

K92 **MINING INC.**

CONSOLIDATED FINANCIAL STATEMENTS

(Presented in thousands of United States Dollars)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024



Independent auditor's report

To the Shareholders of K92 Mining Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of K92 Mining Inc. and its subsidiaries (together, the Company) as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2025 and 2024;
- the consolidated statements of operations and earnings for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

PricewaterhouseCoopers LLP
PwC Place, 250 Howe Street, Suite 1400
Vancouver, British Columbia, Canada V6C 3S7
T.: +1 604 806 7000, F.: +1 604 806 7806
Fax to mail: ca_vancouver_main_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

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

Independence

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>Refer to note 3 – Material accounting policies and note 14 – Revenue to the consolidated financial statements.</p> <p>The Company recorded \$595 million of revenue for gold from doré and concentrate sales during the year ended December 31, 2025. Revenue from the sale of gold concentrate and gold from doré is recognized when the Company transfers control of the asset to the customer. Gold concentrate includes gold, copper and silver. The transfer of control occurs when gold concentrate is assayed and delivered to a holding yard, where it is stored and clearly marked in the name of the buyer. Revenue is recorded at the estimated amount to be received when the criteria for revenue recognition are met. Any subsequent changes in the fair value of settlements receivable are recorded in revenue. The transfer of control and sale of gold from doré occur on the date of settlement, after the refinery's final determination of metal content, which is the date on which legal and beneficial title passes to the buyer. The gold price is fixed on the date of sale.</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none">• Tested the revenue recognized for a sample of revenue transactions, which included the following:<ul style="list-style-type: none">– Agreed transfer of control and pricing terms to the sales contracts.– Agreed volume of gold concentrate to third party delivery evidence.– Recalculated gold concentrate revenue using market reference prices for gold.– Agreed volume of gold and price for gold from doré sales to third party settlement documents.• Tested a sample of subsequent changes to the fair value of concentrate settlement receivables to market reference pricing.• Confirmed with the gold concentrate customer the outstanding invoice balances as at December 31, 2025.

Key audit matter**How our audit addressed the key audit matter**

We considered this a key audit matter due to (i) the significance of the revenue balance and (ii) the high degree of audit effort in performing procedures related to the Company's revenue recognition.

Other information

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

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

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

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

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia

March 1, 2026

K92 MINING INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Presented in thousands of United States Dollars)

As at	December 31, 2025	December 31, 2024
ASSETS		
Current		
Cash and cash equivalents (Note 18)	\$ 230,878	\$ 140,073
Term deposits	-	1,213
Receivables (Note 4)	67,772	24,532
Inventories (Note 5)	67,898	38,886
Prepayments	8,686	3,595
Other current assets	<u>2,179</u>	<u>965</u>
	377,413	209,264
Restricted cash	-	20,540
Income tax prepayment (Note 19)	3,389	2,423
Deposits on equipment	7,154	1,317
Property, plant and equipment (Note 6)	<u>569,861</u>	<u>394,725</u>
	\$ 957,817	\$ 628,269
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 74,145	\$ 50,643
Deferred revenue (Note 14)	6,021	-
Income tax payable (Note 19)	13,494	11,902
Current portion of lease liabilities (Note 10)	1,749	1,954
Derivative liabilities (Note 17)	-	1,374
Current portion of Loan (Note 8)	<u>19,721</u>	<u>26,423</u>
	115,130	92,296
Deferred tax liabilities (Note 19)	33,669	16,779
Lease liabilities (Note 10)	3,476	4,784
Loan (Note 8)	29,588	32,788
Reclamation and closure cost obligations (Note 9)	<u>8,399</u>	<u>6,882</u>
	190,262	153,529
Equity		
Share capital (Note 11)	191,791	160,281
Contributed surplus (Note 11)	20,587	29,475
Accumulated other comprehensive loss	(257)	(257)
Retained earnings	<u>555,434</u>	<u>285,241</u>
	767,555	474,740
	\$ 957,817	\$ 628,269

Approved and authorized by the Board of Directors on March 1, 2026:

“Saurabh Handa”

Director

“Mark Eaton”

Director

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

K92 MINING INC.**CONSOLIDATED STATEMENTS OF OPERATIONS AND EARNINGS**

(Presented in thousands of United States Dollars, except share and per share amounts)

For the year ended	December 31, 2025	December 31, 2024
REVENUE (Note 14)	\$ 595,249	\$ 350,623
COST OF SALES (Note 15)	<u>(156,912)</u>	<u>(142,237)</u>
Earnings from mine operations	\$ 438,337	\$ 208,386
EXPENSES		
General and administrative	(14,974)	(11,178)
Exploration and evaluation expenditures	(17,961)	(16,535)
Write-downs of assets (Note 6)	(9,439)	(2,339)
Foreign exchange	1,530	(1,519)
Share-based payments	(4,767)	(3,950)
Loss on derivative instruments (Note 17)	<u>(8,718)</u>	<u>(9,634)</u>
Earnings from operations	\$ 384,008	\$ 163,231
OTHER		
Interest and finance expense (Note 16)	(1,118)	(953)
Interest income	<u>5,181</u>	<u>2,496</u>
Earnings before taxes	\$ 388,071	\$ 164,774
Income tax expense (Note 19)	<u>(117,878)</u>	<u>(53,550)</u>
Net earnings	\$ 270,193	\$ 111,224
Earnings per share (Note 11)		
Basic	\$ 1.12	\$ 0.47
Diluted	\$ 1.11	\$ 0.46
Weighted average number of shares outstanding (Note 11)		
Basic	241,549,392	236,714,635
Diluted	<u>244,192,771</u>	<u>240,504,652</u>

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

K92 MINING INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Presented in thousands of United States Dollars)

For the year ended	December 31, 2025	December 31, 2024
CASH FROM OPERATING ACTIVITIES		
Net earnings for the year	\$ 270,193	\$ 111,224
Items not affecting cash:		
Unrealized foreign exchange (gain) loss	(715)	3,681
Interest and finance expense	496	2,017
Derivative instruments (Note 17)	8,718	9,634
Deferred income tax (Note 19)	16,890	12,197
Share-based payments (Note 11)	7,495	6,272
Depreciation and depletion	28,014	33,263
Write-downs of assets (Note 6)	9,439	2,339
Net payments for derivatives (Note 17)	(11,229)	(10,267)
Changes in non-cash working capital items:		
Inventories	(25,920)	(3,596)
Receivables	(43,240)	3,211
Income tax payable	1,592	11,902
Prepayments	(6,057)	(1,508)
Accounts payable and accrued liabilities	19,213	4,719
Deferred revenue	6,021	-
Net cash provided by operating activities	<u>\$ 280,910</u>	<u>\$ 185,088</u>
CASH FROM INVESTING ACTIVITIES		
Deposits for equipment	(7,152)	(1,314)
Redemption of term deposits and restricted cash	22,168	6,569
Purchase of investments	-	(21,213)
Acquisition of property, plant and equipment	<u>(208,759)</u>	<u>(158,508)</u>
Net cash used in investing activities	<u>\$ (193,743)</u>	<u>\$ (174,466)</u>
CASH FROM FINANCING ACTIVITIES		
Proceeds on exercise of share options (Note 11)	15,127	6,188
Proceeds from loan (Note 8)	20,000	60,000
Loan transaction costs (Note 8)	(200)	(1,078)
Loan principal payments (Note 8)	(30,000)	-
Principal lease payments (Note 10)	<u>(1,919)</u>	<u>(4,465)</u>
Net cash provided by financing activities	<u>\$ 3,008</u>	<u>\$ 60,645</u>
Change in cash and cash equivalents during the year	90,175	71,267
Effect of foreign exchange on cash	630	(3,846)
Cash and cash equivalents, beginning of year	<u>140,073</u>	<u>72,652</u>
Cash and cash equivalents, end of year	<u>\$ 230,878</u>	<u>\$ 140,073</u>
Cash paid for interest	\$ (10,929)	\$ (3,588)
Cash received for interest income	\$ 5,181	\$ 2,496
Cash paid for taxes	\$ (90,220)	\$ (11,882)

