Hemlo Mining Corp. Reports First Quarter 2026 Financial and Operating Results

00:01 Uhr | CNW

Hemlo Mining Corp. (TSXV: HMMC) (OTCQX: HMMCF) ("Hemlo Mining" or the "Company") is pleased to announce its and operating results for the first quarter ended March 31, 2026. The Company will host a conference call to discuss fir 2026 results on Thursday, May 21, 2026 at 9:00 AM Eastern Time.

(All amounts expressed in U.S. dollars unless otherwise stated)

Jason Kosec, President, CEO & Director of Hemlo Mining, commented: "Q1 was transformational for the Company, del first full quarter as owner-operator of the Hemlo Gold Mine and establishing the operational platform for the year ahead delivered attributable gold[1] production of 29,699 ounces, generating $186.3 million in revenue and net income of $22.1 $0.07 per share. During the quarter, we completed the transition to an owner-operated model ahead of schedule, stren executive and site teams, launched our 130,000-metre exploration drilling program, deployed $20.1 million across susta growth capital[2], executed a strategic royalty buyback, and fully repaid our Revolving Credit Facility. The scope and mon execution across the Company reinforce our conviction in the long-term value we are building at Hemlo."

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[1] Attributable gold is calculated as 100% of gold from Williams and 50% of gold from Interlake.

First Quarter Highlights:

Financial Highlights

- Revenue for the three months ended March 31, 2026 was $186.3 million mainly from 38,685 gold ounces sold at realized price[2] of $4,923 per ounce.
- Net income for the three months ended March 31, 2026 was $22.1 million, or $0.07 per share, primarily due to gr $73.2 million (calculated as revenue of $186.3 million less cost of sales of $113.1 million), partially offset by incon expense of $23.6 million, net finance costs of $12.4 million, loss on revaluation of contingent consideration of $8.4 general and administrative expenses of $7.9 million.
- Earnings before interest, taxes, depreciation and amortization ("EBITDA")[2] for the three months ended March 31, $86.6 million mainly due to revenues of $186.3 million, partially offset by mine operation expenses of $54.0 millio expense of $30.5 million, loss on revaluation of contingent consideration of $8.4 million and general and administ expenses of $7.9 million.
- Cash generated from operating activities for the three months ended March 31, 2026 was $87.9 million.
- Repaid $75.0 million outstanding under the revolving portion ("Revolving Credit Facility") of the secured credit agr ("Credit Agreement"), reducing the balance of the Revolving Credit Facility to nil in March 2026. The Revolving Cr remains available to the Company for general corporate purposes and working capital needs.
- As at March 31, 2026, the Company held cash of $123.6 million.

Operating Highlights

- Attributable gold[3] production for the three months ended March 31, 2026 totalled 29,699 ounces of gold at averag of 95.6%.
- Attributable gold[3] sold for the three months ended March 31, 2026 totalled 32,052 ounces of gold supplemented b goods at December 31, 2025.
- Cost of sales for the three months ended March 31, 2026 were $113.1 million. Site attributable cash cost per oun all-in sustaining cost per ounce sold[4] for the three months ended March 31, 2026 were $1,385 per ounce and $1, ounce, respectively.
- Continued strong safety performance, with no environmental non-compliances and no Lost Time Injury ("LTI"). Su the end of first quarter 2026, the Hemlo Mine received the prestigious John T. Ryan Trophy which is presented an the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") in recognition of excellence in safety performa end of first quarter 2026, LTI-free hours totalled 4,048,587 (1,033 total days).

- Successfully transitioned from an underground mining contractor workforce to an owner-operated workforce with contractor workforce accepting positions with the Company as part of the transition.
- Commissioned two of the 21 planned pieces of new equipment during the quarter and filled an additional 42 posit support operational optimization efforts in development and production for progressive increase in mine performa
- 90% of 2026 production stopes have been developed and are part of the planned mining sequence.
- Rebuilt one of three primary crushers as part of the preventative maintenance program and additional investment made to support and de-risk future production growth.
- Initiated a 130,000 metre exploration drilling program with initial results from the South-Rim Zone that support the a newly recognized, high-grade mineralized domain.
- Exploration drilling, trade-off studies, and ongoing optimization efforts will support an updated technical report pla second half of 2027.

