

# Consolidated Financial Statements

As at and for the years ended  
December 31, 2025 and 2024



**DYNACOR GROUP INC.**  
606, rue Cathcart, Suite 640 Montréal (Québec) H3B 1K9  
[www.dynacor.com](http://www.dynacor.com)



## Independent Auditor's Report

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Raymond Chabot  
Grant Thornton LLP  
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Montréal, Quebec  
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To the Shareholders of  
Dynacor Group Inc.

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### Opinion

We have audited the consolidated financial statements of Dynacor Group Inc. (hereafter "the Corporation"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years then ended, and notes to consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (hereafter "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 Corporation 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.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, 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.

### **Assessment for impairment of exploration and evaluation assets**

As described in Note 5 to the consolidated financial statements, exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Corporation performs an impairment test. We identified the Corporation's assessment for impairment of exploration and evaluation assets as a key audit matter.

#### *Why the matter was determined to be a key audit matter*

This assessment for impairment of exploration and evaluation assets was significant to our audit because the balance of exploration and evaluation assets of \$18,575,135 as at December 31, 2025 is material to the consolidated financial statements. In addition, management's assessment process is subjective, involves judgment and is based on assumptions, specifically but not limited to the following:

- The intention of management to maintain in good standing its mining rights and to perform further exploration and evaluation work in the future;
- The budgeted expenditures on the exploration properties;
- The results of past exploration work and the potential to discover commercially viable quantities of minerals on the projects;
- The possibility that, although additional exploration programs on the properties are likely to proceed, the carrying amount of the exploration and evaluation assets may not be recovered, partially or in full, by a successful development or by sale, since they are affected by expected future market or economic conditions, particularly those in Peru, giving rise to high uncertainty.

#### *How the matter was addressed in the audit*

Our audit procedures related to the Corporation's assessment for impairment of exploration and evaluation assets included, among others, the following:

- We assessed management's process of the facts and circumstances for determining whether an impairment indicator occurred by inspecting the Corporation's communications, including minutes and press releases and making requests for information from management;
- We inspected government registries related to the Corporation's validity of the mining rights for its exploration properties. If a mining right has expired at year-end or will expire in the near future, we evaluated management's intention to renew it and its ability to do so;
- We reviewed the Corporation's exploration and evaluation budgets and plans for the next years to evaluate management's intention to perform further exploration and evaluation work when an agreement with the local community will be reached.

### **Assessment of uncertain income tax positions**

As described in Note 5 to the consolidated financial statements, the Corporation is subject to taxes from different tax country jurisdictions and the determination of tax treatment may require the Corporation to exercise judgment in its interpretation of the applicable tax law. The judgments and estimates made to recognize and measure the effect of uncertain tax positions underlying these claims are reassessed at the end of each reporting period and the Corporation adjusts them based on changing facts and circumstances. We identified the Corporation's assessment of uncertain income tax positions as a key audit matter.

#### *Why the matter was determined to be a key audit matter*

As described in Note 23 to the consolidated financial statements, the Peruvian local tax authorities issued notices of assessments, in Peruvian sol, in the aggregate amount of \$22.6 million for the years 2015 to 2017 and 2019. The Corporation has initiated an opposition process with regards to these claims. The assessment of uncertain income tax positions underlying these claims was significant to our audit given the significance of the amounts of the tax claims. In addition, this matter required significant judgment to determine the likelihood of whether the tax position taken by the Corporation will ultimately be accepted by tax authorities and also required the use of external tax and legal Peruvian advisors.

#### *How the matter was addressed in the audit*

Our audit procedures related to the Corporation's assessment of uncertain income tax positions included, among others, the following:

- We assessed management's process for determining whether an uncertain tax position is probable or not;
- We inquired with management, we reviewed correspondence with relevant taxation authorities and we inspected internal documentation, including their interpretation and assessment of the tax filing positions;
- We inspected opinions provided by the Corporation's external tax and legal Peruvian advisors;
- We reviewed the calculation of the provision for uncertain income tax positions with the assistance of our Peruvian tax specialists;
- We assessed the adequacy of the disclosures in the consolidated financial statements.

### **Information other than the consolidated financial statements and the auditor's report thereon**

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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 identified above 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.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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 the 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 the matters that were of most significance in the audit of the consolidated financial statements of the current period and were therefore the key audit matters. We describe this matter 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 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 Nancy Wolfe.

*Raymond Chabot Grant Thornton LLP*<sup>1</sup>

Montréal  
March 24, 2026

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<sup>1</sup> CPA auditor, public accountancy permit no. A120795

**Dynacor Group Inc.**

Consolidated Statements of Financial Position  
(Expressed in US dollars)

	As at December 31, 2025	As at December 31, 2024
	\$	\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash (Note 7)	33,487,780	19,819,162
Short-term investments (Note 7)	-	5,998,457
Accounts receivable (Note 8)	37,220,636	23,746,590
Inventories (Note 9)	39,016,818	29,375,745
Prepaid expenses and other assets	515,736	360,692
Current tax assets	2,157,655	-
	<b>112,398,625</b>	<b>79,300,646</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment (Note 10)	49,441,706	26,160,179
Exploration and evaluation assets (Note 11)	18,575,135	18,570,313
Right-of-use assets (Note 13)	625,036	1,069,964
Deferred tax assets (Note 17)	418,358	-
Other non-current assets	-	159,410
	<b>69,060,235</b>	<b>45,959,866</b>
<b>TOTAL ASSETS</b>	<b>181,458,860</b>	<b>125,260,512</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables (Note 12)	30,417,346	18,185,431
Current tax liabilities	-	2,124,874
Current portion of lease liabilities (Note 13)	23,094	67,281
Current portion of share unit plan liabilities (Note 16 f))	-	61,696
	<b>30,440,440</b>	<b>20,439,282</b>
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities (Note 13)	496,260	1,040,179
Share unit plan liabilities (Note 16 f))	790,294	326,177
Deferred tax liabilities (Note 17)	-	565,423
Asset retirement obligations (Note 14)	14,829,742	3,732,093
	<b>16,116,296</b>	<b>5,663,872</b>
<b>TOTAL LIABILITIES</b>	<b>46,556,736</b>	<b>26,103,154</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 15 a))	42,087,432	21,599,310
Contributed surplus	3,703,603	3,729,872
Retained earnings	89,111,089	73,828,176
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>134,902,124</b>	<b>99,157,358</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>181,458,860</b>	<b>125,260,512</b>

Contingencies and other commitments (Note 23).

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board of Directors,

*(s) Jean Martineau*  
Jean Martineau

*(s) Pierre Beliveau CPA*  
Pierre Beliveau CPA

**Dynacor Group Inc.**

Consolidated Statements of Comprehensive Income  
(Expressed in US dollars)

	Years ended December 31,	
	2025	2024
	\$	\$
<b>Sales</b>	<b>397,594,544</b>	284,404,773
<b>Cost of sales (Note 19)</b>	<b>(354,286,670)</b>	(248,607,635)
<b>Gross operating margin</b>	<b>43,307,874</b>	35,797,138
General and administrative expenses (Note 19)	<b>(14,058,057)</b>	(8,305,290)
Other project expenses (Note 19)	<b>(2,508,677)</b>	(1,376,902)
<b>Operating income</b>	<b>26,741,140</b>	26,114,946
Financial income (Note 19)	<b>1,440,620</b>	1,346,376
Financial expenses (Note 19)	<b>(719,489)</b>	(482,421)
Write-off of exploration and evaluation assets (Note 11)	<b>(8,495)</b>	(17,995)
Foreign exchange gain (loss)	<b>2,236,557</b>	(205,806)
<b>Income before income taxes</b>	<b>29,690,333</b>	26,755,100
<b>Income tax expense</b>		
Current (Note 17)	<b>(9,385,586)</b>	(9,989,681)
Deferred (Note 17)	<b>983,781</b>	111,856
	<b>(8,401,805)</b>	(9,877,825)
<b>Net income and comprehensive income</b>	<b>21,288,528</b>	16,877,275
<b>Weighted average number of outstanding common shares (Note 18)</b>		
Basic	<b>41,456,437</b>	36,550,810
Diluted	<b>42,360,179</b>	37,721,229
<b>Earnings per share (Note 18)</b>		
Basic	<b>\$0.51</b>	\$0.46
Diluted	<b>\$0.50</b>	\$0.45

The accompanying notes are an integral part of the consolidated financial statements.

## Dynacor Group Inc.

Consolidated Statements of Changes in Equity  
(Expressed in US dollars)

	Share Capital	Contributed surplus	Retained earnings	Total equity
	\$	\$	\$	\$
<b>Balance, January 1, 2025</b>	<b>21,599,310</b>	<b>3,729,872</b>	<b>73,828,176</b>	<b>99,157,358</b>
Net income and comprehensive income for the year	-	-	21,288,528	21,288,528
	21,599,310	3,729,872	95,116,704	120,445,886
Share purchase options expense (Note 16 e))	-	272,356	-	272,356
Exercise of share purchase options (Note 15 a) i))	365,741	(100,001)	-	265,740
Settlement of deferred share units (Note 15 a) ii))	198,624	(198,624)	-	-
Issuance of common shares (Note 15 a) iii))	20,432,762	-	-	20,432,762
Repurchase of common shares (Note 15 a) iv))	(509,005)	-	(1,194,326)	(1,703,331)
Dividends (Note 15 b))	-	-	(4,811,289)	(4,811,289)
Transactions with owners	20,488,122	(26,269)	(6,005,615)	14,456,238
<b>Balance, December 31, 2025</b>	<b>42,087,432</b>	<b>3,703,603</b>	<b>89,111,089</b>	<b>134,902,124</b>

	Share Capital	Contributed surplus	Retained earnings	Total equity
	\$	\$	\$	\$
<b>Balance, January 1, 2024</b>	<b>21,867,982</b>	<b>3,696,479</b>	<b>64,022,812</b>	<b>89,587,273</b>
Net income and comprehensive income for the year	-	-	16,877,275	16,877,275
	21,867,982	3,696,479	80,900,087	106,464,548
Share purchase options expense (Note 16 e))	-	63,461	-	63,461
Exercise of share purchase options (Note 15 a) i))	335,543	(94,079)	-	241,464
Deferred share units expense (Note 16 b))	-	189,458	-	189,458
Settlement of deferred share units (Note 15 a) ii))	125,447	(125,447)	-	-
Repurchase of common shares (Note 15 a) iv))	(729,662)	-	(3,302,137)	(4,031,799)
Dividends (Note 15 b))	-	-	(3,769,774)	(3,769,774)
Transactions with owners	(268,672)	33,393	(7,071,911)	(7,307,190)
<b>Balance, December 31, 2024</b>	<b>21,599,310</b>	<b>3,729,872</b>	<b>73,828,176</b>	<b>99,157,358</b>

The accompanying notes are an integral part of the consolidated financial statements.

