



**OUTCROP**  
**SILVER**

## **OUTCROP SILVER & GOLD CORPORATION**

**Consolidated Financial Statements**

**For the years ended August 31, 2025 and 2024**

**(Expressed in Canadian dollars)**

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Outcrop Silver & Gold Corporation

### *Opinion*

We have audited the accompanying consolidated financial statements of Outcrop Silver & Gold Corporation (the "Company"), which comprise the consolidated statements of financial position as at August 31, 2025 and 2024, and the consolidated statements of loss and comprehensive loss, shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 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.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

### *Key Audit Matters*

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

### *Assessment of Impairment Indicators of Mineral Properties ("Mineral Properties")*

As described in Note 12 to the consolidated financial statements, the carrying amount of the Company's Mineral Properties was \$9,844,317 as of August 31, 2025. As more fully described in Notes 2 and 3 to the consolidated financial statements, management assesses Mineral Properties for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the Mineral Properties is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the Mineral Properties, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the Mineral Properties.



Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the Mineral Properties through discussion and communication with management.
- Reviewing the Company's recent expenditure activity and expenditure budgets for future periods.
- Assessing compliance with agreements including reviewing option agreements and vouching cash payments and share issuances.
- Obtaining, from legal counsel and through government websites, confirmation of title to ensure mineral rights underlying the Mineral Properties are in good standing.

### ***Other Information***

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes 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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, 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:

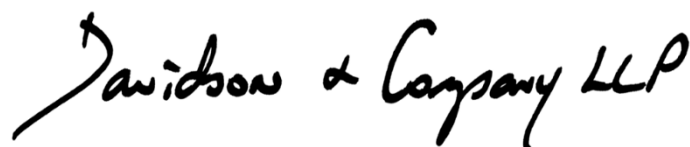
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 year 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 Carmen Newnham.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

December 10, 2025

**OUTCROP SILVER & GOLD CORPORATION**  
**Consolidated statements of financial position**  
*(Expressed in Canadian dollars)*

As at	Notes	August 31, 2025	August 31, 2024
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	6	\$ 5,107,316	\$ 1,122,749
Marketable securities	7	2,384,895	-
Receivables	8	53,740	49,392
Advances and prepaid expenses	9	867,713	267,688
Assets held for sale	10	10,000	-
		<b>8,423,664</b>	<b>1,439,829</b>
<b>Non-current assets</b>			
Equipment	11	88,570	78,066
Reclamation bond		16,299	31,310
Mineral properties	12	9,844,317	13,305,523
		<b>9,949,186</b>	<b>13,414,899</b>
<b>Total assets</b>		<b>\$ 18,372,850</b>	<b>\$ 14,854,728</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	13	\$ 1,156,626	\$ 1,054,925
Current portion of lease liability		-	1,714
<b>Total liabilities</b>		<b>\$ 1,156,626</b>	<b>\$ 1,056,639</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	14	\$ 96,728,072	\$ 78,313,834
Reserves	14	33,427,190	30,708,094
Accumulated other comprehensive loss		(39,309)	(53,327)
Deficit		(112,899,729)	(95,170,512)
<b>Total shareholders' equity</b>		<b>17,216,224</b>	<b>13,798,089</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 18,372,850</b>	<b>\$ 14,854,728</b>
Nature of operations and going concern	1		
Subsequent events	10, 21		

Approved for issue by the Board of Directors on December 10, 2025.

On behalf of the Board of Directors:

*"Ian Harris"*  
 Ian Harris, Director

*"Kevin Nishi"*  
 Kevin Nishi, Director

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

**OUTCROP SILVER & GOLD CORPORATION**
**Consolidated statements of loss and comprehensive loss**
*(Expressed in Canadian dollars)*

	Notes	Year ended	
		August 31, 2025	August 31, 2024
<b>Expenses</b>			
Exploration	12,16	\$ 9,797,423	\$ 4,916,363
Foreign exchange		102,340	(55,555)
General and administrative	15,16	2,850,259	1,411,591
Investor relations		1,133,132	617,138
Professional fees	16	476,452	765,286
Stock-based compensation	14,16	1,963,729	1,414,538
Wages and benefits	16	459,861	365,037
		<u>(16,783,196)</u>	<u>(9,434,398)</u>
<b>Other income (expenses)</b>			
Loss on disposal of equipment		-	(1,832)
Interest income		116,485	1,993
Impairment of mineral properties	10,12	(1,162,198)	(874,529)
Unrealized gain on marketable securities	7	99,692	-
		<u>(946,021)</u>	<u>(874,368)</u>
<b>Loss for the year</b>		<u>(17,729,217)</u>	<u>(10,308,766)</u>
Foreign currency translation differences for foreign operations		14,018	(52,162)
<b>Comprehensive loss for the year</b>		<u>\$ (17,715,199)</u>	<u>\$ (10,360,928)</u>
Basic and diluted loss per share		\$ (0.05)	\$ (0.04)
Weighted average number of common shares outstanding – basic and diluted		351,224,731	260,644,748

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

**OUTCROP SILVER & GOLD CORPORATION**
**Consolidated statements of cash flows**
*(Expressed in Canadian dollars)*

<b>Year ended</b>	<b>August 31, 2025</b>	<b>August 31, 2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net loss for the year</b>	\$ (17,729,217)	\$ (10,308,766)
<i>Adjustments for items not involving cash:</i>		
Depreciation	27,387	73,550
Stock-based compensation	1,963,729	1,414,538
Loss on disposal of equipment	-	1,832
Interest expense	24	6,308
Impairment of mineral properties	1,162,198	874,529
Unrealized gain on marketable securities	(99,692)	-
Unrealized foreign exchange	(71,818)	(28,380)
	<b>(14,747,389)</b>	<b>(7,966,389)</b>
<i>Net changes in non-cash working capital items:</i>		
Receivables	(4,348)	136
Advances and prepaid expenses	(600,025)	87,653
Accounts payable and accrued liabilities	104,410	(334,846)
<b>Net cash outflows from operating activities</b>	<b>(15,247,352)</b>	<b>(8,213,446)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash acquired on acquisition of Zacapa	-	21,283
Exploration and evaluation assets recovery (additions)	777,055	(525,268)
Equipment acquisitions	(37,891)	-
Transaction costs for acquisition of Zacapa	-	(127,788)
<b>Net cash inflows (outflows) from investing activities</b>	<b>739,164</b>	<b>(631,773)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Shares issued	19,627,634	7,605,049
Share issue costs	(1,136,294)	(448,790)
Repayment of lease liability	(1,732)	(17,646)
Repayment of loans payable	-	(407,814)
<b>Net cash inflows from financing activities</b>	<b>18,489,608</b>	<b>6,730,799</b>
Effect of foreign exchange on cash	3,147	6,854
<b>Change in cash during the year</b>	<b>3,984,567</b>	<b>(2,107,566)</b>
Cash, beginning of year	1,122,749	3,230,315
<b>Cash, end of year</b>	<b>\$ 5,107,316</b>	<b>\$ 1,122,749</b>

Supplemental disclosure with respect to cash flows – Note 19

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

**OUTCROP SILVER & GOLD CORPORATION**
**Consolidated statements of shareholders' equity**
*(Expressed in Canadian dollars)*

	Number of Shares	Share Capital	Stock-Based Reserves	Warrant Reserves	DSU Reserves	Accumulated Other Comprehensive Income (Loss)	Deficit	Total
<b>Balance, Aug 31, 2023</b>	<b>218,126,162</b>	<b>\$ 65,724,062</b>	<b>\$ 11,824,652</b>	<b>\$ 15,737,805</b>	<b>\$ -</b>	<b>\$ (1,165)</b>	<b>\$ (84,861,746)</b>	<b>\$ 8,423,608</b>
Common shares issued	42,381,000	6,497,049	-	1,108,000	-	-	-	7,605,049
Common shares issued for acquisition	30,017,474	6,303,670	280,930	618,961	15,750	-	-	7,219,311
Warrants issued for finder's fees	-	-	-	141,051	-	-	-	141,051
Share issue costs	-	(644,540)	-	-	-	-	-	(644,540)
Transfer of fair value of warrants exercised	-	231,458	-	(231,458)	-	-	-	-
Transfer of fair value of options exercised	-	202,135	(202,135)	-	-	-	-	-
Stock-based compensation	-	-	1,414,538	-	-	-	-	1,414,538
Foreign currency translation adjustment	-	-	-	-	-	(52,162)	-	(52,162)
Loss for the year	-	-	-	-	-	-	(10,308,766)	(10,308,766)
<b>Balance, Aug 31, 2024</b>	<b>290,524,636</b>	<b>\$ 78,313,834</b>	<b>\$ 13,317,985</b>	<b>\$ 17,374,359</b>	<b>\$ 15,750</b>	<b>\$ (53,327)</b>	<b>\$ (95,170,512)</b>	<b>\$ 13,798,089</b>
Common shares issued	91,634,394	17,336,634	-	2,291,000	-	-	-	19,627,634
Common shares issued for property	3,074,499	678,265	-	-	-	-	-	678,265
Warrants issued for finder's fees	-	-	-	181,959	-	-	-	181,959
Share issue costs	-	(1,318,253)	-	-	-	-	-	(1,318,253)
Transfer of fair value of warrants exercised	-	1,240,479	-	(1,240,479)	-	-	-	-
Transfer of fair value of options exercised	-	477,113	(477,113)	-	-	-	-	-
Stock-based compensation	-	-	1,963,729	-	-	-	-	1,963,729
Foreign currency translation adjustment	-	-	-	-	-	14,018	-	14,018
Loss for the year	-	-	-	-	-	-	(17,729,217)	(17,729,217)
<b>Balance, August 31, 2025</b>	<b>385,233,529</b>	<b>\$ 96,728,072</b>	<b>\$ 14,804,601</b>	<b>\$ 18,606,839</b>	<b>\$ 15,750</b>	<b>\$ (39,309)</b>	<b>\$ (112,899,729)</b>	<b>\$ 17,216,224</b>

