



Guanajuato
Silver CO
LTD

Condensed Consolidated Interim Financial Statements

**For the three and nine months ended
September 30, 2025 and 2024
(Unaudited)**

Guanajuato Silver CO LTD

Condensed consolidated interim statements of financial position
(Unaudited - Expressed in US dollars)

	Notes	September 30 2025	December 31 2024
ASSETS			
Current assets			
Cash and cash equivalents		\$ 9,237,130	\$ 2,937,172
Restricted cash	23	2,403,668	-
Amounts receivable	4	14,498,164	10,898,646
Inventories	5	4,976,186	5,335,981
Prepaid expenses and deposits		2,218,492	1,082,194
Other current assets		1,813,065	434,236
		35,146,705	20,688,229
Non-current assets			
Property, plant and equipment	6	28,723,666	29,820,423
Mineral properties	7	15,943,437	16,246,714
Exploration and evaluation assets	7	3,422,165	3,422,165
Other assets	4	397,445	1,000,420
		\$ 83,633,418	\$ 71,177,951
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	\$ 21,954,115	\$ 20,238,222
Advance payment	9	354,260	484,692
Income tax payable		4,213,348	2,850,157
Current portion of loan payable	10	1,003,105	10,186,005
Current portion of lease liabilities		285,329	255,242
Other current liabilities		1,944,834	2,063,090
		29,754,991	36,077,408
Non-current liabilities			
Loan payable	10	15,187,134	4,329,725
Lease liabilities		164,644	304,124
Provision for reclamation and rehabilitation	11	20,110,146	17,621,567
		65,216,915	58,332,824
SHAREHOLDERS' EQUITY			
Share capital	12	121,512,186	105,629,725
Reserves		32,581,480	31,016,014
Accumulated other comprehensive income		1,679,484	1,778,579
Deficit		(137,356,647)	(125,579,191)
		18,416,503	12,845,127
		\$ 83,633,418	\$ 71,177,951

Going Concern (note 1)

Contingencies (note 23)

Subsequent events (note 24)

"James Anderson"
Director

"Miranda Werstiuk"
Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements

Condensed consolidated interim statements of loss and comprehensive loss
(Unaudited - Expressed in US dollars, except share amounts)

	Notes	For the three months ended		For the nine months ended	
		September 30 2025	September 30 2024	September 30 2025	September 30 2024
Revenues	15	\$ 16,277,135	\$ 18,309,105	\$ 56,065,628	\$ 56,625,227
Cost of sales	16	17,754,771	17,793,529	49,317,353	56,817,821
Mine operating income (loss)		(1,477,636)	515,576	6,748,275	(192,594)
General and administration	17	2,328,990	2,117,753	6,324,017	6,464,990
Share based compensation	13	167,507	214,129	545,982	1,014,120
Exploration expenses		290,188	316,310	1,026,165	867,442
Foreign exchange loss (gain)		327,009	(1,378,123)	2,402,385	(3,173,879)
Other operating (income) expense		(825,579)	893,646	(1,006,714)	774,000
Operating income (loss)		(3,765,751)	(1,648,139)	(2,543,560)	(6,139,267)
Interest and finance costs, net	18	(297,973)	(1,575,092)	(2,469,351)	(4,894,799)
Loss on derivative		(2,039,703)	(1,663,209)	(5,634,218)	(4,502,584)
Other finance income		12,354	22,891	92,804	541,477
Loss before income taxes		\$ (6,091,073)	\$ (4,863,549)	\$ (10,554,325)	\$ (14,995,173)
Current income tax expense (recovery)		(267,394)	-	1,223,131	-
Net loss for the period		\$ (5,823,679)	\$ (4,863,549)	\$ (11,777,456)	\$ (14,995,173)
Other comprehensive income (loss), net of tax					
Foreign currency translation differences		(5,600)	43,017	(99,095)	87,976
Total comprehensive loss for the period	14	\$ (5,829,279)	\$ (4,820,532)	\$ (11,876,551)	\$ (14,907,197)
Basic and diluted loss per common share		\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.04)
Weighted average number of common shares outstanding (000's)		509,834	418,241	485,223	386,850

The accompanying notes are an integral part of these condensed consolidated interim financial statements

Condensed consolidated interim statements of changes in equity (Unaudited - Expressed in US dollars, except share amounts)

Notes	Number of common shares	Common shares	Equity settled share-based payments	Warrants	Reserves total	Accumulated deficit	Accumulated OCI	Total shareholders' equity
Balance, December 31, 2023	353,913,478	\$90,474,848	\$12,418,692	\$14,316,758	\$26,735,450	\$(108,170,578)	\$1,754,864	\$10,794,584
Private placement	12(b)	56,752,300	6,341,716	-	1,948,201	-	-	8,289,917
Warrants issued for finder's fee	12(b)	-	(179,871)	-	179,871	-	-	-
Share issue cost	12(b)	-	(547,746)	-	-	-	-	(547,746)
Shares issued on settlement of debt	12(b)	4,342,245	892,869	-	-	-	-	892,869
Options exercise for cash	12(b)	133,333	29,068	(9,539)	(9,539)	-	-	19,529
Warrant exercise for cash	12(b)	3,100,000	814,278	-	(141,096)	-	-	673,182
Share-based compensation	-	-	1,014,120	-	1,014,120	-	-	1,014,120
Shares to be issued	-	1,000,000	-	-	-	-	-	1,000,000
Comprehensive loss for the period	-	-	-	-	-	(14,995,173)	87,976	(14,907,197)
Balance, September 30, 2024	418,241,356	\$98,825,162	\$13,423,273	\$16,303,734	\$29,727,007	\$(123,165,751)	\$1,842,840	\$7,229,258
Private placement	12(b)	36,335,000	5,237,492	-	1,034,380	-	-	6,271,872
Warrants issued for finder's fee	12(b)	-	(207,550)	-	207,550	-	-	-
Share issue cost	12(b)	1,840,020	(77,596)	-	-	-	-	(77,596)
Shares issued on settlement of debt	12(b)	15,588,085	2,780,804	-	-	-	-	2,780,804
Settlement of restricted share units	13(c)	172,500	71,413	(71,413)	(71,413)	-	-	-
Share-based compensation	-	-	118,490	-	118,490	-	-	118,490
Shares to be issued	-	(1,000,000)	-	-	-	-	-	(1,000,000)
Comprehensive income (loss)	-	-	-	-	-	(2,413,440)	(64,261)	(2,477,701)
Balance, December 31, 2024	472,176,961	\$105,629,725	\$13,470,350	\$17,545,664	\$31,016,014	\$(125,579,191)	\$1,778,579	\$12,845,127
Private placement	12(b)	60,000,000	10,743,203	-	2,251,340	-	-	12,994,543
Warrants issued for finder's fee	12(b)	-	(228,140)	-	228,140	-	-	-
Share issue cost	12(b)	-	(551,638)	-	-	-	-	(551,638)
Options exercise for cash	12(b)	1,680,000	455,058	(159,620)	(159,620)	-	-	295,438
Warrant exercise for cash	12(b)	19,681,713	5,449,888	-	(1,751,353)	-	-	3,698,535
Settlement of restricted share units	13(c)	67,500	14,090	(14,090)	(14,090)	-	-	-
Fair value of warrants issued	10(a)	-	-	465,067	465,067	-	-	465,067
Share-based compensation	-	-	545,982	-	545,982	-	-	545,982
Comprehensive loss for the period	-	-	-	-	-	(11,777,456)	(99,095)	(11,876,551)
Balance, September 30, 2025	553,606,174	\$121,512,186	\$13,842,622	\$18,738,858	\$32,581,480	\$(137,356,647)	\$1,679,484	\$18,416,503

The accompanying notes are an integral part of these condensed consolidated interim financial statements

Condensed consolidated interim statements of cash flows (Unaudited - Expressed in US dollars)

