value for aggregate gross proceeds of \$23,488, and transaction costs of \$1,149 were incurred. The principal amount of the Debentures bear interest at a fixed rate of 10% per annum, payable in cash quarterly in arrears and will mature on March 5, 2029.

The Debentures are convertible into common shares of the Company at any time prior to maturity at a conversion rate of 500 common shares per \$1,000 principal amount, representing a conversion price of \$2.00 per common share, subject to certain anti-dilution adjustments.

The Company may not redeem the Debentures before March 5, 2027. At any time on or after March 5, 2027, and until maturity, the Company may redeem all or part of the Debentures for cash if the daily volume weighted average trading price of the common shares on the TSXV equals or exceeds 150% of the conversion price, or \$3.00 per share, for 20 consecutive trading days. The redemption price would be equal to the sum of 100% of the principal amount of the Debentures to be redeemed and any accrued and unpaid interest.

The component parts of the Debentures comprise a financial liability, equity and an embedded derivative. At initial recognition, the net proceeds of \$22,339 from the issuance of the Debentures were allocated into the debt, equity and embedded derivative components as follows:

Debt: the fair value of the debt was determined to be \$14,471 using a discounted cash flow model with an expected life of four years and a discount rate of 26%. The debt component is subsequently measured at amortized cost, net of any directly attributable transaction costs and amortized over the four-year term using the effective interest method.

Equity: the conversion option held by the Debenture holders is classified as equity and was initially recognized at a fair value of \$7,977, net of directly attributable transaction costs. If the conversion option is exercised, the balance recognized in equity is transferred to share capital; otherwise, it remains in equity reserve.

Embedded derivative: the conversion right held by the Company is recognized as a separate embedded derivative at a fair value of \$109. The derivative is subsequently measured at fair value with changes in fair value recognized in profit or loss. As at December 31, 2025, the embedded derivative had an estimated fair value of \$916.

The transaction costs of \$1,149 related to the issuance of the Debenture were allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the Debentures using the effective interest method. The Company elected to allocate the liability component of the transaction costs entirely to the host liability. Unamortized deferred financing costs totalled \$244 as at December 31, 2025 (December 31, 2024 - \$nil).

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**19. Debt facilities (continued)**

	<b>Convertible debentures</b>
Balance, December 2024 and 2023	\$ -
Gross proceeds from convertible debenture financing	23,488
Transaction costs	(1,149)
Portion of convertible debenture financing allocated to equity reserves	(7,977)
Portion allocated to forced conversion embedded derivative	109
Interest paid	(1,971)
Accretion expense	3,182
<b>Balance, December 31, 2025</b>	<b>\$ 15,682</b>

The Debentures are subject to certain financial covenants, including maintaining a minimum consolidated working capital balance of \$5,000, which the Company is in compliance with as of December 31, 2025.

**(b) Letter of credit facility**

In connection with the acquisition of the KGHM Sale Assets, the Company entered into a letter of credit facility (the "LC Facility") with Fédération des caisses Desjardins du Québec ("Desjardins"), pursuant to which the Company can obtain letters of credit having an aggregate maximum face amount of \$12,000. A fee of 2.25% per annum is charged on amounts drawn under the LC Facility. The Company's obligations under the LC Facility are secured against all present and future personal property of the Company in accordance with the terms of an omnibus general security agreement between the Company and Desjardins.

At December 31, 2025, the Company had drawn down \$10,825 under the LC Facility (December 31, 2024 - \$nil) and during the year ended December 31, 2025, had incurred interest expense of \$222 (year ended December 31, 2024 - \$nil). The transaction costs of \$765 incurred in connection with the LC Facility have been recorded as deferred financing costs and are being amortized over the life of the facility on a straight-line basis.

**(c) Factoring agreement**

On March 31, 2025, PNCI, a subsidiary of the Company, entered into an agreement with Desjardins whereby the Company can sell eligible metal sale receivables to Desjardins for cash proceeds (the "Factoring Facility"), improving the Company's working capital and liquidity. The aggregate amount factored under this agreement at any one time is limited to \$24,000, and the factored receivables must have an expected due date within 150 days. The Company can receive up to 85% of the value of an eligible receivable under the agreement. The Factoring Facility has been guaranteed by PNCI's parent company, Magna Mining Inc. The agreement imposes no obligation on the Company to offer Desjardins eligible receivables to purchase or on Desjardins to purchase receivables offered by the Company.