Supplemental cash flow information (Note 18)

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

K92 MINING INC.**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Presented in thousands of United States Dollars, except share and per share amounts)

	Share capital		Contributed surplus	Accumulated other comprehensive loss	Retained Earnings	Total
	Number	Amount				
Balance at December 31, 2023	234,879,174	\$ 146,161	\$ 30,972	\$ (257)	\$ 174,016	\$ 350,892
Shares issued on exercise of share options (Note 11)	2,685,850	9,834	(3,646)	-	-	6,188
Shares issued on vesting of RSUs (Note 11)	518,953	2,713	(2,713)	-	-	-
Shares issued on vesting of PSUs (Note 11)	376,492	1,573	(1,573)	-	-	-
Share-based payments (Note 11)	-	-	6,435	-	-	6,435
Net earnings for the year	-	-	-	-	111,225	111,225
Balance at December 31, 2024	238,460,469	\$ 160,281	\$ 29,475	\$ (257)	\$ 285,241	\$ 474,740
Shares issued on exercise of share options (Note 11)	3,340,000	22,566	(7,439)	-	-	15,127
Shares issued on vesting of RSUs (Note 11)	903,554	4,912	(4,912)	-	-	-
Shares issued on vesting of PSUs (Note 11)	1,191,617	4,032	(4,032)	-	-	-
Share-based payments (Note 11)	-	-	7,495	-	-	7,495
Net earnings for the year	-	-	-	-	270,193	270,193
Balance at December 31, 2025	243,895,640	\$ 191,791	\$ 20,587	\$ (257)	\$ 555,434	\$ 767,555

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

K92 MINING INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

1. NATURE OF BUSINESS

K92 Mining Inc. (the “**Company**”) was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on March 22, 2010. The Company’s shares are listed on the Toronto Stock Exchange (TSX) under the symbol “KNT” and quoted on the OTCQX under the symbol “KNTNF”. The Company is currently engaged in the production of gold, copper and silver at the Kainantu Gold Mine in Papua New Guinea (“**PNG**”) as well as exploration and development of mineral deposits in the immediate vicinity of the mine, including Blue Lake and Arakompa.

The Company’s head office, principal, registered and records office is 488 – 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis of Presentation

These consolidated financial statements are presented in United States dollars and were approved and authorized for issue by the Board of Directors on March 1, 2026.

Material accounting judgements, estimates and assumptions

The preparation of consolidated financial statements requires management to make estimates about, and apply assumptions or judgment to, future events and other matters that affect the reported amounts of the Company’s assets, liabilities, revenues, expenses and related disclosures. Assumptions, estimates and judgments are based on historical experience, expectations, current trends and other factors that management believes to be relevant at the time at which the Company’s consolidated financial statements are prepared.

- a) Sources of estimation uncertainty that have a risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next twelve months:

Depreciation and depletion of property, plant and equipment

Property, plant and equipment is the largest component of the Company’s assets and, as such, the depreciation of these assets has a significant effect on the Company’s financial statements.

Mining plant and equipment and other related assets are depreciated over their expected economic lives using either the units of production method or the straight-line method. Depletion of each mineral property asset is provided on the units of production basis using the number of tonnes of ore mined or tonnes of ore processed in a period over the total life of mine production tonnes. For mineral property assets depleted over the estimated life of mine production, a change in the mineral resource would result in a change in the rate of depletion for that mineral property asset. For long-lived assets that are depreciated over the estimated life of mine on a straight-line basis, a change in the estimated life of mine would result in a change in the rate of depreciation.

K92 MINING INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

2. BASIS OF PREPARATION (cont'd...)

Material accounting judgements, estimates and assumptions (cont'd...)

Environmental rehabilitation provision

The Company has obligations for the future restoration of its mining licence area. In most instances, removal of assets and restoration of surrounding areas occurs many years into the future. This requires assumptions regarding the removal date of infrastructure, the extent of reclamation activities required, the engineering methodology for estimating future costs, future removal technologies in determining removal cost, and a discount rate to determine the present value of the future cash outflows. Changes in the environmental provision for operating mine assets would result in an increase or decrease in the provision with a corresponding increase or decrease in the related asset.

Mineral Resources

Mineral resource estimates are based on various assumptions relating to operating matters. These include assumptions such as production costs, mining and processing recoveries, cut-off grades, long term commodity prices, and inflation rates. Cost estimates are based on preliminary economic assessment estimates or operating history, and estimates are prepared by appropriately qualified persons (as defined in National Instrument 43-101).

Estimated recoverable resources and estimated life of mine production are used to determine the depreciation of property, plant and equipment and to forecast the timing of the payment of reclamation and closure cost obligations.

b) Accounting policy judgements:

Commercial Production

Judgement is required in assessing the point at which the Company's new 1.2 million tonnes per annum processing plant is available for use in the manner intended by management ("Commercial Production").

In making this assessment, management considered a range of factors, including:

- achievement of targeted throughput rates over a sustained period
- metallurgical recoveries consistent with design expectations
- the ability to consistently produce saleable concentrate or doré meeting required specifications
- demonstrated stability and reliability of processing circuits and supporting infrastructure, including the ability of the new plant to operate independent of the existing plant
- completion of key commissioning and handover milestones, including performance testing

No single factor is determinative, and judgement is applied in evaluating the collective evidence of readiness. Based on this assessment, management determined that the new processing plant had not yet achieved Commercial Production as at December 31, 2025. Accordingly, commissioning and related borrowing costs continue to be capitalized until the criteria for Commercial Production are met, and depreciation will commence once Commercial Production is achieved. Subsequent to December 31, 2025, the Company declared Commercial Production at the new processing plant effective January 1, 2026.

Impairment indicator assessment for property, plant and equipment

Property, plant and equipment are tested for impairment when events or changes in circumstance indicate that the carrying value may be higher than the recoverable amount. Judgement is required in assessing whether certain factors would be considered an indicator of impairment. Management evaluates both internal and external factors in determining whether there are any indicators of impairment, such as a significant decline in the market value of the Company's share price, significant reductions in the quantity and/or grade of the recoverable resources, changes in metals prices, capital and operating costs, or changes in external market data that has the potential to impact foreign exchange or interest rates.

No impairment indicators were identified by management as at December 31, 2025.

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

3. MATERIAL ACCOUNTING POLICIES (cont'd...)**Basis of consolidation**

These consolidated financial statements include the financial statements of the Company and the subsidiaries controlled by the Company. Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Company until the date that control ceases. All intercompany transactions and balances have been eliminated on consolidation.

The consolidated financial statements include the financial statements of the Company and its legal subsidiaries which are fully owned:

Subsidiary	Country of Incorporation
K92 Mining (Australia) Pty Ltd.	Australia
K92 Holdings International Limited	British Virgin Islands
K92 Mining Limited	Papua New Guinea
Kainantu Employee Trust Ltd.	Canada
K & Able Mining LLC	South Korea

Earnings per share

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

Diluted earnings per share is calculated based on the net earnings for the year attributable to shareholders divided by the weighted average of the common shares outstanding after adjusting for the effects of all potentially dilutive common shares. This method assumes potential common shares were converted into common shares at the beginning of the period and outstanding in the money share options were exercised with the proceeds from such exercises used to acquire common shares at the average market price during the year. Diluted earnings per share excludes all dilutive potential common shares if their effect is anti-dilutive.

Cash and equivalents

Cash and cash equivalents comprise cash on deposit with banks and highly liquid short-term interest-bearing investments that may be redeemed at any time or with a term to maturity at the date of purchase of 90 days or less, which are subject to an insignificant risk of change in value.

Impairment

At the end of each reporting period, the Company's property, plant and equipment assets are reviewed to determine whether there is any indication that those assets may be impaired. Impairment assessments are conducted at the level of cash-generating units ("CGU"). If such indication exists, the recoverable amount of the CGU is estimated to determine the extent of the impairment, if any. The recoverable amount of the CGU is the higher of fair value less costs of disposal and value in use ("VIU"). Fair value is determined as the amount that would be obtained from the sale of the CGU in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU. If the recoverable amount of a CGU is estimated to be less than its carrying amount, the carrying amount of the CGU is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

3. MATERIAL ACCOUNTING POLICIES (cont'd...)**Impairment (cont'd...)**

Where an impairment loss subsequently reverses, the carrying amount of the CGU is increased to the revised estimate of its recoverable amount, up to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Foreign exchange*Functional currency*

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for all entities is the United States dollar.