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



## **1. NATURE OF OPERATIONS AND GOING CONCERN**

Outcrop Gold & Silver Corporation (“Outcrop” or the “Company”) is a publicly traded company incorporated under the laws of the Province of British Columbia, Canada. The Company’s shares are listed for trading on the Toronto Stock Exchange (“TSX”) under the symbol “OCG”. The Company transitioned from the Toronto Venture Exchange (“TSX-V”) on November 18, 2025. The Company’s corporate registered and records office is located at #905 – 1111 West Hastings Street, Vancouver, British Columbia, V6E 2J3. The Company is engaged in the identification, acquisition, exploration, and development of mineral properties in Colombia and USA. The Company has not placed any of its mineral properties into production and is therefore considered to be in the exploration stage. These consolidated financial statements of the Company for the year ended August 31, 2025, are comprised of the results of the Company and its subsidiaries.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. Management estimates its current working capital will be sufficient to fund its current level of activities for the next twelve months. The Company’s ability to continue on a going concern basis beyond the next twelve months depends on its ability to successfully raise additional financing for the substantial capital expenditures required to achieve planned principal operations. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate, which could be material.

## **2. BASIS OF PRESENTATION**

### **Statement of compliance**

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The policies applied in these consolidated financial statements are based on the IFRS issued and outstanding as at August 31, 2025.

### **Basis of measurement**

These consolidated financial statements have been prepared using the historical cost basis, except for certain financial instruments that are measured at fair value, and using the accrual basis of accounting, except for cash flow information.

### **Functional and presentation currency**

The presentation currency of the Company is the Canadian dollar.

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”), which has been determined for each entity within the Company using an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates. The functional currency of Outcrop, the parent company, is the Canadian dollar; that of the Company’s US subsidiaries,

## **2. BASIS OF PRESENTATION** *(continued)*

Zacapa Gold Corp., Zaya Resources Ltd., and Lustrum Exploration Corp., are the United States dollar. The functional currency of all the Company's Canadian subsidiaries is the Canadian dollar,

and that of all the Colombian branch operations and Colombian simplified share companies is also the Canadian dollar.

### **Use of estimates and judgments**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

#### **a) Critical Accounting Estimates**

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

##### **Stock-based compensation and valuation of warrants**

The fair value pricing of stock options and warrants issued are subject to the limitations of the Black-Scholes Option-Pricing Model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes Option-Pricing Model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

#### **b) Critical Accounting Judgments**

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

##### **Carrying value and the recoverability of mineral properties**

Management has determined that mineral property costs that have been capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and other technical information, scoping and feasibility studies, accessibility of facilities, and existing permits. Further, management exercises judgment in determining whether or not impairment indicators exist for its mineral properties.

##### **Determination of functional currency**

In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, management has determined that the functional currency of the Company, its Canadian subsidiaries, and its Colombian subsidiaries is the Canadian dollar, while the functional currency of its US subsidiaries is the US dollar.

**OUTCROP SILVER & GOLD CORPORATION**  
**Notes to the Consolidated Financial Statements**  
**For the years ended August 31, 2025 and 2024**  
*(Expressed in Canadian dollars)*

**2. BASIS OF PRESENTATION** *(continued)*

Acquisition of a business

The determination of whether a corporate entity or set of assets acquired, and liabilities assumed, constitute a business may require the Company to make certain judgements, considering all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs, or economic benefits. The acquisition of Zacapa Resources Ltd. was determined to constitute an acquisition of assets (Note 5). The excess of consideration paid over the net assets of Zacapa Resources Ltd. received was allocated on a proportional basis to the mineral properties acquired, which constitutes management's determination of the relative importance of the properties to the Company.

**3. MATERIAL ACCOUNTING POLICY INFORMATION**

**Principles of Consolidation**

These consolidated financial statements include the accounts of the Company, and its subsidiaries and branch operations from the date control was acquired. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee, and has the ability to use its power over the investee to affect its returns. Intercompany balances and transactions, and any income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

Name of Subsidiary	Place of Incorporation	Ownership Interest	Principal Activity
Miranda Gold Colombia I Ltd. ("MAD I")	Province of British Columbia	100%	Holding company
Miranda Gold Colombia II Ltd. ("MAD II")	Province of British Columbia, with branch office in Colombia	100%	Mineral exploration
Rovira Mining Ltd. ("Rovira")	Province of British Columbia	100%	Holding company
Rovira Mining Ltd. Colombia S.A.S. ("Rovira SAS")	Republic of Colombia	100%	Holding company
Miranda Gold Colombia III S.A.S. ("MAD III SAS")	Republic of Colombia	100%	Holding company
Miranda Gold Colombia IV Ltd. ("MAD IV")	Province of British Columbia	100%	Holding company
Miranda Gold Colombia IV S.A.S. ("MAD IV SAS")	Republic of Colombia	100%	Holding company
Miranda Gold Colombia V Ltd. ("MAD V")	Province of British Columbia	100%	Holding company
Minera Mallama S.A.S. ("Mallama SAS")	Republic of Colombia	100%	Mineral exploration
Malew Overseas S.A. ("Malew")	Republic of Panama	100%	Holding company
Minerales Santa Ana Colombia S.A.S. ("Santa Ana SAS")	Republic of Colombia	100%	Mineral exploration
Outcrop US Ltd.	Province of British Columbia	100%	Holding company
Zacapa Gold BC Corporation ("Zacapa Gold BC")	Province of British Columbia	100%	Holding company
Zacapa Gold Corporation ("Zacapa Gold Corp")	State of Nevada	100%	Mineral exploration
Zaya Resources BC Ltd ("Zaya Resources BC")	Province of British Columbia	100%	Holding company
Zaya Resources Ltd ("Zaya Resources")	State of Nevada	100%	Mineral exploration
Lustrum Gold Corp. ("Lustrum Corp")	Province of British Columbia	100%	Holding company
Lustrum Exploration Corp. ("Lustrum Exploration")	State of California	100%	Mineral exploration

### **3. MATERIAL ACCOUNTING POLICY INFORMATION** *(continued)*

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#### **Determination of control by one entity over another**

Subsidiaries include entities which are controlled by the Company and are accounted for through consolidation. Investments in associates and joint ventures include entities in which the Company has significant influence, but not control or joint control, and are accounted for using the equity method.

#### **Foreign currency translation**

Transactions in foreign currencies are initially recorded in the functional currency of the entity by applying exchange rates at the dates of the transactions in the financial statements of each entity in the Company.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the reporting date exchange rate.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate as at the date that the fair value was determined. Foreign currency differences arising on re-translation are recognized in operations.

On consolidation, for subsidiaries with functional currencies other than the Canadian dollar, assets and liabilities are translated into Canadian dollars using the period-end rate and operating expenses are translated using the average rates of exchange. Exchange adjustments arising when the opening net assets and profit or loss are translated into Canadian dollars are taken into a separate component of equity and reported in other comprehensive income or loss.

#### **Acquisitions**

Asset acquisitions are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values of assets transferred, liabilities incurred or assumed, and equity instruments issued by the Company at the date of acquisition. The acquiree's identifiable assets and liabilities assumed are recognized at their fair value at the acquisition date, or if the fair values exceed the consideration paid, then the consideration paid is allocated on a pro rata basis to the identifiable assets acquired based on their relative fair values.

#### **Equipment**

Equipment is recorded at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is recognized in operations on a declining balance basis at the following rates:

- Computer Equipment – 30-55% per annum
- Field Equipment – 30% per annum
- Right of Use – straight-line over lease term

A straight-line basis over the estimated useful lives of each asset or component part of an item or equipment, may be applied depending on which method (and rate) most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Where an item of equipment is composed of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a

**3. MATERIAL ACCOUNTING POLICY INFORMATION** *(continued)*

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component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

**Mineral properties and exploration expenses**

Upon acquiring the legal right to explore a property, all direct costs related to the acquisition of mineral property interests are capitalized. Exploration expenses incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are charged to operations as incurred. The Company will perform an impairment test on transition from the exploration stage to the development stage.