The term of the Factoring Facility is twelve months and is renewable at the option of Desjardins and the Company. A per annum factoring commission is payable on factored receivables at a rate of prime plus 2.3% for Canadian dollar receivables and prime plus 0.9% for US dollar receivables. Additionally, if at the end of the twelve-month term, the total value of the eligible receivables offered by the Company for factoring under the agreement is less than \$30,000, a fee of 1% of the shortfall is payable by the Company.

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**19. Debt facilities (continued)**

The transaction costs of \$505 in connection with the Factoring Facility have been recorded as deferred financing costs and will be amortized over the twelve-month life of the agreement on a straight-line basis.

As at December 31, 2025, a total of \$2,203 was outstanding under the Factoring Facility, and interest expense of \$253 was recorded during the year ended December 31, 2025 (year ended December 31, 2024 - \$nil).

**20. Asset retirement obligation**

The Company has recognized provisions for closure and reclamation costs at its Shakespeare and Crean Hill properties, the McCreedy West, Levack, and Podolsky properties acquired from KGHM, and the Broken Hammer property acquired from NorthX. Although the ultimate amount of the future closure and reclamation costs is uncertain, the provision is based on information currently available, including closure plans and applicable regulations. Significant closure activities include land rehabilitation, water treatment, demolition of facilities, monitoring, and other costs.

The Company has estimated its total provision for closure and reclamation to be \$14,655 at December 31, 2025 (December 31, 2024 - \$875), using inflation rates of 2.00% to 2.40% (December 31, 2024 – 2.43%) and discount rates of 3.30% to 3.40% (December 31, 2024 – 3.28%) over a period of between 8 and 18 years (December 31, 2024 – 20 years).

The following is an analysis of the provision for closure and reclamation:

	Year ended December 31, 2025	Year ended December 31, 2024
Balance, beginning of the year	\$ 875	\$ 832
Acquisition of KGHM Sale Assets (note 5)	13,905	-
Acquisition of NorthX (note 6)	515	-
Accretion	389	23
Additions	-	147
Change in estimate	(1,029)	(127)
<b>Balance, end of the year</b>	<b>\$ 14,655</b>	<b>\$ 875</b>

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**21. Income taxes**

A reconciliation of income taxes at the statutory rate is as follows:

	December 31, 2025	December 31, 2024
Net loss before income taxes	\$ 22,871	\$ 16,268
Expected income tax recovery at the statutory tax rate of 26.5%	6,061	4,311
Renunciation of mineral exploration expenses	-	(2,276)
Non-deductible items:		
Share-based compensation	(750)	(488)
Share issue costs	197	402
Flow-through premium	-	780
Bargain purchase gain	5,171	-
Transaction costs	(660)	-
Other	(270)	-
Mining taxes	679	-
Other	(223)	(16)
Expected income tax recovery	10,205	2,713
Unrecognized benefit of deferred tax assets	4,317	2,713
Tax recovery	\$ 5,888	\$ -

The Company has not recognized a deferred tax asset on the following temporary differences and tax losses:

	December 31, 2025	December 31, 2024
Non-capital losses	\$ 20,386	3,403
Mineral properties expense and equipment	82,849	16,983
Share issue costs	5,193	638
Asset retirement obligation	1,272	232
Other	481	-
	\$ 110,181	\$ 21,256

Non-capital losses as at December 31, 2025 have expiry dates between 2031 and 2045 (December 31, 2024 – 2031 to 2044).

**22. Issued share capital**

The authorized share capital of the Company is comprised of an unlimited number of common shares without par value. As at December 31, 2025, the Company had 249,858,803 common shares outstanding (December 31, 2024 – 194,910,244).

*Transactions for the year ended December 31, 2025:*

Brokered Offering

On September 18, 2025, the Company completed a brokered offering of 20,833,300 common shares at a price of \$2.40 per common share for gross proceeds of \$50,000. Total costs that were allocated to the share issuance were \$2,563, which included an aggregate cash commission of \$2,038 and cash finder's fees of \$225.

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**22. Issued share capital (continued)**

Private Placement

On March 5, 2025, the Company completed a private placement of 6,451,620 common shares at a price of \$1.55 per common share for gross proceeds of \$10,000. The private placement also included the issuance of convertible debentures for aggregate gross proceeds of \$23,488. Total costs that were allocated to the share issuance were \$606.