## Dynacor Group Inc.

### Consolidated Statements of Cash Flows

(Expressed in US dollars)

	Years ended December 31,	
	2025	2024
	\$	\$
<b>Operating activities</b>		
Net income	21,288,528	16,877,275
Adjustments for:		
Provision for impairment of accounts receivable (Note 19)	(11,284)	(9,420)
Depreciation (Note 19)	4,031,314	3,646,718
Loss (gain) on disposal of property, plant and equipment	283,846	(82,730)
Write-off of other project assets (Note 19)	1,165,059	-
Write-off of exploration and evaluation assets (Note 11)	8,495	17,995
Deferred tax expense (recovery)	(1,569,434)	(103,344)
Accretion expense on asset retirement obligations (Note 14)	107,633	88,909
Share based compensation expense (Note 16 e))	676,828	672,277
Other operating items (Note 20)	(622,557)	(146,937)
	<b>25,358,428</b>	<b>20,960,743</b>
Changes in working capital items (Note 20)	<b>(13,385,150)</b>	<b>(4,825,759)</b>
<b>Net cash from operating activities</b>	<b>11,973,278</b>	<b>16,134,984</b>
<b>Investing activities</b>		
Acquisition of the Svetlana Plant (Note 6)	(9,948,258)	-
Change in short-term investments	5,998,457	(5,998,457)
Acquisition of property, plant and equipment, net of proceeds from disposal	(8,903,366)	(5,135,338)
Additions to exploration and evaluation assets (Note 11)	(13,317)	(21,944)
<b>Net cash used in investing activities</b>	<b>(12,866,484)</b>	<b>(11,155,739)</b>
<b>Financing activities</b>		
Repayment of lease liabilities and interests' payments (Note 13)	(187,656)	(64,616)
Proceeds from the exercise of stock options (Note 15 a) i))	265,740	241,464
Issuance of common shares (Note 15 a) iii))	20,432,762	-
Repurchase of common shares (Note 15 a) iv))	(1,703,331)	(3,970,236)
Dividends paid	(4,740,924)	(3,762,285)
<b>Net cash from (used in) financing activities</b>	<b>14,066,591</b>	<b>(7,555,673)</b>
<b>Change in cash during the year</b>	<b>13,173,385</b>	<b>(2,576,428)</b>
Effect of exchange rate fluctuation on cash	495,233	(85,069)
<b>Cash, beginning of the year</b>	<b>19,819,162</b>	<b>22,480,659</b>
<b>Cash, end of the year</b>	<b>33,487,780</b>	<b>19,819,162</b>
Income taxes paid related to operating activities	13,777,709	8,900,030

The accompanying notes are an integral part of the consolidated financial statements.

## Dynacor Group Inc.

### Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

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#### 1. Statute of incorporation and nature of activities

Dynacor Group Inc. (“Dynacor”, the ultimate controlling corporation), an ore processing and exploration corporation active in Peru, incorporated under Part 1A of the Companies Act (Québec) and as of February 14, 2011, is governed under the Business Corporations Act (Québec). The Corporation’s principal place of business is 606 Cathcart, suite 640, Montréal, Québec, Canada.

Dynacor, including one of its subsidiaries (collectively, the “Corporation”), produces gold from ore purchased from local Peruvian miners which is processed at the Corporation’s wholly owned processing plant in Chala, Peru. During the process, a minimal amount of silver is also recovered from the production as a sub-product. The Corporation is refurbishing an ore processing plant in Ecuador and constructing a pilot plant in Senegal. The Corporation derives all its sales from Peru. The Corporation does not have any mining producing properties.

The Corporation also hold interests in mineral properties in Peru that are currently in the exploration stage. The business of exploration, development and mining of minerals involves a high degree of risk and there can be no assurance that current exploration, development and mining plans will result in profitable mining operations. The recoverability of the carrying value of assets and the Corporation’s continued existence is dependent upon the continuation of ore processing operations.

#### 2. Statement of compliance with IFRS accounting standards, basis of measurement and basis of consolidation

The consolidated financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). The policies applied in these consolidated financial statements are based on IFRS Accounting Standards issued and effective as at December 31, 2025.

These consolidated financial statements were approved and authorized for issue by the Board of Directors (the “Board”) on March 24, 2026.

##### **Basis of measurement**

The consolidated financial statements have been prepared on a historical cost basis.

##### **Basis of consolidation**

The consolidated financial statements include the accounts of Dynacor, its subsidiaries and a structured entity (until December 2025). Dynacor controls an entity if it is exposed, 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. All intercompany balances and transactions are eliminated on consolidation. Dynacor and its subsidiaries have a year-end of December 31.

These consolidated financial statements include the financial statements of Dynacor and its wholly owned Peruvian subsidiaries Minera Veta Dorada SAC and La Libertad Mining SAC, its Ecuadorian subsidiary Arkham Metal S.A.S. (since July 2025 and changed for Sumacor-EC SAS in 2026), its African subsidiaries Galam SA, Massawa SA and Salla Niang SARL and those of a structured entity (until December 2025).

### 3. Changes in accounting policies

#### **New standards and interpretations not yet adopted by the Corporation**

At the date of authorization of these consolidated financial statements, several new, but not yet effective standards, and amendments to existing standards and interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been early adopted by the Corporation and no Interpretations have been issued that are applicable and need to be taken into consideration by the Corporation at either reporting date.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year, other than IFRS 18, have not been disclosed as they are not expected to have a material impact on the Corporation's consolidated financial statements.

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

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. Although IFRS 18 includes many of the requirements of IAS 1, it introduces new requirements to better structure financial statements and provides more detailed and useful information to investors, including:

- two new subtotals defined in the statement of profit or loss, namely (1) operating profit and (2) profit or loss before financing and income taxes;
- the classification of all income and expenses within the statement of profit or loss in one of five categories;
- a new requirement to disclose performance measures defined by management;
- an improvement in the principles related to the aggregation and disaggregation of information in the financial statements and accompanying notes.
- Some of the disclosure requirements previously contained in IAS 1 have been transferred to IAS 8 without any material changes. This applies in particular to disclosures on accounting policies and sources of estimation uncertainty. As a result of these changes, IAS 8 will be renamed 'Basis of Preparation of Financial Statements'.

The publication of IFRS 18 results also in consequential amendments to other IFRS standards, including IAS 7 Statement of Cash Flows.

IFRS 18 is effective for annual periods beginning on or after 1 January 2027, with earlier application permitted. IFRS 18 will apply retrospectively with specific transitional provisions.

The Corporation is currently working to identify all impacts that the amendments will have on the primary consolidated financial statements and notes to the consolidated financial statements.

#### **Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)**

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the settlement date and the introduction of an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date if specific conditions are met. If an entity elects to apply this accounting policy, it must do so for all settlements made through the same electronic payment system.
- Additional guidance on how an entity should assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. This is intended to assist an entity to apply the requirements for assessing contractual cash flow characteristics to financial assets with features linked to environmental, social and governance (ESG) concerns.
- Clarifications on what constitute non-recourse features and what are the characteristics of contractually linked instruments.
- Additional disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income (OCI) and the introduction of disclosure of the contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs.

## Dynacor Group Inc.

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

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### 3. Changes in accounting policies (continued)

#### New standards and interpretations not yet adopted by the Corporation (continued)

##### Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) (continued)

The amendments are effective for annual reporting periods beginning on or after 1 January 2026 with earlier application permitted. If an entity elects to apply these amendments for an earlier period, it is required to either:

- apply all the amendments at the same time and disclose that fact or
- apply only the amendments to the classification of financial assets for that earlier period and disclose that fact.

The amendments are required to be applied retrospectively, in accordance with IAS 8, with specific exceptions.

The Company does not anticipate that the amendments will have a material effect on the Company's financial statements.

### 4. Material accounting policies

#### Revenue recognition

Revenue includes sales of gold, and a minimal amount of silver recovered from the ore processing operation. Sales of these metals, based on spot metal prices (less customer price discounts), are recorded upon delivery when control has transferred to the customer. This is when the physical delivery has occurred, the customer has legal title to and physical possession of the metals.

#### Foreign currency translation

##### Functional and presentation currency

Items included in the financial statements of each of the Corporation's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in United States dollars ("USD"), which is the Corporation's functional currency. The functional currency has remained unchanged during the reporting periods.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the consolidated statement of comprehensive income.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when the fair value was determined.

#### Inventories

Gold dore and gold in process at the plant are valued at the lower of average production cost and net realizable value. The stockpiled ore is valued at the lower of the weighted average purchase cost and net realizable value. Supplies are valued at the lower of average cost and replacement cost. Net realizable value is the estimated selling price less applicable selling expenses and costs to complete in case of in-progress inventories. Cost includes all expenses directly attributable to the manufacturing process as well as appropriate portions of related production overheads, based on normal capacity.