Expenditures incurred subsequent to a development decision, and to increase or extend the life of existing production, are capitalized and will be transferred to property, plant and equipment and amortized using the unit-of-production method based upon proven and probable reserves. When there is little prospect of further work on a property being carried out by the Company, the remaining deferred costs associated with that property will be assessed for impairment.

The Company assesses mineral properties for impairment at the end of each reporting period and/or when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

**Restoration, rehabilitation and environmental obligations**

An obligation to incur restoration, rehabilitation, and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of a plant and other site preparation work, discounted to their net present value, are provided for and capitalized to the carrying amount of the asset at the start of each project, along with a corresponding liability recorded as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent upon a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

A liability is recorded for legal obligations relating to the restoration, rehabilitation, and retirement of property, plant or equipment obligations arising from the acquisition, development, or normal operation of those assets. Such decommissioning liabilities are recognized at fair value in the period in which the liability is incurred when a reasonable estimate of fair value can be made. A corresponding increase to the carrying amount of the related asset, where one is identifiable, is recorded and amortized over the life of the asset. Where a related asset is not easily identifiable with a liability, the change in fair value over the course of the year is expensed. The amount of the liability is subject to a re-measurement at each reporting period. The estimates are based principally on legal and regulatory requirements.

It is possible that the Company's estimate of its ultimate reclamation liabilities could change as a result of changes in regulations, the extent of environmental remediation required or completed, the means of reclamation, or changes in cost estimates. Changes in estimates are accounted for prospectively commencing in the period in which the estimate is revised.

The Company currently has no material restoration, rehabilitation, and environmental obligation because all environmental disturbances to date have been minimal.

### **3. MATERIAL ACCOUNTING POLICY INFORMATION** *(continued)*

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#### **Impairment**

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, if any, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, 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 asset.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in operations.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in operations.

#### **Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost. The Company has not recorded any provisions for any of the financial years presented.

#### **Financial instruments**

##### *Financial assets*

Financial assets are classified at initial recognition as: amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVOCI"). The classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics. For assets measured at fair value, gains and losses will either be recorded in profit and loss or other comprehensive income.

- Amortized cost – A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.
- FVTPL – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in

### **3. MATERIAL ACCOUNTING POLICY INFORMATION** *(continued)*

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the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

- FVOCI – Investments in equity instruments at FVOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of the fair value gains and losses to profit or loss following derecognition of the investment.
- Derivatives embedded in contracts where the host is a financial asset are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

#### *Impairment*

An “expected credit loss” impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to the estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account, and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

#### *Financial liabilities*

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL, or the Company has opted to measure at FVTPL.

#### **Share capital**

Common shares are classified as share capital. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity.

#### **Warrants**

The Company accounts for warrants issued as part of a unit offering financing using the relative fair value method. Under this method, the value of warrants issued is measured at fair value at the issue date using the Black-Scholes Option-Pricing Model and recorded as share capital if and when the warrants are exercised.

#### **Loss per share**

The Company presents basic and diluted earnings (loss) per share (“EPS”) data for its common shares. Basic EPS is calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding for the period. Diluted EPS is calculated by dividing the earnings (loss) by the weighted average number of common shares outstanding assuming that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.



**3. MATERIAL ACCOUNTING POLICY INFORMATION** *(continued)*

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In the Company's case, diluted loss per share is the same as basic loss per share as the effect of outstanding share options and warrants on loss per share would be anti-dilutive.

**Stock-based compensation**

The Company's stock option plan allows Company directors, employees, and consultants to acquire shares of the Company. The fair value of options granted is recognized as a stock-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from stock-based reserve to share capital.

The Company also has a restricted share unit ("RSU") and deferred share unit ("DSU") compensation plan whereby RSUs and DSUs may be granted to its directors, employees, and contractors. RSUs and DSUs are classified as equity settled share-based payments with their fair value calculated in the same manner as stock options and recognized as stock-based compensation expense over the vesting period with a corresponding amount recognized as equity.

The fair value of options, RSUs, and DSUs is measured at the grant date and each tranche is recognized over the period during which the options vest. The fair value of the options, RSUs, and DSUs granted is measured using the Black-Scholes Option-Pricing Model, taking into consideration the terms and conditions upon which the options, RSUs, and DSUs were granted. At each financial reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options, RSUs, and DSUs that are expected to vest. In the event that options, RSUs, or DSUs are forfeited prior to full vesting, the fair value of the portion of the forfeited options, RSUs, or DSUs that have not yet vested is excluded from stock-based compensation expense.

Stock-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are measured at the fair value of goods or services received from the counterparty's or at their Black-Scholes fair value if the fair value of the services received cannot be reliably measured.

**Assets Held-for-Sale**

Non-current assets, or disposal group, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposals, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to financial assets or investment property, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognized in profit or loss.

**Income taxes**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years.



### **3. MATERIAL ACCOUNTING POLICY INFORMATION** *(continued)*

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Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences related to the initial recognition of assets or liabilities in a transaction that is not a business combination that affects neither accounting nor taxable operations, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and current tax liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities who intend to settle current tax assets and liabilities on a net basis or where net tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### **Related party transactions**

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

#### **New accounting standards issued and not yet effective**

IFRS 18 Presentation and Disclosure in Financial Statements, which will replace IAS 1, Presentation of Financial Statements aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date.

The Company is currently assessing the impact of these amendments on its consolidated financial statements.

### **4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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#### **Categories of Financial Assets and Financial Liabilities**

Financial instruments are classified into one of the following categories: amortized cost; fair value through profit or loss ("FVTPL"); fair value through other comprehensive income ("FVOCI").

The carrying values of the Company's financial instruments are classified into the following categories:

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**4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** *(continued)*

Financial Instrument	Category	August 31, 2025	August 31, 2024
Cash	Amortized cost	\$ 5,107,316	\$ 1,122,749
Marketable securities	FVTPL	\$ 2,384,895	\$ -
Receivables	Amortized cost	\$ 21,483	\$ 19,070
Reclamation bond	Amortized cost	\$ 16,299	\$ 31,310
Accounts payable and accrued liabilities	Amortized cost	\$ 1,156,626	\$ 1,054,925
Lease liability	Amortized cost	\$ -	\$ 1,714

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for cash, marketable securities, receivables, reclamation bond and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The carrying value of the Company's lease liability approximates its fair value due to being discounted at a rate of interest that approximates market rates. The Company's marketable securities is a level 1 financial instrument.

**Risk Management**

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

Credit Risk

Credit risk is the risk of potential loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and receivables. The Company limits the exposure to credit risk in its cash by only investing its cash with high-credit quality financial institutions in business and savings accounts, in guaranteed investment certificates, and in government treasury bills which are available on demand by the Company for its programs. Credit risk surrounding the Company's receivables is limited due to the nature of the receivables as they are primarily due from governmental agencies.

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. This fluctuation may be significant.

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**4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** *(continued)*

- a) Interest Rate Risk – The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.
- b) Foreign Currency Risk – The Company has identified its functional currencies as the Canadian dollar and the US dollar. Business is transacted in Canadian dollars, US dollars, and Colombian pesos ("COP"). The Company maintains US dollar bank accounts in Canada and the United States and maintains COP bank accounts in Colombia to support the cash needs of its foreign operations. Management does not hedge its foreign exchange risk. As at August 31, 2025, one Canadian dollar was equal to \$0.7277 US dollars and \$2,925 COP.

Balances are as follows as at August 31, 2025:

	US Dollars	Colombian Pesos	Canadian Dollar Equivalent
Cash	\$ 140,689	\$ 2,601,640,946	\$ 1,082,678
Receivables	-	57,079,940	19,513
Advances and deposits	-	712,477,365	243,554
	140,689	3,371,198,251	1,345,745
Accounts payable and accruals	-	(2,927,812,377)	(993,958)
<b>Net monetary assets (liabilities)</b>	<b>\$ 140,689</b>	<b>\$ 443,385,874</b>	<b>\$ 351,787</b>

Based on the above net exposures and assuming that all other variables remain constant, a 10% increase or decrease in the Canadian dollar against the US dollar and the Colombian peso would result in a decrease or increase in the reported loss of approximately \$35,200 in the year.