	For the three months ended		For the nine months ended	
	September 30 2025	September 30 2024	September 30 2025	September 30 2024
Operating activities				
Net loss for the period	\$ (5,823,679)	\$ (4,863,549)	\$ (11,777,456)	\$ (14,995,173)
Items not involving cash and cash equivalents:				
Depreciation and amortization	1,209,991	2,825,577	4,137,260	8,866,534
Accretion	423,081	512,433	1,250,834	1,623,248
Gain on extinguishment of debt	-	-	(88,155)	(489,875)
Loss on derivatives	2,086,723	1,002,696	5,751,284	3,755,650
Loss (gain) on financial assets carried at fair value	(11,706)	237,726	(9,691)	258,465
Loss on disposal of property, plant and equipment	33,932	-	33,932	-
Interest expense	757,043	1,177,928	2,300,346	3,414,386
Income tax expense	(267,394)	-	1,223,131	-
Share-based compensation	167,507	214,129	545,982	1,014,120
Unrealized foreign exchange loss (gain)	275,602	(1,417,929)	1,977,849	(3,196,857)
Contingent payment settled in shares	-	1,000,000	-	1,000,000
Changes in non-cash operating working capital:				
Amounts receivable	(49,189)	5,111,174	(2,996,543)	2,999,062
Inventories	1,246,916	(265,055)	368,980	(853,169)
Prepaid expenses and deposits	(874,198)	(768,041)	(1,136,298)	(512,951)
Accounts payable and accrued liabilities	1,319,993	(1,562,180)	1,614,544	(805,195)
Proceeds from Advance Payment	471,409	-	749,542	-
Settlement of Advance Payment	(253,760)	-	(879,974)	-
Purchases of gold and silver bullion	-	(1,519,501)	-	(4,810,554)
Net cash and cash equivalents provided by (used in) operating activities	712,271	1,685,408	3,065,567	(2,732,310)
Investing activities				
Acquisition of mineral properties and property, plant and equipment	(1,199,103)	(1,108,506)	(2,917,296)	(4,200,111)
Purchases of investments	(1,536,968)	(212,896)	(2,530,486)	(925,147)
Proceeds from sale of investments	343,117	284,127	1,151,523	966,491
Net cash and cash equivalents used in investing activities	(2,392,954)	(1,037,275)	(4,296,259)	(4,158,767)
Financing activities				
Proceeds from issuance of units	12,994,543	-	12,994,543	8,289,917
Share issuance costs	(551,638)	-	(551,638)	(547,746)
Net proceeds from Ocean Partners loan	-	-	-	4,129,366
Proceeds from the exercise of options and warrants	3,515,288	682,961	3,993,973	692,710
Repayment of loan payable	(4,079,387)	(50,903)	(4,702,899)	(2,119,562)
Payments of lease obligations	(136,917)	(216,477)	(719,911)	(1,418,334)
Interest paid on loan payable	(506,544)	(1,673,832)	(1,182,825)	(2,548,666)
Net cash and cash equivalents provided by (used in) financing activities	11,235,345	(1,258,251)	9,831,243	6,477,685
Effect on cash and cash equivalents of foreign exchange	189,234	43,020	103,074	87,979
Change in cash and cash equivalents	9,743,897	(567,098)	8,703,626	(325,413)
Cash and cash equivalents, beginning of period	1,896,901	2,198,301	2,937,172	1,956,616
Cash and cash equivalents, end of period	11,640,798	1,631,203	11,640,798	1,631,203
Cash and cash equivalents are consisted of:				
Cash	1,636,442	1,571,260	1,636,442	1,571,260
Restricted cash	2,403,668	-	2,403,668	-
Redeemable guaranteed investment certificate ("GIC")	7,600,688	59,943	7,600,688	59,943
Total cash and cash equivalents, end of period	11,640,798	1,631,203	11,640,798	1,631,203

Supplemental cash flow information (Note 22)

The accompanying notes are an integral part of these condensed consolidated interim financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Guanajuato Silver Company Ltd. is the parent company of its subsidiary group (collectively, the "Company" or "GSilver") and is a publicly traded corporation, incorporated in Canada, with its head office located at 578 – 999 Canada Place, Vancouver, BC, V6E 3E1. GSilver's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol "GSVR" and on the OTCQB under the symbol "GSVR.F".

The Company is a precious metals producer engaged in reactivating past producing silver and gold mines near the city of Guanajuato, Mexico. The Company produces silver and gold at the El Cubo mine and mill (the "El Cubo Mines Complex"); the Valenciana Mines Complex, including the Cata processing plant; and the San Ignacio Mine, and produces silver, gold, zinc and lead at the Topia mine in Mexico.

Going concern

These condensed consolidated interim financial statements have been 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. The Company started producing and selling silver and gold concentrate in the fourth quarter of 2021. For the nine months ended September 30, 2025, the Company generated a net loss of \$11,777,456. As at September 30, 2025, the Company has an accumulated deficit of \$137,356,647 and accounts payable and accrued liabilities of \$21,954,115. These factors give rise to material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Management has taken steps to manage the Company's liquidity, including extending payment terms with suppliers and settling certain liabilities through the issuance of the Company's common shares. However Management will be required to raise additional capital and is considering new debt financing and is also considering raising additional equity financing. During the year, the Company completed a non-brokered Listed Issuer Financing Exemption (LIFE) private placement for gross proceeds of CAD\$18,000,000 (see Note 12(b)) and subsequent to period end completed a bought deal public offering for gross proceeds of CAD\$43,500,000 (see Note 24). The continuing operations of the Company are dependent in the near-term on its ability to obtain additional financing and in the longer-term on a combination of additional financing and the generation of cash flows from operations. Management is of the opinion that sufficient funds will be obtained from external financing and cash flows from operations to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing or cash flows from operations will not be available on a timely basis or on terms acceptable to the Company.

These condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 - Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements as at and for the year ended December 31, 2024 (the "Annual Financial Statements").

The accounting policies and critical judgments and estimates applied by the Company in these interim financial statements are the same as those applied in the most recent Annual Financial Statements, except as described in Note 3(d). These condensed consolidated interim financial statements do not include all the information required for full annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of changes in the Company's financial position and performance since the most recent annual consolidated financial statements. The Company's interim results are not necessarily indicative of its results for a full year.

These interim financial statements were approved by the Company's Board of Directors on November 27, 2025.

3. MATERIAL ACCOUNTING POLICY INFORMATION

a) Basis of consolidation

The accounts of the Company and its subsidiaries, which are controlled by the Company, have been included in these condensed consolidated interim financial statements. Control is achieved when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control. The principal subsidiaries of the Company and their geographic locations at September 30, 2025, were as follows:

Subsidiary	Location	Ownership Interest	Accounting	Principal Activity
1352168 B.C. Ltd.	Canada	100%	Consolidated	Holding Company
1424579 B.C. Ltd..	Canada	100%	Consolidated	Holding Company
Gato Chico Investments Ltd.	Canada	100%	Consolidated	Holding Company
CanMex Silver S.A. de C.V.	Mexico	98%	Consolidated	Exploration Company
Obras Mineras El Pinguico S.A. de C.V.	Mexico	100%	Consolidated	Mining Company
Minera Mexicana El Rosario, S.A. de C.V.	Mexico	100%	Consolidated	Mining Company
Compañía Minera Nivel Siete S.A. de C.V.	Mexico	100%	Consolidated	Inactive

Obras Mineras El Pinguico S.A. de C.V. ("OMPISA") operates the El Cubo Mines Complex and Minera Mexicana El Rosario, S.A. de C.V. ("MMR") operates the Valenciana Mines Complex, San Ignacio mine and Topia mine.

All intercompany transactions, balances, revenues and expenses have been eliminated upon consolidation.

b) Basis of measurement

These interim financial statements have been prepared using the historical cost basis except for certain financial instruments which are measured at fair value (Note 21) at the end of each reporting period. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Presentation and functional currency

The functional currency represents the currency of the primary economic environment in which an entity conducts its operations. Determination of the functional currency is made at the entity level within the Company. In the case of its Canadian operations, the Company has identified the functional currency as the Canadian dollar. The functional currency of the Mexican entities is the United States dollar. The presentation currency of all entities is the United States dollar.

d) Changes in accounting policies and recent accounting pronouncements

The accounting policies applied in the Company's interim financial statements for the three and nine months ended September 30, 2025, are the same as those applied in the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2024, except as described below. A number of new standards and amendments to standards are effective for annual periods beginning on or after January 1, 2026 and earlier application is permitted; however, we have not early adopted and continue to evaluate the impact of the forthcoming or amended standards in preparing our financial statements.

In the current year, the Company has adopted the amendments to IFRS Standards and Interpretations issued by the IASB that became effective for annual periods starting on or after January 1, 2025. The application of these changes did not have a material impact on the Company's financial statements, including reported amounts or disclosures.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

e) Use of estimates assumptions and judgements

The preparation of the interim financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the period end date and reported amounts of expenses during the reporting period. Such judgements and estimates are, by their nature, uncertain. Actual outcomes could differ from these estimates.

The impact of such judgements and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. These judgements and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and are accounted for prospectively.

In preparing the interim financial statements for the three and nine months ended September 30, 2025, the Company applied the same critical estimates and judgements as disclosed in note 4 of its audited consolidated financial statements for the year ended December 31, 2024. In addition, during the three and nine month periods ended September 30, 2025, the Company estimated the fair value of the Ocean Partners Enhanced Facility (Note 10) which utilized market derived gold price assumptions and a market interest rate that reflects assumptions of risks associated with the debt.