## Dynacor Group Inc.

### Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

#### 4. Material accounting policies (continued)

##### Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition, the development and construction of the asset and any costs directly attributable to bringing the asset to the location and conditions necessary for it to be capable of operating in a manner intended by management. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost can be measured reliably. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant judgments, estimates and assumptions (Note 5) and asset retirement obligations (Note 14) for further information about the recognized decommissioning provision. Repairs and maintenance costs are charged to the consolidated statement of comprehensive income as they are incurred.

Land is not amortized. Depreciation is calculated on a straight-line basis over the estimated useful life of each component, as follows:

Category	Years
Buildings	20
Plant and equipment	3 to 20 (*)
Rolling stock	2 to 5

(\*) except for the tailing pond, depreciated using the units-of-production method.

The Corporation allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. Residual values, method of depreciation and useful lives of the assets are reviewed at least at each financial year-end and adjusted prospectively, if appropriate. Depreciation of property, plant and equipment is included in cost of sales, in exploration and evaluation assets and in general and administrative expenses based on the usage of related asset.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income when the asset is derecognized.

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of the asset. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. Capitalization of borrowing costs ceases when the asset is completed and ready for its intended use. All other borrowing costs are recognized as financial expenses in the consolidated statement of comprehensive income as incurred.

##### Exploration and evaluation assets

###### *Recognition and measurement*

Exploration and evaluation activity involves the search for mineral deposits, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

- Acquisition of rights to explore;
- researching and analyzing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements;
- activities involved in evaluating the technical feasibility and commercial viability of extracting mineral resources.

## Dynacor Group Inc.

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

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### 4. Material accounting policies (continued)

#### Exploration and evaluation assets (continued)

All exploration and evaluation costs are capitalized as intangible assets in exploration and evaluation assets on a property-by-property basis pending determination of the technical feasibility and commercial viability of each project. Costs incurred before the legal right to undertake exploration and evaluation activities on a project was acquired are recognized in the consolidated statement of comprehensive income as incurred. No depreciation expense is recognized on these assets during the exploration and evaluation period. All capitalized exploration and evaluation costs are recorded at acquisition cost less accumulated impairment losses.

When technical feasibility and commercial viability of extracting mineral resources are demonstrable, exploration and evaluation assets related to the mining property are transferred to property, plant and equipment in mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

The Corporation may conclude mining and mineral purchase agreements with artisanal miners. Royalties generated from these contracts are recorded as a reduction to the related deferred exploration and evaluation expenses.

The Corporation has taken steps to verify title of the mining properties in which it holds an interest, in accordance with industry standards for the current exploration stage of these properties. However, these procedures do not guarantee the validity of the Corporation's titles. Properties' titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

#### *Impairment*

Management monitors exploration and evaluation assets for indicators of impairment and when a potential impairment is indicated, an impairment test is performed. Exploration areas in which mineral resources have been discovered, but that require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of mineral resource exist or to ensure that additional exploration work is under way or planned. To the extent that capitalized expenditures are impaired they are charged to the consolidated statement of comprehensive income.

#### **Leases**

The Corporation considers whether a contract is or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration".

To apply this definition the Corporation assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Corporation.
- the Corporation has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- the Corporation has the right to direct the use of the identified asset throughout the period of use.

The Corporation assesses whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

#### *Measurement and recognition of leases*

At lease commencement date, the Corporation recognizes a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Corporation, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Corporation depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

## Dynacor Group Inc.

### Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

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#### 4. Material accounting policies (continued)

##### Leases (continued)

The Corporation also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Corporation measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Corporation's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Corporation has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

##### Impairment of non-financial assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit ("CGU") level. Whenever events or changes in circumstances indicated that the carrying amount may not be recoverable, an asset or CGU is reviewed for impairment.

Impairment assessments for exploration and evaluation assets are carried out annually on a project by project basis, with each project representing a potential single CGU. An impairment test is undertaken when indicators of impairment arise, but typically when one of the following circumstances applies:

- the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
- no further exploration or evaluation expenditures in the area are planned or budgeted;
- no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
- sufficient data exist to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property, plant and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset's or CGU's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less cost to sell and its value in use. An impairment charge is reversed if the asset's or CGU's recoverable amount exceeds its carrying amount.

Non-financial assets that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date when events or circumstances warrant such consideration.

##### Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities are measured initially at fair value. If the financial asset or liability is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's or liability's acquisition or origination.

## Dynacor Group Inc.

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

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### 4. Material accounting policies (continued)

#### Financial instruments (continued)

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

The classification depends on the entity's business model for managing the financial asset and the cash flow characteristics of the asset. The classification and measurement of the Corporation's financial assets are as follows:

##### Financial assets at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. These assets are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. Discounting is omitted where the effect of discounting is immaterial. Financial assets at amortized cost include the Corporation's cash, short-term investments and accounts receivable (excluding sales taxes receivable and advances to suppliers).

##### Financial liabilities

The Corporation's financial liabilities include trade and other payables (except wages and benefits payable) and are subsequently measured at amortized cost using the effective interest method.

##### Fair value measurement

Assets and liabilities measured at amortized cost for which the fair value is disclosed are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1- valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2- valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3- valuation techniques using inputs for the asset or liability that are not based on observable market data.

## Dynacor Group Inc.

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

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### 4. Material accounting policies (continued)

#### Impairment of financial assets

The Corporation uses the expected credit losses impairment model with respect to its financial assets carried at amortized cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument.

The Corporation accounts for expected credit losses over the life of financial assets measured at amortized cost under the simplified approach. Expected credit losses over the life of the asset are expected credit losses for all of the default events that a financial instrument may experience over its expected life. The assessment of expected credit losses reflects reasonable and justifiable information about past events, current circumstances and forecasts of events and economic conditions and takes into account the factors specific to the accounts receivable, the general condition of the economy and a current as well as expected appreciation of the conditions prevailing at year-end, including the time value of the money, if any.

#### Share-based payments

The Corporation has share-based payment plans for directors, officers, and employees, which include the following:

Equity-settled share-based payments:

- Stock option plan (the "Plan")
- Deferred share units ("DSU") program (the "DSU Plan")

Cash-settled share-based payments:

- Monetary share units ("MSU") program (the "MSU Plan")
- Performance share units ("PSU") program (the "PSU Plan")

DSUs, MSUs and PSUs are issued at the discretion of the Board.

For equity-settled share-based payments, the fair value of the services is determined indirectly by reference to the fair value of the equity instruments granted. The fair value of each option is evaluated using the Black-Scholes pricing model or a Monte Carlo simulation at the grant date. For cash-settled share-based payments, the fair value of the services is determined by reference to the liability incurred.

Equity-settled share-based payments are recognized as an expense over the vesting period, with a corresponding increase in contributed surplus within shareholders' equity. The expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to prior period expenses if the number of options exercised differs from previous estimates. Upon exercise, consideration received by the Corporation, as well as the grant date fair value of the options, is transferred to share capital.

Cash-settled share-based payments are recognized as an expense over the vesting period, with a corresponding increase in liabilities. The expense is allocated over the vesting period, based on the best available estimate of the number of share units expected to vest. Estimates are revised if necessary. Any cumulative adjustment prior to vesting is recognized in the current period. The liability is initially measured at fair value, based on the payment scheduled after three years, which will be determined by the market value of the common shares on the Toronto Stock Exchange. It is subsequently remeasured at fair value at each reporting date, with changes recognized as an expense or income in profit or loss. Upon settlement, the amount paid is recognized as a reduction of the liability.

Any share-based payments related to employees allocated to an exploration project are capitalized as exploration and evaluation assets over its vesting period.

**4. Material accounting policies (continued)****Assets retirement obligations and contingent liabilities**

Provisions are recognized when a present legal or constructive obligation, as a result of a past event, will probably lead to an outflow of economic resources from the Corporation and amounts can be estimated reliably. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

The Corporation is subject to various laws and regulations regarding environmental restoration and closure provisions for which the Corporation estimates future costs. To take account of estimated cash flows required to settle the obligations arising from environmentally acceptable closure plans (such as dismantling and demolition of infrastructures, removal of residual matter and site restoration), provisions are recognized in the period in which the obligation is incurred, that is when it is likely that an outflow will be required in settlement of the obligation and the obligation is reasonably determinable. Asset retirement obligations are determined on the basis of the best estimates of future costs, based on information available on the reporting date. Future costs are discounted at pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the obligation. A corresponding asset is recognized in property, plant and equipment when establishing the provision.

The provision is reviewed at each reporting date to reflect changes in the estimated outflow of resources as a result of changes in obligations or legislation, changes in the current market-based discount rate or an increase that reflects the passage of time. The cost of the related asset is adjusted to reflect changes in the reporting period. The costs of asset retirement are deducted from the provision when incurred. The accretion expense is recognized in comprehensive income as a financial expense as incurred.

Possible inflows of economic benefits to the Corporation that do not yet meet the recognition criteria of an asset are considered contingent assets and are not recognized.

**Income taxes**

The income taxes expense for the year comprises current and deferred income taxes as well as withholding tax on dividend paid by a subsidiary. Income tax is recognized in the consolidated statement of comprehensive income, except to the extent that it relates to items recognized directly in equity.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Corporation operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

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

Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. This is assessed based on the Corporation's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred income tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## **Dynacor Group Inc.**

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

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### **4. Material accounting policies (continued)**

#### **Income taxes (continued)**

Changes in deferred tax assets or liabilities are recognized as a component of tax income or tax expense in the consolidated statement of comprehensive income, except where they relate to items that are recognized in equity.

A translation gain or loss may arise for deferred income tax purposes where the local tax currency is not the same as the functional currency for certain non-monetary items. A deferred tax asset or liability is recognized on the difference between the carrying amount for accounting purposes (which reflects the historical cost in the entity's functional currency) and the underlying tax basis (which reflects the current local tax cost, translated into the functional currency using the closing foreign exchange rate). The translation gain or loss is recorded as deferred income tax in the consolidated statements of comprehensive income.