Balances are as follows at August 31, 2024:

	US Dollars	Colombian Pesos	Canadian Dollar Equivalent
Cash	\$ 1,701	\$ 759,023,369	\$ 246,797
Receivables	-	52,000,000	16,751
Advances and deposits	-	83,015,528	26,741
	1,701	894,038,898	290,290
Accounts payable and accruals	(25)	(2,726,445,796)	(878,266)
<b>Net monetary assets (liabilities)</b>	<b>\$ 1,676</b>	<b>\$ (1,832,406,898)</b>	<b>\$ (587,976)</b>

Based on the above net exposures and assuming that all other variables remain constant, a 10% increase or decrease in the Canadian dollar against the US dollar and the Colombian peso would result in a decrease or increase in the reported loss of approximately \$58,900 in the year.

- c) Commodity Price Risk – While the value of the Company's mineral properties is related to the price of gold and silver and the outlook for these minerals, the Company does not currently have any operating mines and therefore does not have any hedging or other commodity-based risks with respect to its operating activities.

Historically, the price of gold and silver has fluctuated significantly and is affected by numerous factors outside of the Company's control including, but not limited to, industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities, and certain other factors related specifically to gold and silver.

## **5. ACQUISITION OF ZACAPA RESOURCES LTD.**

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On November 21, 2023, the Company completed the acquisition of Zacapa Resources Ltd. ("Zacapa") by way of a three-cornered amalgamation under the provisions of the Business Corporations Act (British Columbia). Zacapa had two common directors and two common officers with the Company. As a result of the transaction, Zacapa merged with a wholly-owned subsidiary of Outcrop to become Outcrop US Limited ("Outcrop US"), a wholly-owned subsidiary of the Company. All the issued and outstanding common shares of Zacapa ("Zacapa Shares") were exchanged for common shares in the capital of Outcrop ("Outcrop Shares") on a four-for-one basis. All Zacapa's issued and outstanding warrants ("Zacapa Warrants"), options ("Zacapa Options") and deferred share units ("Zacapa DSUs") were exchanged for equivalent warrants ("Outcrop Warrants"), options ("Outcrop Options") and deferred share units ("Outcrop DSUs") of Outcrop, respectively, on substantially the same terms, on a four-for-one basis, and immediately cancelled.

Consideration with a fair value of \$7,347,099 was issued in exchange for all the issued and outstanding equity of Zacapa and is comprised as follows:

- a total of 30,017,474 common shares of the Company at \$0.21 per share (\$6,303,670) (Note 14);
- a total of 7,727,631 warrants of the Company, exercisable at prices ranging from \$0.30 to \$2.72 with expiry dates ranging from June 21, 2024 to July 7, 2026 (\$618,961) (Note 14);
- a total of 2,537,500 stock options of the Company, exercisable at prices ranging from \$0.20 to \$2.80 and expiry dates ranging from January 26, 2027 to July 18, 2028 (\$280,930) (Note 14); and
- a total of 75,000 DSUs of the Company (\$15,750) (Note 14).

Transaction costs were comprised of legal fees of \$127,788.

The acquisition of Zacapa constituted an asset acquisition and has been accounted for under the acquisition method in accordance with the guidance provided in IFRS 3, Business Combinations ("IFRS 3"). The assets acquired did not qualify as a business according to the definition in IFRS 3, and therefore the acquisition did not constitute a business combination, but rather it is treated as a payment of equity consideration for the acquisition of Zacapa's net assets. The value of the consideration paid after allocation to the other net assets acquired, was allocated to mineral properties, all of which are located in the United States.

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**5. ACQUISITION OF ZACAPA RESOURCES LTD. (continued)**

The total consideration for the acquisition of the assets and liabilities assumed on acquisition was as follows:

		<b>Total</b>
Cash	\$	1,283
Restricted cash		20,000
Receivables		9,565
Prepaid expenses		29,182
Reclamation bond		31,790
Mineral properties		8,557,458
Accounts payable and accrued liabilities		(898,724)
Loans payable		(403,455)
		<b>7,347,099</b>
<b>Cost of acquisition:</b>		
Common shares		6,303,670
Warrants, stock options and DSUs		915,641
Transaction costs		127,788
Total acquisition costs	\$	<b>7,347,099</b>

**6. CASH**

		<b>August 31, 2025</b>		<b>August 31, 2024</b>
Canadian dollar denominated deposits	\$	4,024,639	\$	875,952
US dollar denominated deposits		193,335		2,295
Colombian peso denominated deposits		889,342		244,502
<b>Total</b>	<b>\$</b>	<b>5,107,316</b>	<b>\$</b>	<b>1,122,749</b>

**7. MARKETABLE SECURITIES**

The Company received 20,090,000 common shares of Silver Mines Limited ("Silver Mines") with a fair value of \$2,266,812 as first earn-in initial share payment for the Kramer Hills property (Note 12) on July 1, 2025. As at August 31, 2025, the Silver Mines shares held by the Company had a fair value of \$2,384,895 resulting in a unrealized gain on marketable securities of \$99,692 and unrealized foreign exchange gain of \$18,391 being recorded on the consolidated statements of loss and comprehensive loss.

**8. RECEIVABLES**

		<b>August 31, 2025</b>		<b>August 31, 2024</b>
Amounts receivable	\$	21,483	\$	19,070
Goods and services input tax credit (Canada)		32,257		30,322
<b>Total</b>	<b>\$</b>	<b>53,740</b>	<b>\$</b>	<b>49,392</b>

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**9. ADVANCES AND PREPAID EXPENSES**

	August 31, 2025	August 31, 2024
Prepaid expenses (Canada)	\$ 624,160	\$ 240,947
Prepaid expenses (Colombia)	243,359	21,660
Advances to employees and suppliers (Colombia)	194	5,081
<b>Total</b>	<b>\$ 867,713</b>	<b>\$ 267,688</b>

**10. ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE**

On September 22, 2025, the Company entered into an agreement with Bullfrog Gold Corporation (“Bullfrog”) to transfer all of the issued and outstanding shares of its subsidiary, Zacapa Gold BC to Bullfrog in exchange for 10,000,000 shares of Bullfrog valued at \$10,000. Zacapa Gold BC held title to the South Bullfrog property (Note 12) and as such, the property and its related net assets have been impaired to the consideration of \$10,000. The Company recognized an impairment of \$1,049,211 which includes \$1,044,403 (Note 12) related to the South Bullfrog property and \$4,808 relates to the net assets of Zacapa Gold BC. The impairment has been included on the statement of loss and comprehensive loss under impairment of mineral properties.

	Amounts
Assets	
Reclamation bond	\$ 17,517
Mineral properties – South Bullfrog (Note 12)	1,044,403
Accounts payable and accrued liabilities	(2,709)
Impairment recognized at August 31, 2025	(1,049,211)
<b>Total assets held for sale</b>	<b>\$ 10,000</b>

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## 11. EQUIPMENT

	Computer Equipment	Field Equipment	Right-of-use asset	TOTAL
<b>Cost</b>				
Balance at August 31, 2023	\$ 166,660	\$ 215,480	\$ 51,986	\$ 434,126
Assets retired	(84,746)	(57,624)	-	(142,370)
Balance at August 31, 2024	\$ 81,914	\$ 157,856	\$ 51,986	\$ 291,756
Assets acquired	37,891	-	-	37,891
Balance at August 31, 2025	\$ 119,805	\$ 157,856	\$ 51,986	\$ 329,647
<b>Accumulated depreciation</b>				
Balance at August 31, 2023	\$ 154,712	\$ 115,567	\$ 10,399	\$ 280,678
Depreciation	3,704	29,973	39,873	73,550
Assets retired	(82,914)	(57,624)	-	(140,538)
Balance at August 31, 2024	\$ 75,502	\$ 87,916	\$ 50,272	\$ 213,690
Depreciation	4,689	20,984	1,714	27,387
Balance at August 31, 2025	\$ 80,191	\$ 108,900	\$ 51,986	\$ 241,077
Net book value, August 31, 2024	\$ 6,412	\$ 69,940	\$ 1,714	\$ 78,066
Net book value, August 31, 2025	\$ 39,614	\$ 48,956	\$ -	\$ 88,570

## 12. MINERAL PROPERTIES

Outcrop acquires mineral properties through application, staking, and third-party vendors, some of which are subject to net smelter return royalties (“NSR”) or underlying lease payments. Subsequent to the acquisition of mineral properties, the Company may enter into agreements to sell a portion of its interests in its mineral properties to third parties in exchange for exploration expenditures, royalty interests, cash, or share-based payments.

Outcrop cannot guarantee title to all of its mineral properties as the properties may be subject to prior mineral rights applications with priority, prior unregistered agreements or transfers, and/or the title may be affected by undetected defects. Certain of the mineral rights held by Outcrop are held under applications for mineral rights and until final approval of such applications is received, the Company’s rights to such mineral rights may not materialize and the exact boundaries of Outcrop’s properties may be subject to adjustment.