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[2] This is a non-IFRS measure. For further information, refer to the "Non-IFRS Measures" section of this news release.

[3] Attributable gold is calculated as 100% of gold from Williams and 50% of gold from Interlake.

[4] This is a non-IFRS measure. For further information, refer to the "Non-IFRS Measures" section of this news release.

Management and Growth Highlights

- Continued to strengthen the management team with the appointment of several key executives across operations development and investor relations, and sustainability functions.
- Repurchased a 1.5% net smelter return royalty interest associated with the past-producing David Bell property, co the Company's interest over the Hemlo land package and improving economic leverage to potential exploration s future production growth.
- Received conditional approval to list its common shares on the Toronto Stock Exchange ("TSX") and graduate fro Venture Exchange ("TSXV"). Final approval of the listing is subject to the Company fulfilling all of the requirement including receipt of all required documentation on or before July 14, 2026.
- Common shares commenced trading on the OTCQX® Best Market ("OTCQX") in the United States under the sym "HMMCF".

Operating and Financial Highlights

		Three months ended March 31,
Hemlo Mine	Unit	2026
Williams		
Ore mined	000t	229
Waste mined	000t	45
Total mined	000t	274
Ore processed	000t	230
Average grade	g/t	3.37
Gold produced	oz.	24,635
Sustaining capital expenditures[1]	$'000s	11,018
Growth capital expenditures[1]	$'000s	7,688
Interlake[2]		
Ore mined[2]	000t	91
Waste mined[2]	000t	11
Total mined[2]	000t	102
Ore processed[2]	000t	92
Average grade[2]	g/t	3.51
Gold produced[2]	oz.	10,129
Sustaining capital expenditures[1,2]	$'000s	1,367
Recovery	%	95.6 %
Total gold produced	oz.	34,764
Total gold sold	oz.	38,685
Attributable gold produced[3]	oz.	29,699
Attributable gold sold[3]	oz.	32,052
Unit Cost Analysis		
Average realized price[1]	$/oz. sold	4,923
Mining	$/t mined	113.15
Milling	$/t milled	32.81
Minesite G&A	$/t milled	20.75

Cost of sales (100%)	$/oz. sold	2,924
Total site cash cost (Attributable)[1]	$/oz. sold	1,385
Total site AISC (Attributable)[1]	$/oz. sold	1,805

1. This is a non-IFRS measure. For further information, refer to the "Non-IFRS Measures" section of this news release.
2. Operating statistics are presented on a 100% basis. The Interlake claims are subject to a 50% net profits interest ("NPI") royalty with Franco-Nevada Corp..
3. Attributable gold is calculated as 100% of gold from Williams and 50% of gold from Interlake.

		Three months ended	
			2025
Financial highlights	Unit	2026	(restat
Gold produced (100%)	oz.	34,764	-
Gold produced (attributable)[1]	oz.	29,699	-
Gold sold (100%)	oz.	38,685	-
Gold sold (attributable)[1]	oz.	32,052	-
Average realized price[2]	$/oz. sold	4,923	-
Revenues	$'000s	186,265	-
Net income (loss)	$'000s	22,126	(13)
Basic earnings (loss) per share	$/share	0.07	(0.00)
Cash generated from (used in) operating activities	$'000s	87,899	(25)
Cash flow generated from (used in) operating activities before working capital changes[2]	$'000s	54,427	(13)
Cash used in investing activities	$'000s	(16,407)	-

1. Attributable gold is calculated as 100% of gold from Williams and 50% of gold from Interlake.
2. This is a non-IFRS measure. For further information, refer to the "Non-IFRS Measures" section of this news release.
3. As at December 31, 2025, the Company changed its presentation currency from Canadian dollars to U.S. dollars. The change in presentation currency is an accounting policy change and has been applied retrospectively with comparative figures restated for all periods presented.