Foreign currency transactions

Transactions in foreign currencies are initially recorded into the functional currency by applying the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the statement of financial position date. Nonmonetary assets and liabilities are translated at historical exchange rates, unless the item is carried at fair value, in which case it will be translated at the exchange rate in effect at the date when the fair value was determined.

Presentation currency

The Company presents its consolidated financial statements in United States dollars.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for items not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, nor differences relating to investments in subsidiaries where the timing of reversal of the temporary difference can be controlled and it is not probable that they will reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

3. MATERIAL ACCOUNTING POLICIES (cont'd...)**Provisions***Reclamation and closure cost obligations*

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral property assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an environmental rehabilitation obligation is recognized at its present value in the period in which it is incurred if a reasonable estimate of the cost can be made. The Company records the present value of estimated future cash flows, adjusted for inflation, associated with reclamation as a liability, at a risk-free rate, when the liability is incurred, and increases the carrying value of the related assets by that amount. Subsequently, these capitalized asset retirement costs are amortized over the life of the related assets. Each period, the liability is increased to reflect the passage of time (accretion expense) and for changes in the estimated future cash flows. The Company recognizes environmental liabilities on a site-by-site basis when it can be reliably estimated.

Other provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation.

Inventories

Ore stockpiles, concentrate and doré inventories are measured at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes all expenditures directly attributable to mineral extraction, processing and overheads that are incurred in extracting and processing ore. Net realizable value is determined with reference to relevant market prices, less estimated costs of completion (including royalties payable).

Mine supplies, consumables and fuel inventory are valued at the lower of average cost and net realizable value. Costs include acquisition, freight and other directly attributable costs. Judgment is required in assessing whether mine supplies and consumables are subject to obsolescence based on expected usage, physical condition and future operating plans. A periodic review is undertaken to determine the extent of any provision for obsolescence.

Exploration and evaluation assets*Exploration and evaluation licences*

All direct costs related to the acquisition of mineral property interests are capitalized on a property-by-property basis.

Exploration and evaluation expenditures

Exploration costs are charged to the statement of operations in the year incurred until the technical feasibility and commercial viability of the extraction of mineral reserves or resources from a particular mineral property has been determined, in which case subsequent costs incurred to develop a property are capitalized into property, plant and equipment.

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

3. MATERIAL ACCOUNTING POLICIES (cont'd...)**Exploration and evaluation assets (cont'd...)***Exploration and evaluation expenditures (cont'd...)*

The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors, including but not limited to:

- the extent to which mineral reserves or mineral resources have been identified through a feasibility study or similar document;
- the results of optimization studies and further technical evaluations carried out to mitigate project risks identified in the feasibility study;
- the status of environmental permits;
- the status of mining leases or permits; and
- the Company's determination that the project will provide a satisfactory return relative to its perceived risks.

Mineral resources may be declared for an undeveloped mining project before its commercial viability has been fully determined.

Exploration and evaluation assets are tested for impairment immediately prior to reclassification to mineral properties.

Property, plant and equipment

The following table outlines the methods used to depreciate property, plant and equipment:

Mineral properties	Units of production
Plant and equipment	Units of production
Vehicles	Straight line 3 years
Office equipment	Straight line 3 years
Mobile fleet	Straight line 4 years
Equipment under lease	Straight line 3 - 4 years
Infrastructure and equipment	Straight line 3 - 13 years

Plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset includes the purchase price or construction cost, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. The costs are depreciated on either a straight-line basis over the estimated useful life of the related asset or on a units of production basis based on the estimated remaining life of the asset.

Mineral properties are carried at cost less accumulated depletion and impairment losses. The costs associated with acquiring and developing mineral properties, including expenses for mine development that provides access to additional sources of mineral reserves or resources, are capitalized to the mineral property. Once the property is in production, it will be depleted using the units-of-production method over the mine's remaining estimated life, as determined by the mineral reserves and resources. The costs of developing the mineral property are capitalized either on a per level basis or across the entire mine as appropriate. The capitalized costs are then depleted on a units-of-production basis, either over the estimated production per level or over the entire life of the mine depending on the area of the mine that benefits from the related costs, as determined by the mineral reserves and resources.

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

3. MATERIAL ACCOUNTING POLICIES (cont'd...)*Commercial Production*

When a project or major expansion enters Commercial Production, capitalization of commissioning costs ceases, and the related assets are transferred from construction-in-progress to the appropriate property, plant and equipment categories. Depreciation of these assets commences when they are available for use in the manner intended by management.

Borrowing costs

Borrowing costs directly related to the acquisition or construction of a qualifying asset are capitalized and added to the cost of the asset, until such time as the asset is substantially complete and ready for its intended use. Where funds are borrowed to specifically finance a project, the amount capitalized represents the actual borrowing costs incurred.

Where the funds used to finance a project form part of general borrowings, the amount capitalized is calculated using the weighted average cost applicable to relevant general borrowing of the Company during the year. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Revenue recognition

Revenue from the sale of gold concentrate and gold from doré is recognized when the Company transfers control of the asset to the customer. Indicators of transfer of control: the Company has the present right to payment; the customer has legal title; physical possession has been transferred to the customer; the customer has the risk and rewards of ownership; and customer acceptance.

Concentrate sales

The transfer of control occurs when the gold concentrate is assayed and delivered to a holding yard in Lae, Papua New Guinea, where it is stored and clearly marked in the name of the buyer, at which point the Company can provide a provisional invoice to the buyer for the sale. Gold concentrate includes gold, copper and silver.

The Company's contracts with customers provide for a provisional payment based on provisional assays and quoted metal prices. Final settlement is based on the final assays and market prices determined over a specified quotational period, which is typically three months after vessel departure from the port of Lae, Papua New Guinea. Revenue is recorded at the estimated amount to be received when the criteria for revenue recognition are met, and adjustments are made to settlements receivable in subsequent periods based on fluctuations in market prices until the date of final metal pricing. Any subsequent changes in the fair value of settlements receivable are recorded in revenue, but they are shown separately from revenue arising from contracts with customers in the notes to the financial statements.

Doré sales

The transfer of control and sale of gold from doré occurs on the date of settlement, after the refinery's final determination of metal content, which is the date on which legal and beneficial title passes to the buyer. The gold price is fixed on the date of sale.

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

3. MATERIAL ACCOUNTING POLICIES (cont'd...)**Financial instruments***Financial assets*

Financial assets are classified as either financial assets at fair value through profit or loss, amortized cost, or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition.

- a) Amortized cost – financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as FVTPL: 1) the objective of the Company’s business model for these financial assets is to collect their contractual cash flows; and 2) the asset’s contractual cash flow represents solely payments of principal and interest.
- b) Fair value through profit or loss (“FVTPL”) – financial assets are classified as fair value through profit or loss if they do not meet the criteria for amortized cost or fair value through other comprehensive income. Changes in fair value are recognized in the consolidated statement of operations and earnings.

The Company’s cash and cash equivalents and accounts receivables are recorded at amortized cost.

The Company’s trade receivables are recorded at FVTPL. Trade receivables are amounts due from customers for the sale of gold concentrate in the ordinary course of business. Changes in the fair value of trade receivables are recorded as a separate component of revenue.

Financial liabilities

All financial liabilities are initially recorded at fair value and subsequently measured as FVTPL or at amortized cost. Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings.

Financial liabilities measured at amortized cost are initially recognized at fair value less directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

The Company’s accounts payable are recorded at amortized cost.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit loss for performing assets and the lifetime expected credit loss if the credit risk on the financial assets has increased significantly since initial recognition. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the expected credit losses are reversed after the impairment was recognized.