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**12. MINERAL PROPERTIES** *(continued)*

**Mineral Properties as at August 31, 2025**

	August 31, 2024	Additions	Recovery	Impairment	Effect of movement in exchange rates	August 31, 2025
Antares	\$ 112,987	\$ -	\$ -	\$ (112,987)	\$ -	\$ -
Argelia	265,240	-	-	-	-	265,240
Mallama	298,216	-	-	-	-	298,216
Oribella	41,568	-	-	-	-	41,568
Santa Ana	4,408,747	678,265	-	-	-	5,087,012
South Bullfrog	1,035,240	-	-	(1,044,403)	9,163	-
Pearl	516,3346	-	(86,955)	-	4,570	430,961
Kramer	6,627,179	893,230	(3,847,142)	-	48,053	3,721,320
<b>TOTAL</b>	<b>\$ 13,305,512</b>	<b>\$ 1,571,495</b>	<b>\$ (3,937,097)</b>	<b>\$ (1,157,390)</b>	<b>\$ 61,786</b>	<b>\$ 9,944,317</b>

**Mineral Properties as at August 31, 2024**

	August 31, 2023	Additions (Note 5)	Additions	Impairment	Effect of movement in exchange rates	August 31, 2024
Antares	\$ 112,987	\$ -	\$ -	\$ -	\$ -	\$ 112,987
Argelia	265,240	-	-	-	-	265,240
Mallama	298,216	-	-	-	-	298,216
Oribella	41,568	-	-	-	-	41,568
Santa Ana	4,408,747	-	-	-	-	4,408,747
South Bullfrog	-	1,133,041	-	-	(97,801)	1,035,240
Pearl	-	582,566	-	-	(66,220)	516,346
Miller Mountain	-	874,529	-	(874,529)	-	-
Kramer	-	5,967,322	525,268	-	134,589	6,627,179
<b>TOTAL</b>	<b>\$ 5,126,758</b>	<b>\$ 8,557,458</b>	<b>\$ 525,268</b>	<b>\$ (874,529)</b>	<b>\$ (29,432)</b>	<b>\$ 13,305,523</b>

**Exploration Expenditures**

	For the year ended	
	August 31, 2025	August 31, 2024
Mallama	\$ -	\$ 274
Santa Ana	9,148,206	4,680,833
South Bullfrog	149,626	149,100
Pearl	1,926	67,277
Kramer	497,665	18,869
<b>TOTAL</b>	<b>\$ 9,797,423</b>	<b>\$ 4,916,363</b>



## **12. MINERAL PROPERTIES** *(continued)*

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### **Antares Project**

On October 9, 2015, the Company executed an option agreement (the “Antares Option”) by and among Activos Mineros de Colombia S.A.S. (“AMC”), the Company, the Company’s subsidiary MAD II, and the Colombian Branch of MAD II to acquire the Antares property with minimum operation payments and a share issuance by the Company due according to the schedule below. Upon commencing commercial production (as defined in the agreement), the minimum operation payments will cease and the payment of a 1.8% NSR will commence.

The Company must meet the following payment schedule to maintain the option:

- US\$60,000 on October 9, 2015 *(paid)*;
- US\$60,000 on October 9, 2016 *(paid)*;
- US\$70,000 within 30 days of the Registration Date of the Mining Concession Contract (“Registration Date”);
- US\$80,000 and 150,000 common shares on the first anniversary of the Registration Date;
- US\$90,000 on the 2<sup>nd</sup> anniversary of the Registration Date;
- US\$100,000 on the 3<sup>rd</sup> anniversary of the Registration Date;
- US\$120,000 on the 4<sup>th</sup> anniversary of the Registration Date;
- US\$120,000 on the 5<sup>th</sup> anniversary of the Registration Date;
- US\$150,000 on the 6<sup>th</sup> anniversary of the Registration Date and for each successive anniversary.

Furthermore, the Company must adhere to a schedule of minimum exploration expenditures as follows:

- US\$200,000 within the first two years following the Registration Date;
- US\$200,000 during the 3<sup>rd</sup> year following the Registration Date (cumulative spend US\$400,000);
- US\$300,000 during each of the 4<sup>th</sup> and 5<sup>th</sup> years following the Registration Date (cumulative spend US\$700,000 and \$1,000,000, respectively);
- US\$500,000 during each of the 6<sup>th</sup> and 7<sup>th</sup> years following the Registration Date (cumulative spend US\$1,500,000 and US\$2,000,000, respectively).

The minimum exploration expenditure schedule may be suspended for up to two years in any year in which the Company does not have a suitable joint venture partner funding expenditures on the project. As at August 31, 2025, the Company has not yet registered the project.

During the year, the Company recognized an impairment loss of \$122,987 on its mineral property as no further exploration or development is planned. The asset’s carrying value has been reduced to \$nil.

### **Argelia Project**

On June 15, 2017, the Company executed an option agreement (the “Argelia Option”) by and among Bullet Holding Corp. (“Bullet”), Esquimal S.O.M. (“Esquimal”), and the Company to acquire the Argelia property, consisting of three applications.

The Company must meet the following payment schedule to maintain the option:

- US\$100,000 by June 22, 2017 *(paid)*;
- 162,427 common shares upon TSX-V approval of issuance *(issued)*;
- US\$100,000 upon conversion of applications to titles;

## **12. MINERAL PROPERTIES** *(continued)*

- US\$100,000 upon receipt of approval for forestry subtraction or upon the Company commencing drill applications for any of the titles;
- US\$100,000 upon receipt of drill permits;
- US\$250,000 upon announcement of an NI 43-101 resource of >500,000 oz/au total in all categories (M+I+I) ("Announcement Date");
- US\$250,000 one year following the Announcement Date.

A residual net profits interest ("NPI") of 4% or an NSR of 1.5%, whichever is greater, will be payable to the vendor until US\$6,000,000 has been paid, at which time an NSR of 1.5% will be payable for the life of the mine.

### **Mallama Project**

On August 31, 2017, Outcrop completed the acquisition of the Mallama Project ("Mallama") by an outright purchase of 100% of the shares of the Colombian simplified share company, Mallama SAS.

During the fiscal year ended August 31, 2017, Outcrop paid a total of \$298,216 in outstanding fees due to Agencia Nacional de Minería ("ANM") prior to the final effective date of the purchase. Upon receipt of suitable drill permits on Mallama, without any future time constraint, Outcrop is required to make an additional payment of US\$200,000 to the former shareholders of Mallama SAS. An NSR of 4% will be payable to the former shareholders, with a minimum of US\$1,000,000 payable within three years of the commencement of commercial production, capped at US\$4,000,000 over the life of the mine.

### **Oribella Project**

On May 13, 2014, the Company acquired the Oribella Project in the Antioquia Department of Colombia through a purchase agreement with Antioquia Gold Inc. ("Antioquia Gold").

Upon registration of the property with ANM as a contract, Outcrop will reimburse Antioquia Gold for the application payment of COP 101,136,976 (approximately US\$35,000). Oribella is subject to a 0.5% royalty to Antioquia Gold that can be purchased for US\$1,500,000 and a 2% royalty to Barrick Gold.

### **Santa Ana Project**

On January 24, 2020, the Company completed the acquisition of 100% of the Santa Ana project located in the Municipality of Falan, Tolima Department, Colombia through the purchase of all of the issued and outstanding shares of Malew. Consideration of 24,000,000 common shares of Outcrop with a value of \$2,640,000 were issued for all of the issued and outstanding shares of Malew. Malew's wholly owned subsidiary, Santa Ana S.A.S., owns the Santa Ana Project.

On July 28, 2020, the Company increased the Santa Ana land position with the acquisition of additional adjacent claims at a cost of \$333,433 (US\$250,000) and 1,000,000 shares of the Company valued at \$580,000. On November 14, 2022, the Company issued 2,104,054 common shares with a value of US\$500,000 after the first of the mining concession agreements was registered in the Assignee's name with the National Mining Registry. The vendors retained a 2% NSR royalty interest in the concession agreements. The Company has the option to purchase 1% of the NSR for US\$500,000 cash. On September 23, 2024, the Company issued 3,074,499 common shares with a fair value of \$678,265 (US\$500,000) to Activos Mineros de Colombia S.A.S. as the final payment for the Santa Ana Project.

## **12. MINERAL PROPERTIES** *(continued)*

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### **South Bullfrog Project**

Through the acquisition of Zacapa in November 2023 (Note 5), the Company acquired a 100% interest in the South Bullfrog gold Project located in Beatty, Nevada.

Subsequent to year end, on September 22, 2025, the Company agreed to transfer all shares of its subsidiary, Zacapa Gold BC, to Bullfrog in exchange for 10,000,000 Bullfrog shares valued at \$10,000 and has accordingly impaired the property (Note 10).