		As at March 31,	As at December 31,
Financial position	Unit	2026	2025
Cash	$'000s	123,572	131,956
Net debt[1]	$'000s	26,428	93,044
Working capital	$'000s	57,828	110,688

1. This is a non-IFRS measure. For further information, refer to the "Non-IFRS Measures" section of this news release.

Financial Overview

Prior to the fourth quarter of 2025, the Company was a shell company, with no active operations. The Company was previously an international energy company, but had disposed of all of its investments as of December 31, 2022, and was pursuing new investment opportunities. There were minimal operating activities. The Company completed the Hemlo Acquisition and related financings on November 26, 2025. The Company did not have any gold sales until the first quarter of 2026.

Revenue for the three months ended March 31, 2026 was $186.3 million mainly from 38,685 gold ounces sold at an average realized price[5] of $4,923 per ounce.

Net income for the three months ended March 31, 2026 increased by $22.1 million compared to the comparative period, mainly due to gross profit of $73.2 million as the Company began selling gold produced from the Hemlo Mine in first quarter 2026. The Company also incurred income tax expense of $23.6 million, net finance costs of $12.4 million mainly comprised of accretion expense from the Precious Metals Purchase Agreement ("Streaming Arrangement") with Wheaton Precious Metals Corp. ("Wheaton") of $7.2 million and interest expense on the Credit Agreement of $5.7 million, loss on revaluation of the Contingent Consideration of $8.4 million and G&A expense of $7.9 million mainly comprising of share-based compensation expense of $4.4 million as the Company increased its corporate infrastructure compared to the comparative period, and professional fees of $1.6 million to support the Company's activities as a public company, the Company's planned up-listing to the TSX and the build out of the Company's information technology environment and infrastructure.

Cash generated from operating activities for the three months ended March 31, 2026 was $87.9 million.

Cash used in investing activities for the three months ended March 31, 2026 was $16.4 million mainly related to capital expenditures of $20.1 million comprised of sustaining capital expenditures[6] of $12.4 million driven by spending on underground mine development and infrastructure, mining fleet additions, and the tailings storage facility, with growth capital expenditures[6] of $7.7 million largely reflecting mining fleet additions. Capital spending was partially offset by $4.6 million in the cash consideration recovered for the Hemlo Acquisition due to the settlement of the working capital adjustment.

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[5] This is a non-IFRS measure. For further information, refer to the "Non-IFRS Measures" section of this news release.

[6] This is a non-IFRS measure. For further information, refer to the "Non-IFRS Measures" section of this news release.

Operations Overview

Safety

The Hemlo Mine continued its strong safety performance in first quarter 2026, with no environmental non-compliances and no LTI events recorded. At the end of first quarter 2026, LTI-free hours totalled 4,048,587 (1,033 total days). Subsequent to the end of first quarter 2026, the Hemlo Mine was awarded the prestigious 2025 John T. Ryan Trophy for Metal Mines for excellence in safety practices. The John T. Ryan Safety Trophies are presented annually by the CIM to recognize mining operations in Canada that achieve the lowest reportable injury frequencies in their respective categories during the previous calendar year.

People

A major achievement during the quarter was the successful transition of the Hemlo Mine from a contractor workforce to an owner-operated underground mining workforce, with 97% of contractors accepting positions with the Company. An additional 42 positions were filled during the period to support operational optimization and future production growth.

Mining

During first quarter 2026, mining rates were in line with expectations from historical performance under contractor workforce, resulting in 376,000 total tonnes mined, including 320,000 ore tonnes and 56,000 waste tonnes mined.