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

3. MATERIAL ACCOUNTING POLICIES (cont'd...)**Financial instruments (cont'd...)***Derivative financial instruments*

The Company does not apply hedge accounting and consequently all derivatives are recorded at fair value with changes in fair value recognized in net earnings as derivative gains or losses. Fair value for derivative financial instruments are determined using valuation techniques, using assumptions based on market conditions existing at the statement of financial position date.

Leases

The Company recognizes whether a contract is, or contains, a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. As a lessee, the Company recognizes a Right-of-Use (“**ROU**”) asset and a lease liability at the commencement date of the lease.

The ROU asset is initially measured at cost, which is composed of the initial amount of the lease liability adjusted for any payments made at or before the commencement date, plus any reclamation and closure costs, less any lease incentives received.

The ROU asset is depreciated from the commencement date until the earlier of the lease term's end or the asset's useful life. If a lease renewal is probable, the depreciation period is adjusted to reflect the updated term. In addition, the ROU asset may be reduced due to impairment losses, if any, and adjusted for certain re-measurements of the lease liability

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are composed of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if we are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in our estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit.

The Company does not recognize ROU assets and lease liabilities for leases of low-value assets and leases with lease terms that are less than 12 months. Lease payments associated with these arrangements are instead recognized as an expense over the term on either a straight-line basis, or another systematic basis if more representative of the pattern of benefit.

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

3. MATERIAL ACCOUNTING POLICIES (cont'd...)**Share-based payments**

The Company makes share-based payments, including restricted share units ("RSUs"), performance share units ("PSUs") and options, to certain employees. The cost of share-based payments is recorded based on the estimated fair-value at the grant date and charged to earnings over the vesting period.

New and amended accounting standards issued but not yet effective*Disclosure of Accounting Policies – Amendments to IFRS 9 (Financial Instruments) and IFRS 7 (Financial Instruments: Disclosures)*

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 that update classification, measurement and disclosure requirements for financial instruments, effective for annual periods beginning on or after January 1, 2026. The amendments clarify the recognition and derecognition dates for certain financial assets and liabilities, including the introduction of an exception for financial liabilities settled through electronic cash transfer systems, and provide additional guidance on assessing whether a financial asset meets the solely payments of principal and interest criterion.

The Company intends to apply the electronic payment settlement exception for eligible financial assets and liabilities. The amendments are not expected to have a material impact on the Company's financial instruments.

Disclosure of Accounting Policies – IFRS 18 (Presentation and disclosure in financial statements)

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure of Financial Statements, which replaces IAS 1, Presentation of Financial Statements. IFRS 18 establishes a defined structure for the income statement, requiring income and expenses to be categorized into three specific groups: operating, investing, and financing, along with certain defined totals and subtotals. The new presentation model is expected to change how certain income and expense items are classified within the consolidated statement of income. While IFRS 18 does not change the recognition or measurement of revenue or expenses, the Company expects that foreign exchange gains and losses, interest income, interest expense, and other finance or investing related amounts may require reclassification to align with the new operating, investing and financing categories. The Company will also assess the presentation of mine operating costs, depreciation of development assets, and other expenditures related to producing activities.

IFRS 18 also introduces disclosure requirements for management-defined performance measures, defined as subtotals of income and expenses not specified by IFRS Accounting Standards but used by management in public communications outside the financial statements. The Company expects that certain of its performance measures will meet this definition and, accordingly, will provide the required explanations and reconciliations in the financial statements upon adoption of IFRS 18.

IFRS 18 provides enhanced guidance on how items should be aggregated and disaggregated in the financial statements, requiring similar items to be presented together and distinct or significant items to be presented separately. The standard also introduces expectations for clearer explanations of residual categories, with additional detail provided when it is relevant to users of the financial statements. The Company is reviewing its current presentation to determine whether any line items, will require further description or disaggregation when IFRS 18 is adopted.

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

4. RECEIVABLES

As at	December 31, 2025	December 31, 2024
Trade receivables	\$ 61,081	\$ 20,208
GST receivable	5,400	3,682
Other	<u>1,291</u>	<u>642</u>
Total	<u>\$ 67,772</u>	<u>\$ 24,532</u>

5. INVENTORIES

As at	December 31, 2025	December 31, 2024
Mine supplies, consumables and fuel	\$ 45,763	\$ 31,461
Ore stockpile	1,709	3,848
Concentrate and doré	<u>20,426</u>	<u>3,577</u>
Total	<u>\$ 67,898</u>	<u>\$ 38,886</u>

During the year ended December 31, 2025, the cost of inventory recognized as an expense in cost of sales amounted to \$156.9 million (2024 - \$142.2 million).

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

6. PROPERTY, PLANT AND EQUIPMENT

	Mineral Properties	Plant and Equipment	Mobile Fleet and Vehicles	Right-of-Use Assets	Stage 3 Expansion	Other Construction in Progress ¹	Total
Cost							
Balance, December 31, 2023	\$ 120,250	\$ 73,525	\$ 53,089	\$ 17,055	\$ 12,137	\$ 69,383	\$ 345,439
Additions	22,546	13,445	7,864	6,827	85,638	31,547	167,867
Write-downs	-	(5,706)	(1,809)	-	-	-	(7,515)
Reclamation changes in estimate	(2,593)	-	-	-	-	-	(2,593)
Transfers	-	13,265	8,523	-	-	(21,788)	-
Balance, December 31, 2024	140,203	94,529	67,667	23,882	97,775	79,142	503,198
Additions	41,424	23,443	12,182	689	75,772	60,853	214,363
Write-downs	-	(18,372)	-	-	-	-	(18,372)
Reclamation changes in estimate	1,021	-	-	-	-	-	1,021
Transfers	59,253	18,061	4,334	-	-	(81,648)	-
Balance, December 31, 2025	\$ 241,901	\$ 117,661	\$ 84,183	\$ 24,571	\$ 173,547	\$ 58,347	\$ 700,210
Accumulated depreciation							
Balance, December 31, 2023	\$ 23,036	\$ 19,617	\$ 26,246	\$ 12,508	\$ -	\$ -	\$ 81,407
Depreciation and depletion	5,243	8,980	13,601	4,419	-	-	32,243
Write-downs	-	(3,459)	(1,718)	-	-	-	(5,177)
Balance, December 31, 2024	28,279	25,138	38,129	16,927	-	-	108,473
Depreciation and depletion	6,245	8,228	14,633	1,703	-	-	30,809
Write-downs	-	(8,933)	-	-	-	-	(8,933)
Balance, December 31, 2025	\$ 34,524	\$ 24,433	\$ 52,762	\$ 18,630	\$ -	\$ -	\$ 130,349
Carrying amounts							
As at December 31, 2024	\$ 111,924	\$ 69,391	\$ 29,538	\$ 6,955	\$ 97,775	\$ 79,142	\$ 394,725
As at December 31, 2025	\$ 207,377	\$ 93,228	\$ 31,421	\$ 5,941	\$ 173,547	\$ 58,347	\$ 569,861

¹ Other Construction in Progress at December 31, 2025 consists of \$2.7 million (2024 - \$Nil) in pastefill chamber costs, \$Nil (2024 - \$54.0 million) in Twin Incline expansion costs, \$14.6 million (2024 - \$11.2 million) in Puma Ventilation Drive costs and \$41.0 million (2024 - \$13.9 million) in other expansion costs.

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

6. PROPERTY, PLANT AND EQUIPMENT (cont'd...)**Mining Lease 150 (“ML 150”)**

The Company holds the mining rights to ML 150 and on December 6, 2022, the Government of Papua New Guinea granted an extension of ML 150 for a period of 10 years to June 13, 2034.

Capitalization of interest

During the year ended December 31, 2025, the Company capitalized a total of \$12.3 million in interest (2024 - \$6.8 million), which included \$5.2 million (2024 - \$2.8 million) in interest on loan liabilities and \$7.1 million (2024 - \$4.0 million) in interest on early settlement of concentrate sales with the Company’s offtaker.