### **Pearl Project**

Through the acquisition of Zacapa in November 2023 (Note 5), the Company acquired a 100% interest of the Pearl project located near San Manuel, Arizona. On September 12, 2024 Golden Mile Resources Limited ("Golden Mile") purchased an option on the Pearl project for A\$100,000 (Australian Dollars) and a 1% NSR royalty. Golden Mile has the option to earn-in to 51% by funding A\$2,000,000 in exploration expenditures by September 12, 2027. Golden Mile may also earn an additional 34% by funding an additional A\$10,000,000 in exploration expenditures within 5 years. Upon completing the earn-in a joint venture will be formed with both parties funding proportionally. If either party dilutes below 10%, their interest will convert to an additional 1% NSR royalty. At such time that a JORC compliant resource achieves 750,000 tonnes of contained copper at a minimum grade of 0.3%, Golden Mile will pay Outcrop A\$2,000,000.

### **Miller Mountain Project**

Acquired on the acquisition of Zacapa in November 2023 (Note 5), the Miller Mountain gold project located in Idaho, was originally acquired from EMX Royalty Corp. ("EMX"). Under the terms of the original agreement, the Company was required to make certain annual advance royalty and milestone payments. During the year ended August 31, 2024, the Company decided to return the project to EMX. Accordingly, the Company wrote off the costs related to the Miller Mountain property totalling \$874,529.

### **Kramer Hills Project**

Acquired on the acquisition of Zacapa in November 2023 (Note 5), the Kramer Hills gold project is located in San Bernardino, California. The project is subject to a 2% NSR. Under the terms of the option agreement, the Company has until August 15, 2026, to acquire a 100% interest of the Kramer project under the payment terms as expressed below:

- US\$10,000 per month beginning August 23, 2023 and continuing every month until the twelve (12) month anniversary from the Payment Date *(paid)*;
- US\$300,000 in cash payable on August 15, 2024 *(paid)*;
- US\$650,000 in cash payable on August 15, 2025 *(paid)* and
- US\$1,250,000 in cash payable on August 15, 2026.

On June 11, 2025, the Company granted Silver Mines an option to earn up at an 80% interest in its Kramer Hills brownfield oxide gold property in San Bernardino, California, USA. Silver Mines may earn its interest as follows:

Initial Payment:

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**12. MINERAL PROPERTIES** *(continued)*

- Pay US\$500,000 in cash and issue 22,090,000 shares of Silver Mines (subject to a 12 month escrow) on the closing date (paid July 1, 2025) ;

First Earn-In (to 50%):

- Incur not less than US\$3,500,000 in exploration expenditures, including a minimum of US\$650,000 (paid August 8, 2025) allocated toward the August 2025 Landholder payment under the option agreement. These expenditures must be completed before the second anniversary of the closing date;
- pay US\$1,250,000, which must be used for August 2026 Landholder Payment under the options agreement before the second anniversary of the closing date; and
- pay the Company US\$1,500,000 in shares of Silver Mines withing sixty days following the satisfaction of the First Earn-In Condition.

Further Earn-In (to 80%):

- Pay to the Company an additional US\$2 million in shares of Silver Mines on or before the expire of the Further Earn-in Period.

Once Silver Mines has earned an 80% interest it will provide the Company with a free carry interest through to the completion of a feasibility study on the project.

**13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

As at	August 31, 2025	August 31, 2024
Accounts payable and accrued liabilities – Canada	\$ 127,834	\$ 178,371
Accounts payable and accrued liabilities – Colombia	993,957	876,554
Amounts payable to related parties – Canada	34,835	-
<b>TOTAL</b>	<b>\$ 1,156,626</b>	<b>\$ 1,054,925</b>

**14. SHARE CAPITAL**

**a) Authorized**

An unlimited number of common shares without par value.

**b) Share Issuance**

At August 31, 2025, the Company had 385,233,529 common shares issued and outstanding (August 31, 2024 – 290,524,636).

During the year ended August 31, 2025, the Company:

- Issued 25,433,099 common shares following the exercise of warrants for gross proceeds of \$5,268,182;
- Issued 3,793,750 common shares following the exercise of options for gross proceeds of \$571,000;

**14. SHARE CAPITAL (continued)**

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- Issued 5,703,000 common shares under its at-the-market equity program (the “ATM Program”) for gross proceeds of \$1,313,452;
- Issued 3,074,499 common shares with a fair value of \$678,265 (US\$500,000) to Activos Mineros de Colombia S.A.S. on September 23, 2024 as the final payment for the Santa Ana Project;
- Completed a non-brokered private placement on October 3, 2024 by issuing 22,727,273 units at a price of \$0.22 per unit for gross proceeds of \$5,000,000. Each unit is comprised of one common share and one-half of one common share purchase warrant, which is exercisable at price of \$0.30 for a period of 24 months. The proceeds of the financing were allocated on a relative fair value basis as \$4,030,000 to common shares and \$970,000 to warrants. Cash share issuance costs of \$200,000 were paid in relation to the financing; and
- Completed a public offering on March 27, 2025 by issuing 33,977,272 units at a price of \$0.22 per unit for gross proceeds of \$7,475,000. Each unit is comprised of one common share and one-half common share purchase warrant, which is exercisable at price of \$0.30 for a period of 24 months. The Company also issued 1,629,526 broker warrants exercisable at \$0.22 for a period of 24 months. The proceeds of the financing were allocated on a relative fair value basis as \$6,154,000 to common shares and \$1,321,000 to warrants. The assumptions used in the Black-Scholes Option-Pricing Model for the relative fair value allocation of gross proceeds between shares and warrants were an expected life of 2 years, an expected dividend of \$nil, a risk-free interest rate of 2.55%, and an expected volatility of 94.23%. Cash share issuance costs of \$860,198 were paid in relation to the financing, in addition to an issuance of 1,629,526 finders’ warrants with an exercise price of \$0.22 per share, valued at \$181,959 using the Black-Scholes Option-Pricing Model assumptions above.

During the year ended August 31, 2024, the Company:

- Issued 1,725,000 common shares following the exercise of stock options at prices of \$0.10-\$0.22 per common share for gross proceeds of \$224,500.
- Issued 4,805,000 common shares following the exercise of share purchase warrants at a price of \$0.22 per common share for gross proceeds of \$1,057,100.
- Issued 12,851,000 common shares under its at-the-market equity program (the “ATM Program”) for gross proceeds of \$2,873,449. The ATM Program was established on September 6, 2023, and allows the Company to issue and sell, at its discretion, up to \$5,000,000 of common shares in the capital of the Company to the public from time to time at the prevailing market price when the common shares are issued.
- The Company completed a public offering by issuing 23,000,000 units at a price of \$0.15 per unit for gross proceeds of \$3,450,000. Each unit is comprised of one common share and one common share purchase warrant, which is exercisable at price of \$0.22 for a period of 24 months. The Company also issued 1,380,000 broker warrants exercisable at \$0.15 for a period of 24 months. The proceeds of the financing were allocated on a relative fair value basis as \$2,342,000 to common shares and \$1,108,000 to warrants.  
The assumptions used in the Black-Scholes Option-Pricing Model for the relative fair value allocation of gross proceeds between shares and warrants were an expected life of 2 years, an expected dividend of \$nil, a risk-free interest rate of 4.22%, and an expected volatility of 95.96%.

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**14. SHARE CAPITAL (continued)**

Cash share issuance costs of \$348,280 were paid in relation to the financing, in addition to an issuance of 1,380,000 finders' warrants with an exercise price of \$0.15 per share, valued at \$141,051 using the Black-Scholes Option-Pricing Model assumptions above.

- On November 21, 2023, the Company acquired Zacapa through the issuance of 30,017,474 common shares at \$0.21 per share, 7,727,631 warrants, 2,537,500 options and 75,000 DSUs in exchange for all the issued and outstanding equity of Zacapa for a total fair value of \$7,219,311 (Note 5).

**c) Stock Options Outstanding**

The Company has a fixed stock option plan which was approved by shareholders on February 14, 2025 (the "Fixed Plan") and replaced the previous 10% rolling stock options plan. Under the Fixed Plan, the maximum number of stock options that can be issued is capped at 34,159,595. The stock options can be granted for a maximum term of ten years and vesting terms of each stock option grant is determined by the Board of Directors at the time of the grant.

The Company also has an award plan (the "RSU/DSU Plan") which permits the grant of restricted share units of the Company ("RSUs") and/or deferred share units of the Company ("DSUs") whereby the maximum number of common shares reserved for issue under the RSU/DSU Plan shall not exceed 28,802,564 common shares of the Company. In addition, the aggregate number of common shares issuable pursuant to the RSU/DSU Plan combined with all of the Company's other securities-based compensation arrangements, including the Company's stock option plan, shall not exceed 10% of the Company's outstanding shares. The term for the restricted period of any RSU granted shall not exceed ten years.