4. AMOUNTS RECEIVABLE

	September 30 2025	December 31 2024
Trade receivables	\$ 6,813,950	\$ 3,219,330
VAT recoverable	6,189,774	7,784,427
Other receivables	1,891,885	895,309
	\$ 14,895,609	\$ 11,899,066
Less: non-current portion of VAT recoverable	(397,445)	(1,000,420)
	\$ 14,498,164	\$ 10,898,646

As at September 30, 2025, \$5,124,933 of the Company's trade receivable is due from an affiliate of Ocean Partners (December 31, 2024 - \$3,135,306) (Note 10(a)).

At September 30, 2025, the Company assessed the timing of collection of the total VAT recoverable of \$6,189,774 (December 31, 2024 - \$7,784,427) and concluded that \$397,445 (December 31, 2024 - \$1,000,420) of the VAT recoverable is not expected to be collected within the next 12 months, therefore it was classified as non-current Other assets. During nine months ended September 30, 2025, the Company collected \$2,468,867 of VAT.

5. INVENTORIES

	September 30 2025	December 31 2024
Concentrate	\$ 1,238,996	\$ 2,081,714
Ore stockpiles	431,239	438,347
Coins and bullion for sale	9,269	29,562
Materials and supplies	3,296,682	2,786,358
Total inventories	\$ 4,976,186	\$ 5,335,981

During the three and nine months ended September 30, 2025, the Company expensed \$17,121,060 and \$48,087,918 respectively of inventories to cost of sales (three and nine months ended September 30, 2024 - \$17,662,109 and \$55,967,853 respectively).

6. PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment				Total PP&E
	Machinery and equipment	Land and buildings	Furniture and other equipment	Construction in progress	
COST	\$	\$	\$	\$	\$
Balance, December 31, 2023	36,511,239	8,372,994	3,446,849	1,632,304	49,963,386
Additions	1,640,373	880,023	21,189	1,460,030	4,001,615
Disposals	(4,779,159)	-	(102,078)	(14,016)	(4,895,253)
Transfers	961,474	-	-	(961,474)	-
Balance, December 31, 2024	34,333,927	9,253,017	3,365,960	2,116,844	49,069,748
Additions	1,158,826	12,016	54,946	1,177,604	2,403,392
Disposals	(1,851,658)	-	(8,130)	-	(1,859,788)
Balance, September 30, 2025	33,641,095	9,265,033	3,412,776	3,294,448	49,613,352
ACCUMULATED DEPRECIATION					
Balance, December 31, 2023	13,400,053	733,250	1,466,454	-	15,599,757
Depreciation and depletion	6,622,213	739,262	608,125	-	7,969,600
Disposals	(4,230,756)	-	(89,276)	-	(4,320,032)
Balance, December 31, 2024	15,791,510	1,472,512	1,985,303	-	19,249,325
Depreciation and depletion	2,434,159	392,076	387,443	-	3,213,678
Disposals	(1,565,329)	-	(7,988)	-	(1,573,317)
Balance, September 30, 2025	16,660,340	1,864,588	2,364,758	-	20,889,686
Net book value, December 31, 2024	18,542,417	7,780,505	1,380,657	2,116,844	29,820,423
Net book value, September 30, 2025	16,980,755	7,400,445	1,048,018	3,294,448	28,723,666

As at September 30, 2025, \$508,813 of right of use assets are included in Property, plant and equipment (December 31, 2024 - \$857,015).

7. MINERAL PROPERTIES, AND EXPLORATION AND EVALUATION ASSETS

	Mineral properties	Exploration and evaluation assets	Total
COST	\$	\$	\$
Balance, December 31, 2023	24,461,197	3,375,771	27,836,968
Additions	2,798,190	46,394	2,844,584
Changes in closure and reclamation	(1,726,053)	-	(1,726,053)
Balance, December 31, 2024	25,533,334	3,422,165	28,955,499
Additions	1,347,133	-	1,347,133
Changes in closure and reclamation	(717,643)	-	(717,643)
Balance, September 30, 2025	26,162,824	3,422,165	29,584,989
ACCUMULATED DEPRECIATION			
Balance, December 31, 2023	7,090,892	-	7,090,892
Depreciation and depletion	2,195,728	-	2,195,728
Balance, December 31, 2024	9,286,620	-	9,286,620
Depreciation and depletion	932,767	-	932,767
Balance, September 30, 2025	10,219,387	-	10,219,387
Net book value, December 31, 2024	16,246,714	3,422,165	19,668,879
Net book value, September 30, 2025	15,943,437	3,422,165	19,365,602

Exploration and evaluation assets

	El Pinguico	Other claims	Total
Acquisition Cost:			
Balance, December 31, 2023	\$ 3,110,514	\$ 265,257	\$ 3,375,771
Additions	46,394	-	46,394
Balance, December 31, 2024	\$ 3,156,908	\$ 265,257	\$ 3,422,165
Additions	-	-	-
Balance, September 30, 2025	\$ 3,156,908	\$ 265,257	\$ 3,422,165

El Pinguico Mine Project

The El Pinguico Mine project is comprised of two mining claims, El Pinguico and Ample de El Pinguico ("El Pinguico"), covering 71.7 hectares. It is subject to a 4% net smelter return ("NSR") royalty and a 15% Net Profits Interest ("NPI") on minerals recovered from the existing surface and underground stockpiles of mineralized rock and a 3% NSR and 5% NPI on all newly mined mineralized material.

On August 18, 2020, as amended on November 8, 2020, the Company entered into a royalty purchase option vendor agreement to acquire 3 of the 4 underlying royalties on El Pinguico from the original vendor of the property (the "Option Agreement"), Exploraciones Mineras Del Bajío S.A. de C.V. ("EMBSA"), a company controlled by a former director of the Company. Under the Option Agreement, the Company has the option to repurchase the following royalties from EMBSA:

- the 4% NSR on all "broken material" within both the above ground and underground stockpiles;
- the 3% NSR on all newly established in-situ material discovered on the El Pinguico Project; and
- the 5% NPI on all newly established in-situ material discovered on the El Pinguico Project.

7. MINERAL PROPERTIES, AND EXPLORATION AND EVALUATION ASSET (continued)

El Pinguico Mine Project (continued)

Under the terms of the Option Agreement, the Company will pay a total of CAD\$1,675,000 cash and issue 3,750,000 units (each unit comprised of one common share and one non-transferable share purchase warrant, exercisable at CAD\$0.175 per share for a term of 5 years) to EMBSA. As at September 30, 2025, CAD\$425,000 remains outstanding, of which CAD\$187,500 was due on September 30, 2024 and CAD\$237,500 was due on October 30, 2024. The terms of the remaining payments are under negotiation. The payments made to date are as follows:

- CAD\$200,000 cash (paid) and 3,750,000 units on or before November 30, 2020 (issued);
- CAD\$325,000 cash on or before February 22, 2021 (paid);
- CAD\$262,500 on or before April 10, 2022 (paid);
- CAD\$262,500 on or before October 10, 2022 (paid);
- CAD\$150,000 on or before October 16, 2023 (paid through the issuance of 468,750 common shares); and
- CAD\$50,000 on or before May 7, 2024 (paid).

On March 16, 2023, the Company purchased all of EMBSA's interest in its 15% NPI, on minerals recovered from the surface stockpile of historically mined (but unprocessed) mineralized material at El Pinguico for a purchase price of US\$70,000. Accordingly, upon payment of the final option payment of CAD\$425,000 payment to EMBSA, the only royalty that will remain over the El Pinguico project will be a 15% net profits royalty on the underground stockpile of previously mined material in favour of EMBSA.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30 2025	December 31 2024
Accounts payable	\$ 14,950,976	\$ 14,593,586
Other taxes payable	2,699,894	3,067,530
Payroll and benefits accrual	4,105,010	2,416,319
Other payables	198,235	160,787
	\$ 21,954,115	\$ 20,238,222

Of the \$14,950,976 in accounts payable, \$6,773,076 (45.3%) is outstanding greater than 90 days (December 31, 2024 – \$7,767,593 (53.2%) of \$14,593,586).

9. ADVANCE PAYMENT

In October 2024, the Company received \$476,701 (plus \$23,371 of VAT) from Trafigura Mexico, S.A. DE C.V. which was recognized as deferred revenue (the "Advance Payment"). The Advance Payment bears interest at 12-month SOFRA + 5% and is to be repaid against the proceeds from the silver-gold concentrate delivered. During the first quarter, the Company entered into a new advance payment (the "New Advance") with Trafigura Mexico, S.A. DE C.V. The New Advance allows for the Company to draw up to \$1,000,000. The Advance Payment bears interest at 12-month SOFRA + 9% and is to be repaid against the proceeds from the silver-gold concentrate delivered.

The balance of the Advance Payment inclusive of accrued interest is \$354,260 as at September 30, 2025.

