

**FORM 51-102F4**  
**BUSINESS ACQUISITION REPORT**

**Item 1 Identity of Company**

**1.1 Name and Address of Company**

Discovery Silver Corp. ("Discovery" or the "Company")  
Suite 701 – 55 University Avenue  
Toronto, Ontario  
L5M 6L9

**1.2 Executive Officer**

Tony Makuch  
President and CEO  
(416) 613-9410

**Item 2 Details of Acquisition**

**2.1 Nature of Business Acquired**

On April 15, 2025, the Company acquired all the outstanding shares of Dome Mine Ltd., a wholly-owned subsidiary of Newmont Corporation ("Newmont"), that owns a 100% interest in the Porcupine Complex ("Porcupine") located in and near Timmins, Ontario (the "Acquisition").

Porcupine has produced approximately 70 million ounces of gold since 1910 and currently has both open pit and underground gold mines. Included in the acquired assets are:

- Hoyle Pond: One of the North America's highest grade gold mines with over four million ounces produced since 1987 and an excellent track record for replacing reserves;
- Borden: A relatively new mine at the center of a 1,000 km<sup>2</sup> land position where there is potential to extend the existing mining zones and where there has been very little exploration outside of the current mining area;
- Pamour: An open-pit project that is currently commencing production and has the potential to become much larger through drilling to depth and in multiple directions;
- Dome Mine: One of the pillars of Canada's gold mining history, where there remains a large mineral resource and substantial exploration upside; and,
- Dome Mill: A large-scale, central processing facility currently operating below capacity levels and with significant growth potential to accommodate increased production.

**2.2 Acquisition Date**

Discovery completed the Acquisition on April 15, 2025

**2.3 Consideration**

The total consideration for the acquisition of the Porcupine Complex from Newmont Corporation was USD \$425 million with upfront cash consideration of USD\$200 million and USD\$75 million through the issuance of 119,716,667 common shares of Discovery. In addition, deferred consideration will be provided to Newmont totaling USD\$150 million to be paid in four annual cash payments of USD\$37.5 million commencing on December 31, 2027.

To fund the Acquisition and provide liquidity in support of operating and growing the operations, Discovery completed a USD\$575 million financing package (the "Financing Package"), which

included USD\$400 million related to royalty and debt agreements with Franco-Nevada Corporation (“Franco-Nevada”), and approximately USD\$175 million (C\$247.5 million) from a bought deal public offering of subscription receipts (the “Public Offering”), which closed on February 3, 2025. Included in the USD\$400 million from Franco-Nevada were: USD\$200 million related to a 2.25% life-of mine net smelter return (“NSR”) royalty, USD\$100 million from a 2.00% NSR repayable royalty and \$100 million related to a senior debt facility. Under terms of the debt facility, the Company issued to Franco-Nevada 3,900,000 share purchase warrants, exercisable at \$0.95 with a three-year expiry.

Pursuant to the terms of the Public Offering, the Company issued an aggregate of 275,000,000 Subscription Receipts at an issue price of C\$0.90 per Subscription Receipt, for gross proceeds of \$247,500,000, which included 25,000,000 Subscription Receipts issued pursuant to the exercise, in full, of the over-allotment option granted to the underwriters of the Public Offering. Upon closing of the Public Offering, the common shares of Discovery issuable pursuant to the 275,000,000 Subscription Receipts were issued through the facilities of CDS Clearing and Depository Services Inc. in accordance with the terms of the Subscription Receipts, as applicable, on a one-for-one basis. The Subscription Receipts were delisted at the close of business on April 16, 2025.

## **2.4 Effect on Financial Position**

For details on the pro forma effect of the Acquisition on Discovery, see Item 3.

The information set out above is a summary only and is qualified in its entirety by the information contained in the pro forma financial statements attached to this Business Acquisition Report.

The unaudited pro forma adjustments described therein are based on estimates and assumptions made by management, all of which are preliminary and have been made solely for the purpose of preparing the unaudited pro forma financial statements. Changes are expected as valuations of assets acquired and liabilities assumed are completed and as additional information becomes available. Accordingly, the final fair value determinations may differ from those set forth in the unaudited pro forma condensed combined financial statements and such adjustments may be material.

## **2.5 Prior Valuations**

Not applicable.

## **2.6 Parties to Transaction**

The Acquisition was not a transaction with an informed person, associate or affiliate of the Company. Following the completion of the Acquisition, Newmont became a holder of more than 10% of the outstanding common shares of Discovery.

## **2.7 Date of Report**

June 27, 2025

## **Item 3 Financial Statements and Other Information**

The following financial statements are provided in the Appendices:

- 1) Appendix A: Audited carve-out financial statements of Porcupine as at and for the year ended December 31, 2024.

- 2) Appendix B: Unaudited carve-out financial statements of Porcupine as at and for the three months ended March 31, 2025
- 3) Unaudited pro forma consolidated financial statements as at March 31, 2025 and for the years ended December 31, 2024 and 2023.

The following financial statements are incorporated by reference and may be viewed on Discovery's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca):

- the audited consolidated financial statements of Discovery as at and for the financial years ended December 31, 2024 and December 31, 2023, together with the notes thereto.
- the unaudited condensed interim consolidated financial statements of Discovery for the three months ended March 31<sup>st</sup>, 2025 and 2024.

PricewaterhouseCoopers LLP, Discovery's external auditor and Ernst and Young LLP, Newmont's external auditor have consented to the inclusion of their audit reports in this Business Acquisition Report.

### **Cautionary Statement Regarding Forward-Looking Statements:**

This Business Acquisition Report contains the unaudited pro forma consolidated financial statements, prepared using certain of Discovery and Porcupine's respective historical financial statements as more particularly described in such unaudited statements. In preparing such unaudited pro forma statements, Discovery has not independently verified the financial statements of Porcupine that were used to prepare the unaudited pro forma consolidated financial statement. Such unaudited pro forma consolidated financial statements are not intended to be indicative of the results that actually occurred or expected in future periods. The data contained in the unaudited pro forma consolidated financial statements represents only a simulation of the potential financial impact of Discovery's acquisition of Porcupine. Assumptions were made in determining the pro forma adjustments; they are preliminary and are based on currently available financial information and certain estimates. The actual adjustments to the consolidated financial statements will depend on a number of factors and may be material. The pro forma consolidated financial statements have been prepared for illustrative purposes only and may not be indicative of the operating results or financial condition. Undue reliance should not be placed on such unaudited pro forma consolidated financial statements.

This Business Acquisition Report contains forward-looking statements that are subject to inherent risks and uncertainties. Except for statements of historical fact, information contained, or incorporated by reference, herein constitutes "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws. Such information or statements may relate to future events, facts or circumstances or the Company's future financial or operating performance or other future events or circumstances. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "planned", "expect", "project", "predict", "potential", "targeting", "intends", "believe", and similar expressions, or describes a "goal", or variation of such words and phrases or states that certain actions, events or results "may", "should", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements and forward-looking information are not guarantees of future performance and are based upon a number of estimates and assumptions of management at the date the statements are made, including among other things, the future prices of precious and other metals, the price of other commodities such as coal, fuel and electricity, currency exchange rates and interest rates; favourable operating conditions, political stability, timely receipt of governmental approvals, licenses, and permits (and renewals thereof); consistent assessments of reclamation liability and taxes; access to necessary financing; stability of labour markets and in market conditions in general; availability of equipment; the estimation of mineral resource and mineral reserve estimates, and of any metallurgical testing completed to date; estimates of costs and expenditures to complete our programs and goals; the speculative nature of mineral exploration and development in general; there being no significant disruptions affecting the development and operation of the project, including possible pandemic; exchange rate assumptions being approximately consistent with the assumptions in the report, despite tariffs and uncertainty for global markets or other trade restrictions of governments; the availability of certain consumables and services and the prices for power and other key supplies being approximately consistent

with assumptions in the report; labour and materials costs being approximately consistent with assumptions in the report and assumptions made in mineral resource estimates, including, but not limited to, geological interpretation, grades, metal price assumptions, metallurgical and mining recovery rates, geotechnical and hydrogeological assumptions, capital and operating cost estimates, reclamation liability estimates, tax liability estimates and general marketing, political, business and economic conditions. Many of these assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies, and other factors that are not within the control of Discovery and could thus cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking statements and forward-looking information.

Forward-looking information and forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any other future results, performance or achievements expressed or implied by such statements. Readers are cautioned not to put undue reliance on forward-looking statements which are not guarantees of future events. Specific reference is made to the most recently filed Annual Information Form and Management's Discussion and Analysis on file with Canadian provincial securities regulatory authority (available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca)) for a more detailed discussion of some of the risk factors underlying forward-looking statements.

Forward-looking statements and forward-looking information contained herein are made as of the date of this Report and the Company disclaims any obligation to update or revise any forward-looking statements or forward-looking information, whether as a result of new information, future events, or results or otherwise, except as required by applicable law. There can be no assurance that forward-looking statements or forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information. All forward-looking statements and forward-looking information attributable to us is expressly qualified by these cautionary statements.

Unaudited Pro Forma Consolidated Financial Statements  
(Expressed in thousands of Canadian dollars, unless otherwise noted)

## **DISCOVERY SILVER CORP.**

As at March 31, 2025;  
For the three month period ended March 31, 2025; and  
For the year ended December 31, 2024

# Discovery Silver Corp.

Unaudited Pro Forma Consolidated Statement of Financial Position

As at March 31, 2025

Expressed in thousands of Canadian dollars

	IFRS		Pro forma adjustments	Notes	Pro forma consolidated
	Discovery Silver Corp	Porcupine (Note 4)			
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 15,115	\$ –	\$ (288,256)	2(a)	\$ 395,409
			431,280	2(b)	
			237,270	2(c)	
Sales and value-added tax and other receivables	3,581	13,009	–		16,590
Prepays and deposits	301	–	–		301
Investments	193	–	–		193
Trade receivables	–	214	–		214
Inventories	–	51,128	6,055	2(a)	57,183
Stockpiles	–	52,198	44,016	2(a)	96,214
Other current assets	–	2,670	3,996	2(h)	6,666
Total current assets	19,190	119,219	434,361		572,770
<b>Non-current assets</b>					
Property, plant and mine development	3,828	2,023,201	(848,964)	2(a)	1,178,065
Value-added tax receivable	2,206	–	–		2,206
Stockpiles	–	16,617	14,012	2(a)	30,629
Mineral properties	90,249	–	–		90,249
Other-non current assets	–	5,260	3,995	2(h)	9,255
Total non-current assets	96,283	2,045,078	(830,957)		1,310,404
Total assets	\$ 115,473	\$ 2,164,297	\$ (396,596)		\$ 1,883,174
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable, accrued, and other liabilities	\$ 7,738	\$ 37,679	\$ 16,014	2(f)	\$ 61,431
Current portion of lease liabilities	241	–	–		241
Employee-related benefits	–	12,222	–		12,222
Income and mining taxes	–	7,348	(7,348)		–
Reclamation liabilities	–	62,270	(24,883)	2(a)	37,387
Other current liabilities	–	26,804	879	2(a)	27,683
Net smelter return royalty	–	–	34,965	2(b)	34,965
Total current liabilities	7,979	146,323	19,627		173,929
<b>Non-current liabilities</b>					
Other non-current liabilities	1,095	–	132,992	2(a)	134,087
Lease liabilities	1,101	–	–		1,101
Reclamation liabilities	–	685,789	(327,183)	2(a)	358,606
Deferred income tax liabilities	–	193,620	(73,188)	2(a)	120,432
Employee-related liabilities	–	29,176	–		29,176
Net smelter return royalty	–	–	396,315	2(b)	396,315
Total non-current liabilities	2,196	908,585	128,936		1,039,717
Total liabilities	10,175	1,054,908	148,563		1,213,646
<b>Shareholder's equity</b>					
Share capital	222,420	–	334,527	2(a)	794,217
			237,270	2(c)	
Contributed surplus	44,298	–	456	2(k)	44,754
Warrants	17,525	–	7,991	2(h)	25,516
Accumulated other comprehensive (loss) income	(436)	2,545	(2,545)	2(a)	(436)
Accumulated deficit	(178,509)	–	(16,014)	2(f)	(194,523)
Net parent investment	–	1,106,844	(1,106,844)	2(a)	–
Total shareholder's equity	105,298	1,109,389	(545,159)		669,528
Total liabilities and shareholder's equity	\$ 115,473	\$ 2,164,297	\$ (396,596)		\$ 1,883,174

See accompanying notes to the unaudited pro forma consolidated financial statements.

## Discovery Silver Corp.

Unaudited Pro Forma Consolidated Statement of Profit (Loss) and Comprehensive Income (Loss)

For the three month period ended March 31, 2025

Expressed in thousands of Canadian dollars

	Discovery Silver Corp.	Porcupine (Note 4)	Pro forma adjustments	Notes	Pro forma consolidated
<b>Revenues</b>					
Sales	\$ —	\$ 208,203	\$ —		\$ 208,203
<b>Expenses</b>					
Costs applicable to sales (1)	—	91,773	—		91,773
Depreciation and amortization	—	35,172	(6,922)	2(d)	28,250
General office and administration	7,223	3,827	—		11,050
Reclamation	—	8,672	184	2(g)	8,856
Advanced projects, research and development	—	967	—		967
Exploration and project evaluation expenses	5	1,414	—		1,419
Share-based compensation	1,674	—	240	2(k)	1,914
Professional fees	663	—	—		663
Loss (gain) on fair value remeasurement	(88)	—	—		(88)
Other expenses, net	—	16	1,358	2(h)	1,374
Interest expense	180	—	3,770	2(e)	3,950
Interest income	(217)	—	—		(217)
Other income	—	(540)	—		(540)
Foreign exchange loss (gain)	(183)	—	—		(183)
Income and mining tax expense (recovery)	—	20,282	(30,244)	2(j)	(9,962)
<b>Net (loss) income</b>	<b>(9,257)</b>	<b>46,620</b>	<b>31,614</b>		<b>68,977</b>
Other comprehensive income	862	—	—		862
Change in pension benefits, net of tax	—	16	—		16
<b>Comprehensive (loss) income</b>	<b>(8,395)</b>	<b>46,636</b>	<b>31,614</b>		<b>69,855</b>
Weighted average shares - basic	401,122,298	—	394,716,667	3	795,838,965
Weighted average shares - diluted	401,122,298	—	407,240,338	3	808,362,636
(Loss) earnings per share - basic	(0.02)	—	0.11		0.09
(Loss) earnings per share - diluted	(0.02)	—	0.11		0.09

(1) Excludes Depreciation and Amortization

See accompanying notes to the unaudited pro forma consolidated financial statements

# Discovery Silver Corp.

Unaudited Pro Forma Consolidated Statement of Profit (Loss) and Comprehensive Income (Loss)

For the year ended December 31, 2024

Expressed in thousands of Canadian dollars

	Discovery Silver Corp.	Porcupine (Note 4)	Pro forma adjustments	Notes	Pro forma consolidated
<b>Revenues</b>					
Sales	\$ —	\$ 921,651	\$ —		\$ 921,651
<b>Expenses</b>					
Costs applicable to sales (1)	—	427,845	50,071	2(i)	477,916
Depreciation and amortization	—	184,742	(85,484)	2(d)	99,258
General office and administration	12,977	23,704	16,014	2(f)	52,695
Reclamation	—	40,431	(1,535)	2(g)	38,896
Advanced projects, research and development	—	8,001	—		8,001
Exploration and project evaluation expenses	507	4,931	—		5,438
Share-based compensation	4,446	—	959	2(k)	5,405
Professional fees	1,480	—	—		1,480
Loss (gain) on fair value remeasurement	(9)	—	—		(9)
Impairment charges	—	152	—		152
Other expenses, net	—	1,892	5,366	2(h)	7,258
Interest expense	120	—	15,060	2(e)	15,180
Interest income	(2,201)	—	—		(2,201)
Other income	—	(6,227)	—		(6,227)
Foreign exchange loss (gain)	3,574	—	—		3,574
Income and mining tax expense (recovery)	—	54,276	7,790	2(j)	62,066
<b>Net (loss) income</b>	<b>(20,894)</b>	<b>181,904</b>	<b>(8,241)</b>		<b>152,769</b>
Other comprehensive loss	2,695	—	—		2,695
Change in pension benefits, net of tax	—	(2,081)	—		(2,081)
<b>Comprehensive (loss) income</b>	<b>(23,589)</b>	<b>183,985</b>	<b>(8,241)</b>		<b>152,155</b>
Weighted average shares - basic	398,385,856	—	394,716,667	3	793,102,523
Weighted average shares - diluted	398,385,856	—	403,969,753	3	802,355,609
Loss per share - basic	(0.05)	—	0.24		0.19
Loss per share - diluted	(0.05)	—	0.24		0.19

(1) Excludes Depreciation and Amortization

See accompanying notes to the unaudited pro forma consolidated financial statements

# Discovery Silver Corp.

Notes to the Unaudited Pro Forma Consolidated Financial Statements  
Expressed in thousands of Canadian dollars, unless otherwise noted

## 1. BASIS OF PRESENTATION

On January 27, 2025, Discovery Silver Corporation (“Discovery”) and Goldcorp Canada Ltd., a wholly-owned subsidiary of Newmont Corporation (“Newmont”), entered into a Share Purchase Agreement, under which Discovery acquired a 100% share ownership interest in Dome Mine Ltd. (“Porcupine”) (the “Transaction”). The Transaction closed effective April 15, 2025.

