



**Guanajuato**  
**Silver** CO  
LTD

**Consolidated Financial Statements**

**For the years ended**

**December 31, 2025 and 2024**



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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Guanajuato Silver Company Ltd.

### ***Opinion***

We have audited the consolidated financial statements of Guanajuato Silver Company Ltd. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2025 and December 31, 2024
- the consolidated statements of loss and comprehensive loss for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated 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 Financial Statements***” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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 is sufficient and appropriate to provide a basis for our opinion.



### ***Material Uncertainty Related to Going Concern***

We draw attention to Note 1 in the financial statements, which indicates that the Entity has incurred a net loss for the year ended December 31, 2025 and has an accumulated deficit since inception as at December 31, 2025.

As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

### ***Key Audit Matters***

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

Except for the matter described in the "***Material Uncertainty Related to Going Concern***" section of the auditor's report, we have determined that there are no other key audit matters to communicate in our auditor's report.

### ***Other Information***

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis.

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

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

We obtained the information included in Management's Discussion and Analysis as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board,



and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free 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 the 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 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 Entity'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 Entity'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 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditor's report is Robert Ryan Owsnett.

Vancouver, Canada

April 28, 2026

# Guanajuato Silver CO LTD

## Consolidated statements of financial position

(Expressed in thousands of US dollars)

	Notes	December 31 2025	December 31 2024
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 39,481	\$ 2,937
Restricted cash	26	2,083	-
Short term investments		3,242	434
Amounts receivable	5	13,531	10,899
Inventories	6	5,202	5,336
Prepaid expenses and deposits		2,281	1,082
		<b>65,820</b>	20,688
<b>Non-current assets</b>			
Property, plant and equipment	7	27,121	29,820
Mineral properties	8	8,269	16,247
Exploration and evaluation assets	8	3,422	3,422
Other assets	5	-	1,000
		<b>\$ 104,632</b>	\$ 71,177
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	9	\$ 25,913	\$ 20,236
Provision for legal contingencies	26	13,151	-
Advance payment	10	822	485
Income tax payable	20	6,344	2,850
Current portion of loan payable	11	3,296	10,186
Current portion of lease liabilities		248	255
Other current liabilities		1,842	2,063
		<b>51,616</b>	36,075
<b>Non-current liabilities</b>			
Loan payable	11	16,412	4,330
Lease liabilities		153	304
Provision for reclamation and rehabilitation	12	9,297	17,622
		<b>77,478</b>	58,331
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	13	150,243	105,630
Reserves		38,181	31,016
Accumulated other comprehensive income		1,698	1,779
Deficit		(162,968)	(125,579)
		<b>27,154</b>	12,846
		<b>\$ 104,632</b>	\$ 71,177

Contingencies (note 26)

Subsequent events (notes 26 and 27)

***"James Anderson"***  
Director

***"Miranda Werstiuk"***  
Director

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

# Guanajuato Silver CO LTD

Consolidated statements of loss and comprehensive loss  
(Expressed in thousands of US dollars, except per share amounts)

	Notes	For the year ended	
		December 31 2025	December 31 2024
Revenues	16	\$ 78,785	\$ 75,664
Cost of sales	17	67,977	73,193
<b>Mine operating income</b>		<b>10,808</b>	2,471
General and administration	18	9,148	8,445
Share based compensation	14	644	1,133
Exploration expenses		1,527	1,116
Care and maintenance		329	-
Foreign exchange loss (gain)		2,585	(3,864)
Other operating expense	18	15,292	635
<b>Operating loss</b>		<b>\$ (18,717)</b>	\$ (4,993)
Interest and finance costs, net	19	(3,116)	(6,335)
Loss on derivatives	11(b), 23	(12,427)	(4,663)
Other finance income		134	495
<b>Loss before income taxes</b>		<b>\$ (34,126)</b>	\$ (15,496)
Current income tax expense	20	3,263	1,911
<b>Net loss for the year</b>		<b>\$ (37,389)</b>	\$ (17,407)
<b>Other comprehensive income (loss), net of tax</b>			
Foreign currency translation differences		(81)	24
<b>Total comprehensive loss for the year</b>		<b>\$ (37,470)</b>	\$ (17,383)
<b>Basic and diluted loss per common share</b>	15	<b>\$ (0.07)</b>	\$ (0.04)
<b>Weighted average number of common shares outstanding (000's)</b>	15	<b>524,168</b>	404,037

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

Consolidated statements of changes in equity  
(Expressed in thousands of US dollars, except share units)

	Notes	Number of common shares	Common shares	Equity settled share-based payments	Warrants	Reserves total	Accumulated deficit	Accumulated OCI	Total shareholders' equity
<b>Balance, December 31, 2023</b>		<b>353,913,478</b>	<b>\$ 90,475</b>	<b>\$ 12,419</b>	<b>\$ 14,317</b>	<b>\$ 26,735</b>	<b>\$ (108,170)</b>	<b>\$ 1,755</b>	<b>\$ 10,795</b>
Private placement	13(b)	93,087,300	11,579	-	2,983	2,983	-	-	14,562
Warrants issued for finder's fee	13(b)	-	(387)	-	387	387	-	-	-
Share issue cost	13(b)	1,840,020	(625)	-	-	-	-	-	(625)
Shares issued on settlement of debt	13(b)	19,930,330	3,674	-	-	-	-	-	3,674
Options exercise for cash	13(b)	133,333	29	(10)	-	(10)	-	-	19
Warrant exercise for cash	13(b)	3,100,000	814	-	(141)	(141)	-	-	673
Settlement of restricted share units	13(b)	172,500	71	(71)	-	(71)	-	-	-
Share-based compensation		-	-	1,133	-	1,133	-	-	1,133
Comprehensive loss for the year		-	-	-	-	-	(17,409)	24	(17,385)
<b>Balance, December 31, 2024</b>		<b>472,176,961</b>	<b>\$ 105,630</b>	<b>\$ 13,471</b>	<b>\$ 17,546</b>	<b>\$ 31,016</b>	<b>\$ (125,579)</b>	<b>\$ 1,779</b>	<b>\$ 12,845</b>
Private placement	13(b)	147,000,000	36,263	-	7,803	7,803	-	-	44,066
Warrants issued for finder's fee	13(b)	-	(1,001)	-	1,001	1,001	-	-	-
Share issue cost	13(b)	-	(2,660)	-	-	-	-	-	(2,660)
Options exercise for cash	13(b)	3,096,668	928	(344)	-	(344)	-	-	584
Warrant exercise for cash	13(b)	41,539,975	11,069	-	(2,763)	(2,763)	-	-	8,306
Settlement of restricted share units	13(b)	67,500	14	(14)	-	(14)	-	-	-
Fair value of warrants issued	11(a), 13(b)	-	-	-	838	838	-	-	838
Share-based compensation		-	-	644	-	644	-	-	644
Comprehensive loss for the year		-	-	-	-	-	(37,389)	(81)	(37,470)
<b>Balance, December 31, 2025</b>		<b>663,881,104</b>	<b>\$ 150,243</b>	<b>\$ 13,757</b>	<b>\$ 24,425</b>	<b>\$ 38,181</b>	<b>\$(162,968)</b>	<b>\$1,698</b>	<b>\$27,154</b>