#### **Share capital**

Share capital represents amount received on issue of shares less issuance costs, plus the reversal of the contributed surplus on options exercised and settlement of DSUs, less the portion of share capital attributable to the repurchase of common shares.

#### **Contributed surplus**

This account is comprised of net accumulated share-based compensation expense and DSU compensation expense. This is reversed to share capital when stock options are exercised and DSUs are redeemed.

#### **Retained earnings**

Retained earnings include all current and prior period net income or losses and excess from share repurchase consideration paid over the common share carrying book value, less the amount of the repurchase of the common shares in excess of the portion attributable to share capital and dividends declared by the Corporation.

#### **Segmental reporting**

The Corporation presents and discloses segmental information based on information that is regularly reviewed by the Chief Executive Officer. The Corporation has determined that there is only one operating segment being the mining sector, comprised of exploration, evaluation and processing of mineral resources. All revenues are earned in Peru from processing of mineral resources and all non-current assets of the Corporation are held in Peru, with additional assets in Ecuador and Senegal related to the construction of ore processing plants.

#### **Earnings per share**

The Corporation presents basic and diluted earnings per share data for its common shares.

Basic earnings per share is calculated by dividing the net income for the year attributable to owners of the Corporation by the weighted average number of common shares outstanding during the year.

Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to stock options, DSUs and similar instruments is computed using the treasury stock method. The incremental number of common shares issued under stock options and DSUs and repurchased from proceeds are included in the calculation of diluted earnings per share. In the case of a loss, the diluted earnings per share are equal to the basic earnings per share due to the anti-dilutive effect of the stock options and DSUs.

**5. Judgments, estimates and assumptions**

The preparation of consolidated financial statements requires the Corporation's management to make judgments, estimates and assumptions on reported amounts of assets and liabilities, and reported amounts of revenues and expenses. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may be substantially different.

**Judgments**Business combinations and acquisitions of a group of assets that does not constitute a business

Judgment is required in determining whether an acquisition constitutes a business combination or an asset acquisition as defined in IFRS 3 – Business Combinations. When the acquisition of a group of assets does not meet the definition of a business, the acquirer identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The cost of the acquisition is measured as the aggregate fair value of the assets transferred and liabilities incurred or assumed at the acquisition date, including any transaction costs directly attributable to the acquisition. The identifiable assets and liabilities are recognized at their fair values at the acquisition date; if the aggregate fair values exceed the consideration paid, the consideration is allocated on a relative fair value basis to the identifiable assets acquired. Such a transaction does not give rise to goodwill.

Income taxes

The Corporation is subject to taxes from different tax jurisdictions. Determining the tax treatment of a transaction requires the Corporation to apply judgment in its interpretation of the applicable tax law. The tax treatment may change based on the result of assessments or audits by the tax authorities often years after the initial filing.

The Corporation recognizes and records potential liabilities for uncertain tax positions based on its assessment of taxes if an unfavorable outcome becomes probable. This assessment is based on judgment and estimates. Therefore, the final tax outcome may be different from the initial assessment and may lead to future impacts on the income statements. Management reviews the adequacy of these provisions, if any, at the end of each reporting period and adjusts them based on changing facts and circumstances.

As well, management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment and audits by tax authorities could subsequently result in additional liabilities.

**Estimation uncertainty**Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases. When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or CGU must be estimated.

In assessing impairment, management makes estimates and assumptions regarding future circumstances, whether an economically viable operation can be established, the probability that the expenses will be recovered from either future exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Corporation's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of the expenditures is unlikely, the amount capitalized is written-off in the consolidated statement of comprehensive income in the period information becomes available.

As of December 31, 2025 and 2024, management assessed that there were no impairment indicator with regards to its exploration and evaluation assets.

## Dynacor Group Inc.

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

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### 5. Judgments, estimates and assumptions (continued)

#### Impairment of property, plant and equipment and right-of-use assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of assumptions in many cases. In assessing impairment, management estimates the recoverable amount of each cash-generating asset based on discounted future cash flows. There was no impairment recorded in the previous reporting period following an impairment test.

As of December 31, 2025 and 2024, management assessed that there were no impairment indicators with regards to its property, plant and equipment and right-of-use assets.

#### Asset retirement obligations

The Corporation assesses its asset retirement obligations at each reporting date. Significant estimates and assumptions are made in determining the asset retirement obligations as there are numerous factors that will affect the ultimate amount payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditures differing from the amounts currently provided. The provision at the reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

#### Fair value of stock options, MSU and PSU

Determining the fair value of stock options, MSU and PSU requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Corporation has made estimates as to the volatility of its own shares, the expected life, the time of exercise of the stock options and expected forfeiture. The model used by the Corporation is the Black-Scholes valuation model or a Monte Carlo simulation when market conditions apply. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Corporation's future operating results.

#### Leases

Recognizing leases requires judgment and use of estimates and assumptions. Judgment is used to determine whether there is reasonable certainty that a lease extension or cancellation option will be exercised. Furthermore, management estimates are used to determine the lease terms and the appropriate interest rate to establish the lease liability.

## Dynacor Group Inc.

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

### 6. Acquisition of the Svetlana plant

On July 14, 2025, the Corporation completed the acquisition of 100% of the shares of Arkham Metal S.A.S. ("Arkham") for a total purchase price of \$9.75 million, paid in cash. Arkham was the owner-operator of a permitted carbon-in-pulp (CIP) processing plant (the "Svetlana Plant") located in Portovelo, Ecuador. As Svetlana had been under care and maintenance since second quarter of 2020, the Corporation intends to refurbish the plant, and ramp up production capacity up to 300 tonnes per day, before progressively increasing to 500 tonnes per day. The Corporation also incurred transaction costs of \$0.2 million related to the acquisition.

The transaction does not qualify as a business combination, as significant inputs and processes that together constitute a business were not identified, given the plant was under care and maintenance at the acquisition date. Consequently, the acquisition was accounted for as an asset acquisition, and the purchase price was allocated to the assets acquired and liabilities assumed based on their relative fair values at the date of acquisition. Acquisition costs were capitalized as part of the cost of the assets acquired.

The consideration and allocation of purchase price to assets acquired and liabilities assumed are as follows:

<b>Consideration paid</b>	
Cash	9,750,000
Transaction costs	198,258
<b>Total consideration</b>	<b>9,948,258</b>
<b>Assets acquired and liabilities assumed</b>	
Cash	46,669
Inventories	634,770
Prepaid expenses and other assets	19,211
Property, plant and equipment	20,728,827
Trade and other payables	(63,028)
Asset retirement obligations	(11,418,191)
<b>Net assets acquired</b>	<b>9,948,258</b>

## Dynacor Group Inc.

### Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

#### 7. Cash and short-term investments

	2025	2024
	\$	\$
Cash <sup>(1)</sup>	33,487,780	19,819,162
Short-term investments <sup>(2)</sup>	-	5,998,457
	<b>33,487,780</b>	<b>25,817,619</b>

(1) As at December 31, 2025, \$644,564 (\$933,376 as at December 31, 2024) has been given as collateral against stand-by letters of credit.

(2) Short-term investments consist of marketable securities with investment periods exceeding 90 days, which can be redeemed at any time without penalties.

#### 8. Accounts receivable

	2025	2024
	\$	\$
Sales tax receivable <sup>(1)</sup>	27,300,333	16,361,058
Trade and other receivables <sup>(2)</sup>	8,044,551	7,361,432
Advances to suppliers	1,875,752	24,100
	<b>37,220,636</b>	<b>23,746,590</b>

(1) \$23.6 million recovered subsequent to year-end.

(2) \$7.3 million recovered subsequent to year-end.

The Corporation's gold sales, at market price in effect at the time of delivery, were done with one sole customer of which its co-president is a director of the Corporation. Economic dependence is mitigated as the Corporation can sell its gold to numerous clients worldwide.

#### 9. Inventories

	2025	2024
	\$	\$
Ore	22,109,767	18,773,106
Gold in process	14,929,695	9,507,261
Supplies <sup>(1)</sup>	1,977,356	1,095,378
	<b>39,016,818</b>	<b>29,375,745</b>

No inventories are carried at fair value less cost to sell at December 31, 2025 and 2024.

(1) Includes inventories acquired as part of the Svetlana Plant asset acquisition in Ecuador in July 2025 (see Note 6).

## Dynacor Group Inc.

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

### 10. Property, plant and equipment

	Land	Buildings	Plant & equipment	Rolling stock	Construction in progress	Total
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
Balance, January 1, 2025	1,384,997	8,134,976	32,206,675	5,017,804	-	46,744,452
Acquisition of the Svetlana Plant (note 6)	1,616,371	-	-	-	19,112,456	20,728,827
Additions	-	496,315	3,871,583	440,727	4,249,963	9,058,588
Disposals	(249,399)	(45,886)	(3,143,501)	(679,003)	-	(4,117,789)
Other changes	-	-	(329,642)	-	-	(329,642)
<b>Balance, December 31, 2025</b>	<b>2,751,969</b>	<b>8,585,405</b>	<b>32,605,115</b>	<b>4,779,528</b>	<b>23,362,419</b>	<b>72,084,436</b>
<b>Accumulated Depreciation</b>						
Balance, January 1, 2025	-	2,410,620	15,431,813	2,741,840	-	20,584,273
Depreciation	-	418,101	2,820,202	703,483	-	3,941,786
Depreciation capitalized to construction in progress	-	-	2,734	30,018	-	32,752
Disposals	-	(2,978)	(1,284,783)	(628,320)	-	(1,916,081)
<b>Balance, December 31, 2025</b>	<b>-</b>	<b>2,825,743</b>	<b>16,969,966</b>	<b>2,847,021</b>	<b>-</b>	<b>22,642,730</b>
<b>Net book value, December 31, 2025</b>	<b>2,751,969</b>	<b>5,759,662</b>	<b>15,635,149</b>	<b>1,932,507</b>	<b>23,362,419</b>	<b>49,441,706</b>

Plant and equipment include \$0.9 million (\$3.2 million at December 31, 2024) of assets that are expected to be placed into service within the next two years. Construction in progress is reallocated to other asset categories when the related projects are completed and placed into service. Once placed into service, the assets are depreciated in accordance with the methods and useful lives disclosed in Note 4.