In connection with, and as a condition to closing the Transaction, Discovery:

- Executed a net smelter return (“NSR”) commitment letter granting a royalty in exchange for cash consideration of USD\$300,000 to be used for the Transaction and general working capital purposes (Note 2(b)).
- Executed a bought deal public offering of 275,000,000 subscription receipts at an issue price of C\$0.90 per Subscription Receipt, for gross proceeds of C\$247,500 (“Equity Financing”) (Note 2(c)).
- Executed a debt commitment letter to obtain financing through a non-revolving multiple-draw term loan facility for a maximum principal amount of USD\$100,000 (the “Commitment Amount”) (Note 2(h)).

The unaudited pro forma consolidated financial statements are based on the historical consolidated financial statements of Discovery and the historical combined financial statements of Porcupine, adjusted to give effect to the Transaction, and should be read in conjunction with the historical financial statements from which they are derived. Pro forma adjustments are limited to the Transaction accounting adjustments that reflect the accounting for Discovery’s acquisition of Porcupine and adjustments of the related financings in accordance with IFRS accounting standards.

The unaudited pro forma consolidated financial statements are presented in Canadian dollars (“CAD”), the presentation currency of Discovery, and prepared in accordance with IFRS accounting standards. The Transaction has been accounted for in the unaudited pro forma consolidated financial statements using the acquisition method under IFRS 3, Business Combinations (“IFRS 3”). Since Porcupine’s historical combined financial statements are presented in United States dollars (“USD”) and prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”), the historical financial information of Porcupine used in the pro forma statements has been converted to IFRS accounting standards and translated into CAD, which is the presentation currency of Discovery (Note 4).

The unaudited pro forma consolidated statement of financial position gives effect to the Transaction as if it had occurred on March 31, 2025, as described in Note 2. The unaudited pro forma consolidated statement of profit (loss) and comprehensive income (loss) gives effect to the Transaction as if it had occurred on January 1, 2024.

The accompanying unaudited pro forma consolidated statement of financial position as at March 31, 2025, the unaudited pro forma consolidated statement of profit (loss) and comprehensive income (loss) for the three month period ended March 31, 2025, and the unaudited pro-forma consolidated statement of profit (loss) and comprehensive income (loss) for the year ended December 31, 2024, have been prepared from the information derived from, and should be read in conjunction with:

- Unaudited condensed interim consolidated financial statements of Discovery for the three months ended March 31, 2025 and 2024;
- Unaudited condensed combined financial statements of Porcupine at and for the three months ended March 31, 2025;
- Audited consolidated financial statements of Discovery for the years ended December 31, 2024 and 2023; and
- Audited combined financial statements of Porcupine for the years ended December 31, 2024, and 2023;

# Discovery Silver Corp.

Notes to the Unaudited Pro Forma Consolidated Financial Statements  
Expressed in thousands of Canadian dollars, unless otherwise noted

The assumptions and estimates underlying the adjustments to the unaudited pro forma consolidated financial statements are described in the accompanying notes.

The pro forma adjustments are preliminary, subject to further revision as additional information becomes available and additional analyses are performed. The pro forma adjustments have been made solely for the purpose of providing unaudited pro forma combined financial information and actual adjustments, when recorded, may differ materially. The pro forma consolidated financial statements have been prepared for illustrative purposes only and may not be indicative of the operating results or financial condition that would have been achieved if the Transaction had been completed on the dates or for the periods presented, nor do they purport to project the results of operations or financial position for any future period or as of any future date. In addition to the pro forma adjustments, various other factors will have an effect on the financial condition and results of operations after the completion of the Transaction. The actual financial position and results of operations may differ materially from the pro forma amounts reflected herein due to a variety of factors.

## 2. PRO FORMA ADJUSTMENTS AND ASSUMPTIONS

### (a) Acquisition of Porcupine

Under the terms of the Share Purchase Agreement, Discovery will acquire 100% of the issued and outstanding common shares of Porcupine.

The identifiable assets acquired and liabilities of Porcupine assumed by Discovery are measured at their fair values at the acquisition date (Note 4). The following table summarizes the fair value of Porcupine's assets acquired and liabilities assumed by Discovery:

<b>Assets acquired</b>	
Trade receivables	214
Inventories	57,183
Stockpiles	96,214
Other receivables	13,009
Other current assets	2,670
Total current assets	<u>169,290</u>
Property, plant and mine development	1,174,237
Stockpiles	30,629
Other non-current assets	5,260
Total assets	<u>1,379,416</u>
<b>Liabilities assumed</b>	
Accounts payable, accrued, and other liabilities	37,679
Employee-related benefits	12,222
Reclamation liabilities	37,387
Other current liabilities	26,804
Total current liabilities	<u>114,092</u>
Reclamation liabilities	358,606
Deferred income tax liabilities	120,432
Employee-related liabilities	29,176
Total liabilities	<u>622,306</u>
<b>Net assets acquired</b>	<b><u>757,110</u></b>

## Discovery Silver Corp.

Notes to the Unaudited Pro Forma Consolidated Financial Statements  
Expressed in thousands of Canadian dollars, unless otherwise noted

<b>Consideration consists of the following components:</b>	<b>USD</b>	<b>CAD</b>
Cash paid upon closing	\$200,000	\$287,520
Fair value of Discovery shares at \$2.71/share (i)	232,698	334,527
Deferred cash consideration (ii)	92,510	132,992
Replacement of restricted share units (iii)	317	456
Net working capital surplus (iv)	512	736
Payment of transfer taxes on behalf of acquiree (v)	611	879
	<b>\$526,648</b>	<b>\$757,110</b>

- (i) The share consideration has been calculated based on the issuance of 119,716,667 common shares using Discovery's closing share price of \$2.71, which is reflective of the closing price on April 15, 2025.
- (ii) Represents the present value of deferred consideration totalling \$215,640 (USD\$150,000) payable in four tranches on each of December 31, 2027, December 31, 2028, December 31, 2029 and December 31, 2030 discounted at a rate of 12.3% and converted at the period end spot rate of 1.4376, reflected at the present value of \$132,992 (USD\$92,510) above.
- (iii) As part of the terms of the Transaction, existing restricted share units ("RSUs") of Porcupine were settled with equivalent RSUs of Discovery. The estimated fair value of the stock-based compensation related to the pre-combination service period has been included in the purchase price. The fair values of the RSUs included in the purchase price are estimated using the market share price of Discovery on the Transaction date.
- (iv) In accordance with the share purchase agreement, the purchase price was adjusted for a surplus in net working capital over the amount originally estimated.
- (v) In accordance with the share purchase agreement, Discovery is required to pay the land transfer tax on behalf of Porcupine as part of the Transaction. This amount has been included in other current liabilities in the unaudited pro forma consolidated statement of financial position.

This purchase price allocation ("PPA") is preliminary and will be finalized following the effective date of the Transaction when the valuation analysis is complete. It is assumed that the carrying values of Porcupine's assets and liabilities as at March 31, 2025 approximate fair value except for inventories, stockpiles, mineral properties and reclamation liabilities. The final figures could be materially different to those presented in these unaudited pro forma financial statements. Associated transaction costs are expensed and noted in Note 2(f).

The increase to Porcupine's inventories and stockpiles of \$64,083 reflects fair value adjustments based on the estimated selling price of inventory, less the remaining production and selling costs and a normal profit margin based on those production and selling efforts.

The net decrease of \$352,066 in Porcupine's reclamation liability includes a \$24,883 decrease to the current portion, presented in reclamation liabilities, as well as a \$327,183 decrease to the long-term portion, presented as reclamation liabilities. The net decrease reflects fair value adjustments based on the estimated cash flows required to settle the obligation discounted at a rate of 6.5% which is estimated to be Porcupine's after-tax cost of debt. The estimated cash flows include recoverable income taxes related to reclamation expenses.

The decrease to property, plant and mine development of \$848,964 relates to fair value adjustments to the mineral properties of Porcupine based on the estimated free cash flows generated over the life of the mine discounted at a rate of 17.4%. The 17.4% discount rate is based on the internal rate of return for the Transaction, as well as the weighted average cost of capital.

As a result of the Transaction, Porcupine's shareholder's equity, consisting of net parent investment and accumulated other comprehensive (loss) income, has been eliminated in full.

The income tax adjustments to the pro forma balance sheet result in an overall decrease in the

## Discovery Silver Corp.

Notes to the Unaudited Pro Forma Consolidated Financial Statements  
Expressed in thousands of Canadian dollars, unless otherwise noted

deferred income tax liabilities of \$73,188 due to Porcupine's decrease in taxable temporary differences driven primarily by fair value decreases in property, plant and mine development and recognition of a deferred tax asset arising from vendor pre-closing transaction tax planning. These were offset by fair value increases in inventory and stockpiles, fair value decreases in reclamation liabilities, and the initial recognition of the taxable temporary difference on deferred cash consideration.

### (b) Net smelter return royalty agreement

Reflects expected proceeds received of \$431,820 (USD\$300,000) to be used for the Transaction and for general working capital purposes converted at the March 31, 2025, period end spot rate of 1.4376.

The royalty shall be payable as in-kind credit in the form of refined gold and refined silver, unless the payee, at its option, elects to receive all or a portion of the royalty as a cash payment. The royalty shall be a rate of 4.25% of net smelter returns in perpetuity at all times prior to the date on which the payee has received in-kind credits of refined gold or silver or cash payments from Discovery in an amount in aggregate equivalent to 72,000 ounces of gold (the "Early Reduction Date") or the date that Discovery exercises on one single occasion to purchase an undivided 2.00% of the royalty ("Early Reduction Option"). The Early Reduction Option is only exercisable prior to the Early Reduction Date for aggregate consideration equal to the amount required for the payee to realize an unlevered 12% (annual) before tax internal rate of return on USD\$100,000 (commencing as of the execution date), taking into account 47% of the in-kind credits of refined gold or silver/payments received by the payee on account of the royalty as of such date ("Early Reduction Purchase Price"). At all times following either the Early Reduction Date or the completion of the Early Reduction Option, the royalty shall be a rate of 2.25% of net smelter returns in perpetuity. The current portion of the net smelter return royalty liability of \$34,965 reflects the expected payments which would have occurred in the twelve months following March 31, 2025.

### (c) Equity Financing

Reflects the issuance of 275,000,000 common shares of Discovery for gross proceeds of \$247,500 through the conversion of subscription receipts which entitles the holder to receive one common share of Discovery upon closing of the Transaction for each subscription receipt held. Estimated transaction costs of \$10,230 have been included as a share issuance cost resulting in net proceeds of \$237,270.

### (d) Depreciation and amortization

Adjusts depreciation and amortization as a result of the decrease to property, plant and mine development of \$848,964 as described in Note 2(a). The following table summarizes the changes in the estimated depreciation expense for property, plant and mine development in Porcupine's adjusted unaudited condensed combined statement of operations and statement of comprehensive income (loss) for the three months ended March 31, 2025 and in Porcupine's combined statement of operations and statement of comprehensive income (loss) for the year ended December 31, 2024:

	<b>Historical depreciation and amortization</b>	<b>Estimated depreciation and amortization</b>	<b>Pro forma adjustment</b>
For the three months ended March 31, 2025	\$ 35,172	28,250	(6,922)
For the year ended December 31, 2024	\$ 184,742	99,258	(85,484)

## Discovery Silver Corp.

Notes to the Unaudited Pro Forma Consolidated Financial Statements  
Expressed in thousands of Canadian dollars, unless otherwise noted

### (e) NSR subsequent measurement

Reflects the accretion expense relating to the net smelter return royalty liability had it existed beginning on January 1, 2024. The Net smelter return royalty is expected to meet the definition of a financial liability measured at amortized cost using the effective interest rate method. The accretion expense adjusted for in the pro forma consolidated statement of profit (loss) and comprehensive income (loss) represents the effective interest rate of the net smelter return royalty liability of 3.66%.

### (f) Transaction costs

Recognized in the pro forma consolidated statement of financial position and the pro forma consolidated statement of profit (loss) and comprehensive income (loss) for the year ended December 31, 2024 is \$16,014 of nonrecurring transaction costs directly related to the Transaction that are expected to be incurred subsequent to March 31, 2025.

### (g) Reclamation

Adjusts Porcupine's accretion expense as a result of the net decrease to reclamation liability of \$352,066 as described in Note 2(a). The following table summarizes the changes in the estimated reclamation expense in Porcupine's adjusted unaudited condensed combined statement of operations and statements of comprehensive income (loss):

	Historical reclamation	Estimated reclamation	Pro forma adjustment
For the three months ended March 31, 2025	\$ 8,672	8,856	184
For the year ended December 31, 2024	\$ 40,431	38,896	(1,535)

### (h) Term Facility

The term facility shall bear interest at the Secured Overnight Financing Rate ("SOFR") plus 450 basis points per annum and matures 7 years from the date of execution ("Term Facility"). Discovery shall have the right to draw under the Term Facility in advances of at least USD\$5,000 for a period of 2 years from the closing of the Term Facility (the "Availability Period") up to the Commitment Amount. Any unutilized portion of the Commitment Amount as of the end of the Availability Period will be permanently cancelled. The first principal payment will not be due until March 31, 2029, at which time quarterly repayments equal to 5% of the aggregate principal amount outstanding at the end of the Availability Period shall be due. Any principal amount and any accrued and unpaid interest remaining outstanding on the maturity date shall be due and payable. In consideration of the lender making the Term Facility available to Discovery, Discovery shall pay an upfront fee equal to 2% of the principal amount of each advance, payable prior to or at the time of each advance. In addition, Discovery issued 3,900,000 warrants to the lender, with an exercise price equal to \$0.95 Each warrant is exercisable into one common share, which shall have a term of 3 years from the date of issuance. The Term Facility includes a standby fee at a rate of 100bps per annum, calculated daily on the unutilized and uncalled portion of the Commitment Amount until the expiry of the Availability Period.