10. LOANS PAYABLE

	OP Expanded Facility		OP Enhanced Facility		Total
Balance, December 31, 2024	\$	14,515,730	\$	-	\$ 14,515,730
Additions		-		17,948,899	17,948,899
Interest expense		813,009		1,430,906	2,243,915
Loan payments		-		(5,885,724)	(5,885,724)
Changes in fair value of derivative		2,923,573		2,696,158	5,619,731
Extinguishments		(18,252,312)		-	(18,252,312)
Balance, September 30, 2025	\$	-	\$	16,190,239	\$ 16,190,239
Which consist of:					
Current portion of loans and derivative		-		1,003,105	1,003,105
Non-current portion of loans and derivative		-		15,187,134	15,187,134
Balance, September 30, 2025	\$	-	\$	16,190,239	\$ 16,190,239

	OCIM		OP Expanded Facility		Vehicles	Total
Balance, December 31, 2023	\$	3,845,322	\$	11,171,116	\$ 185,804	\$ 15,202,242
Additions		-		5,800,000	-	5,800,000
Interest expense		395,835		3,883,166	-	4,279,001
Accretion expense		-		90,321	-	90,321
Loan payments		(4,826,493)		(10,662,178)	(176,060)	(15,664,731)
Effect of change in foreign exchange rates		-		-	(9,744)	(9,744)
Gain on extinguishment of debt		-		(440,750)	-	(440,750)
Changes in fair value of derivative		585,336		4,674,055	-	5,259,391
Balance, December 31, 2024	\$	-	\$	14,515,730	\$ -	\$ 14,515,730
Which consist of:						
Current portion of loans		-		10,186,005	-	10,186,005
Non-current portion of loans		-		4,329,725	-	4,329,725
Balance, December 31, 2024	\$	-	\$	14,515,730	\$ -	\$ 14,515,730

a) Ocean Partners Facilities

On December 5, 2023, the Company entered into a \$7,500,000 gold loan credit facility (the "Gold Facility") with Ocean Partners ("OP"). The unsecured loan facility was for a term of 36 months, was repayable in equal fixed monthly installments of gold totalling approximately 191 troy ounces per month for a period of 30 months, following a six-month grace period. The number of ounces to be delivered per month was based on a discount to the LBMA (London Bullion Market Association) gold closing price of US\$2,046.95 on November 29, 2023. A portion of the Gold Facility was used to extinguish the remaining carrying amount of \$4,620,872 of a previous credit facility with OP and was accounted as a loan extinguishment.

On February 28, 2024, the Company increased its Gold Facility with Ocean Partners to \$13,300,000 (the "Expanded Facility"). The Expanded Facility was for a term of 36 months from the date of the initial draw on December 5, 2023. It was repayable in equal fixed monthly installments of gold totalling approximately 338 troy ounces per month for a period of 30 months following a six-month grace period from the date of the initial draw. The number of ounces to be delivered per month was based on a discount to the LBMA gold closing price of \$2,046.95 on November 29, 2023. The Company drew the additional \$5,800,000 from the Expanded Facility and received net proceeds of \$4,129,366 with \$1,670,634 of the Expanded Facility used to pay the existing debt. The Expanded Facility was accounted for as a loan extinguishment.

On December 3, 2024, delivery terms of the Expanded Facility were amended. The Company paid two payments early and deferred another payment to December 2026. The amendment was accounted for as a loan modification resulting in a loss of \$49,124 recognized in other finance income for the year ended December 31, 2024.

10. LOANS PAYABLE (continued)

a) Ocean Partners Facilities (continued)

On April 1, 2025, the Company reached an agreement to amend its Expanded Facility with Ocean Partners (the "Enhanced Facility"). Under the terms of the Enhanced Facility, the Company is to pay a lump sum payment of either 338.43 gold ounces or a cash payment of \$1,055,969, of which \$755,962 was paid in July 2025 with the remainder paid in the third quarter of 2025. Of the remaining 7,110 gold ounces owing under the previous Expanded Facility, two-thirds of the outstanding balance, 4,741 gold ounces, will be amortized over 36 months starting April 2025, and repayable in equal fixed installments of 131.7 ounces of gold bullion. Payments will be made monthly in LBMA Good Deliverable Gold or in US dollars, with the price fixed at the LBMA AM price on the 15th calendar day of each month. The remaining one-third of the outstanding balance, 2,369 gold ounces, will be paid on conclusion of the 36-month term. Under the terms of the Enhanced Facility the Company has a voluntary prepayment option subject to a 3.0% fee and Ocean Partners has the right to offset the amount of each gold amount owing against any amounts they then owe in regards of concentrate purchased from the Company (recorded by the Company as accounts receivable – see Notes 4 and 15). The Enhanced Facility is secured by a guarantee of OMPSA and a pledge over the Company's shares of OMPSA.

The Enhanced Facility has been accounted for as a loan extinguishment and the Company has recorded the loan liability at its fair value of \$17,948,899, which reflects future gold forward prices as at April 1, 2025 and a discount rate of approximately 19.5%. The loan liability is subsequently recorded on an amortized cost basis.

In connection with the terms of the Enhanced Facility, 4,550,000 warrants with an exercise price of CAD\$0.24 and a 36 month term were issued to Ocean Partners on June 16, 2025 with a fair value of \$215,258 at April 1, 2025 and \$465,067 on the date of issuance. The \$215,258 was considered in determining the gain on extinguishment of the debt and the change in value of \$249,808 from April 1, 2025 until issuance of the warrants on June 16, 2025 was recorded as a loss on derivative in the period.

On extinguishment of Expanded Facility, including the Expanded Facility's related embedded derivative, a gain on settlement of debt of \$88,155 was recorded, comprised of a \$303,413 reduction in the debt and derivative balance partially offset by the fair value of the warrants of \$215,258 at April 1, 2025 and such gain is included in Other finance income in the statement of loss.

On September 30, 2025, the derivative on the loan was revalued. Based on the September, 2025 valuation, principal, interest and embedded derivative payments under the Enhanced Facility are as follows:

	Principal	Interest	Derivative Payments	Total
October 1, 2025 – September 30, 2026	\$ 493,105	\$ 2,530,727	\$ 621,064	\$ 3,644,896
October 1, 2026 – September 30, 2027	3,220,498	2,115,459	1,091,146	6,427,103
October 1, 2027 – March 31, 2028	10,096,636	879,579	2,148,809	13,125,024
	\$ 13,810,239	\$ 5,525,765	\$ 3,861,019	\$ 23,197,023

On August 14, 2025, the Company made a payment of 790 ounces of gold to OP. The amounts represent 6 months early payment towards the Enhanced Loan.

As the payments under the Enhanced Facility are based on the LBMA pricing on the 15th calendar day of each month, the total amount paid per above will differ as a result of changes in forward gold prices. The requirement to deliver and/or pay the cash equivalent of gold ounces under the Gold Facility, the Expanded Facility and the Enhanced Facility was determined to be an embedded derivative and is separated and measured at fair value at initial recognition and at the end of each reporting period (see Note 10(c) below).

The current portion of the OP Enhanced Facility at September 30, 2025 comprises the principal to be settled in the next year of \$493,105 and the fair value of the embedded derivative to be settled in the next year of \$510,000.

10. LOANS PAYABLE (continued)

b) OCIM Loan

On March 29, 2023, the Company entered into a \$5,000,000 gold and silver loan with European based OCIM Group ("OCIM"), (the "Tertiary Loan"). The Tertiary Loan had a term of 19 months and was repayable over 16 months, following a 3 month grace period, by delivery 9,832 ounces of silver and 77 ounces of gold on a monthly basis (an aggregate of 157,232 ounces of silver and 1,241 ounces of gold), calculated at a fixed discount to the prevailing London Bullion Market Association (LBMA) spot metals' prices on March 29, 2023 and was secured by a guarantee of MMR and a pledge over the Company's shares of MMR. The full proceeds of Tertiary loan plus an additional payment of \$510,143 were used to extinguish the outstanding balance on the Secondary Loan. The Tertiary Loan was accounted for as a loan extinguishment.

On September 27, 2023, delivery terms of the Tertiary Loan were amended to delivery of 7,000 ounces of silver and 50 ounces of gold monthly until February 2024 and delivery of 12,606 ounces of silver and 104 ounces of gold monthly from March 2024 to September 2024. The amendment was accounted for as a loan modification. The Company extinguished the Tertiary Loan in September 2024 with the final delivery of gold and silver.

The requirement to deliver gold and silver ounces under the OCIM loans were determined to be an embedded derivative and was separated and measured at fair value at initial recognition and at the end of each reporting period.

c) Embedded Derivatives

During the three and nine months ended September 30, 2025, the Company recognized a loss of \$1,981,458 and \$5,619,731 respectively on revaluation of the derivative in profit or loss (three and nine months ended September 30, 2024 - loss of \$1,981,458 and \$4,556,992 respectively) and the value of the derivative liability as at September 30, 2025 is \$2,380,000 (December 31, 2024 - liability of \$3,258,512).