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

## Consolidated statements of cash flows (Expressed in thousands of US dollars)

	Notes	For the year ended	
		December 31, 2025	December 31, 2024
<b>Operating activities</b>			
Net loss for the year		\$ (37,389)	\$ (17,407)
Items not involving cash and cash equivalents:			
Depreciation and amortization	7,8	5,213	10,186
Impairment of Cata processing plant	7	1,232	-
Accretion	19	1,685	2,076
Loss (gain) on extinguishment of debt		(88)	(441)
Loss on derivatives		12,427	3,281
Loss (gain) on financial assets carried at fair value		(51)	9
Loss (gain) on disposal of property, plant and equipment		(266)	-
Reduction in provision for reclamation estimate in other income		(3,505)	-
Interest expense (net)		3,000	4,422
Income tax expense (net)		3,263	1,911
Share-based compensation		644	1,133
Unrealized foreign exchange loss (gain)		2,481	(4,130)
Contingent payment settled in shares		-	1,000
Changes in non-cash operating working capital:			
Amounts receivable		(1,632)	4,381
Inventories		164	(1,358)
Prepaid expenses and deposits		(1,198)	(58)
Accounts payable and accrued liabilities		1,124	(4,103)
Provision for legal contingencies		13,151	-
Purchases of gold and silver bullion		-	(4,811)
Proceeds from advance payment		1,689	477
Settlement of advance payment		(1,352)	-
Income taxes paid		(40)	-
Net cash and cash equivalents provided (used) in operating activities		552	(3,432)
<b>Investing activities</b>			
Acquisition of mineral properties and property, plant and equipment		(3,552)	(5,417)
Purchases of investments		(5,340)	(1,453)
Proceeds from sale of investments		2,833	1,352
Net cash and cash equivalents used in investing activities		(6,059)	(5,518)
<b>Financing activities</b>			
Proceeds from issuance of units	13	44,066	14,562
Proceeds from issuance of warrants		373	-
Share issuance costs	13	(2,660)	(625)
Net proceeds from new Ocean Partners Loans		-	4,129
Proceeds from the exercise of options and warrants		8,889	693
Repayment of loan payable		(4,703)	(3,701)
Payments of lease obligations		(806)	(1,482)
Interest paid		(1,183)	(3,670)
Net cash and cash equivalents provided by financing activities		43,976	9,906
Effect on cash and cash equivalents of foreign exchange		158	24
Change in cash and cash equivalents		38,627	980
Cash and cash equivalents, beginning of year		2,937	1,957
<b>Cash and cash equivalents, end of year</b>		<b>\$ 41,564</b>	<b>\$ 2,937</b>
Cash and cash equivalents are consisted of:			
Cash		\$ 37,078	\$ 2,881
Redeemable guaranteed investment certificate ("GIC")		2,403	56
Restricted cash		2,083	-
<b>Total cash and cash equivalents, end of year</b>		<b>\$ 41,564</b>	<b>\$ 2,937</b>

Supplemental cash flow information (Note 25)

The accompanying notes are an integral part of these consolidated 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 consolidated 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 year ended December 31, 2025, the Company generated a net loss of \$37,389. As at December 31, 2025, the Company has an accumulated deficit of \$162,968 and accounts payable and accrued liabilities and provisions for legal contingencies totaling \$39,064. 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 ended December 31, 2025, the Company completed a non-brokered Listed Issuer Financing Exemption (LIFE) private placement for gross proceeds of CAD\$18,000 (see Note 13(b)) and completed a bought deal public offering for gross proceeds of CAD\$43,500 (see Note 13(b)). The Company has an active At-The-Market ("ATM") equity offering program. Under this program, the Company may, from time to time, issue and sell common shares in accordance with the terms of the ATM Prospectus. 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 consolidated 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 consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved by the Company's Board of Directors on April 28, 2026.

### 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 consolidated 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 December 31, 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. 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 consolidated financial statements have been prepared using the historical cost basis except for certain financial instruments which are measured at fair value (Note 23) at the end of each reporting period. In addition, these consolidated 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.

For entities where the functional currency differs from the presentation currency, the translation of foreign currency transactions and balances is as follows:

- Assets and liabilities are translated at period end exchange rates;
- Revenue and expenses are translated using exchange rates approximating those in effect on the date transactions occurred; and
- Exchange gains and losses arising on translation are recorded to foreign currency translation reserve in other comprehensive income.

#### d) Business combinations

The Company accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Company. In determining whether a particular set of activities and assets is a business, the Company assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Company has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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

#### d) Business combinations (continued)

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

#### e) Inventories

Inventories include silver coins and bars, mineral concentrates, stockpiled ore, materials and supplies, and are valued at the lower of average production cost and estimated net realizable value. Production costs allocated to mineral concentrates and stockpiled ore, or metal inventories include direct mining costs, direct labor and material costs, mine site overhead, depletion and amortization. Costs allocated to silver coins, materials and supplies are based on weighted average costs and include all costs of purchase and other costs in bringing these inventories to their existing location and condition.

If the carrying amount exceeds the net realizable value, a write-down is recognized. The write-down may be reversed in a subsequent period if the circumstances which caused the write-down no longer exist to the extent that the related inventory has not been sold. Net realizable value is calculated as the estimated price at the time of sale based on prevailing metal prices less estimated future costs to convert the inventories into saleable form and estimated costs to sell.

#### f) Exploration and evaluation costs

The Company capitalizes acquisition costs of exploration and evaluation properties, including any cash consideration and the fair market value of shares issued, if any. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded when the payments are made. The recorded amounts of property claim acquisition and option payments represent actual expenditures incurred and are not intended to reflect present or future values. Option payments received on properties are offset against those properties.

Exploration and evaluation costs are the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore.

Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition. Evaluation expenditures include the cost of (i) establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve; (ii) determining the optimal methods of extraction and metallurgical and treatment processes; (iii) studies related to surveying, transportation and infrastructure requirements; (iv) permitting activities; and (v) economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

Exploration and evaluation expenditures, other than acquisition costs and estimated closure and decommissioning costs, are expensed as incurred. Once the technical feasibility and commercial viability of extracting a mineral resource are demonstrable and development has been approved by the Board of Directors, exploration and evaluation assets are tested for impairment, and any impairment loss is recognized. Exploration and evaluation assets are then reclassified as mineral properties in property, plant and equipment, with further development costs capitalized.