## Discovery Silver Corp.

Notes to the Unaudited Pro Forma Consolidated Financial Statements  
Expressed in thousands of Canadian dollars, unless otherwise noted

No adjustment has been made to reflect proceeds received under as Discovery does not intend to draw under the Term Facility during the Availability Period. However, transaction costs totalled \$7,991 representing the fair value of 3,900,000 warrants issued to the lender at an exercise price of \$0.95 per common share and has been included. As at March 31, 2025, \$3,996 has been recognized as Other current assets and \$3,995 as Other non-current assets to be recognized on a straight-line basis over the Availability Period of the term facility of 2 years. This results in amortization expense of the transaction costs of \$999 for the three months ended March 31, 2025 and \$3,996 for the year ended December 31, 2024. The standby fee has been calculated based on an unutilized and uncalled portion of the Commitment amount of USD\$100,000 for the relevant period.

The fair values of the warrants issued to the lender are calculated using the Black Scholes model, using the following assumptions:

Volatility	80%
Dividend yield	0%
Risk-free interest rate	2.59%
Expected term	3 years

### (i) Cost of sales

After the Transaction, the \$6,055 step-up in inventory value and the \$44,016 step-up in current stockpiles value will increase cost of sales over the following twelve months as the inventory is sold, which is reflected in the Pro Forma Consolidated Statement of Profit (Loss) and Comprehensive Income (Loss) for the year ended December 31, 2024.

### (j) Income tax

The pro forma income and mining tax expense (recovery) adjustments to the pro forma consolidated statement of profit (loss) and comprehensive income (loss) of (\$30,244) for the three months ended March 31, 2025 relate primarily to the vendor pre-closing transaction tax planning offset by fair value decreases in property, plant and mine development and reclamation liabilities as described in Note 2(a).

The pro forma income and mining tax expense (recovery) adjustments to the pro forma consolidated statement of profit (loss) and comprehensive income (loss) of \$7,790 for the year ended December 31, 2024, relate to the fair value decreases in property, plant and mine development and reclamation liabilities noted above offset by the accretion recognized on the net smelter return royalty agreement as described further in Note 2(b) and the increase in cost of sales as described further in Note 2(i).

### (k) Restricted share units

Compensation costs related to the post-combination service period of replacement RSUs issued as a result of the Transaction has been recognized in the pro forma statement of net loss. The portion of the fair value of the replacement share-based awards related to compensation costs will be recognized rateably over post-Transaction service periods ranging from 0 to 3 years.

## Discovery Silver Corp.

Notes to the Unaudited Pro Forma Consolidated Financial Statements  
Expressed in thousands of Canadian dollars, unless otherwise noted

### 3. PRO FORMA SHARE CAPITAL

A reconciliation of the number of outstanding shares of Discovery is as follows:

		<b>No. of shares</b>
Common shares of Discovery as at March 31, 2025		402,348,373
Issuance of common shares to acquire Porcupine	2(a)	119,716,667
Issuance of common shares relating to the Equity Financing	2(c)	275,000,000
Total pro-forma common shares of Discovery as at March 31, 2025		797,065,040

Pro forma basic and diluted earnings per share is calculated as follows:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>
Historical Discovery basic weighted average shares	401,122,298	398,385,856
Incremental shares issued to acquire Porcupine	119,716,667	119,716,667
Incremental shares issued relating to the Equity Financing	275,000,000	275,000,000
Pro forma combined basic weighted average shares	795,838,965	793,102,523
Impact of dilutive instruments	12,523,671	9,253,086
Pro forma combined diluted weighted average shares	808,362,636	802,355,609

Basic and diluted earnings (loss) per share has been calculated, assuming all common shares outstanding following the Transaction have been outstanding throughout all periods presented.

A reconciliation of the number of outstanding RSUs of Discovery is as follows:

		<b>No. of RSUs</b>
RSUs of Discovery as at March 31, 2025		5,600,615
Issuance of replacement RSUs	2(k)	1,072,272
Total pro-forma RSUs of Discovery as at March 31, 2025		6,672,887

A reconciliation of the number of outstanding warrants of Discovery is as follows:

		<b>No. of Warrants</b>
Warrants of Discovery as at March 31, 2025		-
Issuance of warrants to lender	2(h)	3,900,000
Total pro-forma warrants of Discovery as at March 31, 2025		3,900,000

### 4. ADJUSTMENTS TO THE HISTORICAL FINANCIAL INFORMATION OF PORCUPINE

The historical financial information of Porcupine was prepared in accordance US GAAP and presented in USD. The historical financial information was translated from USD to CAD, the presentation currency of the combined entity, using the following historical exchange rates:

	<b>USD to CAD</b>
Period end exchange rate as at March 31, 2025	1.4376
Average exchange rate for the three month period ended March 31, 2025	1.4353
Average exchange rate for the year ended December 31, 2024	1.3698

## Discovery Silver Corp.

Notes to the Unaudited Pro Forma Consolidated Financial Statements  
Expressed in thousands of Canadian dollars, unless otherwise noted

The table below presents the conversion from US GAAP to IFRS accounting standards adjustments of Porcupine's adjusted unaudited condensed combined balance sheet as at March 31, 2025:

	US GAAP		Notes	IFRS	
	Porcupine USD	US GAAP to IFRS differences USD		Porcupine USD	Porcupine CAD
<b>Assets</b>					
<b>Current assets</b>					
Trade receivables	\$ 149	\$ –		\$ 149	\$ 214
Inventories	35,565	–		35,565	51,128
Stockpiles	36,309	–		36,309	52,198
Other receivables	9,049	–		9,049	13,009
Other current assets	1,857	–		1,857	2,670
Total current assets	82,929	–		82,929	119,219
<b>Non-current assets</b>					
Property, plant and mine development	1,454,136	(46,790)	4(a)	1,407,346	2,023,201
Stockpiles	11,559	–		11,559	16,617
Other-non current assets	3,659	–		3,659	5,260
Total non-current assets	1,469,354	(46,790)		1,422,564	2,045,078
Total assets	\$ 1,552,283	\$ (46,790)		\$ 1,505,493	\$ 2,164,297
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable, accrued, and other liabilities	\$ 26,210	\$ –		\$ 26,210	\$ 37,679
Employee-related benefits	8,502	–		8,502	12,222
Income and mining taxes	5,111	–		5,111	7,348
Reclamation liabilities	43,669	(354)	4(a)	43,315	62,270
Other current liabilities	18,645	–		18,645	26,804
Total current liabilities	102,137	(354)		101,783	146,323
<b>Non-current liabilities</b>					
Reclamation liabilities	523,473	(46,436)	4(a)	477,037	685,789
Deferred income tax liabilities	142,023	(7,340)	4(d)	134,683	193,620
Employee-related liabilities	20,295	–		20,295	29,176
Total non-current liabilities	685,791	(53,776)		632,015	908,585
Total liabilities	787,928	(54,130)		733,798	1,054,908
<b>Shareholder's equity</b>					
Accumulated other comprehensive income	1,770	–		1,770	2,545
Net parent investment	762,585	7,340		769,925	1,106,844
Total shareholder's equity	764,355	7,340		771,695	1,109,389
Total liabilities and shareholder's equity	\$ 1,552,283	\$ (46,790)		\$ 1,505,493	\$ 2,164,297

# Discovery Silver Corp.

Notes to the Unaudited Pro Forma Consolidated Financial Statements  
Expressed in thousands of Canadian dollars, unless otherwise noted

The table below presents the conversion from US GAAP to IFRS accounting standards adjustments of Porcupine's adjusted unaudited condensed combined statement of operations and statement of comprehensive income (loss) for the three months ended March 31, 2025:

	US GAAP		Notes	IFRS	
	Porcupine USD	US GAAP to IFRS Difference USD		Porcupine USD	Porcupine CAD
<b>Revenues</b>					
Sales	\$ 145,059	\$ -		\$ 145,059	\$ 208,203
<b>Expenses</b>					
Costs applicable to sales (1)	63,940	-		63,940	91,773
Depreciation and amortization	25,919	(1,414)	4(b)	24,505	35,172
Reclamation	6,955	(913)	4(c)	6,042	8,672
Exploration	985	-		985	1,414
Advanced projects, research and development	674	-		674	967
General and administrative	2,666	-		2,666	3,827
Impairment charges	-	-		-	-
Other expenses	11	-		11	16
	<u>101,150</u>	<u>(2,327)</u>		<u>98,823</u>	<u>141,841</u>
Other income, net	376	-		376	540
Income before income and mining tax and other items	44,285	2,327		46,612	66,902
Income and mining tax (expense) benefit	(13,544)	(587)	4(d)	(14,131)	(20,282)
Net income	<u>\$ 30,741</u>	<u>1,740</u>		<u>\$ 32,481</u>	<u>46,620</u>
Other comprehensive income					
Change in pension benefits, net of tax	(11)	-		(11)	(16)
Other comprehensive income	(11)	-		(11)	(16)
Total net income and comprehensive income	<u>\$ 30,752</u>	<u>\$ 1,740</u>		<u>\$ 32,492</u>	<u>\$ 46,636</u>

(1) Excludes Depreciation and Amortization

The table below presents the conversion from US GAAP to IFRS accounting standards adjustments of Porcupine's adjusted unaudited condensed combined statement of operations and statement of comprehensive income (loss) for the year ended December 31, 2024:

	US GAAP		Notes	IFRS	
	Porcupine USD	US GAAP to IFRS Difference USD		Porcupine USD	Porcupine CAD
<b>Revenues</b>					
Sales	\$ 672,836	\$ -		\$ 672,836	\$ 921,651
<b>Expenses</b>					
Costs applicable to sales (1)	312,341	-		312,341	427,845
Depreciation and amortization	141,695	(6,827)	4(b)	134,868	184,742
Reclamation	29,979	(463)	4(c)	29,516	40,431
Exploration	3,600	-		3,600	4,931
Advanced projects, research and development	5,841	-		5,841	8,001
General and administrative	17,305	-		17,305	23,704
Impairment charges	111	-		111	152
Other expenses (income), net	1,381	-		1,381	1,892
	<u>512,253</u>	<u>(7,290)</u>		<u>504,963</u>	<u>691,698</u>
Other income, net	4,546	-		4,546	6,227
Income before income and mining tax and other items	165,129	7,290		172,419	236,180
Income and mining tax (expense) benefit	(37,408)	(2,215)	4(d)	(39,623)	(54,276)
Net income	<u>\$ 127,721</u>	<u>\$ 5,075</u>		<u>\$ 132,796</u>	<u>\$ 181,904</u>
Other comprehensive income					
Change in pension benefits, net of tax	(1,519)	-		(1,519)	(2,081)
Other comprehensive income	(1,519)	-		(1,519)	(2,081)
Total net income and comprehensive income	<u>\$ 129,240</u>	<u>\$ 5,075</u>		<u>\$ 134,315</u>	<u>\$ 183,985</u>

(1) Excludes Depreciation and Amortization

## Discovery Silver Corp.

Notes to the Unaudited Pro Forma Consolidated Financial Statements  
Expressed in thousands of Canadian dollars, unless otherwise noted

### (a) Reclamation liabilities and Property, Plant and Mine Development

Adjusts Porcupine's reclamation liability to reflect the use of a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability as at March 31, 2025 as required under IFRS accounting standards. The projected cash flows required to settle the obligation have been discounted at a pre-tax discount rate of 4.62% which resulted in an overall decrease to the reclamation liability of USD\$46,790 (reflected by a decrease in current reclamation liabilities of USD\$354 and a decrease in non-current reclamation liabilities of USD\$46,436). The decrease in the reclamation liability has been adjusted against the property, plant and mine development assets to which it relates.

### (b) Depreciation and amortization

Adjusts Porcupine's depreciation and amortization as a result of the decrease to property, plant and mine development of USD\$46,790 as described in Note 4(a). The following table summarizes the changes in the estimated depreciation expense for property, plant and mine development in Porcupine's adjusted unaudited condensed combined statement of operations and statements of comprehensive income (loss) in thousands of US dollars:

	Historical depreciation and amortization	Estimated depreciation and amortization	US GAAP to IFRS adjustment
For the three months ended March 31, 2025	USD\$ 25,919	24,505	(1,414)
For the year ended December 31, 2024	USD\$ 141,695	134,868	(6,827)

### (c) Reclamation

Adjusts Porcupine's accretion expense as a result of the decrease to reclamation liabilities of USD\$46,790 as described in Note 4(a). The following table summarizes the changes in the estimated reclamation expense in Porcupine's adjusted unaudited condensed combined statement of operations and statements of comprehensive income (loss) in thousands of US dollars:

	Historical reclamation	Estimated reclamation	US GAAP to IFRS adjustment
For the three months ended March 31, 2025	USD\$ 6,955	6,042	(913)
For the year ended December 31, 2024	USD\$ 29,979	29,516	(463)

### (d) Income taxes

For the purposes of the US GAAP to IFRS adjustments Porcupine's effective income tax rate was 31.4% for the year ended March 31, 2025; for the three months ended March 31, 2025; and for the year ended December 31, 2024. The effective income tax rate was used in determining adjustments to:

- Decrease deferred tax liability by USD\$7,340 as at March 31, 2025 as a result of the adjustments to reclamation liabilities and property, plant, and mine development as described in Note 4(a); and
- Increase income and mining tax expense by USD\$587 for the three months ended March 31, 2025 and increase income and mining tax expense by USD\$2,215 for the year ended December 31, 2024 as a result of the adjustments to depreciation and amortization and reclamation as described in Note 4(b) and (c).

# Porcupine

## Combined Financial Statements

At and for the years ended December 31, 2024 and 2023

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## **Report of Independent Auditors**

Board of Directors  
Newmont Corporation

### ***Opinion***

We have audited the combined financial statements of the Porcupine gold mine (the Company), which comprise the combined balance sheets as of December 31, 2024 and 2023, and the related combined statements of operations, comprehensive income (loss), changes in equity and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### ***Auditor’s Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

March 28, 2025

*Ernst & Young LLP*

**Combined Statements of Operations**  
**(in thousands)**

	<b>Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Sales (Note 4)	\$ 672,836	\$ 502,776
Costs and expenses:		
Costs applicable to sales <sup>(1)</sup>	312,341	302,272
Depreciation and amortization	141,695	117,392
Reclamation (Note 6)	29,979	117,895
Exploration	3,600	13,031
Advanced projects, research and development	5,841	8,658
General and administrative	17,305	12,804
Impairment charges (Note 3)	111	4,800
Other expense, net	1,381	744
	<u>512,253</u>	<u>577,596</u>
Other income, net	4,546	1,327
Income (loss) before income and mining tax and other items	165,129	(73,493)
Income and mining tax (expense) benefit	(37,408)	20,862
Net income (loss)	<u>\$ 127,721</u>	<u>\$ (52,631)</u>

<sup>(1)</sup> Excludes *Depreciation and amortization* and *Reclamation*.