Excluding the asset acquisition of the Svetlana Plant in Ecuador (see note 6), year-to-date additions to construction in progress include \$0.3 million for the Svetlana plant in Ecuador, and \$3.9 million for the construction of the ore-processing pilot plant in Senegal.

	Land	Buildings	Plant & equipment	Rolling stock	Total
	\$	\$	\$	\$	\$
<b>Cost</b>					
Balance, January 1, 2024	1,384,997	8,029,366	28,569,390	4,091,921	42,075,674
Additions	-	105,610	3,883,704	1,253,739	5,243,053
Disposals	-	-	(165,770)	(327,856)	(493,626)
Other changes	-	-	(80,649)	-	(80,649)
<b>Balance, December 31, 2024</b>	<b>1,384,997</b>	<b>8,134,976</b>	<b>32,206,675</b>	<b>5,017,804</b>	<b>46,744,452</b>
<b>Accumulated Depreciation</b>					
Balance, January 1, 2024	-	1,995,803	13,129,696	2,360,074	17,485,573
Depreciation	-	414,817	2,448,160	704,364	3,567,341
Disposals	-	-	(146,043)	(322,598)	(468,641)
<b>Balance, December 31, 2024</b>	<b>-</b>	<b>2,410,620</b>	<b>15,431,813</b>	<b>2,741,840</b>	<b>20,584,273</b>
<b>Net book value, December 31, 2024</b>	<b>1,384,997</b>	<b>5,724,356</b>	<b>16,774,862</b>	<b>2,275,964</b>	<b>26,160,179</b>

## Dynacor Group Inc.

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

### 11. Exploration and evaluation assets

	Exploration properties			
	Tumipampa	Anta	Others	Total
	\$	\$	\$	\$
<b>Mining rights</b>				
Balance, January 1, 2025	1,305,496	183,193	39,466	1,528,155
Additions	-	-	1,396	1,396
Write-off	-	(4,001)	(4,494)	(8,495)
<b>Balance, December 31, 2025</b>	<b>1,305,496</b>	<b>179,192</b>	<b>36,368</b>	<b>1,521,056</b>
<b>Deferred exploration and evaluation expenses</b>				
Balance, January 1, 2025	16,735,175	306,983	-	17,042,158
Additions	11,921	-	-	11,921
<b>Balance, December 31, 2025</b>	<b>16,747,096</b>	<b>306,983</b>	<b>-</b>	<b>17,054,079</b>
<b>TOTAL</b>	<b>18,052,592</b>	<b>486,175</b>	<b>36,368</b>	<b>18,575,135</b>

	Exploration properties			
	Tumipampa	Anta	Others	Total
	\$	\$	\$	\$
<b>Mining rights</b>				
Balance, January 1, 2024	1,305,496	184,992	39,782	1,530,270
Additions	-	-	10,024	10,024
Write-off	-	(1,799)	(10,340)	(12,139)
<b>Balance, December 31, 2024</b>	<b>1,305,496</b>	<b>183,193</b>	<b>39,466</b>	<b>1,528,155</b>
<b>Deferred exploration and evaluation expenses</b>				
Balance, January 1, 2024	16,729,111	306,983	-	17,036,094
Additions	11,920	-	-	11,920
Write-off	(5,856)	-	-	(5,856)
<b>Balance, December 31, 2024</b>	<b>16,735,175</b>	<b>306,983</b>	<b>-</b>	<b>17,042,158</b>
<b>TOTAL</b>	<b>18,040,671</b>	<b>490,176</b>	<b>39,466</b>	<b>18,570,313</b>

#### Tumipampa property ("Tumipampa")

Tumipampa is located 500 km from Lima, Peru, in the Circa district, Province of Abancay, department of Apurimac. The Tumipampa project covers an area of 4,000 hectares.

#### Anta property ("Anta")

Anta is in the district of San Pedro, 72 km west of Nazca, within the Western Andean Cordillera in the Province of Lucanas, Department of Ayacucho. The Anta project covers an area of 3,800 hectares and is a copper/silver exploration prospect.

Some mining rights were not renewed in 2025 and an amount of \$8,495 was written off (\$17,995 in 2024).

## Dynacor Group Inc.

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

### 12. Trade and other payables

	2025	2024
	\$	\$
Accounts payable and accrued liabilities <sup>(1)</sup>	25,558,938	13,773,618
Accrued profit sharing <sup>(2)</sup>	2,735,121	2,708,442
Wages and benefits payable	2,123,287	1,703,371
	<b>30,417,346</b>	<b>18,185,431</b>

(1) Including \$407,675 of monthly dividends paid in January 2026 (\$337,310 as at December 31, 2024 of dividends paid in January 2025).

(2) Under Peruvian labor laws, the Corporation is required to distribute 8% of its annual taxable income before tax to employees for each of its Peruvian subsidiary. Amounts accrued as at December 31 are paid in March of the following year.

### 13. Leases

The Corporation has leases for land used in operating activities and for office spaces. The lease terms are negotiated individually and encompass a wide range of different terms and conditions.

#### Right-of-use assets

	Land	Building	Total
	\$	\$	\$
<b>Costs</b>			
Balance, January 1, 2025	730,139	536,385	1,266,524
Disposals and other changes	(469,496)	(15,283)	(484,779)
<b>Balance, December 31, 2025</b>	<b>260,643</b>	<b>521,102</b>	<b>781,745</b>
<b>Accumulated Depreciation</b>			
Balance, January 1, 2025	196,560	-	196,560
Depreciation	42,362	47,166	89,528
Disposals	(129,379)	-	(129,379)
<b>Balance, December 31, 2025</b>	<b>109,543</b>	<b>47,166</b>	<b>156,709</b>
<b>Net book value, December 31, 2025</b>	<b>151,100</b>	<b>473,936</b>	<b>625,036</b>

The land lease is located in Peru, while the office lease is located in Canada.

## Dynacor Group Inc.

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

### 13. Leases (continued)

#### Right-of-use assets (continued)

	Land	Building	Total
	\$	\$	\$
<b>Costs</b>			
Balance, January 1, 2024	730,139	127,860	857,999
Additions	-	536,385	536,385
Disposals and other changes	-	(127,860)	(127,860)
<b>Balance, December 31, 2024</b>	<b>730,139</b>	<b>536,385</b>	<b>1,266,524</b>
<b>Accumulated Depreciation</b>			
Balance, January 1, 2024	134,231	110,812	245,043
Depreciation	62,329	17,048	79,377
Disposals and other changes	-	(127,860)	(127,860)
<b>Balance, December 31, 2024</b>	<b>196,560</b>	<b>-</b>	<b>196,560</b>
<b>Net book value, December 31, 2024</b>	<b>533,579</b>	<b>536,385</b>	<b>1,069,964</b>

#### Lease liabilities

	2025	2024
	\$	\$
Balance, beginning of the year	1,107,460	635,691
Additions	-	536,385
Disposals	(400,450)	-
Repayment of lease liabilities and interests' payments	(187,656)	(64,616)
<b>Balance, end of the year</b>	<b>519,354</b>	<b>1,107,460</b>

The future minimum lease payments due for the next years are as follows:

	2025	2024
	\$	\$
Within one year	65,781	121,942
1 to 2 years	65,781	149,618
2 to 5 years	210,501	468,269
After 5 years	338,333	720,186
	<b>680,396</b>	<b>1,460,015</b>
Less: implicit interest from 5.0% to 7.0%	(161,042)	(352,555)
	<b>519,354</b>	<b>1,107,460</b>
Less: current portion	23,094	67,281
	<b>496,260</b>	<b>1,040,179</b>

#### Lease payments not recognised as a liability

The expense relating to payments not included in the measurement of a lease liability is \$227,000 for the year ended December 31, 2025 (\$183,000 for the year ended December 31, 2024) and relates to short term leases and leases of low-value assets.

The Corporation has short-term lease agreements (less than 12 months and leases of low-value assets). As at December 31, 2025, future minimum lease payments required to meet obligations total \$499,500 (\$116,000 as at December 31, 2024).

## Dynacor Group Inc.

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

### 14. Asset retirement obligations

The table below presents the reconciliation of the provision for asset retirement obligations for the years ended:

	2025	2024
	\$	\$
Balance, beginning of the year	3,732,093	3,723,833
Acquisition of the Svetlana Plant (note 6)	11,418,191	-
Changes in assumptions	(329,642)	(80,649)
Disposals	(98,533)	-
Accretion of discounted cash flows	107,633	88,909
<b>Balance, end of the year</b>	<b>14,829,742</b>	<b>3,732,093</b>

The provision for closure of production facilities represents the present value of the closure costs that are expected to be incurred between the years 2026 and 2038 for the Veta Dorada Plant, and between 2026 and 2045 for the Svetlana Plant. These estimates are based on studies prepared by independent advisers that meet the environmental regulations in effect. The provision for closure of the production facilities corresponds mostly to activities that must be carried out for restoring the areas affected by operation and production activities. The principal works to be performed correspond to earthworks, re-vegetation efforts and dismantling of the production facilities. Closure budgets are reviewed regularly to consider any significant change in the studies conducted. Nevertheless, the closure costs will depend on the market prices for the closure works required, which would reflect future economic conditions. Also, the time when the disbursements will be made depends on the useful life of the facilities.