The stock option continuity for the year ended August 31, 2025, is as follows:

Number Outstanding August 31, 2024	Granted	Exercised	Expired/ Cancelled	Number Outstanding August 31, 2025	Exercise Price per Share	Expiry Date	Weighted Avg Remaining Contractual Life (in years)
1,750,000	-	(1,750,000)	-	-	\$ -	-	-
200,000	-	-	(200,000)	-	-	-	-
1,850,000	-	-	-	1,850,000	0.40	Oct 20, 2025	0.14
2,800,000	-	-	-	2,800,000	0.30	Apr 19, 2026	0.63
200,000	-	-	-	200,000	0.24	Aug 5, 2026	0.93
3,450,000	-	(250,000)	-	3,200,000	0.22	Apr 08, 2027	1.60
50,000	-	(50,000)	-	-	-	-	-
900,000	-	-	(500,000)	400,000	0.25	Oct 05, 2027	2.10
400,000	-	-	-	400,000	0.26	Oct 05, 2027	2.10
7,650,000	-	(600,000)	(500,000)	6,550,000	0.22	Jul 20, 2028	2.89
250,000	-	-	-	250,000	2.00	Jan 26, 2027	1.41
75,000	-	-	(6,250)	68,750	2.80	Jan 26, 2027	1.41
6,250	-	-	-	6,250	0.92	Jan 26, 2027	1.41
62,500	-	-	(62,500)	-	-	-	-
168,750	-	-	(6,250)	162,500	0.44	Dec 8, 2027	2.27
1,350,000	-	(462,500)	-	887,500	0.20	Jul 18, 2028	2.88
4,525,000	-	(656,250)	(75,000)	3,793,750	0.16	Mar 26, 2029	3.57
-	500,000	-	-	500,000	0.27	Oct 31, 2029	4.17
-	6,250,000	-	-	6,250,000	0.25	Oct 31, 2029	4.17
-	4,950,000	(25,000)	-	4,925,000	0.20	Apr 30, 2030	4.67
-	500,000	-	-	500,000	0.20	Apr 30, 2030	4.93
<b>25,687,500</b>	<b>12,200,000</b>	<b>(3,793,750)</b>	<b>(1,350,000)</b>	<b>32,743,750</b>	<b>\$ 0.26</b>	<b>(weighted average)</b>	<b>3.01</b>
			<b>Exercisable</b>	<b>29,668,750</b>	<b>\$ 0.23</b>	<b>(weighted average)</b>	<b>2.98</b>

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**14. SHARE CAPITAL (continued)**

The stock option continuity for the year ended August 31, 2024, is as follows:

Number Outstanding August 31, 2023	Granted	Exercised	Expired/ Cancelled	Number Outstanding August 31, 2024	Exercise Price per Share	Expiry Date	Weighted Avg Remaining Contractual Life (in years)
2,450,000	-	(500,000)	(200,000)	1,750,000	\$ 0.10	Feb 7, 2025	0.44
200,000	-	-	-	200,000	0.56	Jul 24, 2025	0.90
1,950,000	-	-	(100,000)	1,850,000	0.40	Oct 20, 2025	1.14
3,000,000	-	-	(200,000)	2,800,000	0.30	Apr 19, 2026	1.63
200,000	-	-	-	200,000	0.24	Aug 5, 2026	1.93
3,700,000	-	(50,000)	(200,000)	3,450,000	0.22	Apr 08, 2027	2.60
1,100,000	-	(1,050,000)	-	50,000	0.13	Apr 08, 2027	2.60
900,000	-	-	-	900,000	0.25	Oct 05, 2027	3.10
400,000	-	-	-	400,000	0.26	Oct 05, 2027	3.10
8,000,000	-	(100,000)	(250,000)	7,650,000	0.22	Jul 20, 2028	3.89
-	437,500	-	(187,500)	250,000	2.00	Jan 26, 2027	2.41
-	75,000	-	-	75,000	2.80	Jan 26, 2027	2.41
-	6,250	-	-	6,250	0.92	Jan 26, 2027	2.41
-	62,500	-	-	62,500	0.60	Jan 26, 2027	2.41
-	206,250	-	(37,500)	168,750	0.44	Dec 8, 2027	3.27
-	1,750,000	(25,000)	(375,000)	1,350,000	0.20	Jul 18, 2028	3.88
-	4,525,000	-	-	4,525,000	0.16	Mar 26, 2029	4.57
<b>21,900,000</b>	<b>7,062,500</b>	<b>(1,725,000)</b>	<b>(1,550,000)</b>	<b>25,687,500</b>	<b>\$ 0.25</b>	<b>(weighted average)</b>	<b>3.05</b>
			<b>Exercisable</b>	<b>23,362,500</b>	<b>\$ 0.26</b>	<b>(weighted average)</b>	<b>2.90</b>

As at August 31, 2025, a total of 29,668,750 of the outstanding stock options were vested and exercisable, with a weighted average exercise price of \$0.23.

**Stock-Based Compensation**

The fair value of each option granted to employees, officers, and directors was estimated on the date of the grant using the Black-Scholes Option-Pricing Model.

On November 21, 2023, the Company issued 2,537,500 stock options to the former holders of Zacapa stock options in accordance with the Arrangement (Note 5).

The Company recorded \$1,963,729 in stock-based compensation expense (August 31, 2024 - \$1,414,538) for options vested during the year ended August 31, 2025. The assumptions used in the Black-Scholes Option-Pricing Model to estimate the fair value of each option grant were an expected life of 5 years, expected dividend of \$nil, and:

	Aug 6, 2025	Apr 30, 2025	Nov 7, 2024	Oct 31, 2024	Mar 26, 2024	Nov 21, 2023
Risk-free interest rate	2.94%	2.67%	3.03%	3.02%	3.53%	4.39%
Expected volatility	93.17%	97%	103.01%	103.28%	105.66%	98.88-105.11%
Fair value	\$0.22	\$0.15	\$0.19	\$0.21	\$0.13	\$0.03-0.16

**Share Purchase Warrants**

On November 21, 2023, the Company issued 7,727,631 warrants to the former holders of Zacapa in accordance with the acquisition (Note 5). The exercise prices ranged from \$0.30 to \$2.72 and the expiry dates ranged from June 21, 2024 to July 7, 2026. The warrants were valued using the Black-



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**14. SHARE CAPITAL (continued)**

Scholes option pricing model with the following assumptions: risk free interest rate 4.39%; dividend yield of 0%; expected volatility of 89.25%-100.98% and expected life of 0.58-2.63 years.

The share purchase warrant continuity for the year ended August 31, 2025 is as follows:

Number Outstanding August 31, 2024	Granted	Exercised	Expired/ Cancelled	Number Outstanding August 31, 2025	Exercise Price per Share	Expiry Date	Weighted Avg Remaining Contractual Life (in years)
19,710,000	-	(16,355,000)	(3,355,000)	-	-	-	-
19,455,700	-	(6,521,536)	-	<b>12,934,164</b>	0.22	Sep 22, 2025	0.06
732,002	-	(96,800)	-	<b>635,202</b>	0.22	Sep 22, 2025	0.06
9,048,500	-	-	(9,048,500)	-	-	-	-
1,085,820	-	-	(1,085,820)	-	-	-	-
2,476,057	-	-	-	<b>2,476,057</b>	0.88	Oct 28, 2025	0.16
4,856,153	-	-	-	<b>4,856,153</b>	0.30	Jul 7, 2026	0.85
18,195,000	-	(1,645,000)	-	<b>16,550,000</b>	0.22	Mar 14, 2026	0.53
1,380,000	-	-	-	<b>1,380,000</b>	0.15	Mar 14, 2026	0.53
- 11,363,636	-	-	-	<b>11,363,636</b>	0.30	Oct 2, 2026	1.09
- 16,988,636	-	-	-	<b>16,988,636</b>	0.30	Mar 27, 2027	1.57
- 1,629,526	-	(814,763)	-	<b>814,763</b>	0.22	Mar 27, 2027	1.57
<b>76,939,232</b>	<b>29,981,798</b>	<b>(25,433,099)</b>	<b>(13,489,320)</b>	<b>67,998,611</b>	<b>\$ 0.28</b>	<b>(weighted average)</b>	<b>0.81</b>

The share purchase warrant continuity for the year ended August 31, 2024 is as follows:

Number Outstanding August 31, 2023	Granted	Exercised	Expired/ Cancelled	Number Outstanding August 31, 2024	Exercise Price per Share	Expiry Date	Weighted Avg Remaining Contractual Life (in years)
9,813,760	-	-	(9,813,760)	-	\$ -	-	-
1,590,721	-	-	(1,590,721)	-	-	-	-
19,710,000	-	-	-	<b>19,710,000</b>	0.20	Nov 7, 2024	0.19
25,481,555	-	-	(25,481,555)	-	-	-	-
1,200,000	-	-	(1,200,000)	-	-	-	-
19,455,700	-	-	-	<b>19,455,700</b>	0.22	Sep 22, 2025	1.06
732,002	-	-	-	<b>732,002</b>	0.22	Sep 22, 2025	1.06
9,048,500	-	-	-	<b>9,048,500</b>	0.35	May 10, 2025	0.69
1,085,820	-	-	-	<b>1,085,820</b>	0.25	May 10, 2025	0.69
- 395,421	-	-	(395,421)	-	-	-	-
- 2,476,057	-	-	-	<b>2,476,057</b>	0.88	Oct 28, 2025	1.16
- 4,856,153	-	-	-	<b>4,856,153</b>	0.30	Jul 7, 2026	1.85
- 23,000,000	(4,805,000)	-	-	<b>18,195,000</b>	0.22	Mar 14, 2026	1.53
- 1,380,000	-	-	-	<b>1,380,000</b>	0.15	Mar 14, 2026	1.53
<b>88,118,058</b>	<b>32,107,631</b>	<b>(4,805,000)</b>	<b>(38,481,457)</b>	<b>76,939,232</b>	<b>\$ 0.26</b>	<b>(weighted average)</b>	<b>0.96</b>

**Deferred Stock Units**

On November 21, 2023, the Company issued 75,000 Outcrop DSUs in accordance with the Zacapa acquisition (Note 5). The DSUs were all fully vested on acquisition date. The weighted average grant date fair value per DSU was \$0.21. During year ended August 31, 2024, 37,500 DSUs were cancelled.