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

**Combined Statements of Comprehensive Income (Loss)**  
**(in thousands)**

	<b>Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Net income (loss)	\$ 127,721	\$ (52,631)
Other comprehensive (loss) income:		
Change in pension benefits, net of tax	1,519	(2,034)
Other comprehensive income (loss)	1,519	(2,034)
Comprehensive income (loss)	<u>\$ 129,240</u>	<u>\$ (54,665)</u>

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

**Combined Balance Sheets  
(in thousands)**

	<b>At December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Trade receivables	\$ 89	\$ 208
Inventories (Note 9)	39,387	39,904
Stockpiles	26,051	30,966
Other receivables	6,376	17,364
Other current assets	2,633	505
Current assets	74,536	88,947
Property, plant and mine development, net (Note 10)	1,434,980	1,348,816
Stockpiles	12,285	32,776
Other non-current assets	3,659	1,603
Total assets	<u>\$ 1,525,460</u>	<u>\$ 1,472,142</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 26,615	\$ 31,516
Employee-related benefits (Note 8)	13,134	12,196
Other current liabilities (Note 12)	76,085	82,709
Current liabilities	115,834	126,421
Reclamation liabilities (Note 6)	517,514	507,597
Deferred income tax liabilities (Note 7)	133,589	153,158
Employee-related liabilities (Note 8)	19,208	20,440
Total liabilities	<u>786,145</u>	<u>807,616</u>
Commitments and contingencies (Note 13)		
<b>EQUITY</b>		
Accumulated other comprehensive income	1,759	240
Net Parent investment	737,556	664,286
Total equity	<u>739,315</u>	<u>664,526</u>
Total liabilities and equity	<u>\$ 1,525,460</u>	<u>\$ 1,472,142</u>

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

**Combined Statements of Cash Flows  
(in thousands)**

	<b>Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Operating activities:</b>		
Net income (loss)	\$ 127,721	\$ (52,631)
<b>Non-cash adjustments:</b>		
Depreciation and amortization	141,695	117,392
Reclamation	29,979	117,895
Deferred income taxes	(18,939)	(24,032)
Impairment and other charges	111	7,370
Pension expense	2,237	(1,320)
Other non-cash adjustments	(567)	2,660
Change in accounts receivable	10,482	(10,800)
Change in inventories and stockpiles	12,891	(22,229)
Change in accounts payable	(3,657)	5,860
Change in reclamation liabilities	(18,829)	(17,064)
Change in other assets and liabilities	(2,503)	1,489
<b>Net cash provided by operating activities</b>	<b>280,621</b>	<b>124,590</b>
<b>Investing activities:</b>		
Additions to property, plant and mine development	(226,065)	(149,441)
<b>Net cash used in investing activities</b>	<b>(226,065)</b>	<b>(149,441)</b>
<b>Financing activities:</b>		
Payments on lease and other financing obligations	(105)	(944)
Net transfers (to) from Parent	(54,451)	25,795
<b>Net cash (used in) provided by financing activities</b>	<b>(54,556)</b>	<b>24,851</b>
Net change in cash, cash equivalents and restricted cash	—	—
Cash, cash equivalents and restricted cash at beginning of period	—	—
<b>Cash, cash equivalents and restricted cash at end of period</b>	<b>\$ —</b>	<b>\$ —</b>

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

**Combined Statements of Changes in Equity  
(in thousands)**

	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Net Parent Investment</b>	<b>Total Equity</b>
Balance at January 1, 2023	\$ 2,274	\$ 691,122	\$ 693,396
Net loss	—	(52,631)	(52,631)
Other comprehensive loss	(2,034)	—	(2,034)
Net transfers from Parent	—	25,795	25,795
<b>Balance at December 31, 2023</b>	<b>240</b>	<b>664,286</b>	<b>664,526</b>
Net income	—	127,721	127,721
Other comprehensive income	1,519	—	1,519
Net transfers to Parent	—	(54,451)	(54,451)
<b>Balance at December 31, 2024</b>	<b>\$ 1,759</b>	<b>\$ 737,556</b>	<b>\$ 739,315</b>

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

**NOTE 1 ORGANIZATION**

In February 2024, the Board of Directors of Newmont Corporation ("Newmont" or "Parent") announced its intention to divest its Porcupine gold mine ("Porcupine" or the "Company").

Porcupine consists of the Hollinger open pit, Pamour open pit, and Hoyle Pond underground operations, located in the city of Timmins, Ontario, as well as the Borden underground operation, located near the town of Chapleau, Ontario. The Porcupine operation is comprised of 705 mining claims, 528 mining patents and 96 mining leases, issued under the Ontario Mining Act, encompassing an area of 99,015 acres (40,070 hectares). The Borden operation is comprised of 488 mining cell claims, 489 surface and mining patents and 21 surface and mining leases encompassing an area of 255,615 acres (103,446 hectares). Porcupine had 2.3 million ounces of gold reserves at December 31, 2024.

**NOTE 2 BASIS OF PRESENTATION**

The combined financial statements of Porcupine have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The Company historically existed and functioned as an operating segment of Newmont. The combined financial statements were prepared on a standalone basis and were derived from the consolidated financial statements and accounting records of Newmont. The assets, liabilities and operations of Porcupine have historically been held and managed by various legal entities within Newmont and do not represent the operations of a single, separate legal entity or a group of separate legal entities.

The combined statements of operations include all revenues and costs directly attributable to Porcupine's operations. The combined statements of operations also include an allocation of expenses related to certain Newmont corporate functions, including executive management, finance, legal, information technology, human resources and other shared services. These expenses have been allocated based on direct usage or benefit where specifically identifiable, with the remainder allocated using a proportional cost allocation method based primarily on production of gold equivalent ounces.

The Company believes the allocation methodology is reasonable for all periods presented. However, the allocations may not reflect the expenses the Company would have incurred as a standalone entity for the periods presented. Multiple factors, including the chosen organizational structure, division between outsourced and in-house functions, and strategic decisions made in areas such as information technology and capital expenditures, would impact the actual costs incurred by Porcupine. The Company determined that it is not practicable to determine these standalone costs for the periods presented. As a result, the combined financial statements are not indicative of Porcupine's financial condition, results of operations or cash flows had Porcupine operated as a standalone entity during the periods presented, and the results presented in the combined financial statements are not indicative of Porcupine's future financial condition, results of operations or cash flows.

Newmont utilizes a centralized approach to cash management and financing of its operations. These arrangements may not be reflective of the way Porcupine would have financed its operations had it been a separate, standalone entity during the periods presented. The centralized cash management arrangements are excluded from the asset and liability balances in Porcupine's combined balance sheets. These amounts have instead been included in *Net Parent investment* as a component of equity. Newmont's third-party debt and related interest expense have not been attributed to Porcupine because the Company is not the legal obligor of the debt, and the borrowings are not specifically identifiable to Porcupine's operations.

Income tax amounts in the combined financial statements have been calculated using the separate return method and presented as if Porcupine was a separate taxpayer in the respective jurisdictions.

Transactions between Porcupine and Newmont are reflected as *Net Parent investment* in the combined balance sheets and as financing activities in the combined statements of cash flows. Refer to Note 5 for additional information regarding the relationship between Porcupine and Newmont. Intercompany accounts and transactions within Porcupine have been eliminated in the preparation of the combined financial statements.

**NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Risks and Uncertainties**

As a mining operation, the Company's revenue, profitability and future rate of growth are substantially dependent on prevailing gold prices. Historically, the commodity markets have been very volatile, and there can be no assurance that gold prices will not be subject to wide fluctuations in the future. A substantial or extended decline in the price of gold could have a material adverse effect on the Company's financial position, results of operations, cash flows, access to capital and on the quantities of reserves that the Company can economically produce. The carrying value of the Company's *Property, plant and mine development, net; Inventories; Stockpiles; and Deferred income tax assets* are particularly sensitive to the outlook for gold prices. A decline in the Company's price outlook from current levels could result in material impairment charges related to these assets.

The Company is exposed to risks associated with public health crises, including epidemics and pandemics such as COVID-19, and geopolitical and macroeconomic pressures. The Company continues to experience the impacts from recent geopolitical and macroeconomic pressures. With the resulting volatile environment, the Company continues to monitor inflationary conditions, the effects of certain countermeasures taken by central banks, and the potential for further supply chain disruptions as well as an uncertain and evolving labor market.

The following factors could have further potential short- and, possibly, long-term material adverse impacts on the Company including, but not limited to, volatility in commodity prices and the price of gold, changes in the equity and debt markets or country specific factors adversely impacting discount rates, significant cost inflation impacts on production, capital and asset retirement costs, logistical challenges, workforce interruptions and financial market disruptions, energy market disruptions, as well as potential impacts to estimated costs and timing of projects.

### **Use of Estimates**

The preparation of the combined financial statements requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the related disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses, including allocations from Newmont, during the periods presented. The Company must make these estimates and assumptions because certain information used is dependent on future events, cannot be calculated with a high degree of precision from data available or simply cannot be readily calculated based on generally accepted methodologies. Actual results could differ from these estimates.

The more significant areas requiring the use of estimates and assumptions relate to mineral reserves that are the basis for future cash flow estimates utilized in impairment calculations and units-of-production amortization calculations; environmental remediation, reclamation and closure obligations; estimates of recoverable gold in stockpile inventories; estimates of fair value for asset impairments; write-downs of inventory, stockpiles to net realizable value; post-employment, post-retirement and other employee benefit liabilities; valuation allowances for deferred tax assets; provisional amounts related to income tax effects of newly enacted tax laws; provisional amounts related to uncertain tax positions; and reserves for contingencies and litigation. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Accordingly, actual results may differ from the amounts estimated in these combined financial statements.

### **Stockpiles and Inventories**

As described below, costs that are incurred in or benefit the productive process are accumulated as stockpiles and inventories. Stockpiles and inventories are carried at the lower of average cost or net realizable value. Net realizable value represents the estimated future sales price of the product based on current and long-term metals prices, less the estimated costs to complete production and bring the product to sale. Write-downs of stockpiles and inventories to net realizable value are reported as a component of *Costs applicable to sales and Depreciation and amortization*. The current portion of stockpiles and inventories is determined based on the expected amounts to be processed within the next 12 months and utilize the short-term metal price assumption in estimating net realizable value. Stockpiles and inventories not expected to be processed within the next 12 months are classified as non-current and utilize the long-term metal price assumption in estimating net realizable value. The major classifications are as follows:

#### ***Stockpiles***

Stockpiles represent ore that has been extracted from the mine and is available for further processing. Mine sequencing may result in mining material at a faster rate than can be processed. The Company generally processes the highest ore grade material first to maximize metal production; however, a blend of metal stockpiles may be processed to balance hardness and/or metallurgy in order to maximize throughput and recovery. Processing of lower grade stockpiled ore may continue after mining operations are completed. Stockpiles are measured by estimating the number of tons added and removed from the stockpile, the number of contained ounces (based on assay data) and the estimated metallurgical recovery rates (based on the expected processing method). Stockpile ore tonnages are verified by periodic surveys. Costs are added to stockpiles based on current mining costs incurred including applicable overhead and depreciation and amortization relating to mining operations and removed at each stockpile's average cost per recoverable unit as material is processed. Carrying values are evaluated at least quarterly, in accordance with the above.

#### ***In-process Inventory***

In-process inventories represent material that is currently in the process of being converted to a saleable product. Conversion processes vary depending on the nature of the ore and the specific processing facility but include mill in-circuit and carbon-in-leach. In-process material is measured based on assays of the material fed into the process and the projected recoveries of the respective processing plants. In-process inventories are valued at the lower of the average cost of the material fed into the process attributable to the source material coming from the mines, stockpiles, plus the in-process conversion costs, including applicable amortization relating to the process facilities incurred to that point in the process or net realizable value.

**Precious Metals Inventory**

Precious metals inventories include gold doré and/or gold bullion. Precious metals that result from the Company's mining and processing activities are valued at the lower of the average cost of the respective in-process inventories incurred prior to the refining process, plus applicable refining costs or net realizable value.

**Materials and Supplies**

Materials and supplies are valued at the lower of average cost or net realizable value. Cost includes applicable taxes and freight.

**Property, Plant and Mine Development****Facilities and Equipment**

Expenditures for new facilities or equipment and expenditures that extend the useful lives of existing facilities or equipment are capitalized and recorded at cost. Facilities and equipment acquired as a part of a finance lease, build-to-suit or other financing arrangement are capitalized and recorded based on the contractual lease terms. The facilities and equipment are depreciated using the straight-line method at rates sufficient to depreciate such capitalized costs over the estimated productive lives of such facilities. These estimated productive lives do not exceed the related estimated mine lives, which are based on proven and probable reserves.

**Mine Development**

Mine development costs include engineering and metallurgical studies, drilling and other related costs to delineate an ore body, the removal of overburden to initially expose an ore body at open pit surface mines and the building of access ways, shafts, lateral access, drifts, ramps and other infrastructure at underground mines. Costs incurred before mineralization is classified as proven and probable reserves are expensed and classified as *Exploration or Advanced projects, research and development* expense. Capitalization of mine development project costs that meet the definition of an asset begins once mineralization is classified as proven and probable reserves.

Drilling and related costs are capitalized for an ore body where proven and probable reserves exist and the activities are directed at obtaining additional information on the ore body or converting measured, indicated and inferred resources to proven and probable reserves. All other drilling and related costs are expensed as incurred. Drilling costs incurred during the production phase for operational ore control are allocated to inventory costs and then included as a component of *Costs applicable to sales*.

The cost of removing overburden and waste materials to access the ore body at an open pit mine prior to the production phase are referred to as "pre-stripping costs." Pre-stripping costs are capitalized during the development of an open pit mine. Where multiple open pits exist at a mining complex utilizing common processing facilities, pre-stripping costs are capitalized at each pit. The removal, production, and sale of de minimis saleable materials may occur during the development phase of an open pit mine and are assigned incremental mining costs related to the removal of that material.

The production phase of an open pit mine commences when saleable minerals, beyond a de minimis amount, are produced. Stripping costs incurred during the production phase of a mine are variable production costs that are included as a component of inventory to be recognized in *Costs applicable to sales* in the same period as the revenue from the sale of inventory.

Mine development costs are amortized using the units-of-production method based on estimated recoverable ounces in proven and probable reserves. To the extent that these costs benefit an entire ore body, they are amortized over the estimated life of the ore body. Costs incurred to access specific ore blocks or areas that only provide benefit over the life of that area are amortized over the estimated life of that specific ore block or area.

Underground development costs incurred before mineralization is classified as proven and probable reserves are expensed and classified as *Exploration or Advanced projects, research and development* expense. Capitalization of mine development project costs that meet the definition of an asset begins once mineralization is classified as proven and probable reserves.

**Mineral Interests**

Mineral interests include acquired interests in production, development and exploration stage properties. Mineral interests are capitalized at their fair value at the acquisition date, either as an individual asset purchase or as part of a business combination. Mineral interests in the development and exploration stage are not amortized until the underlying property is converted to the production stage, at which point the mineral interests are amortized over the estimated recoverable proven and probable reserves.