When it has been established that a mineral deposit is commercially mineable and an economic analysis has been completed, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized and will be amortized against production following commencement of production, or written off if the property is sold, allowed to lapse or abandoned. Exploration and evaluation assets are tested for impairment when an indicator of impairment is identified and upon reclassification to mining properties.

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

#### g) Underground mine development costs

Underground mine development costs are costs incurred to build new shafts, drifts and ramps that will enable the Company to physically access ore underground. The time over which the Company will continue to incur these costs depends on the mine life. These underground development costs for operating mines are capitalized as incurred. Capitalized underground development costs are depreciated on a unit of production basis, based on the estimated proven and probable reserves and the portion of resources expected to be extracted.

#### h) Mineral properties, land, plant and equipment

Mineral properties, land, plant and equipment are initially recognized at cost, being the purchase price and the directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary for the asset to be capable of operating in the manner intended by management. When provisions for closure and decommissioning are recognized, the corresponding cost is capitalized as part of the cost of the related assets.

Buildings, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment. Land is stated at cost less accumulated impairment in value and is not depreciated.

Construction expenditures and development are capitalized and classified as construction in progress. Once completed, the costs associated with all applicable assets related to the development and construction are reclassified to the appropriate category within mineral properties or plant and equipment.

Each asset or part's estimated useful life which range from 3 to 6 years, has due regard to both its own physical life limitations and the present assessment of economically recoverable resources of the mine property at which the item is located, and to possible future variations in those assessments. Estimates of remaining useful lives and residual values are reviewed annually. Changes in estimates are accounted for prospectively.

Mineral properties, plant and equipment are depreciated using either the straight-line or units-of-production method over the shorter of the estimated useful life of the asset or the expected life of mine. Where an item of property, plant and equipment comprises of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

#### i) Impairment of long-lived assets

At each reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets may be impaired. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows or cash generating units ("CGUs"). These are typically individual mines or development projects. If any such indication of impairment exists, the recoverable amount of the asset or CGU is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposals and value in use, which is the present value of future cash flows expected to be derived from the asset or CGU. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount and the impairment loss is recognized in profit or loss.

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

#### j) Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset ("RoU asset") and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The RoU asset is initially measured based on the present value of lease payments, plus initial direct cost, less any incentives received. It is subsequently measured at cost less accumulated depreciation, impairment losses and adjusted for certain remeasurements of the lease liability. The RoU asset is depreciated from the commencement date over the shorter of the lease term or the useful life of the underlying asset. The RoU asset is subject to testing for impairment if there is an indicator of impairment.

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

#### j) Leases (continued)

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

The incremental borrowing rate is the rate which the Company would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the RoU asset in a similar economic environment.

Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Variable lease payments that do not depend on an index or a rate not included in the initial measurement of the ROU asset and lease liability are recognized as an expense in the consolidated statement of income in the period in which they are incurred.

The ROU assets are presented within "Plant and equipment" and the lease liabilities are presented in "Lease liabilities" on the statement of financial position.

#### k) Provisions

##### *Reclamation, rehabilitation and similar provisions*

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of property, plant and equipment, and exploration and evaluation assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a provision for a decommissioning liability is recognized at its present value in the period in which it is incurred, which is generally when an environmental disturbance occurs, or a constructive obligation is determined. Upon initial recognition of the liability, a corresponding amount is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset.

Following the initial recognition of a reclamation and rehabilitation liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes in the estimated provision resulting from revisions to the estimated timing and amount of cash flows, or changes in the discount rate. Changes to estimated future costs are recognized in the statement of financial position by either increasing or decreasing the decommissioning liability and the decommissioning asset, unless there is no future benefit, in which case they are expensed.

##### *Other provisions*

Provisions are recognized when a present legal or constructive obligation exists as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect of the time value of money is material the provision is discounted using an appropriate current market based pre-tax discount rate.

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

#### l) Income taxes

Income tax expense consists of current and deferred tax expense.

Current tax expense is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at period end adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized for deferred tax consequences attributable to unused tax loss carry forwards, unused tax credits, and differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis ("temporary differences"). Deferred taxes are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability is settled.

On an asset acquisition, the Company applies initial recognition exemption and deferred tax assets, and liabilities are not recognized if the tax base is different from the accounting base.

On a business combination, the Company applies recognizes the deferred tax assets and liabilities at the acquisition date.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### m) Revenue recognition

The Company generates revenue from the sale of metal concentrate. The Company sells gold and silver concentrate, zinc concentrate, and lead concentrate. The Company satisfies its performance obligation and sales revenue is recognized at the point in time when the product is delivered as specified by the customer, which is typically upon delivery of the product to the customer's defined warehouse. The Company considers that control has passed when there is a present obligation to pay from the customer's perspective; physical possession, control and the risks and rewards of ownership have all passed to the customer; and the customer has accepted the concentrate. The Company recognizes deferred revenue in the event it receives payment from a customer before a sales transaction meets all the criteria for revenue recognition.

Metal concentrate is provisionally priced whereby the selling price is subject to final adjustment at the end of a 30-day period after delivery to the customer as defined in the sales contract. The final price is based on the market price at the relevant quotation point stipulated in the contract. At each reporting date, the receivable is marked to fair value based on the forward selling price for the quotation period stipulated in the contract. The change in fair value of the receivable subsequent to the date of revenue recognition is recognized within 'Revenue' on the face of the statements of loss and comprehensive loss and is shown separately in the notes to the consolidated financial statements.

Advance payments arose from up-front payments received by the Company or obligations acquired in consideration for future commitments as specified in the corresponding arrangement. Revenue from advance payment is recognized when the customer obtains control of the silver-gold concentrate, and the Company has satisfied its performance obligation.

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

#### n) Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities 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 the fair value of the financial assets and liabilities held at FVTPL are recognized in profit or loss.

An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments.

For the Company's trade receivables, it determines the lifetime expected losses for all of its trade receivables. The expected lifetime credit loss provision for the Company's trade receivables is based on historical counterparty default rates and adjusted for relevant forward-looking information, when required.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statement of loss and comprehensive loss.

Financial assets and financial liabilities are offset, and the net amount reported in the Consolidated Statements of Financial Position, only if there is an enforceable legal right to offset the recognized amounts and the intention is to settle on a net basis or to realize the assets and settle the liabilities simultaneously

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

o) New accounting standards issued but not yet effective

Below are new standards, amendments to existing standards and interpretations that have been issued and are not yet effective. The Company plans to apply the new standards or interpretations in the annual period for which they are effective.