Option, RSU and warrant exercise/settlement

During the year ended December 31, 2025, a total of 231,264 common shares were issued upon the exercise of options for proceeds of \$153, and 9,334 options were settled in cash totalling \$262 to pay payroll withholding taxes. A total of \$126 was reallocated from reserves to share capital in connection with the exercise of the options. The weighted average share price at the date of exercise of options during the year ended December 31, 2025 was \$1.70.

During the year ended December 31, 2025, a total of 592,000 RSUs were settled, with 107,310 common shares and the remaining 484,690 RSUs settled in cash totalling \$1,237. A total of \$49 was reallocated from reserves to share capital in connection with the settlement of the 107,310 RSUs settled for common shares.

During the year ended December 31, 2025, a total of 26,144,360 common shares were issued upon the exercise of warrants for proceeds of \$10,825. A total of \$164 was reallocated from reserves to share capital in connection with the exercise of the warrants.

*Transactions for the year ended December 31, 2024:*

Private Placement

On November 4, 2024, the Company completed a private placement of 20,809,480 common shares at a price of \$1.05 per common share for gross proceeds of \$21,850. The Company paid \$1,517 in share issue costs, which included legal fees, agent expenses, exchange fees, and a cash payment for agent fees of \$1,291.

Option, RSU and warrant exercise/settlement

During the year ended December 31, 2024, a total of 903,300 common shares were issued upon the exercise of options for proceeds of \$458. A total of \$353 was reallocated from contributed surplus to share capital in connection with the exercise of the options. The weighted-average share price at the date of exercise of options during the year ended December 31, 2024 was \$1.26.

During the year ended December 31, 2024, a total of 457,000 RSUs were settled, with 229,400 RSUs issued in common shares and the remaining 227,600 RSUs settled in cash of \$262 to pay payroll withholding taxes. A total of \$100 was reallocated from contributed surplus to share capital in connection with the settlement of the 229,400 RSUs settled for common shares.

During the year ended December 31, 2024, a total of 9,588,204 common shares were issued upon the exercise of warrants for proceeds of \$4,093. A total of \$164 was reallocated from contributed surplus to share capital in connection with the exercise of the warrants.

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**23. Basic and diluted loss per share**

The calculation of basic and diluted loss per share for the year ended December 31, 2025 was based on the loss attributable to common shareholders of \$16,983 (year ended December 31, 2024 - \$16,268) and the weighted average number of common shares outstanding of 215,042,407 (year ended December 31, 2024 – 170,766,096). The basic and diluted loss per share are the same, as there are no instruments that have a dilutive effect on the loss for the years ended December 31, 2025 and 2024. The following equity items have been excluded from the calculation of diluted loss per share as the result would be anti-dilutive:

	Year ended December 31, 2025	Year ended December 31, 2024
Stock options	12,076,997	10,762,900
RSUs	1,364,500	1,916,500
DSUs	44,073	-
Warrants	-	26,181,360
	<b>13,485,570</b>	<b>38,860,760</b>

**24. Contributed surplus - share-based payment reserve**

The Company has established an omnibus equity incentive plan (the “Incentive Plan”) that provides for the issuance of stock options (the “Options”), RSUs, and DSUs, enabling the directors to grant Options to employees, officers, directors, and consultants of the Company. From time to time, common shares may be reserved by the Board, in its discretion, for Options, provided that the total number of common shares reserved for issuance by the Board shall not exceed 10% of the issued and outstanding common shares of the Company on a non-diluted basis. Options are non-assignable and may be granted for a term not exceeding that permitted by the TSXV, currently ten years. Options issued are subject to vesting terms as determined by the Board of Directors.