In first quarter 2026, major production areas mined included B-Zone (lower east and lower west), C-Zone (upper), and Interlake. Mine planning efforts are underway to convert stope sequencing from top-down to bottom-up in key areas, including C-Zone (lower), Interlake, and future mining of E-Zone to support material handling optimization. Exploration drift development and drilling is planned for E-Zone in 2026. Additional mine optimization work underway include ground support standards review to restart MacLean Bolting, improve performance and reduce costs. On the production side, work is underway on cycle-time optimization to reduce stope duration, minimize dilution and maximize mining recovery.

Development performance remained consistent during the transition to owner-operator and in line with expectations. In second quarter 2026, performance is expected to increase progressively with additional equipment and manpower.

While primary underground mining tasks have been transitioned to owner-operated mining, long-term partnerships with certain contractors will be maintained, specifically for a portion of underground development, Alimak mining method and production drilling.

The upgrade to the mining fleet continued to progress during the quarter with two of the 21 planned pieces of new equipment being commissioned in first quarter 2026. One longhole drill (that is already owned) will be restarting production drilling in second quarter 2026 and two additional jumbo crews are expected to be delivering metres by end of the third quarter. Currently, 90% of 2026 production stopes have been developed and are part of the planned mining sequence. During first quarter 2026, one of the primary crushers was rebuilt as part of the preventative maintenance program and additional investments will be made to support and de-risk future production growth.

Various maintenance activities were undertaken during the quarter, with the most significant tasks being the refurbishment of one of the underground crushers and the replacement of the production hoist cable, which was completed two months ahead of schedule. The Company also completed an evaluation of all existing equipment to support refurbishment, replacement, and fleet expansion for future production increases.

Improvement actions are in place to increase production, with the additional mining fleet coming online during the remainder of the year, the continued hiring of additional employees and the execution of improvements and efficiencies in operational planning. The Hemlo Mine plans to have seven jumbo drills and a similar number of bolters in operation by the end of 2026 to facilitate a marked increase in development rates for the mine that will open up several new mining areas. As in previous years, the Interlake zone is expected to contribute approximately 25% to 35% of the overall mine production.

Processing

Plant performance during first quarter 2026 was stable with average milling rate of approximately 180 tonnes per hour ("tph") or 4,300 tonnes per day.

Ore processed in first quarter 2026 was 322,000 tonnes, with an average grade of ore milled of 3.41 g/t at a recovery of 95.6%. Attributable gold[7] produced in first quarter 2026 was 29,699 ounces.

During first quarter 2026, semi-autogenous grinding ("SAG") mills 1 and 2 achieved their designated throughput capacity of 220 tph and 180 tph, respectively. SAG 2 liner redesign was completed during first quarter 2026 and throughput capacity reached a maximum of 300 tph. Grind size and pH optimization were also implemented during first quarter 2026 which improved average recoveries from 93.5% to 95.6%. Processing optimization work will continue through the remainder of 2026.

Site Operating Costs

In first quarter 2026, total mining costs, before capitalized development costs, were $42.6 million, or $113.15 per tonne mined, processing costs were $10.5 million, or $32.81 per tonne processed, and total site G&A costs were $6.7 million, or $20.75 per tonne processed. Attributable gold[7] sold for first quarter 2026 were 32,052 ounces, resulting in cash costs per ounce sold[8] of $1,385 per ounce and attributable all-in sustaining costs per ounce sold[8] of $1,805 per ounce.

The Company expects to provide 2026 operating and cost guidance in the second half of 2026.

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[7] Attributable gold is calculated as 100% of gold from Williams and 50% of gold from Interlake.

[8] This is a non-IFRS measure. For further information, refer to the "Non-IFRS Measures" section of this news release.

Growth Update

In January 2026, the Company initiated a 130,000 metre exploration drilling program aimed at extending mine life, de-risking the near-term mine plan and identifying near-mine growth opportunities. The 2026 exploration drilling program is expected to serve as the foundation for an updated technical report planned for the second half of 2027.