11. PROVISION FOR RECLAMATION AND REHABILITATION

The Company recognized a provision for reclamation related to the environmental restoration and closure costs associated with the El Cubo Complex, the Topia Mine, the Valenciana Mine and the San Ignacio Mine. Significant reclamation and closure activities include land rehabilitation, decommissioning of buildings and mine facilities, ongoing care and maintenance and other costs.

	San Ignacio Mine	Valenciana Mine	Topia Mine	El Cubo Mines Complex	Total
Balance, December 31, 2023	\$ 537,820	\$ 7,610,159	\$ 7,393,245	\$ 5,789,451	\$ 21,330,675
Accretion	46,097	650,086	631,708	490,322	1,818,213
Changes in estimate	(40,772)	(607,789)	(613,799)	(463,693)	(1,726,053)
Effect of changes in foreign exchange rates	(96,082)	(1,353,779)	(1,315,970)	(1,035,437)	(3,801,268)
Balance, December 31, 2024	447,063	6,298,677	6,095,184	4,780,643	17,621,567
Accretion	24,739	470,749	460,049	252,796	1,208,333
Changes in estimate	(120,241)	357,063	454,700	(1,409,165)	(717,643)
Effect of changes in foreign exchange rates	38,451	796,453	779,299	383,686	1,997,889
Balance, September 30, 2025	\$ 390,012	7,922,942	7,789,232	4,007,960	\$ 20,110,146

	San Ignacio Mine	Valenciana Mine	Topia Mine	El Cubo Mines Complex
Anticipated settlement date	2035-2047	2028-2041	2029-2048	2035-2050
Undiscounted uninflated estimated cash flow	\$ 705,097	\$ 9,953,825	\$ 10,298,822	\$ 7,925,558
Estimated life of mine (years)	8.5	2.3	4.3	9.3
Discount rate (%)	8.6	8.6	8.6	8.6
Inflation rate (%)	3.0	3.0	3.0	3.0

12. SHARE CAPITAL

a) Authorized share capital

The authorized share capital of the Company is as follows:

- i. unlimited voting common shares without par value; and
- ii. unlimited preferred shares without par value

b) Equity offerings

During the nine months ended September 30, 2025, the Company issued common shares as follows:

- i. On August 21, 2025, the Company completed a non-brokered Listed Issuer Financing Exemption private placement offering and issued 60,000,000 units at \$0.22 (CAD\$0.30) per unit for gross proceeds of \$12,994,543 (CAD\$18,000,000). Each unit consisted of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at CAD\$0.45 per share for a period of two years. The proceeds from the private placement were allocated to the shares \$10,743,203 (CAD\$14,881,451) and warrants \$2,251,340 (CAD\$3,118,549) based on their relative fair values. In connection with the private placement, the Company incurred issuance costs of \$551,638 paid in cash, issued 2,186,404 finder's and broker's warrants with an exercise price of CAD\$0.30 exercisable for two years with a fair value of \$228,140 (CAD\$317,046) as finders fees.
- ii. The Company settled 67,500 RSUs through the issuance of 67,500 common shares.
- iii. The Company issued 1,680,000 common shares on the exercise of 1,680,000 stock options for proceeds of \$295,438 (CAD\$407,667).
- iv. The Company issued 19,681,713 common shares on the exercise of 19,681,713 warrants for proceeds of \$3,698,535 (CAD\$5,096,634).

During the year ended December 31, 2024, the Company issued common shares as follows:

- i. On February 28, 2024, the Company issued a total of 1,658,912 common shares at a deemed price of CAD\$0.25 (\$0.18) per share in settlement of CAD\$414,728 (\$305,278) of debt.
- ii. On May 9, 2024, the Company completed a brokered Listed Issuer Financing Exemption private placement and issued 43,125,000 units at \$0.146 (CAD\$0.20) per unit for gross proceeds of \$6,299,351. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at CAD\$0.30 per share for a period of two years. The proceeds from the private placement were allocated to the shares (\$4,818,950) and warrants (\$1,480,401) based on their relative fair values.

Concurrently on May 9, 2024, the Company completed a best-efforts private placement offering and issued 13,627,300 units at \$0.146 (CAD\$0.20) per unit for gross proceeds of \$1,990,566. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at CAD\$0.30 per share for a period of two years. The proceeds from the best-efforts private placement were allocated to the shares (\$1,522,766) and warrants (\$467,800) based on their relative fair values.

In connection with both the Listed Issuer Financing Exemption private placement and best-efforts private placement offering, the Company incurred issuance costs of \$547,746 paid in cash and issued 2,889,388 finder's warrants with an exercise price of CAD\$0.20 exercisable for two years and a fair value of \$179,871 as finders fees.

- iii. On June 20, 2024, the Company issued a total of 2,683,333 common shares at a deemed price of CAD\$0.30 (\$0.22) per share in settlement of CAD\$805,000 (\$587,591) of debt.

12. SHARE CAPITAL (continued)

b) Equity Offerings (continued)

- iv. On October 29, 2024, the Company completed a non-brokered private placement offering and issued 36,335,000 units at CAD\$0.24 (\$0.17) per unit for gross proceeds of \$6,271,872 (CAD\$8,720,400). Each unit consisted of one common share and one-half common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at CAD\$0.35 per share for a period of two years. The proceeds from the private placement were allocated to the shares (\$5,237,492) and warrants (\$1,034,380) based on their relative fair values. In connection with the private placement, the Company incurred issuance costs of \$77,596 paid in cash, issued 1,840,020 common shares and 1,840,020 finder's warrants with an exercise price of CAD\$0.24 exercisable for two years and a fair value of \$207,551 (CAD\$288,724) as finders fees.
- v. On October 30, 2024, the Company issued a total of 15,588,085 common shares at an average deemed price of CAD\$0.248 (\$0.178) per share in settlement of \$2,780,804 of debt.
- vi. The Company issued 133,333 common shares on the exercise of 133,333 stock options for proceeds of \$19,529 (CAD\$26,667).
- vii. The Company issued 3,100,000 common shares on the exercise of 3,100,000 warrants for proceeds of \$673,182 (CAD\$930,000).
- viii. The Company paid out 172,500 RSU's in common shares.

13. RESERVES

a) Warrants

The following summarizes the continuity of common share purchase warrants for the nine months ended September 30, 2025 and the year ended December 31, 2024:

	September 30, 2025		December 31, 2024	
	Number outstanding	Weighted average exercise price CAD\$	Number outstanding	Weighted average exercise price CAD\$
Outstanding, beginning of the period	148,770,359	0.40	109,790,606	0.49
Issued	36,736,403	0.42	79,649,208	0.31
Exercised	(19,681,713)	0.26	(3,100,000)	0.30
Expired and forfeited	(67,160,064)	0.52	(37,569,455)	0.48
Outstanding, end of the period	98,664,985	0.35	148,770,359	0.40

As at September 30, 2025 the following common share purchase warrants were outstanding:

Expiry date	Weighted average exercise price CAD\$	Warrants outstanding	Remaining life (years)
May 9, 2026	0.30	46,471,062	0.61
October 29, 2026	0.34	20,007,520	1.08
August 21, 2028	0.45	29,999,999	2.89
August 21, 2028	0.30	2,186,404	2.89
	0.35	98,664,985	1.45

In determining the fair value of the warrants issued, the Company used the Black-Scholes option pricing model to establish the fair value of warrants granted by applying the following assumptions for the nine months ended September 30, 2025 and the year ended December 31, 2024:

	September 30 2025	December 31 2024
Risk-free interest rate	2.64%-4.31%	4.02-5.00%
Expected life of options (years)	2-3 years	2 years
Expected annualized volatility	74.27%-80.62%	74.58%-82.00%
Expected dividend yield	Nil	Nil

13. RESERVES (continued)

b) Stock options

Continuity of the Company's stock options issued and outstanding was as follows:

	Number of options	Weighted average exercise price CAD\$
Outstanding at December 31, 2023	16,689,500	0.46
Granted	10,460,000	0.21
Exercised	(133,333)	0.20
Expired and forfeited	(6,696,167)	0.35
Outstanding at December 31, 2024	20,320,000	0.37
Granted	10,700,000	0.23
Exercised	(1,680,000)	0.24
Expired and forfeited	(3,326,667)	0.22
Outstanding at September 30, 2025	26,013,333	0.34

The weighted-average share price at the date of exercise for share options exercised during the nine months ended September 30, 2025 was CAD\$0.37, (year ended December 31, 2024 was CAD\$0.27)