Details of the stock options issued and exercised during the years ended December 31, 2025 and 2024 are as follows:

	Year ended December 31, 2025		Year ended December 31, 2024	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Outstanding at beginning of year	10,762,900	\$ 0.70	8,786,800	\$ 0.48
Granted during the year	1,653,363	2.47	2,896,100	1.30
Exercised during the year	(240,598)	0.72	(903,300)	0.51
Expired/cancelled during the year	(98,668)	0.47	(16,700)	0.44
Outstanding at end of year	12,076,997	\$ 0.94	10,762,900	\$ 0.70
Vested and exercisable	8,993,883	\$ 0.63	8,000,030	\$ 0.56

During the year ended December 31, 2025, the Company granted 1,653,363 Options (year ended December 31, 2024 – 2,896,100) to directors, officers, employees, and consultants, exercisable at an average exercise price of \$2.47 per common share (year ended December 31, 2024 - \$1.30 per common share) over a five-year period. The total fair value of the Options granted during the year ended December 31, 2025 was \$2,526 (year ended December 31, 2024 – \$2,623) based on a weighted average grant-date fair value per Option of \$1.53 (year ended December 31, 2024 - \$0.91).

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**24. Contributed surplus - share-based payment reserve (continued)**

As at December 31, 2025, the Company had outstanding and exercisable Options as follows:

Grant date	Expiry date	Number of options outstanding	Weighted average remaining life in years	Exercise price	Number of options exercisable
May 28, 2021	May 28, 2026	700,000	0.41	\$ 0.50	700,000
December 23, 2021	December 23, 2026	525,000	0.98	\$ 0.40	525,000
November 10, 2022	November 10, 2027	3,250,000	1.86	\$ 0.47	3,250,000
August 9, 2023	August 9, 2028	915,800	2.61	\$ 0.58	915,800
November 2, 2023	November 2, 2028	1,930,000	2.84	\$ 0.44	1,930,000
November 23, 2023	November 23, 2028	250,000	2.90	\$ 0.47	250,000
September 19, 2024	September 19, 2029	988,634	3.72	\$ 1.15	903,054
October 17, 2024	October 17, 2029	250,000	3.80	\$ 1.17	166,666
December 20, 2024	December 20, 2029	1,614,200	3.97	\$ 1.41	-
April 14, 2025	April 14, 2030	150,000	4.29	\$ 1.40	50,000
April 28, 2025	April 28, 2030	75,000	4.33	\$ 1.47	25,000
May 12, 2025	May 12, 2030	50,000	4.37	\$ 1.43	-
September 4, 2025	September 4, 2030	278,363	4.68	\$ 2.70	278,363
September 9, 2025	September 9, 2030	200,000	4.69	\$ 2.58	-
September 17, 2025	September 17, 2030	800,000	4.71	\$ 2.69	-
September 22, 2025	September 22, 2030	50,000	4.73	\$ 2.69	-
December 1, 2025	December 1, 2030	50,000	4.92	\$ 2.75	-
		<b>12,076,997</b>	<b>2.83</b>	<b>\$ 0.94</b>	<b>8,993,883</b>

The Options outstanding at December 31, 2025 had a weighted-average exercise price of \$0.94 (December 31, 2024 - \$0.70) and a weighted-average remaining contractual life of 2.83 years (December 31, 2024 - 3.53 years). The Options vest from April 2026 to December 2028.

With the exception to the Options issued on September 17, 2025, the Company uses the Black-Scholes option pricing model to value the Options. The inputs to the Black-Scholes option pricing model for the years ended December 31, 2025 and 2024 are as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Dividend	NIL	NIL
Expected volatility	74.75% - 77.72%	87.1% - 88.5%
Risk-free interest rate	2.53% - 2.92%	2.72% - 3.05%
Expected life (months)	60	60
Exercise price	\$1.40 - \$2.75	\$1.15 - \$1.41
Spot price	\$1.40 - \$2.75	\$1.15 - \$1.41
Forfeiture rate	0%	0%

Prior to 2025, expected volatility was determined by calculating the historical volatility of comparable public companies over the same period as the Options' expected life.

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**24. Contributed surplus - share-based payment reserve (continued)**

The Options granted September 17, 2025, at a strike price of \$2.69, vest only upon the fulfillment of certain time and share price performance conditions. The Company's share price must increase to and remain at certain levels for at least 20 consecutive trading days before the options will vest, ranging from \$2.25 to \$5.00. The fair value of these Options was calculated using a Monte Carlo simulation model. The Monte Carlo simulation model requires the use of subjective assumptions, including expected share price volatility and risk-free interest rate. The fair value of the award was determined using a share price return volatility of 77.70% and a risk-free interest rate of 2.53%. Historical and market data are considered in setting the assumptions.