Drilling Program Breakdown

Resource Conversion Drilling (70,000 metres): Targeting the conversion of Inferred to Indicated mineral resources to support reserve growth ahead of the updated technical study planned for the second half of 2027. Drilling will focus on multiple areas across the mine, with particular emphasis on the western portion of the operation - including C-Zone and the newly defined E-Zone - where significant Inferred resources remain open at depth. Mineralization proximal to historic workings represents an additional conversion opportunity, with successful conversion expected to extend mine life, increase operational flexibility, and improve mine economics.

High-Definition Drilling (30,000 metres): Focused on de-risking the short-term mine plan over the next two years by applying tighter drill spacing in areas scheduled for extraction within the next 24 months. The objective is to improve geological confidence, refine grade and tonnage estimates, and enhance operational predictability during the planned production ramp-up period.

Growth Drilling (30,000 metres): Testing new mineralized zones outside the current mineral resource footprint across four priority targets selected based on geological interpretation, structural continuity, proximity to existing infrastructure, and mineability. These targets have returned encouraging historical results but have not been systematically tested. Successful results are expected to support the addition of new Inferred Mineral Resources, with promising intercepts to be followed up immediately with targeted infill drilling to advance mineralization toward the Indicated category and reinforce the long-term scale potential of the Hemlo gold system.

Subsequent to quarter-end, the Company announced the first results from the Growth Drilling component of its 2026 exploration program, focused on the South-Rim Zone - a newly recognized high-grade mineralized domain hosted within the regional metasediments and located adjacent to active mining in C-Zone. The first 7 of 20 planned holes confirmed mineralization, with highlights including:

- Hole 7652606 intersected 16.07 g/t Au over 8.1 metres, including 59.67 g/t Au over 2.0 metres
- Hole 7652603 intersected 5.79 g/t Au over 11.0 metres, including 38.40 g/t Au over 0.9 metres
- Hole 7652604 intersected 6.04 g/t Au over 4.8 metres, including 36.20 g/t Au over 0.6 metres

The mineralization remains open along strike and down plunge. Refer to the Company's news release dated May 14, 2026 for detailed drill results, images, and commentary. The Company will continue to release results from the drilling program throughout the remainder of 2026 and into 2027 as they become available.

Financial Statements and Management's Discussion and Analysis

Hemlo's unaudited interim condensed consolidated financial statements and management's discussion and analysis as at and for the three months ended March 31, 2026, are available on the Company's website at www.hemlomining.com and under the Company's profile on SEDAR+ at www.sedarplus.ca. Hard copies of the financial statements are available free of charge upon written request to info@hemlomining.com.

Conference Call and Webcast

Hemlo will host a conference call and webcast on Thursday, May 21, 2026 at 9:00 AM Eastern Time to discuss first quarter 2026 results. Details for the conference call and webcast are included below.

Dial-In Numbers / Webcast:

Conference/Meeting ID: 827203073

North America Toll Free: +1 833-461-5787
International Toll: +1 585-542-9983
Canada Local: +1 365-657-4084

Webcast: https://events.q4inc.com/attendee/827203073

About Hemlo Mining Corp.

Hemlo Mining Corp. is a Canadian gold producer focused on operating and enhancing the Hemlo gold camp in northwestern Ontario. The Company's flagship asset, the Hemlo Gold Mine, has produced approximately 25 million ounces of gold since 1985 from both underground and open pit operations. The Company's fit-for-purpose strategy is centered on maximizing the value of the mine through improved operating efficiency, production growth, and mine life extension. Hemlo Mining is led by an experienced team with a track record of value creation in the global mining sector.

Neither the TSX Venture Exchange nor its Regulatory Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Qualified Person

The scientific and technical information contained in this news release, has been reviewed and approved by Mike Tsafaras, P.Eng., the Company's Vice President, Engineering and Projects. Mr. Tsafaras is a "qualified person" as defined in NI 43-101.