*Presentation and Disclosure in Financial Statements (IFRS 18)*

In April 2024, the IASB issued *IFRS 18 Presentation and Disclosure in Financial Statements*, which replaces *IAS 1 Presentation of Financial Statements* while retaining many of its existing requirements. IFRS 18 introduces new provisions to:

- Present specified categories and defined subtotals in the statement of earnings;
- Disclose management-defined performance measures (MPMs) in the notes to the financial statements; and
- Enhance aggregation and disaggregation.

The amendments are effective for annual reporting periods beginning on or after January 1, 2027, and are applied retrospectively. The Company is currently assessing the impact of IFRS 18 on its consolidated financial statements.

*Amendments to the Classification and Measurement of Financial Instruments: Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures*

In May 2024, the IASB issued 'Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)'. The amendments clarify the date of recognition and derecognition of some financial assets and financial liabilities, with a new exception that permits companies to elect to derecognize certain financial liabilities settled via electronic payment systems earlier than the settlement date. It also clarifies guidance on assessing whether a financial asset meets the sole payments of principal and interest criterion, it adds new disclosures for certain instruments with contractual terms that can change cash flows and updates the disclosures for equity instruments designated at fair value through other comprehensive income. The amendments apply for annual reporting periods beginning on or after January 1, 2026, and are applied retrospectively. The Company is currently evaluating the impact of the new standard on its consolidated financial statements

### 4. ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of these consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Judgements, estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities in future years.

The areas that require management to make significant estimates and assumptions in applying the Company's accounting policies in determining carrying values include, but are not limited to:

a) Fair value of stock options and warrants

Determining the fair value of warrants and stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of equity.

#### 4. ESTIMATES, ASSUMPTIONS AND JUDGMENTS (continued)

b) Decommissioning, restoration, and similar provisions

The Company has obligations for decommissioning, restoring and other similar activities related to its mining properties. The future obligations for mine closure activities are estimated by the Company using mine closure plans or other similar studies which outline the requirements that will be carried out to meet the obligations.

Because the obligations are dependent on the laws and regulations of the countries in which the mines operate, the requirements could change as a result of amendments in the laws and regulations relating to environmental protection and other legislation affecting resource companies. As the estimate of the obligations is based on future expectations, a number of estimates and assumptions are made by management in the determination of closure provisions, including the future costs, the period over which they will be incurred, and the appropriate discount rate to be used.

c) Revenue recognition

The Company's sales of metal in concentrates allow for price adjustments based on the market price at the end of the relevant quotational period ("QP") stipulated in the contract. These are referred to as provisional pricing arrangements and are such that the selling price for metal in concentrate is based on the prevailing spot price on a specified future date. At each balance sheet date, the Company estimates the fair value of the trade receivable using forward metal prices.

Adjustments to the sale price occurs based on movements in quoted market prices up to the end of the QP. The period between provisional invoicing and the end of the QP is generally between one and three months. Any future changes over the QP are embedded within the provisionally priced trade receivables and are, therefore, within the scope of IFRS 9 and not within the scope of IFRS 15. As such, any provisionally priced trade receivables are accounted for as derivatives with any provisional price adjustments being presented separately in Note 16 of these financial statements.

d) Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected.

e) Value-added tax ("VAT") receivable

Timing of collection of VAT receivables is uncertain as VAT refund procedures require a significant amount of information and follow-up. The Company assesses the recoverability of the VAT receivable and its classification as current or non-current at each reporting date. This is impacted by several factors, including the status of discussions with the tax authorities, and current interpretation of relevant tax legislation. Changes in these estimates can materially affect the amount recognized as VAT receivable and the classification and could result in an increase in other expenses recognized.

f) Embedded derivative

The Company estimates the fair value of the embedded derivative in the Ocean Partners Enhanced Facility (Note 11) which utilizes market derived gold price assumptions and a market interest rate that reflects assumptions of risks associated with the debt.

#### 4. ESTIMATES, ASSUMPTIONS AND JUDGMENTS (continued)

Information about significant areas of judgment considered by management in preparing the consolidated financial statements is as follows:

a) Going Concern

The assessment of going concern involves judgement regarding the results of operations at the Company's mines and the availability of future financing. In concluding on whether material uncertainties exist with respect to the Company's ability to continue as a going concern, the Company considers funds on hand at each reporting date and planned expenditures for at least 12 months from the reporting date. Management is of the opinion that sufficient funds will be obtained from operations and/or from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that cash flows from operations or additional financing will not be available on a timely basis or on terms acceptable to the Company.

b) Contingencies

Contingencies can be either possible assets or possible liabilities arising from past events which, by their nature, will only be resolved when one or more future events not within our control occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

A liability is recognized in the consolidated financial statements when the outcome of the legal proceedings is probable, and the estimated settlement amount can be estimated reliably. Contingent assets are not recognized in the consolidated financial statements until virtually certain.

c) Assessment of indicators of impairment

Management applies judgement in assessing whether indicators of impairment exist for an asset or a group of assets. Internal and external factors such as significant changes in the use of the asset, commodity prices, life of mines, regulatory environment in Mexico and interest rates are considered by management in determining whether there are any indicators of impairment or reversal of previous impairments. As of December 31, 2025, the Company determined there were no indicators of impairment, other than a write-down of the Cata processing plant (Note 7). However, adverse changes in any of these assumptions in future periods may result in the need to perform an impairment test to determine whether the carrying amount of an asset or group of assets exceeds its recoverable amount.

Judgment is required in estimating the life of mine of the El Cubo Complex, Valenciana Mines Complex, San Ignacio and Topia, including the expected tonnes to be mined economically in the future. The total expected tonnes to be produced is the denominator in determining units of production depreciation in any period. The life of mine is also used in the determination of the reclamation and rehabilitation liability recognized.

There have been no mineral reserves identified at the El Cubo complex. Consequently, the life of mine has been estimated using mineral resources including a portion of identified inferred resources.

## 5. AMOUNTS RECEIVABLE

	<b>December 31 2025</b>		December 31 2024	
Trade receivables	\$	<b>9,240</b>	\$	3,219
VAT recoverable		<b>3,923</b>		7,784
Other receivables		<b>368</b>		896
	<b>\$</b>	<b>13,531</b>	<b>\$</b>	11,899
Less: non-current portion of VAT recoverable		-		(1,000)
	<b>\$</b>	<b>13,531</b>	<b>\$</b>	10,899

As at December 31, 2025, \$8,543 of the Company's trade receivable is due from an affiliate of Ocean Partners (December 31, 2024 - \$3,135) (Note 11(a)).