As of December 31, 2025, the future value of the provision for closure of facilities for the Veta Dorada Plant is \$5.3 million (\$4.9 million as at December 31, 2024), which has been discounted using annual risk-free rates up to 3.57% in periods of up to 13 years, and \$13.2 million for the Svetlana Plant which has been discounted using annual risk-free rates up to 3.76% in periods of up to 20 years. The latter includes \$8.6 million related to the rehabilitation of two historical tailing ponds that were operated in the past.

The Corporation believes that the provision for the Veta Dorada Plant is sufficient to meet the current environmental protection laws approved by the Ministry of Energy and Mines ("MEM") in Peru. As of December 31, 2025, the Corporation has constituted letters of credit in favor of the MEM for \$5,066,304 (\$5,087,553 as at December 31, 2024) to secure closure plans of its production facilities.

## Dynacor Group Inc.

### Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

#### 15. Share capital

##### a) Shares authorized

Unlimited number of common shares, without par value.

##### Issued and fully paid

Movements in the Corporation's share capital during the year are as follows:

	2025		2024	
	Number of common shares	Amount \$	Number of common shares	Amount \$
Balance beginning of year	36,387,306	21,599,310	37,387,231	21,867,982
Exercise of share purchase options i)	190,950	365,741	164,875	335,543
Settlement of deferred share units ii)	97,716	198,624	80,000	125,447
Issuance of common shares iii)	5,750,000	20,432,762	-	-
Repurchase of common shares iv)	(508,500)	(509,005)	(1,244,800)	(729,662)
<b>Balance, end of year</b>	<b>41,917,472</b>	<b>42,087,432</b>	<b>36,387,306</b>	<b>21,599,310</b>

i) During the year ended December 31, 2025, a total of 190,950 stock options were exercised (164,875 for the year ended December 31, 2024) under the Plan for a cash consideration of \$265,740 (CA\$369,484) (\$241,464 (CA\$329,800) for the year ended December 31, 2024). Upon exercise, an amount of \$100,001 (\$94,079 for the year ended December 31, 2024) which had been attributed to those stock options, was reclassified from contributed surplus to share capital.

ii) During the year ended December 31, 2025, a total of 97,716 DSUs (80,000 for the year ended December 31, 2024) were settled in connection with the departure of a director of the Corporation during the fourth quarter of 2024 and the departure of an officer during the second quarter of 2025. Upon settlement, an amount of \$198,624 (\$125,447 for the year ended December 31, 2024) which had been attributed to these DSUs was reclassified from contributed surplus to share capital.

iii) On February 6, 2025, the Corporation completed an offering of 5,750,000 common shares at a price of \$3.84 (CA\$5.50) per share, generating gross proceeds of \$22,081,414 (CA\$31,625,000) and incurring transaction costs of \$1,648,652. Certain related parties acquired an aggregate of 219,000 common shares as part of the offering.

iv) In May 2025, the TSX has approved the NCIB, over a period of twelve months commencing on May 6, 2025 and ending on May 5, 2026, under which Dynacor may purchase, for cancellation, with a daily maximum of 18,831 shares, up to 3,850,649 common shares or approximately 10% of its public float as of April 30, 2025.

In May 2024, the TSX had approved a NCIB, over a period of twelve months commencing on May 6, 2024 and ending on May 5, 2025, under which Dynacor may purchase, for cancellation, with a daily maximum of 9,362 shares, up to 2,928,607 common shares or approximately 10% of its public float as of April 22, 2024.

In May 2023, the TSX had approved the new NCIB, over a period of twelve months commencing on May 5, 2023 and ending on May 4, 2024, under which Dynacor may purchase, for cancellation, with a daily maximum of 5,719 shares, up to 3,490,716 common shares or approximately 10% of its public float as of April 26, 2023.

The extent to which Dynacor repurchases its shares and the timing of such repurchases will depend upon market conditions and other corporate considerations, as determined by the Corporation's management team. The purchases will be funded from existing cash balances.

In 2025, the Corporation has repurchased 508,500 common shares for a total cash consideration of \$1,703,331 (CA\$2,332,528), an average repurchase cost of \$3.35 (CA\$4.59) per share. Total cash consideration paid exceeded by \$1,194,326 the respective book value of the shares repurchased.

In 2024, the Corporation has repurchased 1,244,800 common shares for a total cash consideration of \$3,970,236 (CA\$5,367,288), an average repurchase cost of \$3.19 (CA\$4.31) per share. Total cash consideration paid exceeded by \$3,240,574 the respective book value of the shares repurchased. This excess, along with a tax effect of \$61,563, was recorded as a reduction of retained earnings in the Consolidated Statement of Changes in Equity.

## Dynacor Group Inc.

### Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

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#### 15. Share capital (continued)

##### *b) Dividends*

The following dividends were declared by the Corporation:

- Twelve monthly dividends cumulating CA\$0.16 per qualifying common share during the year ended December 31, 2025 resulting in a total dividend amounting to \$4,811,289 (CA\$6,722,179).
- Twelve monthly dividends cumulating CA\$0.14 per qualifying common share during the year ended December 31, 2024 resulting in a total dividend amounting to \$3,769,774 (CA\$5,147,669).

##### *c) Capital management*

The Corporation's capital structure consists of common shares, stock options and DSUs as at December 31, 2025 and 2024. The Corporation manages its capital structure and makes changes pursuant to economic conditions and conditions related to its assets. The Corporation has the ability to raise capital when it is necessary to meet its requirements and therefore, it does not have a specific target debt to capital ratio.

The Corporation's objectives in managing capital are the following:

- i. to preserve the capacity to continue its operations in order to maximize the return to its shareholders and maintain an optimal capital structure in order to increase the shareholders' equity in the long term.
- ii. to ensure the Corporation has sufficient capital to meet its short-term needs and ensure the development of its projects, ore processing activities and mining activities.
- iii. to satisfy the external requirements with regards to capital needed in respect of any lending agreements.
- iv. to maintain an optimal capital structure in order to minimize the cost of debt financing.

The Corporation is not subject to any externally imposed capital requirements. However, for the Corporation's Peruvian subsidiaries, the General Corporate Law (Peru) establishes that a minimum of 10% of the distributable profit of each year must be allocated to a legal reserve account, until this account reaches 20% of its capital (\$3,032,490 at December 31, 2025 and December 31, 2024). Dynacor may transfer the funds from this legal reserve account, but the Corporation will be obliged to replace these funds in the subsequent year.

#### 16. Share-based payments

##### *a) Share purchase options*

On August 14, 2007, the Board adopted a stock option plan (the "Plan") whereby it may grant to directors, officers, employees, or consultants options to acquire common shares up to 10% of the issued and outstanding common shares. The Board has the authority to determine the terms, limits, restrictions and conditions of the grant of options, to interpret the Plan and make all decisions relating thereto. The option exercise price is established by the Board and may not be lower than the market price of the common shares at the time of grant. The total amount of shares issuable under the Plan is 2,750,000 common shares. The options may be exercised during a period determined by the Board, which may vary, but will not exceed ten years from the date of the grant. At the June 20, 2023 annual meeting of shareholders, the shareholders approved a Board resolution authorizing an amendment to the Plan introducing a cashless exercise mechanism and a net exercise mechanism for options and to remove a reference to the addition of a cashless exercise feature from the section relating to the procedure of amendment of the Stock Option Plan.

At the June 17, 2025 annual meeting of shareholders, the shareholders approved a Board resolution authorizing an amendment to the Plan allowing the replenishment of 600,000 options previously issued under the Plan and that have already been exercised by their holders.

There are 2,750,000 of the Corporation's common shares which may be issued pursuant to the exercise of share options granted under the Plan. Of this number, 1,037,115 shares were issued as at December 31, 2025 (1,588,930 shares as at December 31, 2024) leaving a balance of 1,712,885 shares available to be issued under the Plan (1,161,070 as at December 31, 2024).

## Dynacor Group Inc.

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

### 16. Share-based payments (continued)

#### a) Share purchase options (continued)

Movements in the Corporation's share purchase options during the years ended December 31, 2025 and 2024, are as follows:

	2025		2024	
	Number of options	Weighted average exercise price CA\$	Number of options	Weighted average exercise price CA\$
Balance, beginning of year	791,375	2.38	1,185,750	2.35
Granted	493,500	5.33	70,500	5.24
Exercised	(190,950)	1.93	(164,875)	2.00
Cancelled	(149,250)	3.00	(300,000)	3.14
<b>Balance, end of year</b>	<b>944,675</b>	<b>3.91</b>	<b>791,375</b>	<b>2.38</b>
Exercisable options	527,091	2.80	733,000	2.22

The weighted average share price for the share options exercised, at the date of the exercise was CA\$5.09 (CA\$4.85 for the year ended December 31, 2024).

Outstanding options are as follows:

Outstanding options (number)	2025		Outstanding options (number)	2024	
	Average residual life span (in years)	Weighted average exercise price (CA\$)		Average residual life span (in years)	Weighted average exercise price (CA\$)
44,375	0.4	1.75	191,875	1.4	1.75
237,500	2.1	1.80	354,000	3.1	1.80
151,300	4.4	3.08	175,000	5.4	3.08
58,500	4.7	4.54	-	-	-
75,000	6.6	5.02	-	-	-
30,500	3.7	5.12	45,500	4.7	5.12
25,000	3.9	5.47	25,000	4.9	5.47
322,500	6.2	5.54	-	-	-
<b>944,675</b>		<b>3.91</b>	<b>791,375</b>		<b>2.38</b>

For the year ended December 31, 2025, 493,500 share purchase options were granted at an exercise price between CA\$4.54 and \$5.44 per option (70,500 share purchase options granted at an exercise price between CA\$5.12 and CA\$5.47 per option during the year ended December 31, 2024). The fair value of those options was \$532,163 (\$1.08 per option). The fair values of these options were determined using the Black-Scholes option pricing model based on the assertions described below.