Write-down of assets

During the year, the Company recognized impairment charges of \$9.4 million on property, plant and equipment, comprising \$9.3 million related to the existing processing plant and \$0.1 million on other capital assets. As part of the commissioning of the new processing plant, the existing processing plant was assessed as impaired due to the absence of certainty that it would be returned to active use.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	December 31, 2025	December 31, 2024
Trade payables	\$ 18,454	\$ 9,002
Other accounts payable and trade-related accruals	22,102	14,579
Employee accruals	9,966	9,545
Landowners’ compensation accrual	<u>23,623</u>	<u>17,517</u>
Total	\$ 74,145	\$ 50,643

Landowners’ compensation

The Company has obligations to compensate landowners annually who are affected by the operations of the Kainantu Gold Mine. The actual recipients of the compensation and landowners' share of sales royalty cannot be paid as required until the legitimate landowners have been identified by the Papua New Guinean Land Titles Commission (“LTC”). During the year ended December 31, 2025, \$2.3 million (2024 - \$2.1 million) was paid to confirmed recipients while compensation payments to landowners not yet confirmed by the LTC continue to be accrued but not paid.

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

8. LOAN

Loan Agreement with Trafigura: On June 19, 2024, the Company and its subsidiary, K92 Mining Limited, entered into two separate credit facilities with Trafigura Pte Ltd (“**Trafigura**”), under which each K92 entity may borrow up to US\$100.0 million each, subject to a combined borrowing cap of US\$120.0 million (the “**Loan**”). From the date of the agreement up to December 31, 2024, the aggregate commitment was limited to US\$100.0 million. From January 1, 2025 onwards, if the credit facility associated with the Company’s subsidiary is repaid (in whole or in part), the Company’s borrowing capacity increases by the amount repaid, up to a maximum of US\$120.0 million. Proceeds from the Loan may be used for general corporate purposes, working capital, and capital expenditures.

The Loan matures on June 19, 2028, and bears interest at the applicable reference rate based on the Secured Overnight Financing Rate plus a margin of 3.4%. Principal payments are due quarterly in equal instalments on March 31, June 30, September 30 and December 31 of each year beginning September 30, 2025. Interest is treated on an accrual basis, with interest payable at the end of each three-month period commencing after the withdrawal date. The Loan has been recorded as a financial liability at amortized cost and is measured net of transaction costs. Transaction costs associated with the Loan were \$1.3 million and are amortized over the life of the Loan.

All conditions precedent for the advance of \$100.0 million under the K92 Mining Inc. credit facility (“**Canadian Credit Facility**”) and up to \$20.0 million of the \$100.0 million under the K92 Mining Limited credit facility (the “**PNG Credit Facility**”) were satisfied. The Canadian Credit Facility is secured by a pledge of the shares in the Company’s subsidiaries and, in the event of a default, contains a conversion right into common shares of the Company.

During the year ended December 31, 2025, the Company drew \$20.0 million under the Canadian Credit Facility, repaid the remaining \$20.0 million outstanding under the PNG Credit Facility, and subsequently repaid a further \$10.0 million of the Canadian Credit Facility, resulting in \$50.0 million outstanding as at December 31, 2025. The PNG Credit Facility had been secured by \$20.0 million in restricted cash, funded through an advance from the Canadian Credit Facility. Following the full repayment of the PNG Credit Facility, the Company no longer holds any restricted cash designated as security under that loan. As at December 31, 2025, the Company had \$50.0 million drawn under the Canadian Credit Facility, \$Nil drawn under the PNG Credit Facility, and \$60 million remaining available under the Loan.

Loan	December 31, 2025	December 31, 2024
Loan, beginning of year	\$ 59,211	\$ -
Loan proceeds	20,000	60,000
Transaction costs	(200)	(1,076)
Principal payments	(30,000)	-
Amortization of transaction costs	298	287
Balance, end of period	\$ 49,309	\$ 59,211
Loan, current portion	\$ 19,721	\$ 26,423
Loan, non-current portion	\$ 29,588	\$ 32,788

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

9. RECLAMATION AND CLOSURE COST OBLIGATIONS

When the Company exhausts or abandons a mining property or an exploration site, it is required to undertake certain reclamation and closure procedures as a result of constructive obligations and to comply with legislative requirements established by the Government of Papua New Guinea.

	December 31, 2025	December 31, 2024
Balance, beginning of year	\$ 6,882	\$ 8,884
Change in estimate	1,021	(2,593)
Accretion	496	591
Balance, end of period	\$ 8,399	\$ 6,882

The provision has been measured as the present value of the estimated future rehabilitation costs using an estimated mine life of 12 years. The estimated cash-flows used to measure the provision were discounted to a present value using a Papua New Guinea discount rate of 11.6% (2024 - 12.1%) and an inflation rate of 4.6% (2024 - 4.6%). The underlying costs in the provision are calculated using the Papua New Guinea Kina as the reclamation costs will be incurred in Papua New Guinea. As such, the discount and inflation rate used in the calculation reflect the economic factors for Papua New Guinea.

On an annual basis, the Company reviews the estimate of future costs of required reclamation and closure work. The current total estimate for all properties anticipates undiscounted future cash outflows to meet constructive obligations for reclamation and closure work in the amount of \$20.5 million (2024 - \$19.6 million), with first expenditures anticipated in 2037.

10. LEASE LIABILITIES

The Company leases assets including mining equipment and buildings. The assets associated with the lease liabilities are included as ROU assets within property, plant and equipment (Note 6). During the year ended December 31, 2025, the Company incurred \$0.5 million (2024 - \$0.4 million) related to interest and finance expenses on the lease liabilities.

The following table summarizes the Company's lease activity and the carrying amounts of the lease liabilities at the present value of the remaining lease payments that are recognized in the statement of financial position:

Lease Liabilities as at	December 31, 2025	December 31, 2024
Lease liabilities, beginning of period	\$ 6,738	\$ 4,760
Additions	689	6,827
Payments	(2,445)	(4,826)
Interest expense	526	361
Adjustment on currency translation	(283)	(384)
Balance, end of period	\$ 5,225	\$ 6,738
Lease liabilities, current portion	\$ 1,749	\$ 1,954
Lease liabilities, non-current portion	\$ 3,476	\$ 4,784

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

10. LEASE LIABILITIES (cont'd...)

The Company's lease liabilities at December 31, 2025, are summarized as follows:

	Within 1 Year	2-4 Years	Total
Future undiscounted lease payments	\$ 2,134	\$ 3,846	\$ 5,980
Future finance charges	(385)	(370)	(755)
Total discounted lease liabilities	\$ 1,749	\$ 3,476	\$ 5,225

11. SHARE CAPITAL AND RESERVES**Authorized share capital**

The Company's authorized share capital consists of an unlimited number of common shares without par value.

Issued share capital

As at December 31, 2025, the Company had 243,895,640 common shares issued and outstanding.

Share issuances

Except on the exercise of share options and the conversion of RSUs and PSUs, no other shares were issued during the year ended December 31, 2025.

Equity compensation

The Company's share compensation plan (the "**Share Compensation Plan**") provides for the issuance of share options, RSUs, and PSUs. The Share Compensation Plan was amended effective June 27, 2024 (the "**Amended Plan**").

The Amended Plan allows the Company to grant share options, RSUs and PSUs to its executive officers, directors, employees, and consultants. The total number of shares issuable under the Amended Plan cannot exceed 6.0% of the issued and outstanding common shares, on a non-diluted basis. The maximum number of common shares issuable through share options cannot exceed 2.3% of the number of issued and outstanding common shares at the time of grant. For RSUs and PSUs, the total number of common shares that may be issuable cannot exceed 3.7% of the number of outstanding common shares at the time of grant.