## 6. INVENTORIES

	<b>December 31 2025</b>		December 31 2024	
Concentrate	\$	<b>750</b>	\$	2,082
Ore stockpiles		<b>920</b>		438
Coins and bullion for sale		<b>24</b>		30
Materials and supplies		<b>3,508</b>		2,786
Total inventories	<b>\$</b>	<b>5,202</b>	<b>\$</b>	5,336

During the year ended December 31, 2025, the Company expensed \$64,341 of inventories to cost of sales (year ended December 31, 2024 - \$71,794). During the year ended December 31, 2025, the Company recognized a write-down of \$nil of inventory to net realizable value (year ended December 31, 2024 - \$219).

## 7. PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment				Total PP&E
	Machinery and equipment	Land and buildings	Furniture and other equipment	Construction in progress	
<b>COST</b>	\$	\$	\$	\$	\$
Balance, December 31, 2023	36,511	8,373	3,447	1,632	49,963
Additions	1,640	880	21	1,460	4,001
Disposals	(4,778)	-	(102)	(14)	(4,894)
Transfers	961	-	-	(961)	-
Balance, December 31, 2024	34,334	9,253	3,366	2,117	49,070
Additions	542	12	120	2,269	2,943
Disposals	(556)	-	(52)	-	(608)
Transfers	847	-	15	(862)	-
<b>Balance, December 31, 2025</b>	<b>35,167</b>	<b>9,265</b>	<b>3,449</b>	<b>3,524</b>	<b>51,405</b>
<b>ACCUMULATED DEPRECIATION</b>					
Balance, December 31, 2023	13,400	734	1,466	-	15,600
Depreciation and depletion	6,622	739	608	-	7,969
Disposals	(4,230)	-	(89)	-	(4,319)
Balance, December 31, 2024	15,792	1,473	1,985	-	19,250
Depreciation and depletion	2,986	520	500	-	4,006
Disposals	(204)	-	-	-	(204)
Impairment of Cata plant	1,232	-	-	-	1,232
<b>Balance, December 31, 2025</b>	<b>19,806</b>	<b>1,993</b>	<b>2,485</b>	<b>-</b>	<b>24,284</b>
Net book value, December 31, 2024	18,542	7,780	1,381	2,117	29,820
<b>Net book value, December 31, 2025</b>	<b>15,361</b>	<b>7,272</b>	<b>964</b>	<b>3,524</b>	<b>27,121</b>

During December 2025 the Company decided to temporarily close the Valenciana Mine Complex's Cata processing plant as the Company will be routing mineralized ore to the subsequently acquired Bolanitos mine's mill (Note 27). As a result of such decision, the Company recorded an impairment charge of \$1,232 with respect to the Cata processing plant at December 31, 2025 with such amount included in other operating expense in the statement of loss for the year ended December 31, 2025.

As at December 31, 2025, \$335 of right of use assets are included in Property, plant and equipment (December 31, 2024 - \$857).

## 8. MINERAL PROPERTIES, AND EXPLORATION AND EVALUATION ASSETS

	Mineral properties	Exploration and evaluation assets	Total
<b>COST</b>	\$	\$	\$
Balance, December 31, 2023	24,461	3,376	27,837
Additions	2,798	46	2,844
Changes in closure and reclamation	(1,726)	-	(1,726)
Balance, December 31, 2024	25,533	3,422	28,955
Additions	2,162	-	2,162
Changes in closure and reclamation	(8,902)	-	(8,902)
<b>Balance, December 31, 2025</b>	<b>18,793</b>	<b>3,422</b>	<b>22,215</b>
<b>ACCUMULATED DEPRECIATION</b>			
Balance, December 31, 2023	7,091	-	7,091
Depreciation and depletion	2,196	-	2,196
Balance, December 31, 2024	9,287	-	9,287
Depreciation and depletion	1,237	-	1,237
<b>Balance, December 31, 2025</b>	<b>10,524</b>	<b>-</b>	<b>10,524</b>
Net book value, December 31, 2024	16,246	3,422	19,668
<b>Net book value, December 31, 2025</b>	<b>8,269</b>	<b>3,422</b>	<b>11,691</b>

### Exploration and evaluation assets

	El Pinguico	Other claims	Total
Acquisition Cost:			
Balance, December 31, 2023	\$ 3,111	\$ 265	\$ 3,376
Additions	46	-	46
Balance, December 31, 2024	\$ 3,157	\$ 265	\$ 3,422
Additions	-	-	-
<b>Balance, December 31, 2025</b>	<b>\$ 3,157</b>	<b>\$ 265</b>	<b>\$ 3,422</b>

### 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.

## 8. 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 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 December 31, 2025, CAD\$425 remains outstanding, of which CAD\$188 was due on December 31, 2024 and CAD\$237 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 cash (paid) and 3,750,000 units on or before November 30, 2020 (issued);
- CAD\$325 cash on or before February 22, 2021 (paid);
- CAD\$263 on or before April 10, 2022 (paid);
- CAD\$263 on or before October 10, 2022 (paid);
- CAD\$150 on or before October 16, 2023 (paid through the issuance of 468,750 common shares); and
- CAD\$50 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. Accordingly, upon payment of the final option payment of CAD\$425 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.

## 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31 2025		December 31 2024
Accounts payable	\$ 18,016	\$	14,594
Other taxes payable	3,652		3,068
Payroll and benefits accrual	4,228		2,416
Other payables	17		158
	\$ 25,913	\$	20,236

Of the \$18,016, in accounts payable, \$6,127 (34.0%) is outstanding greater than 90 days (December 31, 2024 – \$7,768 (53.2%) of \$14,594).

## 10. ADVANCE PAYMENT

In October 2024, the Company received \$477 (plus \$23 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. 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 \$822 as at December 31, 2025.

## 11. LOANS PAYABLE

	OP Expanded Facility		OP Enhanced Facility		Total
Balance, December 31, 2024	\$	14,516	\$	-	\$ 14,516
Additions		-		17,949	17,949
Interest expense		813		2,101	2,914
Loan and interest payments		-		(5,886)	(5,886)
Changes in fair value of derivative		2,923		5,544	8,467
Extinguishments		(18,252)		-	(18,252)
<b>Balance, December 31, 2025</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>19,708</b>	<b>\$ 19,708</b>
Which consist of:					
Current portion of loans and derivative	\$	-	\$	3,296	\$ 3,296
Non-current portion of loans and derivative		-		16,412	16,412
<b>Balance, December 31, 2025</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>19,708</b>	<b>\$ 19,708</b>

  

	OCIM	OP Expanded Facility	Vehicles	Total
Balance, December 31, 2023	\$ 3,845	\$ 11,171	\$ 186	\$ 15,202
Additions	-	5,800	-	5,800
Interest expense	396	3,883	-	4,279
Accretion expense	-	90	-	90
Loan payments	(4,826)	(10,662)	(176)	(15,664)
Effect of change in foreign exchange rates	-	-	(10)	(10)
Gain on extinguishment of debt	-	(441)	-	(441)
Changes in fair value of derivative	585	4,675	-	5,260
Balance, December 31, 2024	\$ -	\$ 14,516	\$ -	\$ 14,516
Which consist of:				
Current portion of loans	-	10,186	-	10,186
Non-current portion of loans	-	4,330	-	4,330
Balance, December 31, 2024	\$ -	\$ 14,516	\$ -	\$ 14,516

### a) Ocean Partners Facilities

On December 5, 2023, the Company entered into a \$7,500 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 per ounce on November 29, 2023. A portion of the Gold Facility was used to extinguish the remaining carrying amount of \$4,621 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 (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 per ounce on November 29, 2023. The Company drew the additional \$5,800 from the Expanded Facility and received net proceeds of \$4,129 with \$1,671 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 recognized in other finance income for the year ended December 31, 2024.