The table below shows the assumptions, or weighted average parameters and performance conditions, applied to determine share-based compensation expenses over the life of the awards for share purchase options granted during the years ended December 31, 2025, and 2024.

## Dynacor Group Inc.

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

### 16. Share-based payments (continued)

#### a) Share purchase options (continued)

	2025	2024
Risk-free interest rate	2.72% to 3.17%	1.55% to 2.68%
Expected volatility	31.74% to 35.77%	37.6%
Expected life	60 months to 84 months	60 months
Exercise price	CA\$4.54 to CA\$5.54	CA\$5.12 to 5.47
Share price	CA\$4.54 to CA\$5.54	CA\$5.12 to 5.47
Dividend yield	2.89% to 3.52%	2.6 to 2.7%
Forfeiture rate	0.00% to 4.00%	0.0%

The volatility has been estimated based on the historical share prices of Dynacor over the expected average life of the options.

#### b) Deferred share units "DSU"

Effective May 11, 2015, the Corporation put in place the DSU Plan, whereby the Board may grant to its directors, officers and shareholders DSUs. DSUs are units that are credited to an eligible participant's account, the value of which, on a particular date, shall be equal to the fair market value of the Corporation's common share for such date. The Board has the authority to determine the number of DSUs to be awarded and the terms and conditions of each award. As at December 31, 2025, 1,000,000 shares are reserved for issuance under the DSU Plan and 350,226 have already been settled. DSUs can only be settled following departure from the Corporation in accordance with the terms of the DSU Plan.

Effective July 1, 2024, the Corporation terminated its DSU Plan, it being understood that the DSU Plan continues to have effect only for the purposes of DSU previously credited under the DSU Plan, which shall remain outstanding and be settled in due course in accordance with the terms of the DSU Plan.

A summary of the activity related to the Corporation's DSUs during the years ended December 31, 2025 and 2024, is provided below.

	2025		2024	
	Numbers of DSUs	Amount \$	Numbers of DSUs	Amount \$
Balance, beginning of year	604,725	1,223,519	636,844	1,159,508
Granted	-	-	47,881	189,458
Settled	(97,716)	(198,624)	(80,000)	(125,447)
<b>Balance, end of year</b>	<b>507,009</b>	<b>1,024,895</b>	<b>604,725</b>	<b>1,223,519</b>

## Dynacor Group Inc.

### Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

#### 16. Share-based payments (continued)

##### c) Monetary share units "MSU"

Effective January 1, 2024, the Corporation put in place the Long-Term Incentive Plan, whereby the Board may grant MSUs to its directors and officers as part of their long-term compensation package, entitling them to receive payout in cash. The MSUs granted are scheduled for payout after three years or upon the departure of the participants. The value of the payout is determined by multiplying the number of MSUs by the average closing price of the Corporation's shares over the last five trading days preceding the end of the three-year period or the departure date.

A summary of the activity related to the Corporation's MSUs during the years ended December 31, 2025 and 2024, is provided below.

	2025	2024
	Number of MSUs	Number of MSUs
Balance, beginning and end of year	44,816	-
Granted	106,774	47,915
Cancelled	(3,348)	-
Settled	(3,348)	(3,099)
<b>Balance, end of year</b>	<b>144,894</b>	<b>44,816</b>

##### d) Performance share units "PSU"

Under the Corporation Long-Term Incentive Plan, the Board may grant PSUs to its officers as part of their long-term compensation package, entitling them to receive payout in cash if the vesting conditions are met. The vesting conditions are based on the market conditions, and both the Corporation's performance and individual performance. The PSUs granted are scheduled for payout after three years provided that the applicable vesting conditions are met at the end of the performance cycle. The number of PSUs is based on various criteria including the officer's individual performance and the Corporation's share price at the beginning of the year. The value of the payout is determined by multiplying the number of PSUs vested at the end of the performance cycle by the average closing price of the Corporation's shares in the last five trading days prior to the end of said performance cycle.

##### e) Share-based compensation expense

The following table provides a breakdown of share-based compensation expense by type of share unit during the year ended December 31, 2025 and 2024, is provided below.

	2025	2024
	\$	\$
<b>Share-based compensation expense</b>		
Share purchase options	272,356	63,461
DSUs	-	189,458
MSUs	429,688	250,943
PSUs	(25,216)	168,415
	<b>676,828</b>	<b>672,277</b>

## Dynacor Group Inc.

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

### 16. Share-based payments (continued)

#### f) Share unit plan liabilities

The following table details the share unit plan liabilities:

	2025	2024
	\$	\$
Short-term	-	61,696
Long term	790,294	326,177
	<b>790,294</b>	<b>387,873</b>

### 17. Income taxes

The major components of the income tax expense are:

	Years ended December 31,	
	2025	2024
	\$	\$
Current income tax:		
Current income tax charge	9,385,586	9,989,681
Deferred income tax:		
Relating to origination and reversal of temporary differences	(983,781)	(111,856)
Total tax expense	<b>8,401,805</b>	<b>9,877,825</b>

The reconciliation between tax expense and the income before income taxes multiplied by the Corporation's weighted average domestic and Peruvian statutory tax rate for the years ended December 31, 2025 and 2024 is as follows:

	Years ended December 31,	
	2025	2024
	\$	\$
Weighted average domestic and Peruvian statutory tax rate	30.13%	29.81%
Income before income taxes	29,690,333	26,755,100
Income taxes at the composite statutory rates	8,944,850	7,976,783
Differences attributable to:		
Non-deductible expenses	281,669	360,569
Effect of currency translation on tax basis <sup>(1)</sup>	(1,085,758)	70,373
Other effects of currency translation and other differences	(1,364,946)	274,828
Withholding tax on dividend	550,000	575,000
Unused tax losses for which no deferred taxes were recognized	1,075,990	620,272
Total tax expense	<b>8,401,805</b>	<b>9,877,825</b>

- (1) During the year ended December 31, 2025, the Corporation recognized a deferred tax recovery in the amount of \$1,085,758 (deferred tax expense in the amount of \$70,373 during the year ended December 31, 2024) related to the difference between the carrying amount for accounting purposes and (which reflects the historical cost in the entity's functional currency) and the underlying tax basis (which reflects the current local tax cost, translated into the functional currency using the closing foreign exchange rate).

## Dynacor Group Inc.

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

### 17. Income taxes (continued)

#### Deferred income tax assets (liabilities)

The following table provides a breakdown of the Corporation's deferred income tax assets (liability):

	Years ended December 31,	
	2025	2024
	\$	\$
Property, plant and equipment <sup>(2)</sup>	1,639,918	601,471
Exploration and evaluation assets <sup>(2)</sup>	(1,469,066)	(1,473,809)
Other temporary differences	247,506	306,915
	<b>418,358</b>	<b>(565,423)</b>

(2) Including effect of currency translation on tax bases.

The following table provides a breakdown of the deductible temporary differences for which no tax assets have been recognized in the consolidated statement of financial position:

	Years ended December 31,	
	2025	2024
	\$	\$
Non-capital losses	28,366,099	22,177,137
Capital losses	10,436,112	10,436,112
	<b>38,802,211</b>	<b>32,613,249</b>

## Dynacor Group Inc.

### Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

#### 17. Income taxes (continued)

As at December 31, 2025, the Corporation has unrecognized tax losses in various jurisdictions that may be used to reduce future taxable income and that expire according to the schedule presented below.

	\$
Canada (expire between 2027-2045)	26,037,795
Ecuador (expire between 2026-2030)	640,666
Senegal (expire between 2026-2028)	1,180,678
Other (expire between 2028-2030)	506,960
<b>Total</b>	<b>28,366,099</b>

Accumulated capital losses of \$10,436,112 (\$10,436,112 in 2024) in Canada can be applied in reduction of future capital gains and may be carried forward indefinitely.

#### 18. Earnings per share

Both the basic and diluted earnings per share have been calculated using the net income as the numerator, i.e. no adjustment to net income was necessary in 2025 and 2024.

	Year ended December 31,	
	2025	2024
Net income for the year	<b>\$21,288,528</b>	\$ 16,877,275
Weighted average number of common share outstanding	<b>41,456,437</b>	36,550,810
Dilutive share purchase options and DSUs <sup>(1)</sup>	<b>903,742</b>	1,170,419
Weighted average number of outstanding shares for diluted earnings per share	<b>42,360,179</b>	37,721,229
Basic earnings per share	<b>\$0.51</b>	\$0.46
Diluted earnings per shares <sup>(1)</sup>	<b>\$0.50</b>	\$0.45

(1) In 2025, 453,000 stock options were excluded from the calculation of diluted earnings per share, as their exercise prices were higher than the average market price of Dynacor shares (none in 2024).