The value of such assets is primarily driven by the nature and amount of mineral interests believed to be contained in such properties. Production stage mineral interests represent interests in operating properties that contain proven and probable reserves and are amortized using the units-of-production method based on the estimated recoverable ounces in proven and probable reserves. Development stage mineral interests represent interests in properties under development that contain proven and probable reserves. Exploration stage mineral interests represent interests in properties that are believed to potentially contain mineral resources consisting of (i) mineral resources within pits; mineral resources with insufficient drill spacing to qualify as proven and probable reserves; and mineral resources in close proximity to proven and probable reserves; (ii) around-mine exploration potential not immediately adjacent to existing reserves and mineralization, but located within the immediate mine area; (iii) other mine-related exploration potential that is not part of current resources and is comprised mainly of material outside of the immediate mine area; (iv) greenfield exploration potential that is not associated with any other production, development or exploration stage property, as described above; or (v) any acquired right to explore or extract a potential mineral deposit. The Company's mineral rights generally are enforceable regardless of whether proven and probable reserves have been established. In certain limited situations, the nature of a mineral right changes from an exploration right to a mining right upon the establishment of proven and probable reserves. The Company has the ability and intent to renew mineral interests where the existing term is not sufficient to recover all identified and valued proven and probable reserves and/or undeveloped mineral resources.

### Impairment of Long-lived Assets

The Company reviews and evaluates its long-lived assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. An impairment loss is measured and recorded based on the estimated fair value of the long-lived assets being tested for impairment, and their carrying amounts. Fair value is typically determined through the use of an income approach utilizing estimates of discounted pre-tax future cash flows or a market approach utilizing recent transaction activity for comparable properties. These approaches are considered Level 3 fair value measurements.

The estimated undiscounted cash flows used to assess recoverability of long-lived assets and to measure the fair value of the Company's mining operations are derived from current business plans, which are developed using short-term price forecasts reflective of the current price environment and management's projections for long-term average metal prices. In addition to short- and long-term metal price assumptions, other assumptions include estimates of commodity-based and other input costs; proven and probable mineral reserve estimates, including the timing and cost to develop and produce the reserves; value beyond proven and probable mineral reserve estimates; estimated future closure costs; and the use of appropriate discount rates.

In estimating undiscounted cash flows, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of undiscounted cash flows from other asset groups. The Company's estimates of undiscounted cash flows are based on numerous assumptions and it is possible that actual cash flows may differ significantly from estimates, as actual produced reserves, metal prices, commodity-based and other costs, and closure costs are each subject to significant risks and uncertainties.

### Leases

The Company determines if a contractual arrangement represents or contains a lease at inception. Operating leases are included in *Other non-current assets* and *Other current and non-current liabilities* in the combined balance sheets. Finance leases are included in *Property, plant and mine development, net* and *Other current assets* in the combined balance sheets.

Operating and finance lease right-of-use ("ROU") assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the lease term. When the rate implicit to the lease cannot be readily determined, the Company utilizes its incremental borrowing rate in determining the present value of the future lease payments. The incremental borrowing rate is derived from information available at the lease commencement date and represents the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term and amount equal to the lease payments in a similar economic environment. The ROU asset includes any lease payments made and lease incentives received prior to the commencement date. Operating lease ROU assets also include any cumulative prepaid or accrued rent when the lease payments are uneven throughout the lease term. The ROU assets and lease liabilities may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

The Company has lease arrangements that include both lease and non-lease components. The Company accounts for each separate lease component and its associated non-lease components as a single lease component for the majority of its asset classes. Additionally, for certain lease arrangements that involve leases of similar assets, the Company applies a portfolio approach to effectively account for the underlying ROU assets and lease liabilities.

### Revenue Recognition

The Company generates revenue through the sale of gold produced at its mining operations.

The majority of the Company's *Sales* come from the sale of refined gold; however, the end product is generally doré bars. Doré is an alloy consisting primarily of gold but also containing silver and other metals. Doré is sent to refiners to produce bullion that meets the required market standard of 99.95% gold. Under the terms of the Company's refining agreements, the doré bars are refined

**Notes to the Combined Financial Statements**

for a fee, and the Company's share of the refined gold and the separately-recovered silver is credited to its bullion account. Gold from doré bars credited to its bullion account is typically sold to banks or refiners.

The Company recognizes revenue for gold from doré production when it satisfies the performance obligation of transferring gold inventory to the customer, which generally occurs upon transfer of gold bullion credits as this is the point at which the customer obtains the ability to direct the use and obtains substantially all of the remaining benefits of ownership of the asset.

The Company generally recognizes the sale of gold bullion credits when the credits are delivered to the customer. The transaction price is determined based on the agreed upon market price and the number of ounces delivered. Payment is due upon delivery of gold bullion credits to the customer's account.

**Income and Mining Taxes**

The Company's income tax provision was prepared using the separate return method. The calculation of income taxes on a separate return basis requires a considerable amount of judgment and use of both estimates and allocations. As a result, actual transactions included in Newmont's consolidated financial statements may not be included in the combined financial statements. Similarly, the tax treatment of certain items reflected in the combined financial statements may not be reflected in Newmont's consolidated financial statements and tax returns. Therefore, items such as net operating losses, credit carryforwards and valuation allowances may exist in the combined financial statements that may or may not exist in Newmont's consolidated financial statements.

All income taxes due to or due from Newmont that have not been settled or recovered by the end of the period are reflected in *Net Parent investment*. Any differences between actual amounts paid or received by the Company and taxes accrued under the separate return method are deemed to be settled and are reflected in *Net Parent investment* in the combined balance sheets.

The Company accounts for income taxes using the liability method, recognizing certain temporary differences between the financial reporting basis of the Company's liabilities and assets and the related income tax basis for such liabilities and assets. This method generates either a net deferred income tax liability or asset for the Company, as measured by the statutory tax rates in effect. The Company derives its deferred income tax charge or benefit by recording the change in either the net deferred income tax liability or asset balance for the year. The financial statement effects of changes in tax law are recorded as discrete items in the period enacted as part of income tax expense or benefit from continuing operations, regardless of the category of income or loss to which the deferred taxes relate. The Company determines if the assessment of a particular income tax effect is "complete." Those effects for which the accounting is determined to be complete are reported in the enactment period financial statements. The Company has exposure to the impact of foreign exchange fluctuations on tax positions, such movements are recorded within *Income and mining tax (expense) benefit* related to deferred income tax assets and liabilities.

Mining taxes represent provincial taxes levied on mining operations and are classified as income taxes. As such, taxes are based on a percentage of mining profits.

The Company operates in Canada where uncertainties arise in the application of complex tax regulations. Some of these tax regimes are defined by contractual agreements with the local government, while others are defined by general tax laws and regulations. The Company is subject to reviews of its income tax filings and other tax payments, and disputes can arise with the taxing authorities over the interpretation of its contracts or laws. The Company recognizes potential liabilities and records tax liabilities for anticipated tax audit issues in Canada based on its estimate of whether it is more likely than not, and the extent to which, additional taxes will be due. The Company adjusts these reserves in light of changing facts and circumstances; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the Company's current estimate of the tax liabilities. If the Company's estimate of tax liabilities proves to be less than the ultimate assessment, an additional charge to expense would result. If the estimate of tax liabilities proves to be greater than the ultimate assessment, a tax benefit would result. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in *Income and mining tax (expense) benefit*.

**Valuation of Deferred Tax Assets**

The Company's deferred income tax assets include certain future tax benefits. The Company records a valuation allowance against any portion of those deferred income tax assets when it believes, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred income tax asset will not be realized. The Company reviews the likelihood that it will realize the benefit of its deferred tax assets and therefore the need for valuation allowances on a quarterly basis, or more frequently if events indicate that a review is required. In determining the requirement for a valuation allowance, the historical and projected financial results of the legal entity or combined group recording the net deferred tax asset is considered, along with all other available positive and negative evidence.

Certain categories of evidence carry more weight in the analysis than others based upon the extent to which the evidence may be objectively verified. The Company looks to the nature and severity of cumulative pretax losses (if any) in the current three-year period ending on the evaluation date, recent pretax losses and/or expectations of future pretax losses. Other factors considered in the determination of the probability of the realization of the deferred tax assets include, but are not limited to:

**Notes to the Combined Financial Statements**

- Earnings history;
- Projected future financial and taxable income based upon existing reserves and long-term estimates of commodity prices;
- The duration of statutory carry forward periods;
- Prudent and feasible tax planning strategies readily available that may alter the timing of reversal of the temporary difference;
- Nature of temporary differences and predictability of reversal patterns of existing temporary differences; and
- The sensitivity of future forecasted results to commodity prices and other factors.

Concluding that a valuation allowance is not required is difficult when there is significant negative evidence which is objective and verifiable, such as cumulative losses in recent years. The Company utilizes a rolling twelve quarters of pre-tax income or loss as a measure of its cumulative results in recent years. However, a cumulative three year loss is not solely determinative of the need for a valuation allowance. The Company also considers all other available positive and negative evidence in its analysis.

**Reclamation Costs**

Reclamation obligations associated with Porcupine's operations are recognized when an obligation is incurred and the fair value can be reasonably estimated. Fair value is measured as the present value of expected cash flow estimates, after considering inflation, our credit-adjusted risk-free rates and a market risk premium appropriate for the Company's operations. The liability is accreted over time through periodic charges to earnings. In addition, the asset retirement cost is capitalized as part of the asset's carrying value and amortized over the life of the related asset. Reclamation costs are periodically adjusted to reflect changes in the estimated present value resulting from the passage of time and revisions to the estimates of either the timing or amount of the reclamation costs. Changes in reclamation estimates at mines that are not currently operating, as the mine or portion of the mine site has entered the closure phase and has no substantive future economic value, are reflected in earnings in the period an estimate is revised. The estimated reclamation obligation is based on when spending for an existing disturbance is expected to occur. Costs included in estimated asset retirement obligations are discounted to their present value as cash flows are readily estimable over a period of up to fifty years. The Company reviews, on an annual basis, unless otherwise deemed necessary, the reclamation obligation in accordance with GAAP guidance for asset retirement obligations.

**Fair Value Accounting**

Fair value accounting establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, quoted prices or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability and model-based valuation techniques (e.g. the Black-Scholes model) for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company's financial instruments measured on a recurring basis primarily include receivables and payables for which the carrying value approximates fair value due to the short maturities and are classified within Level 1.

The Company reviews and evaluates its long-lived and other assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. If the expected future undiscounted cash flows from the use and eventual disposition of the asset or asset group are less than the carrying amount of the assets, an impairment loss is recognized. The Company measures impairment by comparing the total fair value of the existing operations to the carrying value of the corresponding assets. Porcupine's long-lived and other assets were evaluated for impairment at December 31, 2024 and 2023 and impairment charges of \$0.1 million and \$4.8 million were recognized during the years ended December 31, 2024 and 2023, respectively.

**Foreign Currency**

The functional currency of the Company's operations is the U.S. dollar. Transaction gains and losses related to foreign currency denominated monetary assets and liabilities where the functional currency is the U.S. dollar are remeasured at current exchange rates and the resulting adjustments are included in *Other income, net*.

## Recently Adopted Accounting Pronouncements

### *Effects of Reference Rate Reform*

In March 2020, the Financial Accounting Standards Board's Accounting Standard Update ("ASU") No. 2020-04 was issued which provides optional guidance for a limited period of time to ease the potential burden on accounting for contract modifications caused by reference rate reform. In January 2021, ASU No. 2021-01 was issued which broadened the scope of ASU No. 2020-04 to include certain derivative instruments. In December 2022, ASU No. 2022-06 was issued which deferred the sunset date of ASU No. 2020-04. The guidance is effective for all entities as of March 12, 2020 through December 31, 2024. The guidance may be adopted over time as reference rate reform activities occur and should be applied on a prospective basis. The Company has completed its review of key contracts and does not expect the guidance to have a material impact to the combined financial statements or disclosures. The Company will continue to review new contracts to identify references to the London Interbank Offered Rates and implement adequate fallback provisions if not already implemented to mitigate the risks or impacts from the transition.

### *Pillar II*

In 2024, Pillar II went into effect. The Pillar II agreement was signed by 138 countries with the intent to equalize corporate tax around the world by implementing a global minimum tax of 15%. As the Company primarily does business in jurisdictions with a tax rate greater than 15%, Pillar II did not have a material impact to the combined financial statements.

## Recently Issued Accounting Pronouncements

### *Disaggregation of Income Statement Expenses*

In November 2024, ASU 2024-03 was issued, requiring additional disclosures in the notes to the financial statements on the nature of certain expense captions presented on the face of the combined statements of operations. The new guidance is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. The Company is currently evaluating the impacts of the guidance on its combined financial statements.

### *Improvement to Income Tax Disclosures*

In December 2023, ASU 2023-09 was issued which requires disaggregated information about the effective tax rate reconciliation and additional information on taxes paid that meet a qualitative threshold. The new guidance is effective for annual reporting periods beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impacts of the guidance on its combined financial statements.

## NOTE 4 SALES

The Company recognizes revenue from the sale of gold doré produced in Canada.

### Trade Receivables

At December 31, 2024 and 2023, *Trade receivables* wholly consisted of sales from gold doré, which includes provisionally priced carbon fines.

### Revenue by Geographic Area

The Company primarily conducts gold sales in U.S. dollars, and therefore *Sales* are not exposed to fluctuations in foreign currencies. Revenues from sales attributed to countries based on the locations of the customer were as follows (in thousands):

	Year Ended December 31,	
	2024	2023
United Kingdom	\$ 463,016	\$ 470,247
Canada	183,119	26,648
United States	26,701	5,881
	<u>\$ 672,836</u>	<u>\$ 502,776</u>

### Revenue by Major Customer

As gold can be sold through numerous gold market traders worldwide, the Company is not economically dependent on a limited number of customers for the sales of its product.

In 2024, sales to Standard Chartered were \$267.9 million (39.8%), Royal Bank of Canada were \$182.0 million (27.1%), and JPMorgan Chase were \$135.5 million (20.1%) of total gold sales. In 2023, sales to JPMorgan Chase were \$191.1 million (38.0%), Toronto Dominion Bank were \$181.5 million (36.1%), and Standard Chartered were \$98.0 million (19.5%) of total gold sales.

**NOTE 5 RELATED PARTY TRANSACTIONS**

Historically, Porcupine has been managed and operated in the normal course of business with other affiliates of Newmont. Accordingly, certain shared costs have been allocated to Porcupine and reflected as expenses in the combined financial statements.

The combined financial statements include corporate costs incurred by Newmont for services that are provided to or on behalf of Porcupine. The corporate costs include allocations of costs incurred associated with executive management, finance, legal, information technology, human resources and other shared services. These costs have been allocated to Porcupine based primarily on its production of gold equivalent ounces. Newmont management and Porcupine believe the allocation methodology is reasonable and appropriately represents Newmont's historical expenses that were attributable to Porcupine. However, the expenses reflected in the combined financial statements may not be indicative of the actual expenses that would have been incurred during the periods presented had Porcupine historically operated as a separate, standalone entity. In addition, the expenses reflected in the combined financial statements may not be indicative of expenses that Porcupine will incur in the future.

The allocated costs in the combined statements of operations were as follows (in thousands):

	<b>Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Costs applicable to sales	\$ 16,629	\$ 15,668
General and administrative	16,282	11,684
Advanced projects, research and development	3,169	3,817
Exploration	547	455
	<u>\$ 36,627</u>	<u>\$ 31,624</u>

**Shared Facilities**

Porcupine shares office space and other non-operational related facilities with Newmont and other Newmont operations where Porcupine is not the primary or exclusive user of the assets. At these shared facilities, the assets have been excluded from the combined balance sheets. However, the Company has been charged a cost for its usage of these shared assets. The amount charged to *General and administrative* in the combined statements of operations was \$1.4 million and \$1.1 million for the years ended December 31, 2024 and 2023, respectively.