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**15. GENERAL AND ADMINISTRATIVE EXPENSES**

		<b>August 31, 2025</b>		<b>August 31, 2024</b>
Administrative and consulting fees	\$	1,787,501	\$	570,002
Depreciation (Note 11)		27,387		73,550
Insurance		74,436		72,437
Office, telephone, sundry		482,204		408,149
Travel		279,927		190,539
Transfer agent, filing and regulatory		198,804		96,914
<b>Total</b>	<b>\$</b>	<b>2,850,259</b>	<b>\$</b>	<b>1,411,591</b>

**16. RELATED PARTY TRANSACTIONS**

The Company's related parties consist of companies with directors and officers in common, and companies owned in whole or in part by executive officers and directors as follows:

<b>Related Party Name</b>	<b>Nature of Transactions</b>
Farris LLP (" <b>Farris</b> "), a company in which Jay Sujir is a partner	Legal services
Slater Corporate Services Corporation (" <b>SCSC</b> "), a company controlled by former Director Ian Slater <sup>(1)</sup>	Cost reimbursement, Corporate Secretary, CFO, corporate compliance services, accounting, and financial reporting

<sup>(1)</sup> Slater ceased to be a director on February 14, 2025.

- a) The Company incurred the following fees in connection with companies owned or partially owned by key management (Chief Executive Officer and Chief Financial Officer) and/or directors. Expenses have been measured at the exchange amount, which is determined on a cost recovery basis.

<b>9</b>		<b>Year ended</b>	
		<b>August 31, 2025</b>	<b>August 31, 2024</b>
Cost reimbursement - SCSC	\$	440,000	\$ 690,000
Legal fees - Farris		256,029	202,018
<b>Total</b>	<b>\$</b>	<b>696,029</b>	<b>\$ 892,018</b>

- b) Amounts owing to related parties are disclosed in Note 13. All amounts are unsecured, with no specific terms of repayment.
- c) Compensation of directors and members of key management personnel, including amounts disclosed in Note 16 (a) and (b) were as follows:

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**16. RELATED PARTY TRANSACTIONS** *(continued)*

	Year ended	
	August 31, 2025	August 31, 2024
Exploration	\$ 257,652	\$ 301,453
Legal fees <sup>(1)</sup>	256,029	202,018
Reimbursement of expense <sup>(2)</sup>	4,566	36,118
Stock-based compensation	1,508,680	1,033,016
Wages and benefits	215,893	255,500
<b>Total</b>	<b>\$ 2,242,820</b>	<b>\$ 1,828,105</b>

<sup>(1)</sup> Amounts are included in professional fees and share issuance costs.

<sup>(2)</sup> Amount is included in general and administrative expenses and wages and benefits.

**17. SEGMENTED DISCLOSURE**

The Company operates in the mineral exploration sector within Colombia and USA.

Note 12 provides disclosure as to the geographic location of the Company's mineral properties and exploration expenditures.

As at August 31, 2025	Canada	Colombia	USA	Total
Equipment	\$ 544	\$ 88,026	\$ -	\$ 88,570
Reclamation bond	-	-	16,299	16,299
Mineral properties	-	5,692,036	4,152,281	9,844,317

As at August 31, 2024	Canada	Colombia	USA	Total
Equipment	\$ 1,208	\$ 76,858	\$ -	\$ 78,066
Reclamation bond	-	-	31,310	31,310
Mineral properties	-	5,126,758	8,178,765	13,305,523

**18. MANAGEMENT OF CAPITAL**

The Company manages its common shares, stock options and warrants as capital (Note 14). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable level of risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets, or adjust the amount of cash.

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**18. MANAGEMENT OF CAPITAL** *(continued)*

To facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors including successful capital deployment and general industry conditions.

To maximize ongoing exploration expenditures, the Company does not pay dividends. The Company's investment policy is to keep its cash treasury on deposit in interest-bearing Canadian chartered bank accounts and short-term guaranteed investment certificates.

The Company estimates that it will require additional funding to carry out its exploration plans and operations through the next twelve months. The Company is not subject to any externally imposed capital restrictions.

There were no changes in the management of capital during the year ended August 31, 2025.

**19. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

For the year ended	August 31, 2025	August 31, 2024
<b>Non-cash investing and financing activities:</b>		
Fair value of finders' warrants	\$ 181,959	\$ 141,051
Relative fair value of unit warrants	2,291,000	1,108,000
Transfer of fair value of options exercised	477,113	202,135
Transfer of fair value of warrants exercised	1,240,479	231,458
Shares issued for purchase to Activos Mineros	678,265	-
Shares received from Silver Mines for Kramer	2,266,812	-
<b>Interest received</b>	<b>\$ 116,485</b>	<b>\$ 1,993</b>

**20. INCOME TAXES**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Year ended August 31,	
	2025	2024
Loss before income taxes	\$ (17,729,217)	\$ (10,308,766)
Expected income tax (recovery)	(4,787,000)	(2,783,000)
Changes in statutory, foreign tax, foreign exchange rates, and other	(316,000)	(119,000)
Permanent differences	820,000	550,000
Share issue costs	-	(136,000)
Adjustment to prior years' provisions versus statutory tax returns and expiry of losses	(45,000)	-
Changes in unrecognized deductible temporary differences	(102,000)	(1,942,000)
Discontinued operation	4,430,000	4,430,000
<b>Total income tax expense (recovery)</b>	<b>\$ -</b>	<b>\$ -</b>

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**20. INCOME TAXES (continued)**

The significant components of the Company's temporary differences, unused tax credits, and unused losses that have not been included on the consolidated statement of financial position are as follows:

	2025	Expiry Date Range	2024	Expiry Date Range
<b>Temporary Differences</b>				
Mineral properties	\$ 12,132,000	No expiry date	\$ 11,500,000	No expiry date
Property and equipment	420,000	No expiry date	415,000	No expiry date
Share issue costs	767,000	2045 to 2048	1,424,000	2045 to 2048
Marketable securities	-	No expiry date	-	No expiry date
Allowable capital losses	460,000	No expiry date	460,000	No expiry date
Non-capital losses available for future periods	58,167,000		48,162,000	
Canada	23,683,000	2027 to 2044	20,120,000	2027 to 2044
United States	1,522,000	Indefinite	678,000	2025 to indefinite
Colombia	32,962,000	Indefinite	27,364,000	2029 to indefinite

Tax attributes are subject to review and potential adjustment by tax authorities.

**21. SUBSEQUENT EVENTS**

Subsequent to August 31, 2025, the Company:

- Issued 13,567,880 common shares following the exercise of warrants for gross proceeds of \$2,937,080;
- Issued 3,175,000 common shares following the exercise of options for gross proceeds of \$601,500;
- On September 22, 2025, the Company sold 100% of Zacapa Gold BC Corporation in exchange for 10,000,000 shares of Bullfrog Gold Corporation, a private BC company;
- On September 22, 2025, 3,069,566 warrants at \$0.22 expired unexercised;
- On October 3, 2025, the Company completed a public offering of 65,780,000 units of the Company at a price of \$0.35 per unit for gross proceeds of \$23,023,000. Each unit is comprised of one common share and one-half of one common share purchase warrant, which is exercisable at price of \$0.55 for a period of 24 months;
- On October 20, 2025 1,850,000 options at \$0.40 expired unexercised;
- On October 28, 2025 2,476,057 warrants at \$0.88 expired unexercised;
- On November 7, 2025 50,000 stock options were cancelled/forfeited due to employee departure; and
- On November 17, 2025, the Company received final approval for the listing of common shares on the Toronto Stock Exchange, moving from the TSX Venture Exchange. Trading on the TSX commenced at market open on Tuesday, November 18th, 2025. Outcrop Silver will continue to trade under the same stock symbol "OCG".