Scientific and Technical Information

Scientific and technical information in this news release is derived from the Company's technical report titled "NI 43-101 Technical Report Hemlo Mine, Ontario, Canada" with an effective date of December 31, 2024 and a signature date of October 27, 2025, and the Company's news release dated January 26, 2026, copies of which have been filed on the Company's SEDAR+ profile at www.sedarplus.ca.

Forward-looking Statements

This document contains certain forward-looking information and forward-looking statements within the meaning of applicable securities legislation (collectively "forward-looking statements"). The use of words such as "expects", "anticipates", "plans", "will," "may", "should" and similar expressions are intended to identify forward-looking statements. Forward-looking statements contained in this news release include statements regarding: the Company's key operational priorities for 2026; the Company's expectation that it will provide 2026 operating and cost guidance in the second half of 2026; the Company's expectation that it will provide an updated mineral reserve estimate and life-of-mine plan in the second half of 2027; the Company's expectation that its 2026 drilling program will serve as the foundation for an updated technical report, expected to be released in the second half of 2027; the Company's plan to continue to release results from the drilling program throughout the remainder of 2026 and into 2027 as they become available; the Company's expectation that successful conversion drilling will contribute to mine life extension, increased operational flexibility and improved overall mine economics; the Company's expectation that successful growth drilling will support the addition of new Inferred Mineral Resources; and the Company's goals, plans, commitments, objectives and strategies.

These forward-looking statements are provided as of the date of this news release, or the effective date of the documents referred to in this news release, as applicable, and reflect predictions, expectations or beliefs regarding future events based on the Company's beliefs at the time the statements were made, as well as various assumptions made by and information currently available to them. In making the forward-looking statements included in this news release, the Company has applied several material assumptions, including, but not limited to: the successful integration of the Hemlo mine; the future price of gold; anticipated costs and the Company's ability to fund its programs; the Company's ability to carry on exploration, development, and mining activities; currency exchange rates remaining as estimated; prices for energy inputs, labour, materials, supplies and services remaining as estimated; the timing and results of operational plans; mineral reserve and mineral resource estimates and the assumptions on which they are based; the timely receipt of required approvals and permits; the timing of cash flows; the costs of operations; the Company's ability to operate in a safe, efficient, and effective manner; the Company's ability to obtain financing as and when required and on reasonable terms; that the Company's activities will be in accordance with the Company's public statements and stated goals; and that there will be no material adverse change or disruptions affecting the Company or the Hemlo mine. Consequently, there can be no assurances that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

We caution readers not to place undue reliance on these forward-looking statements. Forward-looking statements involve significant known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated. These risks include, but are not limited to: uncertainty and variations in the estimation of mineral resources and mineral reserves; risks related to the Company's anticipated indebtedness and gold stream obligations; risks related to exploration, development, and operation activities; political risks, delays in obtaining or failure to obtain governmental permits, or non-compliance with permits; environmental and other regulatory requirements; uncertainties related to title to mineral properties; water rights; risks related to natural disasters, terrorist acts, health crises, and other disruptions and dislocations; financing risks and access to additional capital; risks related to guidance estimates and uncertainties inherent in the preparation of pre-feasibility studies; uncertainty in estimates of production, capital, and operating costs and potential production and cost overruns; the fluctuating price of gold; unknown liabilities in connection with the acquisition of the Hemlo mine; global financial conditions; uninsured risks; climate change risks; competition from other companies and individuals; conflicts of interest; volatility in the market price of the Company's securities; the Company's limited operating history; litigation risks; the Company's ability to complete, and successfully integrate the acquisition of the Hemlo mine; intervention by non-governmental organizations; outside contractor risks; risks related to historical data; risks related to the Company's accounting policies and internal controls; shareholder activism; and other risks associated with executing the Company's objectives and strategies.