**NOTE 6 RECLAMATION**

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations to protect public health and the environment and believes its operations are in compliance with applicable laws and regulations in all material respects. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future reclamation costs are based principally on current legal and regulatory requirements.

The Company's *Reclamation* expense consisted of (in thousands):

	<b>Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Reclamation adjustments and other	\$ 4,646	\$ 99,811
Reclamation accretion	25,333	18,084
Reclamation expense	<u>\$ 29,979</u>	<u>\$ 117,895</u>

The following are reconciliations of *Reclamation liabilities* (in thousands):

	<b>2024</b>	<b>2023</b>
Balance at January 1,	\$ 537,967	\$ 430,672
Additions, changes in estimates and other	17,662	106,275
Payments, net	(18,829)	(17,064)
Accretion expense	25,333	18,084
Balance at December 31,	<u>\$ 562,133</u>	<u>\$ 537,967</u>

## Notes to the Combined Financial Statements

	At December 31,	
	2024	2023
Current <sup>(1)</sup>	\$ 44,619	\$ 30,370
Non-current <sup>(2)</sup>	517,514	507,597
	<u>\$ 562,133</u>	<u>\$ 537,967</u>

<sup>(1)</sup> The current portion of reclamation liabilities is included in *Other current liabilities*.

<sup>(2)</sup> The non-current portion of reclamation liabilities is included in *Reclamation liabilities*.

The amounts accrued are reviewed periodically based upon facts and circumstances available at the time. Changes in estimates are recorded in *Other current liabilities* and *Reclamation liabilities* in the period estimates are revised.

Refer to Note 13 for further discussion of reclamation matters.

## NOTE 7 INCOME AND MINING TAXES

The Company's *Income and mining tax (expense) benefit* consisted of (in thousands):

	Year Ended December 31,	
	2024	2023
Current:		
Canada	\$ (56,347)	\$ (3,170)
Deferred:		
Canada	18,939	24,032
Income and mining tax (expense) benefit	<u>\$ (37,408)</u>	<u>\$ 20,862</u>

The Company's *Income (loss) before income and mining tax and other items* is attributable to the following jurisdictions (in thousands):

	Year Ended December 31,	
	2024	2023
Canada	\$ 165,129	\$ (73,493)
Income (loss) before income and mining tax and other items	<u>\$ 165,129</u>	<u>\$ (73,493)</u>

A reconciliation of the Canadian federal statutory tax rate to the Company's effective income tax rate follows (in thousands, except percentages):

	Year Ended December 31,			
		2024		2023
Income (loss) before income and mining tax and other items (in thousands)		\$ 165,129		\$ (73,493)
Canada statutory tax rate	15.0 %	\$ (24,769)	15.0 %	\$ 11,024
Reconciling items:				
Provincial income taxes	10.0 %	(16,513)	10.0 %	7,349
Change in valuation allowance on deferred tax assets	— %	—	4.8 %	3,545
Impact of foreign exchange	(7.4)%	12,252	(8.9)%	(6,526)
Mining and other taxes (net of associated federal benefit)	5.0 %	(8,202)	7.7 %	5,642
Other	— %	(176)	(0.2)%	(172)
Income and mining tax (expense) benefit	22.6 %	<u>\$ (37,408)</u>	28.4 %	<u>\$ 20,862</u>

Mining taxes in Canada represent provincial taxes levied on mining operations and are classified as income taxes as such taxes are based on a percentage of mining profits.

## Notes to the Combined Financial Statements

Components of the Company's deferred income tax assets (liabilities) are as follows (in thousands):

	<b>At December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Deferred income tax assets:</b>		
Reclamation	\$ 126,551	\$ 129,414
Net operating losses	—	816
Other	733	103
	<u>127,284</u>	<u>130,333</u>
Valuation allowances	(5,600)	(5,600)
	<u>\$ 121,684</u>	<u>\$ 124,733</u>
<b>Deferred income tax liabilities:</b>		
Property, plant and mine development	\$ (255,273)	\$ (277,891)
	<u>(255,273)</u>	<u>(277,891)</u>
Net deferred income tax liabilities	<u>\$ (133,589)</u>	<u>\$ (153,158)</u>

### Valuation of Deferred Tax Assets

The Company assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the recent pretax losses and/or expectations of future pretax losses. Such objective evidence limits the ability to consider other subjective evidence such as the Company's projections for future growth. However, the amount of the deferred tax asset considered realizable could be adjusted if estimates of future taxable income during the carryforward period are increased, if objective negative evidence in the form of cumulative losses is no longer present or if additional weight were given to subjective evidence such as the Company's projections for growth.

The Company did not record a change to the valuation allowance to tax expense for the year ended December 31, 2024 and recorded a decrease to the valuation allowance of \$3.4 million to tax expense for the year ended December 31, 2023, which was primarily driven by changes in estimated taxable income projections.

### Deferred Income Tax Valuation Allowance

(in thousands)	<b>At December 31,</b>	
	<b>2024</b>	<b>2023</b>
Balance at beginning of year	\$ 5,600	\$ 9,000
Reduction of deferred income tax expense	—	(3,400)
Balance at end of year	<u>\$ 5,600</u>	<u>\$ 5,600</u>

Refer to Note 3 for additional risk factors that could impact the Company's ability to realize the deferred tax assets.

### Tax Loss Carryforwards and Unrecognized Tax Benefits

At December 31, 2024 and 2023, the Company had zero and \$3.3 million of net operating loss carry forwards, respectively.

From time to time, Company is subject to a review of its historic income tax filings and in connection with such reviews, disputes can arise with the taxing authorities over the interpretation of or the application of certain rules to the business conducted within the jurisdiction involved. The Company's practice is to recognize interest and/or penalties related to unrecognized tax benefits as part of *Income and mining tax (expense) benefit*, if applicable. In the years ended December 31, 2024 and 2023, the Company did not have any unrecognized tax benefits.

**NOTE 8 EMPLOYEE-RELATED BENEFITS**

(in thousands)	At December 31,	
	2024	2023
Current:		
Accrued payroll and withholding taxes	\$ 10,949	\$ 9,835
Employee pension benefits	368	406
Other employee-related payables	1,817	1,955
	<u>\$ 13,134</u>	<u>\$ 12,196</u>
Non-current:		
Accrued severance	\$ 16,032	\$ 16,875
Employee pension benefits	3,176	3,565
	<u>\$ 19,208</u>	<u>\$ 20,440</u>

**Defined Benefit Plan**

The Company provides a defined benefit pension plan to eligible employees. Benefits are generally based on years of service and the multiplier negotiated in the collective bargaining agreement. The plan is funded based on local laws and requirements. Pension costs are determined annually by independent actuaries, and the measurement date used for determining the pension plan assets and obligations is December 31, the Company's fiscal year end.

The following table provides a reconciliation of changes in the fair value of the plan's benefit obligations and assets for the years ended December 31, 2024 and 2023 (in thousands):

	2024	2023
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 42,189	\$ 36,875
Service cost	1,146	966
Interest cost	1,838	1,854
Actuarial (gain) loss	(746)	2,416
Foreign currency exchange (gain) loss	(3,346)	947
Benefits paid	(2,262)	(2,770)
Amendments	—	1,901
Projected benefit obligation at end of year	<u>38,819</u>	<u>42,189</u>
Accumulated benefit obligation	<u>\$ 38,819</u>	<u>\$ 42,189</u>
Change in fair value of assets:		
Fair value of assets at beginning of year	\$ 40,129	\$ 36,987
Actual return on plan assets	3,805	3,496
Foreign currency exchange (loss) gain	(3,319)	910
Employer contributions	1,299	1,506
Benefits paid	(2,262)	(2,770)
Fair value of assets at end of year	<u>39,652</u>	<u>40,129</u>
Funded (unfunded) status, net:	<u>\$ 833</u>	<u>\$ (2,060)</u>
Amounts recognized in the combined balance sheets:		
Other non-current assets	\$ 4,377	\$ 1,911
Employee-related benefits, current	(368)	(406)
Employee-related benefits, non-current	(3,176)	(3,565)
Net amounts recognized	<u>\$ 833</u>	<u>\$ (2,060)</u>

The Company's registered pension plan is funded with cash contributions in compliance with Canada Revenue Agency rules and regulations.

The significant assumptions used to measure the Company's benefit obligation were mortality assumptions and discount rate.

The mortality assumptions used to measure the benefit obligation incorporate future mortality improvements from tables published by the Society of Actuaries ("SOA"). In 2024 and 2023, the SOA announced they would not release a new generational projection scale for the related years and instead updated the Mortality Improvement Model tool with the ability to optionally input mortality loads to model differing viewpoints of the ongoing effect of COVID. The Company utilized the Pri-2012 mortality tables and the MP-2021 generational projection scales, with no adjustment for COVID due to the Company not experiencing material mortality gain due to COVID, to measure the pension and other post retirement obligations at December 31, 2024 and 2023.

## Notes to the Combined Financial Statements

Yield curves matching the Company's benefit obligations were derived using a model based on high quality corporate bond data from Bloomberg. The model develops a discount rate by selecting a portfolio of high quality corporate bonds whose projected cash flows match the projected benefit payments of the plan. The resulting curves were used to identify a weighted average discount rate for the Company of 4.6% and 4.6% at December 31, 2024 and 2023, respectively, based on the timing of future benefit payments.

Actuarial (gains) losses of \$(0.7) million and \$2.4 million were recognized in the years ended December 31, 2024 and 2023, respectively, primarily due to changes in the discount rate from the prior year.

The following table provides the net pension benefit amounts recognized in *Accumulated other comprehensive income* (in thousands):

	<b>At December 31,</b>	
	<b>2024</b>	<b>2023</b>
Accumulated other comprehensive income:		
Net actuarial gain	\$ 4,353	\$ 2,504
Prior service credit	(1,861)	(2,162)
	2,492	342
Less: Income taxes	733	102
<b>Total</b>	<b>\$ 1,759</b>	<b>\$ 240</b>

The following table provides the components of net periodic benefit cost (in thousands):

	<b>Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Pension benefit cost, net: <sup>(1)</sup>		
Service cost	\$ 1,146	\$ 966
Interest cost	1,838	1,854
Expected return on plan assets	(2,309)	(2,029)
Amortization, net	42	(77)
<b>Net periodic benefit cost</b>	<b>\$ 717</b>	<b>\$ 714</b>

<sup>(1)</sup> Service costs are included in *Costs applicable to sales* and the other components of net periodic benefit cost are included in *Other income, net*.

The following table provides the components recognized in *Other comprehensive income (loss)* (in thousands):

	<b>Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Net gain (loss)	\$ 2,244	\$ (949)
Amortization, net	42	(77)
Prior service cost	—	(1,901)
Foreign currency translation	(136)	20
<b>Total recognized in other comprehensive income (loss)</b>	<b>2,150</b>	<b>(2,907)</b>
<b>Total net periodic benefit cost and other comprehensive income (loss)</b>	<b>\$ 2,867</b>	<b>\$ (2,193)</b>

Actuarial losses in excess of 10 percent of the greater of the projected benefit obligation or market-related value of plan assets are amortized over the expected average remaining future service period of the current active participants.

The significant assumptions in measuring the Company's net periodic benefit cost and other comprehensive loss (income) were discount rate and expected return on plan assets:

	<b>Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Weighted average assumptions used in measuring the net periodic benefit cost:		
Discount rate	4.6 %	5.1 %
Expected return on plan assets	6.0 %	5.5 %

The expected long-term return on plan assets used for each period in the years ended December 31, 2024 and 2023 was determined based on an analysis of the asset returns over multiple time horizons for the Company's actual plan. At December 31, 2024, the Company estimated the expected long-term return on the pension plan's assets to be 7.3%, which will be used to determine future

## Notes to the Combined Financial Statements

net periodic benefit cost. The Company determines the long-term return on plan assets by considering the most recent capital market forecasts, the plan's current asset allocation and the actual return on plan assets in comparison to the expected return on assets.

The pension plan employs an independent investment firm which invests the assets of the plan in certain approved funds that correspond to specific asset classes with associated target allocations. The goal of the pension fund investment program is to achieve prudent actuarial funding ratios while maintaining acceptable risk levels. The investment performance of the plan and that of the individual investment firms is measured against recognized market indices. The performance of the pension funds are monitored by an investment committee comprised of members of Newmont management, which is advised by an independent investment consultant. The Company did not identify any significant portfolio risks associated with the asset classes. The following is a summary of the target asset allocations for 2024 and the actual asset allocation at December 31, 2024:

Asset Allocation	Target	Actual at December 31, 2024
Debt securities	60.0 %	60.1 %
Equity securities	36.0 %	38.9 %
Real estate	4.0 %	— %
Cash	— %	1.0 %

Cash equivalent instruments are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices in active markets and are primarily invested in money market securities and U.S. Treasury securities.

Commingled fund investments are managed by several fund managers and are valued at the net asset value per share for each fund. Although the majority of the underlying assets in the funds consist of actively traded equity securities and bonds, the unit of account is considered to be at the fund level. These funds require less than a month's notice for redemptions and can be redeemed at the net asset value per share.

The following table sets forth the Company's pension plan assets measured at fair value (in thousands):

	Fair Value at December 31,	
	2024	2023
Commingled funds:		
Debt securities	\$ 23,827	\$ 23,527
Equity securities	15,425	14,616
Real estate	—	1,649
Cash	400	337
Total	<u>\$ 39,652</u>	<u>\$ 40,129</u>

### Cash Flows

Benefit payments expected to be paid to plan participants at December 31, 2024 are as follows (in thousands):

	Pension Plan
2025	\$ 1,987
2026	\$ 2,048
2027	\$ 2,104
2028	\$ 2,157
2029	\$ 2,198
Thereafter	\$ 12,201

### Defined Contribution and Other Benefit Plans

Newmont has a registered defined contribution pension plan in Canada, which covers salaried and hourly employees. When an employee meets eligibility requirements, Newmont contributes 5% of employees' eligible earnings, plus matches 100% of employee contributions of up to 4% of eligible earnings. Matching contributions are made in cash. In addition, Newmont has one non-qualified supplemental savings plan for executive-level employees whose benefits under the qualified plan are limited by federal regulations. The amount charged to *Costs applicable to sales* in the combined statements of operations was \$5.0 million and \$4.9 million for the years ended December 31, 2024 and December 31, 2023, respectively.

## Notes to the Combined Financial Statements

**NOTE 9 INVENTORIES**

(in thousands)	At December 31,	
	2024	2023
Materials and supplies	\$ 28,758	\$ 24,132
In-process	4,873	9,666
Precious metals	5,756	6,106
	<u>\$ 39,387</u>	<u>\$ 39,904</u>

There were no inventory write-downs for the year ended December 31, 2024. For the year ended December 31, 2023, the Company recorded write-downs of \$2.6 million and \$0.9 million, classified as a component of *Costs applicable to sales and Depreciation and amortization*, respectively, to reduce the carrying value of inventory to net realizable value.