The following table summarizes the information about stock options outstanding as at September 30, 2025:

Expiry date	Options outstanding	Weighted average exercise price CAD\$	Options exercisable	Weighted average exercise price CAD\$
March 24, 2026	4,750,000	0.51	4,750,000	0.51
September 8, 2026	400,000	0.49	400,000	0.49
October 12, 2026	150,000	0.41	150,000	0.41
November 5, 2026	25,000	0.53	25,000	0.53
March 22, 2027	500,000	0.64	500,000	0.64
April 4, 2027	200,000	0.61	200,000	0.61
July 18, 2027	2,795,000	0.33	2,795,000	0.33
April 19, 2028	2,290,000	0.58	2,290,000	0.58
November 29, 2028	750,000	0.35	500,000	0.35
January 3, 2029	500,000	0.26	333,333	0.26
February 15, 2029	1,175,000	0.20	783,333	0.20
March 15, 2029	2,991,666	0.20	1,994,444	0.20
April 25, 2029	300,000	0.22	200,000	0.22
September 3, 2029	300,000	0.25	100,000	0.25
April 28, 2030	6,036,667	0.20	2,012,222	0.20
July 28, 2030	200,000	0.32	66,667	0.32
July 29, 2030	2,200,000	0.32	366,667	0.32
September 5, 2030	450,000	0.39	-	0.39
	26,013,333	0.34	17,466,666	0.39

In determining the fair value of the stock options issued, the Company used the Black-Scholes option pricing model to establish the fair value of options granted during the period by applying the following assumptions for the nine months ended September 30, 2025 and the year ended December 31, 2024:

	September 30 2025	December 31 2024
Risk-free interest rate	2.46%-2.79%	2.88%-4.16%
Expected life of options (years)	1.5 - 3 years	3 years
Expected annualized volatility	82.86%-85.39%	97.46%-115.96%
Expected dividend yield	Nil	Nil
Weighted average fair value on grant date	CAD\$0.13	CAD\$0.12

13. RESERVES (continued)

c) Restricted share units

The Company's Restricted share units ("RSUs") are settled in equity. The fair value is determined based on the quoted market price of the Company's common shares at the date of the grant. The RSUs are recognized as share-based compensation and are expensed over the vesting period with a corresponding amount recorded in equity reserves.

	Number of RSUs
Outstanding at December 31, 2023	560,000
Granted	1,080,000
Vested and paid out in common shares	(172,500)
Forfeited	(155,000)
Outstanding at December 31, 2024	1,312,500
Vested and paid out in common shares	(67,500)
Outstanding at September 30, 2025	1,245,000

The fair value of the RSUs granted during the nine months ended September 30, 2025 was CAD\$nil (year ended December 31, 2024 - CAD\$212,600) with such RSUs vesting over 1 year. During the nine months ended September 30, 2025, the weighted average fair value of the RSU's paid out in shares was CAD\$0.21.

14. LOSS PER SHARE

	Three months ended		Nine months ended	
	September 30 2025	September 30 2024	September 30 2025	September 30 2024
Net loss for the period	\$ (5,823,679)	\$ (4,863,549)	\$ (11,777,456)	\$ (14,995,173)
Weighted average number of shares (000's)	509,834	418,241	485,223	386,850
Loss per share - basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.04)

All the outstanding warrants, options and RSU's are anti-dilutive for the three and nine months ended September 30, 2025 (three and nine months ended September 30, 2024 – all).

15. REVENUES

The Company is principally engaged in the business of producing gold-silver, lead and zinc concentrate in Mexico. The disaggregated revenue information for the three and nine months ended September 30, 2025 and 2024, is as follows:

	Three months ended		Nine months ended	
	September 30 2025	September 30 2024	September 30 2025	September 30 2024
Gold-silver concentrate	\$ 10,057,651	\$ 12,342,291	\$ 35,460,460	\$ 38,009,047
Lead concentrate	4,276,303	5,203,379	15,971,026	15,245,507
Zinc concentrate	1,116,256	828,747	2,720,928	2,565,809
Provisional pricing adjustments	826,925	(65,312)	1,913,214	804,864
	\$ 16,277,135	\$ 18,309,105	\$ 56,065,628	\$ 56,625,227

The Company sells 100% of its gold-silver, lead and zinc concentrates to two customers in Mexico, one of which is an affiliate of Ocean Partners.

Bullion sales of \$10,597 and \$37,926 for the three and nine months ended September 30, 2025 are included in gold-silver concentrate (three and nine months ended September 30, 2024 – \$15,361 and \$36,880 respectively). Sales of bullion are in Canada.

16. COST OF SALES

	Three months ended		Nine months ended	
	September 30 2025	September 30 2024	September 30 2025	September 30 2024
Production costs	\$ 14,525,408	\$ 14,826,181	\$ 42,593,725	\$ 47,188,463
Transportation and other selling costs	558,055	315,167	1,819,427	1,817,546
Inventory changes	1,483,699	(132,282)	849,825	(929,268)
Depreciation	1,187,609	2,784,463	4,054,376	8,741,080
	\$ 17,754,771	\$ 17,793,529	\$ 49,317,353	\$ 56,817,821

17. GENERAL AND ADMINISTRATION

	Three months ended		Nine months ended	
	September 30 2025	September 30 2024	September 30 2025	September 30 2024
Salaries and employee benefits	\$ 876,265	\$ 840,818	\$ 2,394,025	\$ 2,712,284
Professional fees	582,274	459,481	1,687,428	1,499,984
Corporate and administration	848,069	776,340	2,159,680	2,127,268
Depreciation	22,382	41,114	82,884	125,454
	\$ 2,328,990	\$ 2,117,753	\$ 6,324,017	\$ 6,464,990

18. INTEREST AND FINANCE (COSTS) INCOME, NET

	Three months ended		Nine months ended	
	September 30 2025	September 30 2024	September 30 2025	September 30 2024
Interest income	\$ 8,485	\$ 115,269	\$ 34,382	\$ 142,835
Interest income from VAT	873,666	-	1,047,447	-
Interest expense	(757,043)	(1,177,928)	(2,300,346)	(3,414,386)
Accretion expense	(423,081)	(512,433)	(1,250,834)	(1,623,248)
	\$ (297,973)	\$ (1,575,092)	\$ (2,469,351)	\$ (4,894,799)

During the year, the Company received interest income related to the receipt of VAT refunds.

19. RELATED PARTIES

In addition to related party transactions described elsewhere in the notes to the condensed consolidated interim financial statements, the Company had the following related party transactions:

Compensation of key management personnel

Key management personnel include persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors. Compensation provided to key management personnel is as follows:

	Three months ended		Nine months ended	
	September 30 2025	September 30 2024	September 30 2025	September 30 2024
Salaries, bonus and benefits	\$ 109,522	\$ 91,792	\$ 300,768	\$ 275,872
Consulting fees ⁽¹⁾	39,805	40,301	64,964	211,995
Share-based compensation	46,506	97,952	215,701	447,310
	\$ 195,833	\$ 230,045	\$ 581,433	\$ 935,177

⁽¹⁾ Consulting fees were paid to Universal Solution Inc., a company controlled by the VP Corporate Development and Corporate Secretary of the Company, and Ramon T. Davila Flores, the former President of the Company.

20. SEGMENTED INFORMATION

The Company has a corporate head office in Canada and three reportable operating segments in Mexico. The Company's operating segments are based on internal management reports that are reviewed by the Company's executives in assessing performance. The El Cubo Mines Complex, Valenciana Mines Complex and San Ignacio Mine segments are located in the state of Guanajuato, Mexico. The Topia segment is located in the state of Durango, Mexico.