Except as required by the securities disclosure laws and regulations applicable to the Company, the Company undertakes no obligation to update these forward-looking statements if management's beliefs, estimates or opinions, or other factors, should change.

Non-IFRS Measures

The Company has included certain non-IFRS measures in this news release, as detailed below. In the mining industry, these are common performance measures and ratios; however, they may not be comparable to similar measures or ratios presented by other issuers and the non-IFRS measures and ratios do not have any standardized meaning. Accordingly, these measures and ratios are included to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS Accounting Standards. These measures do not have any standardized meaning prescribed under IFRS Accounting Standards, and therefore may not be comparable to other issuers.

Cash flow from operating activities before working capital changes

Cash flow from operating activities before working capital changes is a non-IFRS performance measure that is calculated as net cash used in operating activities, excluding changes in working capital. The Company believes that this measure is useful to users in understanding whether changes in operating cash flows were due to operations or just timing differences.

Cash flow from operating activities before working capital changes reconciled to the amounts included in the interim condensed consolidated statements of cash flows as follows:

	Three months ended March 31,	
		2025
	2026	(restated)
Cash generated from (used in) operating activities	$ 87,899	$ (25)
Changes in working capital	33,472	(12)
Cash flow generated from (used in) operating activities before working capital changes	$ 54,427	$ (13)

Net debt

Net debt is a non-IFRS performance measure that is calculated as principal amounts of borrowings, as presented in the notes to the interim condensed consolidated financial statements, less cash as presented in the interim condensed consolidated statements of financial position. The Company believes that this measure is useful to users in understanding the Company's financial leverage and liquidity.

Cash Costs and Cash Costs per Ounce Sold

Cash costs and cash costs per ounce sold are non-IFRS measures. In the gold mining industry, these metrics are common performance measures but do not have any standardized meaning under IFRS Accounting Standards. Cash costs include mine site operating costs such as mining, processing, G&A and royalty expenses but exclude depreciation and depletion and reclamation costs. Cash cost per ounce sold is calculated by dividing total cash costs, less the NPI royalty and 50% of operating costs for the Interlake zone, by attributable gold ounces sold.

The Company discloses cash costs and cash cost per ounce sold as it believes the measures provide valuable information to investors and analysts in evaluating the Company's operational performance and ability to generate cash flows. Cash costs and cash costs per ounce sold should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS Accounting Standards.

All-in Sustaining Costs ("AISC") and AISC per Ounce Sold

AISC and AISC per ounce sold are non-IFRS measures. These measures are intended to assist readers in evaluating the total cost of producing and selling gold from current operations. While there is no standardized meaning across the industry for these measures, the Company's definition is based on the definition of AISC as set out by the World Gold Council.

The Company defines AISC as the total of cash costs, sustaining capital expenditures, sustaining exploration expenses, corporate G&A expenses, lease payments relating to sustaining assets, and reclamation cost accretion and depreciation related to current operations. AISC excludes growth capital expenditures, growth exploration expenditures, reclamation cost accretion and depreciation not related to current operations, lease payments related to non-sustaining assets, interest expense, debt repayment and taxes.

AISC per ounce sold is calculated by dividing total AISC, less the NPI royalty and 50% of operating costs and sustaining capital expenditures for the Interlake zone, by attributable gold ounces sold.

Operating cash costs and AISC Reconciliation

The following table reconciles these non-IFRS measures to the most directly comparable IFRS measures:

			Three months ended March 31,
Hemlo Mine	Unit		2026
Gold produced (100%)	oz.		34,764
Gold produced (attributable)	oz.		29,699
Gold sold (100%)	oz.		38,685
Gold sold (attributable)	oz.	a	32,052
Cost of sales	$'000s		113,129
Less: Depreciation expense	$'000s		(28,363)
Less: PPA inventory[1]	$'000s		(7,287)
Costs allocated to by-products	$'000s		(697)
Total site cash costs (100%)	$'000s	b	76,782
Sustaining capital expenditures	$'000s		12,385
Others	$'000s		1,746
Total site AISC (100%)	$'000s		90,913
Less: Interlake NPI	$'000s	c	(24,806)
Total site AISC less NPI	$'000s	d	66,107
Less: 50% of Interlake costs			
Interlake operating costs	$'000s	e	(7,576)
Interlake sustaining capital expenditures	$'000s	f	(684)
Total site cash costs (attributable)	$'000s	g=b+c+e	44,400
Total site AISC (attributable)	$'000s	h=d+e+f	57,847
Total site cash costs (attributable)	$/oz. sold	g/a	1,385
Total site AISC (attributable)	$/oz. sold	i=h/a	1,805
Corporate G&A costs and other (attributable)[2]	$/oz. sold	j	247
Consolidated attributable AISC	$/oz. sold	i+j	2,052

1. Represents the portion of cost of sales that consists of the fair value adjustment to gold inventories in the purchase price allocation of the Hemlo Acquisition.

2. Calculated as total general and administrative expenses of $7.9 million as disclosed in the interim condensed consolidated statement of income divided by 32,052 attributable gold ounces sold.

Average Realized Price per Ounce Sold

In the gold mining industry, average realized price per ounce sold is a common performance measure that does not have any standardized meaning. The most directly comparable measure prepared in accordance with IFRS Accounting Standards is revenue from gold sales. Average realized price per ounce sold should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS Accounting Standards. The measure is intended to assist readers in evaluating the total revenues realized in a period from current operations.

The following table reconciles average realized price to the most directly comparable IFRS measure:

	Three months ended March 31,	
	2026	2025
Total revenue	$ 186,265	$ -
Less: Silver sales	(697)	-
Less: Sales to Wheaton	(17,153)	-
Total gold revenue excluding sales to Wheaton	$ 168,415	$ -
Total gold ounces sold	38,685	-
Less: Gold ounces delivered to Wheaton	(4,478)	
Total gold ounces sold excluding sales to Wheaton	34,207	$ -
Average realized price per ounce sold	$ 4,923	$ -

Sustaining Capital and Growth Capital

Sustaining capital and growth capital are non-IFRS measures. Sustaining capital is defined as capital required to maintain current operations at existing levels. Growth capital is defined as capital expenditures for major growth projects or enhancement capital for significant infrastructure improvements at existing operations. Both measurements are used by management to assess the effectiveness of investment programs.

Sustaining and growth capital is reconciled to the amounts included in the interim condensed consolidated statements of cash flows as follows:

	Three months ended March 31,	
	2026	2025
Sustaining capital expenditures	$ 12,435	$ -
Growth capital expenditures	7,688	-
Total cash capital expenditures	$ 20,123	$ -

Free Cash Flow

Free cash flow is a non-IFRS performance measure that is calculated as cash flows from operations net of cash from investing activities. The Company believes that this measure is useful to the external users in assessing the Company's ability to generate cash flow after capital investments.

Free cash flow is reconciled to the amounts included in the interim condensed consolidated statements of cash flows as follows:

	Three months ended March 31,	
	2026	2025
Cash generated from (used in) operating activities	$ 87,899	$ (25)
Cash used in investing activities	(16,407)	-
Free cash flow	$ 71,492	$ (25)

Earnings before Interest, Taxes, Depreciation, and Amortization

EBITDA represents net earnings before interest, taxes, depreciation and amortization. EBITDA is an indicator of the Company's ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations, and fund capital expenditures.

The following is a reconciliation of EBITDA to the interim condensed consolidated financial statements:

	Three months ended March 31,	
	2026	2025
Net income (loss)	$ 22,126	$ (13)
Add:		
Finance costs, net	12,430	-
Depreciation expense	28,396	-
Income tax expense	23,633	-
Earnings before interest, taxes, depreciation and amortization	$ 86,585	$ (13)

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