**NOTE 10 PROPERTY, PLANT AND MINE DEVELOPMENT**

Property, plant and mine development balances at December 31, 2024 and 2023 were as follows (in thousands):

	Depreciable Life (in years)	At December 31, 2024			At December 31, 2023		
		Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Land		\$ 1,085	\$ —	\$ 1,085	\$ 3,105	\$ —	\$ 3,105
Facilities and equipment <sup>(1)</sup>	1-26	642,485	(221,988)	420,497	565,577	(170,604)	394,973
Mine development	1-26	267,867	(105,641)	162,226	180,902	(65,442)	115,460
Mineral interests	1-26	987,383	(281,931)	705,452	987,383	(244,632)	742,751
Construction-in-progress		145,720	—	145,720	92,527	—	92,527
		<u>\$ 2,044,540</u>	<u>\$ (609,560)</u>	<u>\$ 1,434,980</u>	<u>\$ 1,829,494</u>	<u>\$ (480,678)</u>	<u>\$ 1,348,816</u>

<sup>(1)</sup> At December 31, 2024 and 2023, Facilities and equipment included zero finance lease right of use assets.

Mineral interests balances at December 31, 2024 and 2023 were as follows (in thousands):

	Depreciable Life (in years)	At December 31, 2024			At December 31, 2023		
		Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Production stage	1-26	\$ 456,388	\$ (281,931)	\$ 174,457	\$ 456,388	\$ (244,632)	\$ 211,756
Exploration stage	<sup>(1)</sup>	530,995	—	\$ 530,995	530,995	—	530,995
		<u>\$ 987,383</u>	<u>\$ (281,931)</u>	<u>\$ 705,452</u>	<u>\$ 987,383</u>	<u>\$ (244,632)</u>	<u>\$ 742,751</u>

<sup>(1)</sup> These amounts are currently non-depreciable as these mineral interests have not reached production stage.

**NOTE 11 LEASE AND OTHER FINANCING OBLIGATIONS**

The Company has operating and finance leases for mining equipment. At December 31, 2024, the Company did not have any remaining operating leases or finance leases and no future minimum lease payments under non-cancelable leases. At December 31, 2024, the Company did not have additional leases that had not yet commenced.

Total lease cost includes the following components (in thousands):

	Year Ended December 31,	
	2024	2023
Operating lease cost	\$ —	\$ 645
Finance lease cost:		
Amortization of ROU assets	—	894
Interest on lease liabilities	4	10
	<u>4</u>	<u>904</u>
	<u>\$ 4</u>	<u>\$ 1,549</u>

## Notes to the Combined Financial Statements

Supplemental cash flow information related to leases includes the following (in thousands):

	<b>Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows relating to operating leases	\$ 372	\$ 214
Operating cash flows relating to finance leases	\$ 1	\$ 10
Financing cash flows relating to finance leases	\$ 105	\$ 944
Non-cash lease obligations arising from obtaining ROU assets:		
Operating leases	\$ 4	\$ 25

Information related to lease terms and discount rates is as follows:

	<b>Operating Leases</b>
Weighted average remaining lease term (years)	No remaining years
Weighted average discount rate	3.5 %

## NOTE 12 OTHER CURRENT LIABILITIES

(in thousands)	<b>At December 31,</b>	
	<b>2024</b>	<b>2023</b>
Reclamation liabilities	\$ 44,619	\$ 30,370
Accrued operating costs	13,745	18,776
Accrued royalties	9,573	—
Accrued capital expenditures	7,989	32,835
Other	159	728
	<u>\$ 76,085</u>	<u>\$ 82,709</u>

## NOTE 13 COMMITMENTS AND CONTINGENCIES

### General

Estimated losses from contingencies are accrued by a charge to income when information available prior to issuance of the combined financial statements indicates that it is probable that a liability could be incurred, and the amount of the loss can be reasonably estimated. Legal expenses associated with the contingency are expensed as incurred. If a loss contingency is not probable or reasonably estimable, disclosure of the contingency and estimated range of loss, if determinable, is made in the combined financial statements when it is at least reasonably possible that a material loss could be incurred.

### Environmental Matters

Refer to Note 6 for further information regarding reclamation. Details about certain significant matters are discussed below.

The Porcupine complex is comprised of active open pit and underground mining operations as well as inactive, legacy sites from its extensive history of mining gold in and around the city of Timmins, Ontario since the early 1900s. As a result of these primarily historic mining activities, there are mine hazards in the area that could require some form of reclamation. The Company is conducting studies to better catalog, prioritize and update its existing information of these historical mine hazards, to inform its closure plans and estimated closure costs. Based on work performed during 2023, of the total \$99.8 million reclamation adjustment, \$46.3 million was recorded for the year ended December 31, 2023 relating to the hazard studies; however, on-going studies will extend beyond the current year and could result in future material increases to the Company's reclamation obligation.

### Other Commitments and Contingencies

On November 20, 2024, Taykwa Tagamou Nation ("TTN") filed a Statement of Claim in the Ontario Superior Court of Justice against the Ontario government, as well as Newmont Corporation and Goldcorp Canada Ltd. (collectively "Newmont"), alleging that the resumption of open pit mining at the Pamour mine in Timmins, Ontario, Canada would be without proper consultation or consideration of the cumulative impacts of TTN's traditional territory and Aboriginal rights, and as such, the associated environmental permits previously issued by the Ontario government with respect to Pamour ought to be revoked. TTN is seeking, amongst other things: (i) a stay of all activities authorized under the permits until the case is resolved, (ii) a declaration that Ontario breached its duty to consult and violated Treaty No. 9, and section 35 of the Constitution Act (Canada) 1982, and (iii) general and aggravated damages. Newmont remains steadfast in its commitment to foster meaningful and productive relationships with First Nation communities in Canada, and had undertaken appropriate consultations with various community stakeholders, including TTN and other First Nation groups in the

## Notes to the Combined Financial Statements

Timmins area – as such, the permits were properly issued by the government. Newmont intends to vigorously defend this matter, but cannot reasonably predict the outcome.

As part of its ongoing business and operations, the Company is required to provide surety bonds and bank letters of credit as financial support for various purposes, including environmental reclamation, exploration permitting, and other general corporate purposes. At December 31, 2024, there were \$166.3 million of outstanding letters of credit and surety bonds. The obligations associated with these instruments are generally related to performance requirements that the Company addresses through its ongoing operations. As the specific requirements are met, the beneficiary of the associated instrument cancels and/or returns the instrument to the issuing entity. Certain of these instruments are associated with operating sites with long-lived assets and will remain outstanding until closure. Generally, bonding requirements associated with environmental regulation are becoming more restrictive. However, the Company believes it is in compliance with all applicable bonding obligations and will be able to satisfy future bonding requirements through existing or alternative means, as they arise.

The Company is from time to time involved in various legal proceedings related to its business. Except in the above described proceedings, management does not believe that adverse decisions in any pending or threatened proceeding or that amounts that may be required to be paid by reason thereof will have a material adverse effect on the Company's financial condition or results of operations.

### **NOTE 14 SUBSEQUENT EVENTS**

In January 2025, Newmont entered into a definitive agreement to sell the Company to Discovery Silver Corp. The sale is expected to close in the second quarter of 2025.

These combined financial statements reflect management's evaluation of subsequent events, through March 28, 2025, the date the financial statements were available to be issued. No other subsequent events were identified outside of the transaction presented above.

# Porcupine

## Condensed Combined Financial Statements

(unaudited)

At and for the three months ended March 31, 2025

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## **Review Report of Independent Auditors**

Board of Directors  
Newmont Corporation

### **Results of Review of Interim Financial Information**

We have reviewed the condensed combined financial statements of the Porcupine Gold Mine (the Company), which comprise the condensed combined balance sheet as of March 31, 2025, and the related condensed combined statements of operations, comprehensive income (loss), changes in equity and cash flows for the three-month periods ended March 31, 2025 and 2024, and the related notes (collectively referred to as the “interim financial information”).

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed interim financial information for it to be in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Review Results**

We conducted our review in accordance with auditing standards generally accepted in the United States of America (GAAS) applicable to reviews of interim financial information. A review of condensed interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of condensed interim financial information is substantially less in scope than an audit conducted in accordance with GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our review. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

### **Responsibilities of Management for the Interim Financial Information**

Management is responsible for the preparation and fair presentation of the condensed interim financial information in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of interim financial information that is free from material misstatement, whether due to fraud or error.

### **Report on Condensed Balance Sheet as of December 31, 2024**

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the combined balance sheet as of December 31, 2024, and the related combined statements of operations, comprehensive income (loss), changes in equity and cash flows for the year then ended (not presented herein); and we expressed an unmodified audit opinion on those audited combined

financial statements in our report dated March 28, 2025. In our opinion, the accompanying condensed combined balance sheet of the Company as of December 31, 2024, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

*Ernst + Young LLP*

May 29, 2025

**Condensed Combined Statements of Operations**  
**(unaudited, in thousands)**

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Sales (Note 4)	\$ 145,059	\$ 124,884
Costs and expenses:		
Costs applicable to sales <sup>(1)</sup>	63,940	63,289
Depreciation and amortization	25,919	32,735
Reclamation (Note 6)	6,955	6,333
Exploration	985	1,142
Advanced projects, research and development	674	1,574
General and administrative	2,666	3,351
Other expense, net	11	5
	<u>101,150</u>	<u>108,429</u>
Other income, net	376	1,043
Income before income and mining tax and other items	44,285	17,498
Income and mining tax (expense) (Note 7)	(13,544)	(2,042)
Net income	<u>\$ 30,741</u>	<u>\$ 15,456</u>

<sup>(1)</sup> Excludes *Depreciation and amortization* and *Reclamation*.

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

**Condensed Combined Statements of Comprehensive Income (Loss)**  
**(unaudited, in thousands)**

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Net income	\$ 30,741	\$ 15,456
Other comprehensive income:		
Change in pension benefits, net of tax	11	34
Other comprehensive income:	11	34
Comprehensive income	<u>\$ 30,752</u>	<u>\$ 15,490</u>

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

**Condensed Combined Balance Sheets**  
**(unaudited, in thousands)**

	<b>At March 31,</b>	<b>At December 31,</b>
	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
Trade receivables	\$ 149	\$ 89
Inventories (Note 9)	35,565	39,387
Stockpiles	36,309	26,051
Other receivables	9,049	6,376
Other current assets	1,857	2,633
Current assets	82,929	74,536
Property, plant and mine development, net	1,454,136	1,434,980
Stockpiles	11,559	12,285
Other non-current assets	3,659	3,659
Total assets	<u>\$ 1,552,283</u>	<u>\$ 1,525,460</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 26,210	\$ 26,615
Employee-related benefits (Note 8)	8,502	13,134
Income and mining taxes	5,111	—
Reclamation liabilities (Note 6)	43,669	44,619
Other current liabilities (Note 10)	18,645	31,466
Current liabilities	102,137	115,834
Reclamation liabilities (Note 6)	523,473	517,514
Deferred income tax liabilities	142,023	133,589
Employee-related benefits (Note 8)	20,295	19,208
Total liabilities	<u>787,928</u>	<u>786,145</u>
Commitments and contingencies (Note 11)		
<b>EQUITY</b>		
Accumulated other comprehensive income	1,770	1,759
Net Parent investment	762,585	737,556
Total equity	<u>764,355</u>	<u>739,315</u>
Total liabilities and equity	<u>\$ 1,552,283</u>	<u>\$ 1,525,460</u>

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

**Condensed Combined Statements of Cash Flows**  
**(unaudited, in thousands)**

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Operating activities:</b>		
Net income	\$ 30,741	\$ 15,456
<b>Non-cash adjustments:</b>		
Depreciation and amortization	25,919	32,735
Reclamation	6,955	6,333
Deferred income taxes	8,433	1,352
Pension expense	184	213
Other non-cash adjustments	(84)	(984)
Change in accounts receivable	(2,000)	5,875
Change in inventories and stockpiles	(6,676)	(13,421)
Change in accounts payable	(672)	(7,189)
Change in reclamation liabilities	(1,583)	(1,162)
Change in income and mining taxes payable	5,111	690
Change in other assets and liabilities	(14,210)	(10,099)
<b>Net cash provided by operating activities</b>	<b>52,118</b>	<b>29,799</b>
<b>Investing activities:</b>		
Additions to property, plant and mine development	(46,406)	(60,723)
<b>Net cash used in investing activities</b>	<b>(46,406)</b>	<b>(60,723)</b>
<b>Financing activities:</b>		
Net transfers (to) from Parent	(5,712)	30,924
<b>Net cash (used in) provided by financing activities</b>	<b>(5,712)</b>	<b>30,924</b>
Net change in cash, cash equivalents and restricted cash	—	—
Cash, cash equivalents and restricted cash at beginning of period	—	—
<b>Cash, cash equivalents and restricted cash at end of period</b>	<b>\$ —</b>	<b>\$ —</b>

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

**Condensed Combined Statements of Changes in Equity  
(unaudited, in thousands)**

	<b>Accumulated Other Comprehensive Income</b>	<b>Net Parent Investment</b>	<b>Total Equity</b>
Balance at January 1, 2024	\$ 240	\$ 664,286	\$ 664,526
Net income	—	15,456	15,456
Other comprehensive income	34	—	34
Net transfers from Parent	—	30,924	30,924
Balance at March 31, 2024	<u>\$ 274</u>	<u>\$ 710,666</u>	<u>\$ 710,940</u>
Balance at January 1, 2025	\$ 1,759	\$ 737,556	\$ 739,315
Net income	—	30,741	30,741
Other comprehensive income	11	—	11
Net transfers to Parent	—	(5,712)	(5,712)
Balance at March 31, 2025	<u>\$ 1,770</u>	<u>\$ 762,585</u>	<u>\$ 764,355</u>

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

**Notes to the Condensed Combined Financial Statements**  
(unaudited, dollars in thousands)

**NOTE 1 ORGANIZATION**

In February 2024, the Board of Directors of Newmont Corporation ("Newmont" or "Parent") announced its intention to divest its Porcupine gold mine ("Porcupine" or the "Company"). On April 15, 2025, Newmont completed the sale of the Company to Discovery Silver Corp.

The interim Condensed Combined Financial Statements ("interim statements") of the Company are unaudited. In the opinion of management, all normal recurring adjustments and disclosures necessary for a fair presentation of these interim statements have been included. The results reported in these interim statements are not necessarily indicative of the results that may be reported for the entire year. These interim statements should be read in conjunction with the Company's Combined Financial Statements for the year ended December 31, 2024. The year-end balance sheet data was derived from the audited financial statements, and certain information and footnote disclosures required by accounting principles generally accepted in the United States ("GAAP") have been condensed or omitted.

**NOTE 2 BASIS OF PRESENTATION**

The condensed combined financial statements of Porcupine have been prepared in accordance with GAAP. The Company historically existed and functioned as an operating segment of Newmont. The condensed combined financial statements were prepared on a standalone basis and were derived from the consolidated financial statements and accounting records of Newmont. The assets, liabilities and operations of Porcupine have historically been held and managed by various legal entities within Newmont and do not represent the operations of a single, separate legal entity or a group of separate legal entities.

The condensed combined statements of operations include all revenues and costs directly attributable to Porcupine's operations. The condensed combined statements of operations also include an allocation of expenses related to certain Newmont corporate functions, including executive management, finance, legal, information technology, human resources and other shared services. These expenses have been allocated based on direct usage or benefit where specifically identifiable, with the remainder allocated using a proportional cost allocation method based primarily on production of gold equivalent ounces.

The Company believes the allocation methodology is reasonable for all periods presented. However, the allocations may not reflect the expenses the Company would have incurred as a standalone entity for the periods presented. Multiple factors, including the chosen organizational structure, division between outsourced and in-house functions, and strategic decisions made in areas such as information technology and capital expenditures, would impact the actual costs incurred by Porcupine. The Company determined that it is not practicable to determine these standalone costs for the periods presented. As a result, the condensed combined financial statements are not indicative of Porcupine's financial condition, results of operations or cash flows had Porcupine operated as a standalone entity during the periods presented, and the results presented in the condensed combined financial statements are not indicative of Porcupine's future financial condition, results of operations or cash flows.