## Dynacor Group Inc.

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

### 19. Information included in the consolidated statements of comprehensive income

The following table provides a breakdown of employee remuneration:

	Years ended December 31,	
	2025	2024
	\$	\$
<b>Salaries and short-term employee benefits</b>		
Cost of sales	9,519,172	7,673,187
General and administration expenses	6,256,764	4,070,208
Other project expenses	76,540	358,278
Salaries and short-term employee benefits	15,852,476	12,101,673
<b>Share-based compensation</b>		
General and administration expenses	676,828	672,277
<b>Total employee remuneration</b>	<b>16,529,304</b>	<b>12,773,950</b>

	Years ended December 31,	
	2025	2024
	\$	\$
<b>Cost of sales</b>		
Ore	323,341,703	216,467,766
Salaries, benefits and other employee expenses	10,492,322	8,314,372
Production supplies	6,045,093	5,918,225
Transportation	8,820,712	8,224,995
Other production costs	5,515,633	3,223,142
Provision for impairment of accounts receivable	(11,284)	(9,420)
Depreciation of property, plant and equipment and of right-of-use assets	3,675,224	3,322,699
Peruvian profit-sharing expense	1,829,701	2,070,178
Variation of finished goods – Gold bars	-	2,661,380
Variation of gold in process inventory	(5,422,434)	(1,585,702)
	<b>354,286,670</b>	<b>248,607,635</b>

	Years ended December 31,	
	2025	2024
	\$	\$
<b>General and administrative expenses</b>		
Salaries, benefits and other employee expenses	6,420,130	4,116,961
Office and other expenses	1,859,869	1,054,967
Professional fees	2,513,361	870,762
Promotion, investor relation and corporate expenses	877,439	319,323
Travel expenses	569,925	331,442
Depreciation of property, plant and equipment and of right-of-use assets	345,852	297,762
Peruvian profit-sharing expense	794,653	641,796
Share-based compensation (Note 16 e))	676,828	672,277
	<b>14,058,057</b>	<b>8,305,290</b>

## Dynacor Group Inc.

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

### 19. Information included in the consolidated statements of comprehensive income (continued)

	Years ended December 31,	
	2025	2024
	\$	\$
<b>Other project expenses</b>		
Other project expenses	1,343,618	1,376,902
Write-off of other project assets <sup>(1)</sup>	1,165,059	-
	<b>2,508,677</b>	<b>1,376,902</b>

(1) During the year, the Corporation recorded a write-off of certain capitalized costs incurred as part of initiatives to duplicate its business model in the same or other jurisdictions, following management's reassessment of their recoverability.

	Years ended December 31,	
	2025	2024
	\$	\$
<b>Financial income</b>		
Interest and other financial income	1,440,620	1,346,376
<b>Financial expenses</b>		
Interest on lease liabilities	170,100	38,915
Other interest and financial expenses	441,756	354,597
Accretion expense on asset retirement obligation	107,633	88,909
	<b>719,489</b>	<b>482,421</b>

	Years ended December 31,	
	2025	2024
	\$	\$
<b>Depreciation</b>		
Depreciation of property, plant and equipment	3,632,862	3,260,370
Depreciation of right-of-use assets	42,362	62,329
Depreciation included in costs of sales	3,675,224	3,322,699
Depreciation of property, plant and equipment	298,686	280,714
Depreciation of right-of-use assets	47,166	17,048
Depreciation included in general and administration expenses	345,852	297,762
Depreciation of property, plant and equipment	10,238	26,257
Depreciation included in other project expenses	10,238	26,257
	<b>4,031,314</b>	<b>3,646,718</b>

## Dynacor Group Inc.

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

### 20. Information included in the statements of cash flows

	Years ended December 31,	
	2025	2024
	\$	\$
<b>Changes in working capital items</b>		
Accounts receivable	(11,191,498)	(10,453,231)
Current tax assets and liabilities	(4,095,233)	333,111
Inventories	(9,006,303)	2,549,077
Prepaid expenses	(135,833)	(83,789)
Trade and other payables	11,043,717	2,829,073
	(13,385,150)	(4,825,759)

  

	Years ended December 31,	
	2025	2024
	\$	\$
<b>Other operating items</b>		
Unrealized foreign exchange loss (gain)	(760,219)	24,958
Settlement of share-based compensation	(21,748)	(12,485)
Other	159,410	(159,410)
	(622,557)	(146,937)

### 21. Financial Instruments

#### Fair value

The carrying amounts of financial instruments are presented in the consolidated statements of financial position at amortized cost according to the Corporation's accounting policies. Cash, short-term investments, accounts receivable (excluding sales tax receivable and advances to suppliers) and trade and other payables (excluding wages and benefits payable) are accounted for at amounts approximating fair values due to the immediate or short-term maturities of these financial instruments.

#### Exposure and management of risk

The Corporation is exposed to a certain number of risks at different levels.

#### **A. Market risk**

##### i) Foreign currency risk

The functional currency of the Corporation is the United States dollar. The Corporation is subject to foreign exchange risk as a significant portion of its operating costs and revenues are denominated in Canadian dollars and in Peruvian soles. The Corporation is, therefore, subject to gains and losses due to fluctuations in the Canadian dollar and the Peruvian sol relative to the United States dollar. The Corporation does not use derivatives to manage the exposure to foreign exchange risk.

## Dynacor Group Inc.

### Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

## 21. Financial Instruments (continued)

### A. Market risk (continued)

#### ii) Foreign currency risk (continued)

The Corporation has balances in cash, receivables as well as payables in foreign currencies and is therefore exposed to the foreign exchange risk regarding these amounts. The significant balances in foreign currencies as at December 31, 2025 and 2024 are as follows:

	2025		2024	
	Canadian dollars	Peruvian soles	Canadian dollars	Peruvian soles
Cash	12,109,733	226,996	1,958,698	397,515
Accounts receivable	217,055	94,885,900	60,271	61,326,408
Current tax assets (liabilities)	-	7,209,804	-	(7,998,026)
Trade and other payables	(2,096,871)	(38,522,379)	(1,717,531)	(23,313,261)
Net balance	10,229,917	63,800,321	301,438	30,412,636
Equivalent in US\$	7,463,824	18,962,794	209,492	8,079,872

Assuming all other variables constant, an increase or a decrease of 5% of the United States dollar against the Peruvian sol, the net income and the equity of the Corporation at December 31, 2025, would have varied by approximately \$948,000 (\$404,000 for the year ended December 31, 2024).

Assuming all other variables constant, an increase or a decrease of 5% of the United States dollar against the Canadian dollar, the net income and the equity of the Corporation at December 31, 2025, would have varied by approximately \$373,000 (\$10,500 for the year ended December 31, 2024).

#### ii) Price risk

The Corporation's profitability is exposed to price risks notably those linked to the price of gold. The Corporation does not have financial instruments exposed to gold price fluctuations.

### B. Credit risk

The Corporation is exposed to this risk from various financial instruments. The maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at December 31. The Corporation currently sells all its gold to one sole customer and therefore is exposed only to the credit risk associated with this client. The Corporation collects ninety-five percent of each sales invoice amount within twenty-four hours of the export and the remaining balance within three to ten days. As a result, the expected credit risk is immaterial.

Advances to suppliers are made with a large number of suppliers. The Corporation conducts a review of all advances to suppliers and records a provision for expected credit loss when deemed uncollectable.

The credit risk for cash and short-term investments is considered negligible, since the counterparties are reputable banks or governments. All of the Corporation's accounts receivable have been reviewed for indicators of impairment, and the expected credit losses are considered immaterial.

## Dynacor Group Inc.

### Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

## 21. Financial Instruments (continued)

### C. Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they become due. The contractual commitments for liabilities, including related interest, as at December 31, 2025, are as follows:

	Total	Within 6 months	Between 6 and 12 months	Between 2026 and 2027	Beyond 2027
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities (Note 12)	25,558,938	25,558,938	-	-	-
Short-term leases (Note 13)	499,500	159,000	132,000	208,500	-
Other commitments with suppliers (Note 23)	8,471,000	5,267,000	1,010,000	1,320,000	874,000
	<b>34,529,438</b>	<b>30,984,938</b>	<b>1,142,000</b>	<b>1,528,500</b>	<b>874,000</b>

As at December 31, 2025, the Corporation had \$33,487,780 in cash (\$19,819,162 as at December 31, 2024).

### D. 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.

Fluctuations of market interest rates have little impact on the Corporation's financial results since the Corporation does not have variable rate debt outstanding as of December 31, 2025.

## 22. Related party transactions and disclosures

### Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation as a whole. The Corporation has determined that key management personnel consist of members of the Corporation's Board of Directors, corporate officers, including the Corporation's Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Vice President Business development, Latin America up to April 2025.

Remuneration recorded to key management personnel can be summarized as follows:

	Years ended December 31,	
	2025	2024
	\$	\$
Salaries, benefits and directors' fees	1,578,898	1,523,912
Share-based compensation <sup>(1)</sup>	518,256	670,712
	<b>2,097,154</b>	<b>2,194,624</b>

(1) Represents the share-based compensation expense charged to the consolidated statement of comprehensive income during the year.

## Dynacor Group Inc.

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(Expressed in US dollars)

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### 22. Related party transactions and disclosures (continued)

#### *Other related parties*

In the normal course of operations and at fair value, being the amount of consideration determined and agreed to by the related parties:

A firm of which an officer of the Corporation is a partner, charged legal professional fees amounting to \$508,985 for the year ended December 31, 2025 (\$114,495 for the year ended December 31, 2024).

A Director charged consulting fees relating to the revision of ESG procedures and amounting to \$5,506 for the year ended December 31, 2025 (\$12,840 for the year ended December 31, 2024).

### 23. Contingencies and other commitments

#### *Sunat audits*

On October 26, 2021, October 28, 2022, December 29, 2022, and August 29, 2025, respectively, a Corporation subsidiary received notices of assessment from the Peruvian tax authorities, in Peruvian Sol, for each of the 2015, 2016, 2017 and 2019 fiscal years in the aggregate amount equivalent to \$22.6 million including \$16.2 million in penalties and interests. Additional penalties and interests since the notices of assessment are estimated at \$2.2 million. The main item of the assessment relates to the ore purchased from certain suppliers, qualified as non-genuine transactions by the local tax authorities and therefore considered by the authorities as non-deductible expenses.

The Corporation and its legal tax counsel strongly believe that ore purchases are genuine and fully supported deductible transactions. Therefore, the Corporation contested these claims.

The Corporation recorded a tax provision related to uncertain tax position for items other than ore purchases, for the amount of \$0.8 million (including \$0.6 million in penalties and interest). Although the Corporation considers that the judgments and estimates made are reasonable, actual results could differ and resulting adjustments could materially affect the consolidated financial statements.

#### *Other commitments*

The Corporation has contractual commitments for purchases with suppliers. As at December 31, 2025, the obligations are \$8,471,000 over the next 3 years (\$1,453,000 as at December 31, 2024), of which \$4,906,182 relates to capital expenditures for construction and equipment purchases.