September 30, 2025	Total assets	Total liabilities	Capital expenditures
El Cubo Mines Complex	\$ 33,248,928	\$ (12,698,339)	\$ 1,868,681
Valenciana Mines Complex	9,952,980	(10,994,313)	1,162,107
San Ignacio Mine	2,909,143	(2,722,752)	386,966
Topia	25,445,729	(19,553,168)	310,575
Corporate	12,076,638	(19,248,342)	22,196
Consolidated	\$ 83,633,418	\$ (65,216,914)	\$ 3,750,525

December 31, 2024	Total Assets	Total liabilities	Capital expenditures
El Cubo Mines Complex	\$ 32,576,976	\$ (13,352,536)	\$ 2,960,503
Valenciana Mines Complex	9,707,253	(14,555,906)	1,374,745
San Ignacio Mine	2,850,679	(2,139,048)	1,891,053
Topia	21,978,816	(11,060,980)	619,898
Corporate	4,064,227	(17,224,354)	-
Consolidated	\$ 71,177,951	\$ (58,332,824)	\$ 6,846,199

20. SEGMENTED INFORMATION (continued)

For the three months ended September 30, 2025							
		Corporate	El Cubo Mines Complex	Valenciana Mines Complex	San Ignacio Mine	Topia Mines	Total
Revenues	\$	10,597	\$ 6,152,163	\$ 2,404,988	\$ 2,332,659	\$ 5,376,728	\$ 16,277,135
Cost of sales		8,879	4,997,893	4,025,296	2,806,276	5,916,428	17,754,771
Mine operating profit		1,718	1,154,270	(1,620,308)	(473,617)	(539,699)	(1,477,636)
General and administration		813,429	679,178	206,380	184,973	445,030	2,328,990
Share based compensation		167,507	-	-	-	-	167,507
Exploration expenses		-	169,760	43,407	36,832	40,189	290,188
Foreign exchange loss (gain)		(25,073)	(627,847)	769,917	9,746	200,266	327,009
Other operating income		(6,008)	(112,398)	(707,173)	-	-	(825,579)
Operating profit (loss)		(948,137)	1,045,577	(1,932,839)	(705,168)	(1,225,184)	(3,765,751)
Interest and finance (costs) income, net		(924,158)	262,215	531,581	(7,850)	(159,761)	(297,973)
Loss on derivative		(2,039,703)	-	-	-	-	(2,039,703)
Other finance income, net		12,354	-	-	-	-	12,354
Segmented profit (loss) before income taxes	\$	(3,899,644)	\$ 1,307,792	\$ (1,401,258)	\$ (713,018)	\$ (1,384,945)	\$ (6,091,073)

20. SEGMENTED INFORMATION (continued)

For the three months ended September 30, 2024							
		Corporate	El Cubo Mines Complex	Valenciana Mines Complex	San Ignacio Mine	Topia Mines	Total
Revenues	\$	15,361	\$ 7,124,917	\$ 2,976,455	\$ 2,324,997	\$ 5,867,375	\$ 18,309,105
Cost of sales		13,330	5,652,073	4,563,973	2,587,791	4,976,362	17,793,529
Mine operating profit (loss)		2,031	1,472,844	(1,587,518)	(262,794)	891,013	515,576
General and administration		886,202	735,455	131,893	104,906	259,297	2,117,753
Share based compensation		214,129	-	-	-	-	214,129
Exploration expenses		-	214,475	51,765	22,256	27,814	316,310
Foreign exchange loss (gain)		76,546	(206,922)	(721,698)	(35,889)	(490,160)	(1,378,123)
Other operating expense (income)		999,757	(65,375)	(40,736)	-	-	893,646
Operating profit (loss)	\$	(2,174,603)	795,211	(1,008,742)	(354,067)	1,094,062	(1,648,139)
Interest and finance costs, net		(1,066,490)	(143,790)	(186,043)	(12,176)	(166,593)	(1,575,092)
Loss on derivative		(1,922,200)	-	258,991	-	-	(1,663,209)
Other finance income, net		22,891	-	-	-	-	22,891
Segmented profit (loss) before income taxes	\$	(5,140,402)	\$ 651,421	\$ (935,794)	\$ (366,243)	\$ 927,469	\$ (4,863,549)

20. SEGMENTED INFORMATION (continued)

For the nine months ended September 30, 2025							
		Corporate	El Cubo Mines Complex	Valenciana Mines Complex	San Ignacio Mine	Topia Mines	Total
Revenues	\$	37,926	\$ 21,950,957	\$ 9,097,186	\$ 6,809,616	\$ 18,169,943	\$ 56,065,628
Cost of sales		33,197	15,789,936	10,566,474	6,885,939	16,041,807	49,317,353
Mine operating profit		4,729	6,161,021	(1,469,288)	(76,323)	2,128,136	6,748,275
General and administration		2,443,352	1,672,129	589,594	441,336	1,177,606	6,324,017
Share based compensation		545,982	-	-	-	-	545,982
Exploration expenses		-	579,965	171,245	153,008	121,947	1,026,165
Foreign exchange loss		(117,955)	(361,437)	2,064,027	38,451	779,299	2,402,385
Other operating expense (income)		(10,437)	(20,825)	(975,452)	-	-	(1,006,714)
Operating profit (loss)		(2,856,213)	4,291,189	(3,318,702)	(709,118)	49,284	(2,543,560)
Interest and finance (costs) income, net		(2,272,744)	82,064	206,117	(24,739)	(460,049)	(2,469,351)
Loss on derivative		(5,634,218)	-	-	-	-	(5,634,218)
Other finance income, net		92,804	-	-	-	-	92,804
Segmented profit (loss) before income taxes	\$	(10,670,371)	\$ 4,373,253	\$ (3,112,585)	\$ (733,857)	\$ (410,765)	\$ (10,554,325)

20. SEGMENTED INFORMATION (continued)

For the nine months ended September 30, 2024							
		Corporate	El Cubo Mines Complex	Valenciana Mines Complex	San Ignacio Mine	Topia Mines	Total
Revenues	\$	36,880	\$ 21,528,988	\$ 9,185,122	\$ 8,114,988	\$ 17,759,249	\$ 56,625,227
Cost of sales		34,568	19,061,153	13,007,845	8,110,415	16,603,840	56,817,821
Mine operating profit (loss)		2,312	2,467,835	(3,822,723)	4,573	1,155,409	(192,594)
General and administration		2,846,127	2,211,711	368,657	325,706	712,789	6,464,990
Share based compensation		1,014,120	-	-	-	-	1,014,120
Exploration expenses		-	586,000	114,873	59,079	107,490	867,442
Foreign exchange loss (gain)		127,453	(368,450)	(1,812,907)	(76,269)	(1,043,706)	(3,173,879)
Other operating expense (income)		994,732	(73,151)	(147,581)	-	-	774,000
Operating profit (loss)	\$	(4,980,120)	111,725	(2,345,765)	(303,943)	1,378,836	(6,139,267)
Interest and finance costs, net		(3,374,633)	(403,575)	(600,965)	(35,068)	(480,558)	(4,894,799)
Loss on derivative		(4,524,377)	-	21,793		-	(4,502,584)
Other finance income, net		541,477	-	-		-	541,477
Segmented profit (loss) before income taxes	\$	(12,337,653)	\$ (291,850)	\$ (2,924,937)	\$ (339,011)	\$ 898,278	\$ (14,995,173)

21. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

a) Fair value measurement and valuation techniques

Financial instruments included in the interim statements of financial position are measured either at fair value or amortized cost. Estimated fair values for financial instruments approximate amounts for which the instruments could be exchanged in an arm's-length transaction between knowledgeable and willing parties.

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (interest rate, yield curves), or inputs that are derived principally from or corroborated observable market data or other means.
- Level 3 inputs are unobservable (supported by little or no market activity).

The table below summarizes the valuation methods used to determine the fair value of each financial instrument:

Financial asset or liability	Methods and assumptions used to estimate fair value
Trade receivables	Trade receivables arising from the sales of metal concentrates are subject to provisional pricing, and the final selling price is adjusted at the end of a quotational period. These are marked to market at each reporting date based on the forward price corresponding to the expected settlement date.
Forward contracts (other assets)	The Company determines the value of the forward contracts using quoted prices. Fair value changes are charged to profit and loss.
Marketable securities (other assets)	The Company determines the value of the marketable securities using quoted prices. Fair value changes are charged to profit and loss.
Ocean Partners loans	The fair value of the loan was estimated using the discounted cash flow method at a rate that equates to a comparable current market interest rate.
Embedded derivative	Valued using inputs derived from observable market data, including quoted commodity forward prices.
Other current liabilities	The fair value of certain call options included in other current liabilities is determined using quoted prices. Fair value changes are charged to profit and loss.

The carrying value of cash and cash equivalents, other receivables, accounts payable, and accrued liabilities, all of which are carried at amortized cost, approximate their fair value given their short-term nature. Trade receivables, loans, contingent liability and the derivative are classified within Level 2 of the fair value hierarchy. Forward contracts are classified within Level 1 of the fair value hierarchy.

During the three and nine months ended September 30, 2025, and 2024, there were no transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy.

21. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

a) Fair value measurement and valuation techniques (continued)

September 30, 2025	Fair value through profit or loss		Amortized cost		Total	Level 1		Level 2		Carrying value approximates fair value
Financial assets measured at fair value										
Trade receivables from sale of concentrate	\$	6,813,950	\$	-	\$ 6,813,950	\$	-	\$ 6,813,950	\$	
Other assets		1,813,065		-	1,813,065		1,813,065		-	-
	\$	8,627,015	\$	-	\$ 8,627,015	\$	1,813,065	\$	6,813,950	\$ -
Financial assets not measured at fair value										
Cash, cash equivalents and restricted cash	\$	-	\$	11,640,798	\$ 11,640,798	\$	-	\$	-	\$ 11,640,798
VAT and other receivables		-		8,081,659	8,081,659		-		-	8,081,659
	\$	-	\$	19,722,457	\$ 19,722,457	\$	-	\$	-	\$ 19,722,457
Financial liabilities measured at fair value										
Other current liabilities	\$	(1,944,834)	\$	-	\$ (1,944,834)	\$	-	\$	(1,944,834)	\$ -
Derivative		(2,380,000)		-	(2,380,000)		-		(2,380,000)	-
	\$	(4,324,834)	\$	-	\$ (4,324,834)	\$	-	\$	(4,324,834)	\$ -
Financial liabilities not measured at fair value										
Accounts payable and accrued liabilities	\$	-	\$	(21,954,115)	\$ (21,954,115)	\$	-	\$	-	\$ (21,954,115)
Ocean Partners loans		-		(13,810,239)	(13,810,239)		-		-	(13,810,239)
	\$	-	\$	(35,764,354)	\$ (35,764,354)	\$	-	\$	-	\$ (35,764,354)

21. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

a) Fair value measurement and valuation techniques (continued)

December 31, 2024	Fair value through profit or loss		Amortized cost		Total	Level 1		Level 2		Carrying value approximates fair value
Financial assets measured at fair value										
Trade receivables from sale of concentrate	\$	3,219,330	\$	-	\$ 3,219,330	\$	-	\$	3,219,330	\$ -
Other assets		434,236		-	434,236		434,236		-	-
	\$	3,653,566	\$	-	\$ 3,653,566	\$	434,236	\$	3,219,330	\$ -
Financial assets not measured at fair value										
Cash and cash equivalents	\$	-	\$	2,937,172	\$ 2,937,172	\$	-	\$	-	\$ 2,937,172
VAT and other receivables		-		8,679,736	8,679,736		-		-	8,679,736
	\$	-	\$	11,616,908	\$ 11,616,908	\$	-	\$	-	\$ 11,616,908
Financial liabilities measured at fair value										
Other current liabilities	\$	(2,063,090)	\$	-	\$ (2,063,090)	\$	-	\$	(2,063,090)	\$ -
Derivative		(3,258,511)		-	(3,258,511)		-		(3,258,511)	-
	\$	(5,321,601)	\$	-	\$ (5,321,601)	\$	-	\$	(5,321,601)	\$ -
Financial liabilities not measured at fair value										
Accounts payable and accrued liabilities	\$	-	\$	(20,238,222)	\$ (20,238,222)	\$	-	\$	-	\$ (20,238,222)
Ocean Partners loans		-		(11,257,219)	(11,257,219)		-		-	(11,257,219)
	\$	-	\$	(31,495,441)	\$ (31,495,441)	\$	-	\$	-	\$ (31,495,441)

22. SUPPLEMENTAL CASHFLOW INFORMATION

The changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes for the periods as set out below are as follows:

		Loans	Leases	Other current liabilities
As at December 31, 2023	\$	15,202,242	\$ 2,379,405	\$ 2,228,667
Additions		5,800,000	42,666	5,870,491
Terminations or Disposals		-	(485,098)	(6,036,882)
Interest		4,279,001	-	-
Accretion		90,321	167,111	-
Payments in cash		(10,603,005)	(1,482,153)	-
Payments in gold and silver		(4,826,494)	-	-
Foreign exchange		(9,744)	(62,565)	-
Gain on settlement of debt		(440,750)	-	-
Changes in fair value of derivative		5,024,159	-	814
As at December 31, 2024		14,515,730	559,366	2,063,090
Additions		17,948,899	12,016	-
Terminations or Disposals		(18,252,312)	-	-
Interest		2,243,915	-	-
Accretion		-	42,500	-
Payments in cash		(5,885,724)	(196,159)	-
Foreign exchange		-	32,250	-
Changes in fair value of derivative		5,619,731	-	(118,256)
As at September 30, 2025	\$	16,190,239	\$ 449,973	\$ 1,944,834

The significant non-cash financing and investing transactions during the three and nine months ended September 30, 2025 and 2024, are as follows:

	Three months ended		Nine months ended	
	September 30 2025	September 30 2024	September 30 2025	September 30 2024
Payment for loans in gold and silver ounces	\$ -	\$ 3,769,659	\$ -	\$ 4,826,494
Closure and reclamation provision	\$ 621,451	\$ 1,830,743	\$ (717,643)	\$ 908,451
Shares and warrants issued for finders' fees	\$ 228,140	\$ 179,871	\$ 228,140	\$ 179,871
Shares issued on settlement of debt	\$ -	\$ 587,591	\$ -	\$ 892,869
Leases/ROU assets recognized	\$ 12,016	\$ 21,727	\$ 12,016	\$ 42,666
Shares issued for contingent payment	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
Change in accounts payable related to payment of accrued lease liability payments	\$ -	\$ -	\$ 506,015	-
Fair value of warrants issued	\$ -	\$ -	\$ 465,067	\$ -

23. CONTINGENCIES

In April 2025, certain of the Company's bank accounts in Mexico were frozen in connection with a vendor dispute. At that date, no formal legal proceedings had been initiated. In July 2025, the Company and its subsidiary, MMR, were formally served notice of the dispute. The vendor alleges that the Company has not compensated it for the installation and use of certain mineral sorting equipment at the Company's San Ignacio mine. The Company believes that the litigation has no merit and the Company will vigorously defend itself. Based on the advice of legal counsel, management has determined that there is no basis for liability under applicable local law and the Company will pursue all legal options to protect its interests and will seek to recover legal and other costs from the vendor. In accordance with the dispute, in July 2025 the Company posted a deposit of MXN\$12,601,111 (\$671,551) as a required guarantee with respect to the matter and has funds in a restricted account of US\$2,403,668 at September 30, 2025 which has been reclassified as restricted cash in the statement of financial position. Subsequent to the quarter, the bank accounts are still frozen.

Due to the size and nature of the Company's operations, in the ordinary course of business the Company may be subject to claims and/or legal proceedings. The Company records provisions for such claims when considered material and an outflow of resources is considered probable. No such provisions have been recorded by the Company.

24. SUBSEQUENT EVENTS

On October 9, 2025, the Company completed a bought deal public offering and issued 87,000,000 units at CAD\$0.50 (\$0.36) per unit for gross proceeds of CAD\$43,500,000. Each unit consisted of one common share and one half common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share at CAD\$0.65 per share for a period of three years.

On October 31, 2025, the Company completed an over-allotment of the bought deal and issued 6,525,000 warrants generating proceeds of \$372,378 (CAD\$522,000).

On November 21, 2025, the Company has entered into a definitive agreement to acquire the Bolanitos gold-silver mine located in Guanajuato, Mexico, from Endeavour Silver Corp. ("Endeavour") for total consideration of up to \$50 million. Under the terms of the Bolanitos Agreement, the Company will acquire all of the outstanding shares of Minera Bolanitos S.A. de C.V. ("Bolanitos"), a subsidiary of Endeavour, that holds all the mining assets located in the Guanajuato district currently held by Endeavour. Bolanitos is being acquired for total upfront consideration at closing of US\$40 million (the "Upfront Consideration"), which is comprised of US\$30 million in cash and US\$10 million of Silver common shares ("Guanajuato Shares") at a deemed price of US\$0.2709413 (CAD\$0.3815) per share. In addition to the Upfront Consideration, the Company will make two contingent payments to Endeavour (the "Contingent Payments"), each being US\$5 million, upon achieving production of two million ounces of silver-equivalent and four million ounces of silver-equivalent, respectively. Each Contingent Payment will be satisfied 50% in cash and 50% in Guanajuato Shares ("Contingent Shares"), subject to the Maximum Percentage (as defined below).

The number of Contingent Shares issuable to Endeavour is subject to a maximum ownership percentage of 9.9% (the "Maximum Percentage"). If the issuance of Contingent Shares would result in Endeavour holding more than the Maximum Percentage, the value of any excess contingent payment amount (after issuing shares up to 9.9%) shall be payable in cash.

Closing the Transaction is subject to customary conditions for a transaction of this nature, including the approval of the TSXV and the execution of the Investor Rights Agreement, which will include, among other things, participation rights in favour of Endeavour. The transaction is expected to close in January 2026. The Agreement provides for a reciprocal termination fee of US\$2.5 million, payable by Endeavour or the Company in certain circumstances which may be satisfied either (i) entirely in cash or, at the election of the applicable payor, (ii) by paying US\$1 million in cash and settling the remaining US\$1.5 million through the issuance of common shares of the payor, subject to stock exchange approval.

Subsequent to September 30, 2025, The Company issued 7,330,000 common shares on the exercise of 7,330,000 warrants and received proceeds of \$1,568,378 (CAD\$2,199,000).