Newmont utilizes a centralized approach to cash management and financing of its operations. These arrangements may not be reflective of the way Porcupine would have financed its operations had it been a separate, standalone entity during the periods presented. The centralized cash management arrangements are excluded from the asset and liability balances in Porcupine's condensed combined balance sheets. These amounts have instead been included in *Net Parent investment* as a component of equity. Newmont's third-party debt and related interest expense have not been attributed to Porcupine because the Company is not the legal obligor of the debt, and the borrowings are not specifically identifiable to Porcupine's operations.

Income tax amounts in the condensed combined financial statements have been calculated using the separate return method and presented as if Porcupine was a separate taxpayer in the respective jurisdictions.

The functional currency of the Company is the United States dollar ("U.S. dollar"). Transaction gains and losses related to foreign currency denominated monetary assets and liabilities where the functional currency is the U.S. dollar are remeasured at current exchange rates and the resulting adjustments are included in *Other income, net*.

Transactions between Porcupine and Newmont are reflected as *Net Parent investment* in the condensed combined balance sheets and as financing activities in the condensed combined statements of cash flows. Refer to Note 5 for additional information regarding the relationship between Porcupine and Newmont. Intercompany accounts and transactions within Porcupine have been eliminated in the preparation of the condensed combined financial statements.

**NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Risks and Uncertainties**

As a mining operation, the Company's revenue, profitability and future rate of growth are substantially dependent on prevailing gold prices. Historically, the commodity markets have been very volatile, and there can be no assurance that gold prices will not be subject to wide fluctuations in the future. A substantial or extended decline in the price of gold could have a material adverse effect on the Company's financial position, results of operations, cash flows, access to capital and on the quantities of reserves that the Company can economically produce. The carrying value of the Company's *Property, plant and mine development, net; Inventories; and Stockpiles* are particularly sensitive to the outlook for gold prices. A decline in the Company's price outlook from current levels could result in material impairment charges related to these assets.

## Notes to the Condensed Combined Financial Statements

(unaudited, dollars in thousands)

The Company is exposed to risks associated with public health crises, geopolitical and macroeconomic pressures, including but not limited to inflationary conditions, as well as the effects of certain countermeasures taken by central banks, supply chain disruptions resulting from global conflicts and other global events, an uncertain and evolving labor market and trade environment including tariff and regulatory changes.

Factors that could have further potential short- and, possibly, long-term material adverse impacts on the Company include, but are not limited to, volatility in commodity prices and the price of gold, changes in the equity and debt markets or country-specific factors adversely impacting discount rates, significant cost inflation impacts on production, capital and asset retirement costs, logistical challenges, workforce interruptions and financial market disruptions, energy market disruptions, as well as potential impacts to estimated costs and timing of projects.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the accounting for and recognition and disclosure of assets, liabilities, equity, revenues and expenses. The Company must make these estimates and assumptions because certain information used is dependent on future events, cannot be calculated with a high degree of precision from data available or simply cannot be readily calculated based on generally accepted methodologies. Actual results could differ from these estimates.

### Fair Value Accounting

Fair value accounting establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, quoted prices or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability and model-based valuation techniques (e.g. the Black-Scholes model) for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company's financial instruments measured on a recurring basis primarily include receivables and payables for which the carrying value approximates fair value due to the short maturities and are classified within Level 1.

The Company's long-lived assets are measured on a non-recurring basis and are classified within Level 3.

The Company reviews and evaluates its long-lived assets and other assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. If the expected future undiscounted cash flows from the use and eventual disposition of the asset or asset group are less than the carrying amount of the assets, an impairment loss is recognized. The Company measures impairment by comparing the total fair value of the existing operations to the carrying value of the corresponding assets.

### Recently Adopted Accounting Pronouncements

#### ***Improvement to Income Tax Disclosures***

In December 2023, ASU 2023-09 was issued which requires disaggregated information about the effective tax rate reconciliation and additional information on taxes paid that meet a qualitative threshold. The new guidance is effective for annual reporting periods beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impacts of the guidance on its condensed combined financial statements.

#### ***Pillar II***

The Organisation for Economic Co-operation and Development issued the Global Anti-Base Erosion Model Rules ("Pillar II"), which generally provides for multinational organizations to have a minimum effective corporate tax rate of 15% in each jurisdiction in which they operate, which went into effect in 2024. As the Company primarily does business in jurisdictions with a tax rate greater than 15%, the Company does not anticipate a material impact to the condensed combined financial statements.

**Notes to the Condensed Combined Financial Statements**  
(unaudited, dollars in thousands)

## Recently Issued Accounting Pronouncements

### *Disaggregation of Income Statement Expenses*

In November 2024, ASU 2024-03 was issued, requiring additional disclosures in the notes to the financial statements on the nature of certain expense captions presented on the face of the condensed combined statements of operations. The new guidance is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. The Company is currently evaluating the impacts of the guidance on its condensed combined financial statements.

## NOTE 4 SALES

The Company recognizes revenue from the sale of gold doré produced in Canada.

### Trade Receivables

At March 31, 2025 and December 31, 2024, *Trade receivables* consisted of sales from gold doré, which includes provisionally priced carbon fines.

## NOTE 5 RELATED PARTY TRANSACTIONS

Historically, Porcupine has been managed and operated in the normal course of business with other affiliates of Newmont. Accordingly, certain shared costs have been allocated to Porcupine and reflected as expenses in the condensed combined financial statements.

The condensed combined financial statements include corporate costs incurred by Newmont for services that are provided to or on behalf of Porcupine. The corporate costs include allocations of costs incurred associated with executive management, finance, legal, information technology, human resources and other shared services. These costs have been allocated to Porcupine based primarily on its production of gold equivalent ounces. Newmont and Porcupine believe the allocation methodology is reasonable and appropriately represents Newmont's historical expenses that were attributable to Porcupine. However, the expenses reflected in the condensed combined financial statements may not be indicative of the actual expenses that would have been incurred during the periods presented had Porcupine historically operated as a separate, standalone entity. In addition, the expenses reflected in the condensed combined financial statements may not be indicative of expenses that Porcupine will incur in the future.

The allocated costs in the condensed combined statements of operations were as follows (in thousands):

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Costs applicable to sales	\$ 3,698	\$ 4,251
General and administrative	2,666	3,351
Advanced projects, research and development	606	960
Exploration	91	148
	<u>\$ 7,061</u>	<u>\$ 8,710</u>

## NOTE 6 RECLAMATION

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations to protect public health and the environment and believes its operations are in compliance with applicable laws and regulations in all material respects. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future reclamation costs are based principally on current legal and regulatory requirements.

The Company's *Reclamation* expense consisted of (in thousands):

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Reclamation accretion	\$ 6,591	\$ 6,334
Reclamation adjustments and other	364	(1)
Reclamation expense	<u>\$ 6,955</u>	<u>\$ 6,333</u>

**Notes to the Condensed Combined Financial Statements**  
(unaudited, dollars in thousands)

The following are reconciliations of *Reclamation liabilities* (in thousands):

	<b>2025</b>	<b>2024</b>
Balance at January 1,	\$ 562,133	\$ 537,967
Additions, changes in estimates and other	1	—
Payments, net	(1,583)	(1,162)
Accretion expense	6,591	6,334
Balance at March 31,	<u>\$ 567,142</u>	<u>\$ 543,139</u>
	<b>At March 31,</b>	<b>At December 31,</b>
	<b>2025</b>	<b>2024</b>
Current	\$ 43,669	\$ 44,619
Non-current	523,473	517,514
	<u>\$ 567,142</u>	<u>\$ 562,133</u>

The amounts accrued are reviewed periodically based upon facts and circumstances available at the time. Changes in estimates are recorded in current and non-current *Reclamation liabilities* in the period estimates are revised.

Refer to Note 11 for further discussion of reclamation matters.

#### **NOTE 7 INCOME AND MINING TAXES**

A reconciliation of the Canadian federal statutory tax rate to the Company's effective income tax rate follows (in thousands, except percentages):

	<b>Three Months Ended March 31,</b>			
	<b>2025</b>		<b>2024</b>	
Income before income and mining tax and other items (in thousands)	\$	44,285	\$	17,498
Canada statutory tax rate	15.0 %	(6,643)	15.0 %	(2,625)
Reconciling items:				
Provincial income taxes	10.0 %	(4,429)	10.0 %	(1,750)
Change in valuation allowance on deferred tax assets	— %	—	2.6 %	(449)
Impact of foreign exchange	(0.2)%	109	(20.5)%	3,584
Mining and other taxes (net of associated federal benefit)	5.8 %	(2,581)	4.6 %	(802)
Income and mining tax (expense)	<u>30.6 %</u>	<u>\$ (13,544)</u>	<u>11.7 %</u>	<u>\$ (2,042)</u>

Mining taxes in Canada represent provincial taxes levied on mining operations and are classified as income taxes as such taxes are based on a percentage of mining profits.

#### **NOTE 8 EMPLOYEE-RELATED BENEFITS**

(in thousands)	<b>At March 31,</b>	<b>At December 31,</b>
	<b>2025</b>	<b>2024</b>
Current:		
Accrued payroll and withholding taxes	\$ 5,590	\$ 10,949
Employee pension benefits	368	368
Other employee-related payables	2,544	1,817
	<u>\$ 8,502</u>	<u>\$ 13,134</u>
Non-current:		
Accrued severance	\$ 16,959	\$ 16,032
Employee pension benefits	3,336	3,176
	<u>\$ 20,295</u>	<u>\$ 19,208</u>

#### **Defined Benefit Plan**

Newmont provides a defined benefit pension plan to eligible employees. Benefits are generally based on years of service and the multiplier negotiated in the collective bargaining agreement. The plan is funded based on local laws and requirements. Pension costs are determined annually by independent actuaries, and the measurement date used for determining the pension plan assets and

**Notes to the Condensed Combined Financial Statements**  
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obligations is December 31 the Company's fiscal year end. The amount charged to *Costs applicable to sales* in the condensed combined statements of operations was \$0.3 million and \$0.3 million for the three months ended March 31, 2025 and 2024, respectively, and the amount charged to *Other income, net in the condensed combined statements of operations* was \$(0.1) million and \$(0.1) million for the three months ended March 31, 2025 and 2024, respectively.

### Defined Contribution and Other Benefit Plans

Newmont has a registered defined contribution pension plan in Canada, which covers salaried and hourly employees. When an employee meets eligibility requirements, Newmont contributes 5% of employees' eligible earnings, plus matches 100% of employee contributions of up to 4% of eligible earnings. Matching contributions are made in cash. In addition, Newmont has one non-qualified supplemental savings plan for executive-level employees whose benefits under the qualified plan are limited by federal regulations. The amount charged to *Costs applicable to sales* in the condensed combined statements of operations was \$1.7 million and \$1.5 million for the three months ended March 31, 2025 and 2024, respectively.

### NOTE 9 INVENTORIES

(in thousands)	At March 31, 2025	At December 31, 2024
Materials and supplies	\$ 28,110	\$ 28,758
In-process	4,859	4,873
Precious metals	2,596	5,756
	<u>\$ 35,565</u>	<u>\$ 39,387</u>

There were no inventory write-downs for the three months ended March 31, 2025 and 2024.

### NOTE 10 OTHER CURRENT LIABILITIES

(in thousands)	At March 31, 2025	At December 31, 2024
Accrued operating costs	9,722	13,745
Accrued capital expenditures	6,009	7,989
Accrued royalties	2,634	9,573
Other	280	159
	<u>\$ 18,645</u>	<u>\$ 31,466</u>

### NOTE 11 COMMITMENTS AND CONTINGENCIES

#### General

Estimated losses from contingencies are accrued by a charge to income when information available prior to issuance of the condensed combined financial statements indicates that it is probable that a liability could be incurred, and the amount of the loss can be reasonably estimated. Legal expenses associated with the contingency are expensed as incurred. If a loss contingency is not probable or reasonably estimable, disclosure of the contingency and estimated range of loss, if determinable, is made in the condensed combined financial statements when it is at least reasonably possible that a material loss could be incurred.

#### Environmental Matters

Refer to Note 6 for further information regarding reclamation. Details about certain significant matters are discussed below.

The Porcupine complex is comprised of active open pit and underground mining operations as well as inactive, legacy sites from its extensive history of mining gold in and around the city of Timmins, Ontario since the early 1900s. As a result of these primarily historic mining activities, there are mine hazards in the area that could require some form of reclamation. The Company conducted studies to better catalog, prioritize, and update its existing information of these historical mine hazards, to inform its closure plans and estimated closure costs.

#### Other Commitments and Contingencies

On November 20, 2024, Taykwa Tagamou Nation ("TTN") filed a Statement of Claim in the Ontario Superior Court of Justice against the Ontario government, as well as Newmont Corporation and Goldcorp Canada Ltd. (collectively "Newmont"), alleging that the resumption of open pit mining at the Pamour mine in Timmins, Ontario, Canada would be without proper consultation or consideration of the cumulative impacts of TTN's traditional territory and Aboriginal rights, and as such, the associated environmental permits previously issued by the Ontario government with respect to Pamour ought to be revoked. TTN is seeking, amongst other things: (i) a stay of all activities authorized under the permits until the case is resolved, (ii) a declaration that Ontario breached its duty to consult and violated Treaty No. 9, and section 35 of the Constitution Act (Canada) 1982, and (iii) general and aggravated damages. Newmont

**Notes to the Condensed Combined Financial Statements**  
(unaudited, dollars in thousands)

remains steadfast in its commitment to foster meaningful and productive relationships with First Nation communities in Canada, and had undertaken appropriate consultations with various community stakeholders, including TTN and other First Nation groups in the Timmins area – as such, the permits were properly issued by the government. Newmont is vigorously defending this matter, but cannot reasonably predict the outcome.

Refer to Note 1 for further information regarding the recently completed sale of the Company, which is the focus of this case and for which liability has transferred to the buyer as of April 15, 2025.

As part of its ongoing business and operations, the Company is required to provide surety bonds and bank letters of credit as financial support for various purposes, including environmental reclamation, exploration permitting, and other general corporate purposes. At March 31, 2025, there were \$166.7 million of outstanding letters of credit and surety bonds. The obligations associated with these instruments are generally related to performance requirements that the Company addresses through its ongoing operations. As the specific requirements are met, the beneficiary of the associated instrument cancels and/or returns the instrument to the issuing entity. Certain of these instruments are associated with operating sites with long-lived assets and will remain outstanding until closure. Generally, bonding requirements associated with environmental regulation are becoming more restrictive. However, the Company believes it is in compliance with all applicable bonding obligations and will be able to satisfy future bonding requirements through existing or alternative means, as they arise.

The Company is from time to time involved in various legal proceedings related to its business. Except in the above described environmental matter, management does not believe that adverse decisions in any pending or threatened proceeding or that amounts that may be required to be paid by reason thereof will have a material adverse effect on the Company's financial condition or results of operations.

**NOTE 12 SUBSEQUENT EVENTS**

These condensed combined financial statements reflect management's evaluation of subsequent events, through May 29, 2025, the date the financial statements were available to be issued. No other subsequent events were identified outside of the transaction presented in Note 1.