## 11. 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 \$1,056, of which \$756 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, 4,740 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, 2,370 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 5 and 16). 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 April 1, 2025, at its fair value of \$17,949, 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 at April 1, 2025 and \$465 on the date of issuance. The \$215 was considered in determining the gain on extinguishment of the debt and the change in value of \$249 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 was recorded, comprised of a \$303 reduction in the debt and derivative balance partially offset by the fair value of the warrants of \$215 at April 1, 2025 and such gain is included in Other finance income in the statement of loss.

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.

The current portion of the OP Enhanced Facility at December 31, 2025 comprises the principal to be settled in the next year of \$1,855, accrued interest at December 31, 2025 of \$91, and the fair value of the embedded derivative (note 11(b)) to be settled in the next year of \$1,350.

### b) Embedded Derivatives

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.

On December 31, 2025, the derivative on the Enhanced Facility was revalued to \$5,170 (December 31, 2024 - \$3,259 on the Expanded Facility), with such balance being included in the total of the loan payable balance at year end.

During the year ended December 31, 2025, the Company recognized a loss of \$8,467 respectively on revaluation of the OP loan embedded derivatives in profit or loss (year ended December 31, 2024 - loss of \$5,259)

### c) Repayments

Based on the December 2025 valuation, principal, interest and embedded derivative payments under the Enhanced Facility are as follows:

	Principal	Interest	Derivative Payments	Total
January 1, 2026 – December 31, 2026	\$ 1,855	2,485	1,485	\$ 5,825
January 1, 2027 – December 31, 2027	3,415	1,965	1,864	7,244
January 1, 2028 – March 31, 2028	9,065	445	3,374	12,884
	<b>\$ 14,335</b>	<b>\$4,895</b>	<b>\$6,723</b>	<b>\$ 25,953</b>

## 11. LOANS PAYABLE (continued)

### d) OCIM Loan

During the year ended December 31, 2023, the Company entered into a gold and silver loan with European based OCIM Group ("OCIM"), (the "Tertiary Loan"). The Tertiary Loan, as amended September 27, 2023, required the 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 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.

## 12. PROVISION FOR RECLAMATION AND REHABILITATION

The Company recognized a provision for reclamation ("PER") 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	\$ 538	7,610	7,393	5,789	\$ 21,330
Accretion	46	650	632	490	1,818
Changes in estimate	(41)	(608)	(614)	(464)	(1,727)
Effect of changes in foreign exchange rates	(96)	(1,353)	(1,316)	(1,034)	(3,799)
Balance, December 31, 2024	\$ 447	6,299	6,095	4,781	\$ 17,622
Accretion	33	638	624	337	1,632
Changes in estimate	(175)	(5,808)	(5,635)	(789)	(12,407)
Effect of changes in foreign exchange rates	47	975	955	473	2,450
<b>Balance, December 31, 2025</b>	<b>\$ 352</b>	<b>2,193</b>	<b>1,950</b>	<b>4,802</b>	<b>\$ 9,297</b>

	San Ignacio Mine	Valenciana Mine	Topia Mine	El Cubo Mines Complex
Anticipated settlement date	2037-2049	2035-2052	2034-2051	2033-2050
Undiscounted uninflated estimated cash flow	\$ 731	4,842	4,452	9,768
Discount rate (%)	9.0	9.0	9.0	9.0
Inflation rate (%)	3.0	3.0	3.0	3.0

The change in estimate for the year ended December 31, 2025 reduced the associated PER asset included in mineral properties to nil (reduction of \$8,902) with the remaining balance of \$3,505 being recognized in other operating expense (note 18).

## 13. 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 year ended December 31, 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 \$12,995 (CAD\$18,000). 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 (CAD\$14,881) and warrants \$2,252 (CAD\$3,118) based on their relative fair values. In connection with the private placement, the Company incurred issuance costs of \$552 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 (CAD\$317) as finders fees.
- ii. On October 9, 2025, the Company completed a bought deal public offering and issued 87,000,000 units at \$0.36 (CAD\$0.50) per unit for gross proceeds of \$31,071 (CAD\$43,500). 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. The proceeds from the bought deal public offering were allocated to the shares \$25,520 (CAD\$35,729) and warrants \$5,551 (CAD\$7,771) based on their relative fair values. In connection with the bought deal, the Company incurred issuance costs of \$1,854 (CAD\$2,595) paid in cash, issued 5,175,000 finder's and broker's warrants with an exercise price of CAD\$0.50 exercisable for two years with a fair value of \$773 (CAD\$1,084) as finders fees.
- iii. On October 31, 2025, the Company completed an over-allotment of the bought deal and issued 6,525,000 warrants for proceeds of \$372 (CAD\$522). Each warrant entitles the holder to purchase one additional common share at CAD\$0.65 per share for a period of 3 years.
- iv. The Company settled 67,500 RSUs through the issuance of 67,500 common shares.
- v. The Company issued 3,096,668 common shares on the exercise of 3,096,668 stock options for proceeds of \$584 (CAD\$810).
- vi. The Company issued 41,539,975 common shares on the exercise of 41,539,975 warrants for proceeds of \$8,306 (CAD\$11,471).
- vii. The Company incurred \$254 in other share issue costs during the period associated with the above noted transactions.

## 13. SHARE CAPITAL (continued)

### b) Equity Offerings (continued)

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\$415 (\$305) 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. 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 (\$4,819) and warrants (\$1,480) 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 \$1,991. 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 (\$1,523) and warrants (\$468) 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 \$548 paid in cash and issued 2,889 finder's warrants with an exercise price of CAD\$0.20 exercisable for two years and a fair value of \$180 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 (\$588) of debt.
- 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 \$6,272 (CAD\$8,720). 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) and warrants (\$1,034) based on their relative fair values. In connection with the private placement, the Company incurred issuance costs of \$78 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 \$208 (CAD\$289) 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 \$2,781 of debt.
- vi. The Company issued 133,333 common shares on the exercise of 133,333 stock options for proceeds of \$19 (CAD\$27).
- vii. The Company issued 3,100,000 common shares on the exercise of 3,100,000 warrants for proceeds of \$673 (CAD\$930).
- viii. The Company paid out 172,500 RSU's in common shares.