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

11. SHARE CAPITAL AND RESERVES (cont'd...)**Share options**

Share option transactions are summarized as follows:

	Number Outstanding	Weighted Average Exercise Price (CAD)
Outstanding, December 31, 2023	7,328,850	\$ 5.48
Exercised	(2,685,850)	3.18
Forfeited	<u>(720,000)</u>	<u>7.26</u>
Outstanding, December 31, 2024	3,923,000	\$ 6.73
Exercised	(3,340,000)	6.50
Forfeited	<u>(30,000)</u>	<u>8.02</u>
Outstanding, December 31, 2025	553,000	\$ 8.02
Number currently exercisable	553,000	\$ 8.02

The following share options were outstanding at December 31, 2025:

Number of outstanding options	Number of options exercisable	Exercise price (in \$CAD)	Average years to expiry
<u>553,000</u>	<u>553,000</u>	8.02	0.33
553,000	553,000	8.02	0.33

The fair value of share options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, expected volatility, forfeiture rate, and expected life of the options. Under the Amended Plan, the exercise price of each option equals the market price of the Company's common share as calculated on the date of grant.

During the year ended December 31, 2025, the Company granted Nil share options (2024 - Nil).

The weighted average share price at the time of exercise for the year ended December 31, 2025, was CAD\$13.39 (2024 - CAD\$8.01).

During the year ended December 31, 2025, the Company recorded share-based payment expense of \$Nil (2024 - \$Nil) related to the vesting of options.

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

11. SHARE CAPITAL AND RESERVES (cont'd...)**Restricted share units**

RSUs vest in three installments; one-third vesting one year from the grant date, one-third vesting two years from the grant date and the remainder vesting three years from the grant date. At the discretion of the Company, RSUs can be settled in either cash or common shares, or a combination of both. RSUs are recorded at fair value based on the Company's share price on the date of grant, adjusted for an estimated forfeiture rate, and then charged to share-based compensation over the period during which the RSUs vest.

During the year ended December 31, 2025, the Company granted 559,202 RSUs. The estimated grant date fair value of \$6.3 million is being recognized over the vesting period.

	Number Outstanding	Fair Value
Outstanding, December 31, 2023	1,686,653	\$ 8,535
Granted	816,621	4,658
Vested and converted to common shares	(518,953)	(2,713)
Forfeited	<u>(99,545)</u>	<u>(478)</u>
Outstanding, December 31, 2024	1,884,776	\$ 10,002
Granted	559,202	6,283
Vested and converted to common shares	(903,554)	(4,912)
Forfeited	<u>(139,938)</u>	<u>(821)</u>
Outstanding, December 31, 2025	1,400,486	\$ 10,552

During the year ended December 31, 2025, the Company recorded a share-based payment expense of \$3.9 million (2024 - \$3.5 million) related to the vesting of RSUs.

In 2023, the Kainantu Employee Trust Ltd. (the "Trust") was established with the purpose of managing RSUs to be used to pay performance incentives for certain employees. The Trust allows for the receipt of RSUs, facilitates the sale of these shares once they have vested and converted into common shares, and manages the distribution of the resulting proceeds to employees. As of December 31, 2025, the Trust held 300,000 RSUs.

Performance share units

PSUs vest in three installments; one-third vesting one year from the grant date, one-third vesting two years from the grant date and the remainder vesting three years from the grant date, subject to certain performance criteria having been met. The vesting of the PSUs is based on the Company's share price performance in comparison to its peer group with the final number of vested PSUs ranging from 25% to 150% of the initial number of PSUs granted. At the discretion of the Company, PSUs can be settled in either cash or common shares, or a combination of both.

PSUs are recorded at fair value based on a Monte Carlo pricing model at the date of grant, adjusted for an estimated forfeiture rate, and then charged to share-based compensation over the period during which the PSUs vest. For the fair value calculation of granted PSUs during the period ended December 31, 2025, the Monte Carlo pricing model used historical share price volatility of 42% to 47% (2024 - 46% to 49%), historical share price volatility of the Company's peer group ranging from 32% to 37% (2024 - 33% to 37%) and a Canadian risk-free rate of 2.5% to 2.8% (2024 - 4.0% to 4.2%).

During the year ended December 31, 2025, the Company granted 558,745 PSUs. The estimated grant date fair value of \$4.4 million is being recognized over the vesting period.

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

11. SHARE CAPITAL AND RESERVES (cont'd...)**Performance share units (cont'd...)**

	Number Outstanding	Fair Value
Outstanding, December 31, 2023	1,640,529	\$ 7,027
Granted	805,576	3,197
Vested and converted to common shares	(359,951)	(1,573)
Forfeited	<u>(137,538)</u>	<u>(521)</u>
Outstanding, December 31, 2024	1,948,616	\$ 8,130
Granted	558,745	4,405
Vested and converted to common shares	(875,856)	(4,032)
Forfeited	<u>(209,893)</u>	<u>(1,013)</u>
Outstanding, December 31, 2025	<u>1,421,612</u>	<u>\$ 7,490</u>

During the year ended December 31, 2025, the Company recorded a share-based payment expense of \$3.6 million (2024 - \$2.9 million) related to the vesting of PSUs.

Earnings per share

The following summarizes the calculation of basic and diluted earnings per share:

	December 31, 2025	December 31, 2024
For the year ended		
Income for the year	\$ 270,193	\$ 111,224
Basic weighted average number of shares outstanding	241,549,392	236,714,635
Effect of dilutive securities:		
Share options	253,971	533,889
Restricted share units	1,124,685	1,497,873
Performance share units	1,264,723	1,758,255
Diluted weighted average number of shares outstanding	<u>244,192,771</u>	<u>240,504,652</u>
Earnings per share		
Basic	\$ 1.12	\$ 0.47
Diluted	\$ 1.11	\$ 0.46

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

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

The levels in the fair value hierarchy into which the Company's financial assets and liabilities that are measured and recognized at fair value were categorized as follows:

As at	December 31, 2025		December 31, 2024	
	Level 1	Level 2	Level 1	Level 2
Trade receivables (Note 4)	\$ -	\$ 61,081	\$ -	\$ 20,208
Derivative assets (Note 17)	-	1,938	-	801
Derivative liabilities (Note 17)	-	-	-	(1,374)
	\$ -	\$ 63,019	\$ -	\$ 19,635

The fair value of the Company's trade receivables, derivative assets and derivative liabilities were determined using observable market prices and market-derived inputs. There were no transfers between Level 1 and Level 2 during the period ended December 31, 2025.

As at December 31, 2025, and December 31, 2024, the carrying amounts of cash and cash equivalents, term deposits, other receivables, current loan liability, and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments. The fair value of the Company's non-current loan liability also approximates its carrying amount, as it bears a floating interest rate and the Company's credit spread has remained relatively stable.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk arises from the possibility that a counterparty may fail to meet its contractual obligations, resulting in a financial loss to the Company. This risk primarily relates to cash and cash equivalents as well as trade receivables. The Company mitigates credit risk by maintaining its cash and cash equivalents with high-credit-quality financial institutions. Trade receivables are associated with the sale of concentrates and doré, which are exclusively sold to well-established, creditworthy counterparties with a strong payment history. For the period ended December 31, 2025, the Company sold 100% of its concentrate to a single offtaker and 100% of its doré to a single refiner. The Company continuously monitors the creditworthiness of its customers and financial institutions and does not consider there to be a significant credit risk at this time.

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**Financial risk factors (cont'd...)***Liquidity risk*

The Company has in place a planning and budgeting process to manage its liquidity risk and ensure it has sufficient liquidity to meet liabilities when due. As at December 31, 2025, the Company had cash and cash equivalents of \$230.9 million (2024 - \$140.1 million), and operating cash-flow for the year ended December 31, 2025 of \$280.9 million (2024 - \$185.1 million) to settle current liabilities of \$115.1 million (2024 - \$92.3 million). The Company's accounts payable and accrued liabilities typically have contractual maturities of 30 days and are subject to normal trade terms or are due on demand.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company's financial assets and liabilities that are exposed to interest rate risk consist of cash and cash equivalents, term deposits and loan liabilities. The Company's current policy is to invest excess cash in highly liquid short-term interest-bearing investments issued by its banking institutions. The following outlines the impact to pre-tax earnings (loss) of a 1% change in interest rates on cash and cash equivalent balances held as of December 31, 2025:

	Impact of interest rate change on pre-tax earnings (loss)	
	1% increase	1% decrease
Interest income	\$ 1,516	\$ (1,516)

The following outlines the impact of a 1% change in interest rates on capitalized interest amounts included in property, plant, and equipment related to loan liability balances held as of December 31, 2025:

	Impact of interest rate change on capitalized interest amounts	
	1% increase	1% decrease
Capitalized interest	\$ 425	\$ (425)

b) Foreign currency risk

The Company is subject to foreign currency risk on financial instruments denominated in currencies other than the United States Dollar. Through this, the Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, receivables, prepayments, income tax prepayments, accounts payable, accrued liabilities, and reclamation and closure cost obligations, which may be denominated in Australian Dollars, Papua New Guinean Kina, or Canadian Dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations. As these exchange rates fluctuate against the United States Dollar, the Company will experience foreign exchange gains and losses.