The Company recognized total share-based compensation expense related to Options of \$2,457 during the year ended December 31, 2025 (year ended December 31, 2024 - \$1,381).

**25. Contributed surplus - warrants**

The outstanding warrants as at December 31, 2025 and 2024, and the respective changes during the years are summarized as follows:

	Year ended December 31, 2025		Year ended December 31, 2024	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding at beginning of the year	26,181,360	\$ 0.41	35,769,564	\$ 0.41
Exercised	(26,144,360)	\$ 0.41	(9,588,204)	\$ 0.40
Expired	(37,000)	\$ 0.41	-	\$ -
Outstanding at end of the year	-	\$ -	26,181,360	\$ 0.41

The Company did not issue any warrants during the years ended December 31, 2025 and 2024.

During the year ended December 31, 2025, the Company issued 26,144,360 common shares upon the exercise of warrants for proceeds of \$10,825, and 37,000 warrants expired unexercised.

**26. Contributed surplus - Restricted and deferred share units**

The Company's Incentive Plan provides for the issuance of restricted share units ("RSU"), which grant RSUs to directors, senior officers, employees, and consultants of the Company and its subsidiaries, and deferred share units ("DSU"), which grant DSUs to directors. The issuance of RSUs and DSUs is intended to provide an incentive to eligible persons to acquire a proprietary interest in the Company, to continue their participation in the affairs and to increase their efforts on its behalf. The Company's Board administers the issuance of RSUs and DSUs.

The aggregate number of common shares reserved for issuance under the stock option plan and the RSU and DSU plan may not exceed 10% of the issued and outstanding common shares on the grant date.

On September 4, 2025, the Company's non-executive directors were granted an aggregate of 44,073 DSUs with a fair value of \$119. Each DSU vested on the grant date and may be redeemed upon a director's retirement from the Board of Directors.

On April 14, 2025, the Company granted a certain officer 40,000 RSUs with a fair value of \$59. The RSUs will fully vest at the end of three years from the grant date.

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**26. Contributed surplus - restricted and deferred share units (continued)**

On December 20, 2024, the Company granted certain officers 559,500 RSUs with a fair value of \$789. The RSUs will fully vest at the end of three years from the grant date.

Details of the RSUs issued and settled during the years ended December 31, 2025 and 2024 are as follows:

	Year ended		Year ended	
	December 31, 2025		December 31, 2024	
	Number of RSUs	Weighted average grant date fair value	Number of RSUs	Weighted average grant date fair value
Outstanding at beginning of year	1,916,500	\$ 0.73	1,814,000	\$ 0.44
Issued during the year	40,000	\$ 1.47	559,500	\$ 1.41
Settled during the year	(592,000)	\$ 0.47	(457,000)	\$ 0.43
Outstanding at end of year	1,364,500	\$ 0.87	1,916,500	\$ 0.73

As of December 31, 2025, the Company had the following RSUs outstanding:

Grant date	RSUs outstanding	Price	Fair value	Vesting date
November 2, 2023	765,000	\$ 0.44	333	November 2, 2026
December 20, 2024	559,500	\$ 1.41	789	December 20, 2027
April 14, 2025	40,000	\$ 1.47	59	April 14, 2028
	1,364,500	\$ 0.87	\$ 1,181	

The Company recognized total RSU compensation expense of \$1,489 for the year ended December 31, 2025 (year ended December 31, 2024 – \$459) within share-based compensation expense.

As of December 31, 2025, the Company had 44,073 DSUs outstanding (December 31, 2024 – nil) and recorded DSU compensation expense of \$119 for the year ended December 31, 2025 (year ended December 31, 2024 – \$nil) within share-based compensation expense.

**27. Segmented information**

As at December 31, 2025, the Company operates in one reportable operating segment, being the acquisition, exploration, development and operation of mineral properties. The Company's assets are located in Canada.

**28. Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, and related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

During the years ended December 31, 2025 and 2024, the Company entered into various transactions with related parties. The transactions are measured at the exchange amounts, which are the amounts of consideration established between the related parties.

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**28. Related party transactions (continued)**

Key management consists of the Company's directors, CEO, CFO, COO and Senior Vice Presidents. The Company considers any member of key management to be a related party.