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**Financial risk factors (cont'd...)**

b) Foreign currency risk (cont'd...)

The following table outlines the impact to pre-tax earnings (loss) of a 10% change in foreign exchange rates on cash and cash equivalent balances held in currencies other than the United States Dollar as of December 31, 2025:

Funds held in	Impact of foreign exchange rate change on pre-tax earnings (loss)	
	10% increase	10% decrease
Canadian Dollars	\$ 3,283	\$ (3,283)
Australian Dollars	\$ 195	\$ (195)
Papua New Guinea Kina	\$ 2,096	\$ (2,096)

c) Price risk

The Company is exposed to commodity price risk from fluctuations in market prices of the commodities that the Company produces. Gold concentrate is “provisionally priced” whereby the selling price is subject to final adjustment at the end of a period normally ranging from 30 to 90 days after delivery to the customer. Revenue is recognized on provisionally priced sales based on estimates of fair value of the consideration receivable which is based upon then current market prices. At each reporting date, the trade receivable is marked to market based on the estimated settlement price. As at December 31, 2025, the fair value of trade receivables was calculated using an estimated forward gold price of \$4,291 per ounce (2024 - \$2,649 per ounce) and using an estimated forward copper price of \$5.51 per pound (2024 - \$4.08 per pound).

The following table outlines the impact on trade receivables of a 10% change in gold and copper commodity prices to pre-tax earnings (loss) as of December 31, 2025:

	Impact of price change on pre-tax earnings (loss)	
	10% increase	10% decrease
Trade receivables – gold	\$ 20,343	\$ (20,343)
Trade receivables – copper	\$ 1,011	\$ (1,011)

Concentration of Credit Risk

The Company's cash and cash equivalents are held with financial institutions in Canada, Papua New Guinea, and Australia. As of December 31, 2025, a single Canadian chartered bank holds approximately 56% of the total cash and cash equivalents. Substantially all of the Company's cash and cash equivalents exceed government insured limits. The Company continually assesses and manages its exposure to the credit risk of financial institutions.

Concentration of sales

The Company sells exclusively to well-established, creditworthy counterparties with a strong payment history. For the year ended December 31, 2025 and 2024, the Company sold 100% of its concentrate to a single offtaker and 100% of its doré to a single refiner.

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

13. SEGMENTED INFORMATION

Operating segments are components of an entity that engage in business activities from which they incur expenses and whose operating results are regularly reviewed by a chief operating decision maker to make resource allocation decisions and to assess performance. The Chief Executive Officer is responsible for allocating resources and reviewing operating results of each operating segment on a periodic basis.

The Company's only operating segment is the operating and development of gold mining activities at the Kainantu Project in Papua New Guinea. Corporate & Other includes the Company's head office function in Canada.

Year ended December 31, 2025	Kainantu Project	Corporate & Other	Total
Revenue	\$ 595,249	\$ -	\$ 595,249
Cost of sales	156,912	-	156,912
General and administrative	-	14,974	14,974
Exploration and evaluation expenditures	17,961	-	17,961
Income tax expense	117,878	-	117,878
Net earnings (loss)	276,743	(6,550)	270,193
Capital expenditures	208,578	5,785	214,363

As at December 31, 2025			
Property, plant and equipment	\$ 563,005	\$ 6,856	\$ 569,861
Total assets	798,343	159,474	957,817
Total liabilities	136,585	53,677	190,262

Year ended December 31, 2024	Kainantu Project	Corporate & Other	Total
Revenue	\$ 350,623	\$ -	\$ 350,623
Cost of sales	142,237	-	142,237
General and administrative	-	11,178	11,178
Exploration and evaluation expenditures	16,535	-	16,535
Income tax expense	53,550	-	53,550
Net earnings (loss)	129,943	(18,719)	111,224
Capital expenditures	166,027	1,840	167,867

As at December 31, 2024			
Property, plant and equipment	\$ 392,500	\$ 2,225	\$ 394,725
Total assets	508,737	119,532	628,269
Total liabilities	109,573	43,956	153,529

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

14. REVENUE

For the year ended	December 31, 2025	December 31, 2024
Gold in concentrate	\$ 472,834	\$ 278,257
Copper in concentrate	20,768	17,847
Silver in concentrate	3,517	2,529
Gold and silver in doré	53,802	54,365
Treatment and refining charges	<u>(9,248)</u>	<u>(7,563)</u>
Revenue from contracts with customers	541,673	345,435
Gain on receivables at fair value	<u>53,576</u>	<u>5,188</u>
Total	\$ 595,249	\$ 350,623

Gain on receivables

Of the \$53.6 million gain on receivables at fair value recognized during the year, \$29.9 million related to realized gains on receivables that were settled and proceeds received during the year. The remaining \$23.7 million represents the mark-to-market adjustment on receivables outstanding at December 31, 2025, which are included in trade receivables.

Deferred revenue

The Company received cash of \$6.0 million in December 2025 related to the sale of doré. As control had not transferred to the customer at December 31, 2025, the amount was recorded as deferred revenue and recognized as revenue in January 2026 upon satisfaction of the performance obligation.

15. COST OF SALES

For the year ended	December 31, 2025	December 31, 2024
Mining	\$ 35,703	\$ 23,708
Processing	11,847	9,445
Maintenance	19,549	16,030
Other site costs	57,728	48,345
Royalty and levy	14,629	8,802
Change in inventories	<u>(13,051)</u>	<u>436</u>
	126,405	106,766
Non-cash costs		
Depreciation and depletion	27,717	32,976
Share-based payments	<u>2,790</u>	<u>2,495</u>
Total	\$ 156,912	\$ 142,237

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

16. INTEREST AND FINANCE EXPENSE

For the year ended	December 31, 2025	December 31, 2024
Interest expense	\$ 622	\$ 362
Accretion expense	496	591
Total	\$ 1,118	\$ 953

During the year ended December 31, 2025, the Company incurred interest and finance expense of \$13.4 million (2024 - \$7.8 million), of which \$12.3 million (2024 - \$6.8 million) was capitalized to qualifying assets in property, plant and equipment (Note 6). The remaining \$1.1 million (2024 - \$1.0 million) was recognized in profit or loss.

17. DERIVATIVE INSTRUMENTS

The Company purchased gold put option contracts that give it the right to settle financially at a predetermined strike price. As at December 31, 2025, the Company held contracts for 10,000 ounces per month from January to December 2026 with a strike price of \$3,500 per ounce. The settlement value is based on the monthly average of the London Bullion Market Association's PM fixing price.

The details of the open put options contracts as at December 31, 2025, were as follows:

Contracts Outstanding	Quantity (ounces)	Strike Price (\$/ounce)	Settlement Term	Settlement Date
Gold put contracts – purchased	10,000	\$3,500	January 2026	February 3, 2026
Gold put contracts – purchased	10,000	\$3,500	February 2026	March 3, 2026
Gold put contracts – purchased	10,000	\$3,500	March 2026	April 2, 2026
Gold put contracts – purchased	10,000	\$3,500	April 2026	May 5, 2026
Gold put contracts – purchased	10,000	\$3,500	May 2026	June 2, 2026
Gold put contracts – purchased	10,000	\$3,500	June 2026	July 2, 2026
Gold put contracts – purchased	10,000	\$3,500	July 2026	August 4, 2026
Gold put contracts – purchased	10,000	\$3,500	August 2026	September 2, 2026
Gold put contracts – purchased	10,000	\$3,500	September 2026	October 2, 2026
Gold put contracts – purchased	10,000	\$3,500	October 2026	November 3, 2026
Gold put contracts – purchased	10,000	\$3,500	November 2026	December 2, 2026
Gold put contracts – purchased	10,000	\$3,500	December 2026	January 5, 2027

The realized and unrealized loss on the derivative instruments were as follows:

For the year ended	December 31, 2025	December 31, 2024
Realized loss	\$ (5,471)	\$ (8,786)
Unrealized loss	(3,247)	(848)
Net realized and unrealized loss	\$ (8,718)	\$ (9,634)

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

17. DERIVATIVE INSTRUMENTS (cont'd...)

The fair value of the derivative instruments are presented on the statement of financial position as follows:

As at	December 31, 2025	December 31, 2024
Derivative assets	\$ 1,938	\$ 801
Derivative liabilities	-	(1,374)

Fair values for derivative financial instruments are determined using valuation techniques, and assumptions based on market conditions existing at the statement of financial position date.

18. SUPPLEMENTAL CASH FLOW INFORMATION

As at	December 31, 2025	December 31, 2024
Cash and cash equivalents		
Cash	\$ 186,586	\$ 119,168
Cash equivalents	44,292	22,118
Total	\$ 230,878	\$ 141,286

The following non-cash financing and investing activities occurred during the year:

For the year ended	December 31, 2025	December 31, 2024
Change in accounts payable related to capital projects	\$ 4,289	\$ 1,446
Change in deposits on equipment	1,315	1,300
Estimate of the reclamation and closure cost obligations	1,021	(2,593)
ROU assets (net of disposals)	-	6,614

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

19. INCOME TAXES**Income tax expense**

The Company's income tax expense is composed of the following:

For the year ended	December 31, 2025	December 31, 2024
Current income tax expense	\$ 100,988	\$ 41,353
Deferred income tax expense	16,890	12,197
Income tax expense	\$ 117,878	\$ 53,550

The reconciliation of the combined Canadian federal and provincial income tax rate to the income tax expense presented in the consolidated statements of operations and earnings is provided below:

For the year ended	December 31, 2025	December 31, 2024
Income for the year, before taxes	\$ 388,071	\$ 164,774
Statutory Canadian income tax rate	27%	27%
Expected income tax	\$ 104,779	\$ 44,489
Permanent differences	5,124	2,701
Difference in tax rates of foreign jurisdictions	12,547	4,616
Change in unrecognized deductible temporary differences	(5,229)	1,041
Foreign exchange on tax basis	(1,549)	(622)
Other	2,206	1,325
Income tax expense	\$ 117,878	\$ 53,550

Deferred income taxes

Deferred income taxes are presented on the statement of financial position as follows:

As at	December 31, 2025	December 31, 2024
Deferred income tax asset	\$ 746	\$ 1,735
Deferred income tax liability	(34,415)	(18,514)
Net deferred income tax liability	(33,669)	(16,779)

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

19. INCOME TAXES (cont'd...)**Deferred income taxes (cont'd...)**

The significant components of the Company's deferred tax assets and liabilities were as follows:

As at	December 31, 2025	December 31, 2024
Property, plant and equipment	\$ (20,713)	\$ (9,016)
Accounts payable and accrued liabilities	850	1,723
Lease liabilities	(104)	12
Inventory, mine supplies, consumables and fuel	<u>(13,702)</u>	<u>(9,498)</u>
Net deferred income tax liability	<u>\$ (33,669)</u>	<u>\$ (16,779)</u>

The change for the year in the Company's net deferred tax liability was as follows:

Net deferred tax liability	December 31, 2025	December 31, 2024
Balance, beginning of the year	\$ (16,779)	\$ (4,578)
Movement during the year		
Property, plant and equipment	(12,610)	(10,128)
Inventory	(4,917)	(1,949)
Other	287	83
Foreign exchange on translation of deductible temporary differences	<u>350</u>	<u>(207)</u>
Balance, end of the year	<u>\$ (33,669)</u>	<u>\$ (16,779)</u>

The Company has tax losses in Canada of approximately \$57.4 million (2024 - \$61.5 million) expiring in various amounts from 2036 to 2042 and tax losses in Australia of approximately \$0.1 million (2024 - \$2.6 million) without expiry. A deferred tax asset has not been recognized in respect of these tax losses, as it is not probable that sufficient future taxable earnings will be available in the periods when deductions from such potential assets will be realized.

Income Tax Prepayment

As of December 31, 2025, the Company has a \$3.4 million (2024 - \$2.4 million) income tax prepayment balance in Papua New Guinea related to advance payments made under that country's Infrastructure Tax Credit Scheme ("ITCS"). These prepayments represent amounts allocated to approved community infrastructure projects, which will be credited against future corporate tax obligations as permitted under the ITCS program.

Income Tax Payable

As of December 31, 2025, the Company has a current income tax payable of \$13.5 million, representing the outstanding income tax liability for the period.

K92 MINING INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

20. RELATED PARTY TRANSACTIONS

Key management consists of the Chief Executive Officer, Chief Financial Officer, President and Chief Operating Officer, and the Board of Directors. During the below periods, compensation paid or accrued to key management or companies they controlled is presented in the table below:

For the year ended	December 31, 2025	December 31, 2024
Share-based compensation	\$ 3,955	\$ 3,641
Management, consulting and wages	4,588	3,762
Professional fees	366	88

Included in accounts payable and accrued liabilities is \$0.8 million (December 31, 2024 - \$0.8 million) due to key management of the Company, of which \$0.4 million (December 31, 2024 - \$0.4 million) is due to Mining, Processing and Project Consulting Pty Ltd. which is owned by the CEO and Director for management services.

21. COMMITMENTS**Off-take Agreements**

The Company's concentrate off-take agreement (the "**Offtake Agreement**") dated July 1, 2019, requires the delivery of 100% of concentrate produced at market prices until February 12, 2028, or until 165,000 dry metric tonnes of concentrate have been delivered, at which point the buyer of the Company's concentrate will be entitled to 50% of the annual production to the end of the term. To the year ending December 31, 2025, the buyer had purchased 122,950 dry metric tonnes (to the year ending December 31, 2024 – 96,605 dry metric tonnes). The Offtake Agreement was subsequently amended and superseded effective January 1, 2026, as described below.

On September 26, 2023, the Company's Papua New Guinea subsidiary, K92 Mining Limited, and the offtaker (the "**Offtaker**") revised the Offtake Agreement (the "**Amended Offtake Agreement**"). Effective January 1, 2026, and continuing for seven consecutive calendar years or until a minimum of 600,000 dry metric tons of concentrate have been delivered, the Offtaker will purchase all gold and copper concentrates produced at the Kainantu Gold Mine in Papua New Guinea at London Metals Exchange spot prices.

Royalty and levy

The Kainantu Project is subject to a 2% net smelter returns royalty payable to local landowners and a 0.50% levy on gross revenues payable to the government in Papua New Guinea. For the year ended December 31, 2025, the Company recorded a total royalty and levy expense of \$14.6 million (2024 - \$8.8 million).

Capital commitments

As of December 31, 2025, the Company committed \$20.4 million (2024 - \$63.9 million) towards significant capital expenditures and procurement of professional services associated with the Stage 3 Expansion and other projects.

K92 MINING INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025

(Presented in thousands of United States Dollars, except share and per share amounts, unless otherwise noted)

22. CAPITAL MANAGEMENT

The Company's primary objectives in capital management are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the development of the Kainantu Expansion Project. Capital consists of the Company's shareholders' equity. The Company manages its capital structure to maximize financial flexibility, making adjustments in response to changes in economic conditions, the risk characteristics of its underlying assets, and business opportunities.

The Company continues to assess new resource properties and seeks to acquire an interest in additional properties if it determines there is sufficient geologic or economic potential and if it has adequate financial resources to do so. To maintain or adjust its capital structure, the Company may attempt to issue new shares or debt, acquire or dispose of assets, or adjust the amount of cash, cash equivalents, and investments.