Compensation to related parties during the years ended December 31, 2025 and 2024 is summarized as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Salaries, consulting and management fees <sup>(1)</sup>	\$ 3,118	\$ 2,799
Share-based compensation <sup>(2)</sup>	3,411	1,386
<b>Total remuneration</b>	<b>\$ 6,529</b>	<b>\$ 4,185</b>

(1) Salaries, consulting, and management fees represent CEO, CFO, COO, Senior Vice Presidents, and director compensation.

- a. David King, Senior Vice President, Technical Services, is a related party to the Company and is related to King Geoscience. During the year ended December 31, 2025, \$nil (year ended December 31, 2023 - \$16,000) was paid or accrued to King Geoscience while David King was a related party to the Company. There was \$nil outstanding at December 31, 2025 and 2024.
- b. Shastri Ramnath, director, is a related party to the Company and is related to Exiro Mineral Corp. During the year ended December 31, 2025, the Company paid or accrued \$33,476 (year ended December 31, 2024 - \$98,615) to Exiro Mineral Corp., while Shastri Ramnath was a related party to the Company. There was \$nil outstanding at December 31, 2025 and 2024.

(2) Share-based compensation represents stock option and RSU issuances to key management.

**29. Supplemental cash flow information**

	Year ended December 31, 2025	Year ended December 31, 2024
<b>Net changes in non-cash working capital</b>		
Operating activities		
Trade and other receivables	\$ (23,452)	\$ (2,138)
Inventories	173	-
Prepays expenses	(841)	(102)
Accounts payable and accrued liabilities	14,187	1,993
	<b>\$ (9,933)</b>	<b>\$ (247)</b>
<b>Supplemental disclosures with respect to cash flows</b>		
Cash paid during the year for income taxes	\$ 10	\$ -
Cash paid during the year for interest	\$ 2,446	\$ -
<b>Non-cash transactions</b>		
Recognition of right-of-use-assets	\$ 214	\$ 43
Issuance of common shares on acquisition of KGHM Sale Assets	2,000	-
Change in asset retirement obligation estimate	(1,029)	127
	<b>\$ 1,185</b>	<b>\$ 170</b>

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### **30. Capital management**

The Company defines its capital as both shareholders' equity and long-term debt, in the form of its Debentures. At December 31, 2025, the Company had shareholders' equity of \$98,674 (December 31, 2024 – \$35,043) and long-term debt of \$15,682 (December 31, 2024 - \$nil). During the year ended December 31, 2025, the Company revised its capital management structure to include the use of the Debentures as part of its capital structure. The Company's Debentures have financial covenants, including the requirement to maintain minimum working capital requirements of \$5,000 (note 19(a)). The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support the acquisition, exploration, development and operation of mineral properties.

The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of management to sustain future development of the business. As such, the Company expects to rely on cash flows from operations at its McCreedy West mine and the equity/debt markets to fund its activities.

In order to carry out planned exploration, development and operational activities and pay for administrative costs, the Company will need to generate sufficient cash flows from the McCreedy West mine and/or will need to raise additional funds. The Company will also continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes to the Company's approach to capital management during the year ended December 31, 2025, except for the inclusion of long-term debt.

### **31. Financial instruments**

#### **Carrying value and fair value**

The Company's financial instruments are comprised of cash and cash equivalents, restricted cash, trade and receivables, deferred acquisition costs, accounts payable and accrued liabilities, contingent consideration, embedded derivatives, and convertible debentures.

Cash and cash equivalents, restricted cash, other receivables, deferred acquisition costs, accounts payable and accrued liabilities and convertible debentures are recorded in the financial statements at amortized cost.

The Company's metal sales are subject to provisional pricing, with the selling prices adjusted at the end of the quotational period. The Company's trade receivables are marked-to-market at each reporting period based on quoted forward prices for which there exists an active commodity market.

#### **Fair value**

Fair market value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price if one exists. The levels of the hierarchy are as follows:

- Level 1: Valuation based on unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques based on inputs other than Level 1 quoted prices that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and
- Level 3: Valuation techniques with unobservable market inputs (involves assumptions and estimates by management).

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**31. Financial instruments (continued)**

The carrying values of cash and cash equivalents, and accounts payable and accrued liabilities do not materially differ from their fair values, given their short-term period to maturity.

The carrying value of trade receivables is remeasured mark-to-market at each reporting period and, therefore, classified as within Level 1 of the fair value hierarchy. The fair value approximates its carrying value.

The carrying value of the Debentures was determined using a discounted cash flow model method using a discount rate that equates to the risk-free rate plus an unobservable credit spread that approximates the Company's credit risk. Therefore, the convertible debt is classified within Level 3 of the fair value hierarchy, and the fair value approximates its carrying value.

The carrying value of contingent consideration is determined using management's estimate of the probability and timing of the respective properties commencing commercial production and is updated through profit and loss at each reporting period. Therefore, the contingent consideration is classified within Level 3 of the fair value hierarchy. The fair value approximates its carrying value.

The carrying value of the embedded derivative asset related to the Debentures is determined using an option pricing model using assumptions that include the Company's share price and expected volatility, risk-free interest rate and time to maturity and is updated through profit and loss at each reporting period. Therefore, the embedded derivative asset is classified within Level 2 of the fair value hierarchy. The fair value approximates its carrying value.

There were no amounts transferred between levels of the fair value hierarchy during the year ended December 31, 2025 and 2024.

**Financial risk factors**

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk, foreign exchange risk, interest rate risk, and risks related to provisionally priced revenues.

**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, trade and other receivables, and restricted cash. The carrying value of the Company's financial assets recorded in the consolidated financial statements represents the Company's maximum exposure to credit risk. Management believes the credit risk is low. The Company monitors the financial condition of its customers and deals with a limited number of counterparties for its metal sales. The Company had only two significant customers during the years ended December 31, 2025 and 2024 for its metal sales revenue. There are no impairments recognized on the trade receivables. The Company also manages credit risk by placing cash and investments with major Canadian financial institutions. At December 31, 2025, the Company's other receivables consist of sales tax receivables due from the Government of Canada and a grant receivable from the Government of Canada. Management has assessed the Company's credit risk as low.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages liquidity risk through the management of its capital structure. The primary sources of funds available to the Company are cash flows generated by the operations at McCreedy West and its cash reserves.

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**31 Financial instruments (continued)**

The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

As at December 31, 2025, the Company had the following contractual obligations:

	<1 year	2 years	3-5 years	+5 years	Total
Accounts payable and accrued liabilities	\$ 17,945	\$ -	\$ -	\$ -	\$ 17,945
Lease liabilities	129	61	-	-	190
Contingent consideration	-	-	7,400	700	8,100
Deferred acquisition costs	2,000	-	-	-	2,000
Convertible debentures	2,397	2,397	26,790	-	31,584
Purchase commitments	11,494	105	-	-	11,599
Asset retirement obligations	-	-	-	16,937	16,937
<b>Total</b>	<b>\$ 33,965</b>	<b>\$ 2,563</b>	<b>\$ 34,190</b>	<b>\$ 17,637</b>	<b>\$ 88,355</b>

**Foreign exchange risk**

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates in Canada but has significant foreign exchange risk as its metal sales, and royalty liabilities, are denominated in US dollars. The Company has cash and cash equivalents, trade receivables, royalties payable and deferred revenues that are denominated in US dollars, as outlined below. Accordingly, the Company is subject to foreign exchange risk relating to such balances in connection with fluctuations against the Canadian dollar. The Company has no program in place for hedging foreign currency risk.

The Company held the following foreign currency-denominated balances as at December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
Cash (US\$)	\$ 4,093	\$ 1,639
Trade receivables (US\$)	15,816	954
Accrued liabilities (US\$)	(347)	(347)
	<b>19,562</b>	<b>2,246</b>
Foreign exchange rate	1.37	1.44
Equivalent in Canadian dollars	\$ 26,812	\$ 3,234

Based on the balances held as at December 31, 2025, a 10% change in the Canadian dollar per US dollar exchange rate would have resulted in an increase or decrease in the loss for the period then ended of approximately \$2,681 (December 31, 2024 - \$323).

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash and cash equivalents and lease liabilities. The Company's Factoring Facility has a variable interest rate component that exposes the Company to changes in market interest rates. The Company monitors its exposure to interest rates and has not entered into any derivative contracts to manage this risk.

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**31 Financial instruments (continued)**

**Provisionally priced revenues**

Under the terms of the Company's product sales contracts, the final sales amount is based on final assay results and quoted market prices, which typically occurs in a period subsequent to the date of sale.

Due to the processing, refining and treatment of the various metals, the final metal settlement is between two to five months, depending on the metal, exposing the Company to commodity price risk during this period. Provisional pricing mechanisms embedded within the sales contracts have the character of a commodity derivative and are carried at fair value as part of trade receivables. Therefore, expected cash receipts in subsequent periods will be adjusted for any changes to provisionally priced trade receivables outstanding at period end. Final pricing is usually two to five months after the date of shipment; therefore, changes in metal prices may have a material impact on the final cash receipt. This settlement receivable is recorded at fair value each reporting period by reference to the pricing per metal in its contracts, with changes in fair value recorded as an adjustment to the revenue.

As at December 31, 2025, the Company had trade receivables related to provisionally priced metal sales of \$30,971, net of milling and refining charges. A 10% increase or decrease in the realized prices would reduce or increase the final cash receipt by \$3,219.

**Other price risk**

Other price risk are the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company has limited exposure to other price risks.

**32. Commitments and contingencies**

**Contingent consideration**

As part of the February 28, 2025 acquisition of the KGHM Sale Assets, the Company agreed to pay additional consideration to KGHM contingent on the achievement of future milestones, specifically commencing commercial production. The fair value of the liability on acquisition of \$6,700 was determined using management's estimate of the probability and timing of the respective properties commencing commercial production, and is updated at each period-end through profit and loss.

**Deferred revenue – metal streaming obligation**

As part of the acquisition of the KGHM Sale Assets, the Company assumed a stream arrangement with Franco-Nevada. Under an agreement dated July 15, 2008, there is an obligation to sell to Franco-Nevada 50% of the ounces of gold, platinum and palladium (adjusted by relative price into gold ounces, or "gold equivalent ounces") contained in ore mined and shipped from the McCreedy West, Levack and Podolsky mines and certain other KGHM Sale Assets until the earlier of the remaining life of these deposits or 2048.

Upon the acquisition of the KGHM Sale Assets, the Company determined a fair value of the stream obligation to be \$31,976, which was recorded as deferred revenue. The fair value was determined using the income approach, which is based on the present value of future cash flows. A discounted cash flow method was used to calculate the expected payments based on the contractual terms, the operations production schedule and forward commodity prices. The expected payments are then discounted by a risk-adjusted discount rate. Additional details are provided in note 18.

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**Magna Mining Inc.**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2025 and 2024**  
(Expressed in thousands of Canadian dollars)

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**32. Commitments and contingencies (continued)**

**Letter of credit facility**

The Company has a \$12,000 letter of credit facility (the “LC Facility”) with Desjardins, and as at December 31, 2025, letters of credit totalling \$10,825 (December 31, 2024 - \$nil) have been issued to provide financial assurance regarding the Company’s future closure and reclamation costs at its various mineral properties and exploration and evaluation assets (note 19(b)). The Company’s obligations under the LC Facility are secured against all present and future personal property of the Company in accordance with the terms of an omnibus general security agreement between the Company and Desjardins.

**Royalties**

The Company has royalty obligations on various properties, including a 4% NSR royalty on new discoveries on certain exploration properties that are part of the KGHM Sale Assets. The Company has the right to buy back 3% of these royalties (for a remaining 1% NSR royalty) at any time for various cash considerations. Additional details are provided in note 15.

**Environmental contingencies**

Exploration and production activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes it is materially in compliance with all applicable laws and regulations. Management believes that the Company has made appropriate expenditures to comply with such laws and regulations.

**33. Subsequent events**

**Options exercised**

Subsequent to December 31, 2025, a total of 587,416 stock options were exercised, resulting in the issuance of 427,236 common shares for proceeds of \$17.

**Options and RSUs granted**

Subsequent to December 31, 2025, the Company granted 942,800 stock options to certain officers and consultants. The stock options have a term of 5 years and have an exercise price of \$2.97 per common share. A total of 857,800 options vested one-third immediately and one-third annually thereafter. The remaining 85,000 options vest one-half after one year, with the remaining half vesting after two years.

A second grant of 394,600 options was completed subsequent to December 31, 2025 to employees of the Company. The stock options have a term of 5 years, have an exercise price of \$3.04 per common share, and vest one-third annually.

Additionally, subsequent to December 31, 2025, the Company granted 325,000 RSUs to officers of the Company. The RSUs will fully vest at the end of three years from the grant date.