## 14. RESERVES

### a) Warrants

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

	Number of warrants	Weighted average exercise price CAD\$
Outstanding at December 31, 2023	109,790,606	0.49
Issued	79,649,208	0.31
Exercised	(3,100,000)	0.30
Expired and forfeited	(37,569,455)	0.48
Outstanding at December 31, 2024	<b>148,770,359</b>	<b>0.40</b>
Issued	91,936,403	0.55
Exercised	(41,539,975)	0.28
Expired and forfeited	(67,160,064)	0.52
<b>Outstanding at December 31, 2025</b>	<b>132,006,723</b>	<b>0.48</b>

As at December 31, 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	24,620,300	0.35
October 29, 2026	0.34	20,007,520	0.83
August 21, 2028	0.45	29,992,499	2.64
August 21, 2028	0.30	2,186,404	2.64
October 9, 2028	0.65	50,025,000	2.78
October 9, 2028	0.50	5,175,000	2.78
	<b>0.48</b>	<b>132,006,723</b>	<b>2.00</b>

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 year ended December 31, 2025 and the year ended December 31, 2024:

	December 31 2025	December 31 2024
Risk-free interest rate	2.44%-2.69%	3.09%-4.31%
Expected life of warrants (years)	2.8-3 years	2 years
Expected annualized volatility	79.66%-82.79%	74.27%-76.78%
Expected dividend yield	Nil	Nil

## 14. 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	<b>16,689,500</b>	<b>0.46</b>
Granted	10,460,000	0.21
Exercised	(133,333)	0.20
Expired and forfeited	(6,696,167)	0.35
Outstanding at December 31, 2024	<b>20,320,000</b>	<b>0.37</b>
Granted	10,700,000	0.23
Exercised	(3,096,668)	0.26
Expired and forfeited	(4,060,000)	0.22
<b>Outstanding at December 31, 2025</b>	<b>23,863,332</b>	<b>0.35</b>

The weighted-average share price at the date of exercise for share options exercised during the year ended December 31, 2025 was CAD\$0.44, (year ended December 31, 2024 was CAD\$0.27).

The following table summarizes the information about stock options outstanding as at December 31, 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
January 3, 2029	500,000	0.26	333,333	0.26
February 15, 2029	1,125,000	0.20	750,000	0.20
March 15, 2029	2,658,332	0.20	1,772,221	0.20
April 25, 2029	300,000	0.22	200,000	0.22
April 28, 2030	5,320,000	0.20	1,773,333	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
	<b>23,863,332</b>	<b>0.35</b>	<b>16,372,221</b>	<b>0.40</b>

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 year ended December 31, 2025 and the year ended December 31, 2024:

	December 31 2025	December 31 2024
Risk-free interest rate	<b>2.46%-2.79%</b>	2.88%-4.16%
Expected life of options (years)	<b>0.8 - 4 years</b>	3 years
Expected annualized volatility	<b>82.86%-85.39%</b>	97.46%-115.96%
Expected dividend yield	<b>Nil</b>	Nil
Weighted average fair value on grant date	<b>CAD\$0.13</b>	CAD\$0.21

## 14. 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.

	<b>Number of RSUs</b>
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	<b>1,312,500</b>
Vested and paid out in common shares	(67,500)
<b>Outstanding at December 31, 2025</b>	<b>1,245,000</b>

The fair value of the RSUs granted during the year ended December 31, 2024 was CAD\$213 with such RSUs vesting over 1 year. During the year ended December 31, 2025, the weighted average fair value of the RSU's paid out in shares was CAD\$0.21.

## 15. LOSS PER SHARE

	<b>Year ended</b>	
	<b>December 31 2025</b>	December 31 2024
Net loss for the period	\$ (37,389)	\$ (17,407)
Weighted average number of shares (000's)	524,168	404,037
<b>Loss per share - basic and diluted</b>	<b>\$ (0.07)</b>	<b>\$ (0.04)</b>

All the outstanding warrants, options and RSU's are anti-dilutive for the years ended December 31, 2025 and 2024.

## 16. 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 years ended December 31, 2025 and 2024, is as follows:

	<b>Year ended</b>	
	<b>December 31 2025</b>	December 31 2024
Gold-silver concentrate	\$ 46,994	\$ 50,013
Lead concentrate	25,060	21,334
Zinc concentrate	3,876	3,691
Provisional pricing adjustments	2,855	626
	<b>\$ 78,785</b>	<b>\$ 75,664</b>

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 \$40 for the year ended December 31, 2025 are included in gold-silver concentrate (year ended December 31, 2024 – \$45). Sales of bullion are in Canada.

## 17. COST OF SALES

	Year ended	
	December 31 2025	December 31 2024
Production costs	\$ 60,027	\$ 61,589
Transportation and other selling costs	1,992	2,446
Inventory changes	851	(862)
Depreciation	5,107	10,020
	<b>\$ 67,977</b>	<b>\$ 73,193</b>

## 18. GENERAL AND ADMINISTRATION AND OTHER OPERATING EXPENSES

	Year ended	
	December 31 2025	December 31 2024
Salaries and employee benefits	\$ 3,293	\$ 3,454
Professional fees	2,349	1,990
Corporate and administration	3,400	2,835
Depreciation	106	166
<b>Total General and Administration</b>	<b>\$ 9,148</b>	<b>\$ 8,445</b>

	Year ended	
	December 31 2025	December 31 2024
Write down of Cata processing plant (note 7)	\$ 1,232	\$ -
Provision for legal contingencies (note 26)	13,151	-
VAT recoverable write-off (note 23(b))	2,425	-
Reduction in PER estimate (note 12)	(3,505)	-
Other receivables impairment (note 23(b))	1,544	-
Other	445	634
<b>Total Other Operating Expense</b>	<b>\$ 15,292</b>	<b>\$ 634</b>

## 19. INTEREST AND FINANCE (COSTS) INCOME, NET

	Year ended	
	December 31 2025	December 31 2024
Interest income	\$ 183	\$ 163
Interest income from VAT	1,386	-
Interest expense	(3,000)	(4,422)
Accretion expense	(1,685)	(2,076)
	<b>\$ (3,116)</b>	<b>\$ (6,335)</b>

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

## 20. INCOME TAX

### a) Reconciliation of effective tax rate

Income tax expense differs from the amount that would be computed by applying the applicable Canadian statutory income tax rate to income before income taxes. The significant reasons for the differences are as follows:

	Year ended	
	December 31 2025	December 31 2024
Net loss before tax	\$ (34,126)	\$ (15,496)
Statutory tax rate	27.00%	27.00%
Anticipated income tax at statutory rates	(9,214)	(4,184)
Non-deductible expenditures	8,242	2,901
Differences between Canadian and foreign tax rates	(901)	139
8.5% mining royalty in Mexico	2,269	1,268
Inflation adjustment	(5,471)	(3,064)
Impact of foreign exchange	5,079	(6,044)
Changes in deferred tax assets not recognized	9,211	5,066
Withholding tax	643	644
Other items	(6,595)	5,185
	\$ 3,263	\$ 1,911

### b) Deferred income tax assets and liabilities

The significant components of the recognized deferred tax assets and liabilities are:

	Year ended	
	December 31 2025	December 31 2024
<b>Deferred income tax assets</b>		
Non-capital losses	\$ 335	\$ 363
Property and equipment	-	86
	\$ 335	\$ 449
<b>Deferred income tax liabilities</b>		
Mineral property interest	335	363
Other	-	86
	\$ 335	\$ 449
<b>Net deferred income tax liability</b>	\$ -	\$ -

## 20. INCOME TAX (continued)

### c) Unrecognized deferred tax assets and liabilities

The Company recognizes tax benefits on losses or other deductible amounts where it is more likely than not that the deferred tax asset will be realized. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consists of the following amounts:

	Year ended	
	December 31 2025	December 31 2024
Equipment and buildings	\$ 32,312	\$ 15,000
Accounts payable and accrued liabilities	9,939	6,660
Share issuance cost	2,730	1,356
8.5% mining royalty in Mexico	204	1,268
Provision for reclamation and rehabilitation	13,489	8,006
Non-capital losses	41,476	40,259
Capital losses	868	827
Restricted interest	12,095	2,836
	<b>\$ 113,113</b>	<b>\$ 76,212</b>

### d) Tax loss carry forwards

Tax losses have the following expiry dates:

	Year of expiry	December 31, 2025	Year of expiry	December 31, 2024
Canada - non-capital losses	2027-2045	\$ 28,905	2027-2044	\$ 19,370
Mexico - operating losses	2026-2035	\$ 17,755	2025-2033	\$ 22,011

## 21. RELATED PARTIES

In addition to related party transactions described elsewhere in the notes to the consolidated 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:

	Year ended	
	December 31 2025	December 31 2024
Salaries, bonus and benefits	\$ 417	\$ 380
Consulting fees <sup>(1)</sup>	129	258
Share-based compensation	238	493
	<b>\$ 784</b>	<b>\$ 1,131</b>

<sup>(1)</sup> 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 (during the year ended December 31, 2024).

## 22. 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.

December 31, 2025	Total assets	Total liabilities	Capital expenditures
El Cubo Mines Complex	\$ 37,097	\$ (16,121)	\$ 2,312
Valenciana Mines Complex	5,022	(8,628)	1,669
San Ignacio Mine	1,478	(5,142)	723
Topia	20,857	(20,572)	369
Corporate	40,178	(27,015)	32
<b>Consolidated</b>	<b>\$ 104,632</b>	<b>\$ (77,478)</b>	<b>\$ 5,105</b>

  

December 31, 2024	Total Assets	Total liabilities	Capital expenditures
El Cubo Mines Complex	\$ 32,577	\$ (13,353)	\$ 2,961
Valenciana Mines Complex	9,707	(14,556)	1,375
San Ignacio Mine	2,851	(2,139)	1,891
Topia	21,979	(11,061)	620
Corporate	4,063	(17,222)	-
<b>Consolidated</b>	<b>\$ 71,177</b>	<b>\$ (58,331)</b>	<b>\$ 6,847</b>

Notes to the consolidated financial statements  
(Expressed in thousands of US dollars, unless otherwise indicated)

## 22. SEGMENTED INFORMATION (continued)

For the year ended December 31, 2025							
		Corporate	El Cubo Mines Complex	Valenciana Mines Complex	San Ignacio Mine	Topia Mines	Total
Revenues	\$	41	32,151	8,419	9,393	28,781	78,785
Cost of sales		33	20,970	15,001	9,319	22,654	67,977
<b>Mine operating profit (loss)</b>		<b>8</b>	<b>11,181</b>	<b>(6,582)</b>	<b>74</b>	<b>6,127</b>	<b>10,808</b>
General and administration		3,560	2,351	585	653	1,999	9,148
Share based compensation		644	-	-	-	-	644
Exploration expenses		-	747	256	194	330	1,527
Care and maintenance		-	-	329	-	-	329
Foreign exchange loss (gain)		(145)	1,422	306	47	955	2,585
Other operating expense		40	1,887	9,963	3,402	-	15,292
<b>Operating profit (loss)</b>		<b>(4,091)</b>	<b>4,774</b>	<b>(18,021)</b>	<b>(4,222)</b>	<b>2,843</b>	<b>(18,717)</b>
Interest and finance (costs) income, net		(2,825)	(4)	370	(33)	(624)	(3,116)
Loss on derivative		(12,427)	-	-	-	-	(12,427)
Other finance income, net		134	-	-	-	-	134
<b>Segmented profit (loss) before income taxes</b>	\$	<b>(19,209)</b>	<b>4,770</b>	<b>(17,651)</b>	<b>(853)</b>	<b>2,219</b>	<b>(34,126)</b>

Notes to the consolidated financial statements  
(Expressed in thousands of US dollars, unless otherwise indicated)

## 22. SEGMENTED INFORMATION (continued)

For the year ended December 31, 2024							
		Corporate	El Cubo Mines Complex	Valenciana Mines Complex	San Ignacio Mine	Topia Mines	Total
Revenues	\$	45	28,364	12,450	9,976	24,829	75,664
Cost of sales		43	24,671	16,756	9,585	22,138	73,193
<b>Mine operating profit (loss)</b>		<b>2</b>	<b>3,693</b>	<b>(4,306)</b>	<b>391</b>	<b>2,691</b>	<b>2,471</b>
General and administration		3,772	2,696	522	417	1,038	8,445
Share based compensation		1,133	-	-	-	-	1,133
Exploration expenses		-	703	178	107	128	1,116
Foreign exchange loss (gain)		71	(448)	(2,075)	(96)	(1,316)	(3,864)
Other operating expense (income)		940	(75)	(231)	-	-	634
<b>Operating profit (loss)</b>		<b>(5,914)</b>	<b>817</b>	<b>(2,700)</b>	<b>(37)</b>	<b>2,841</b>	<b>(4,993)</b>
Interest and finance costs, net		(4,365)	(526)	(766)	(46)	(632)	(6,335)
Gain (loss) on derivative		(5,190)	-	527	-	-	(4,663)
Other finance income, net		495	-	-	-	-	495
<b>Segmented profit (loss) before income taxes</b>	\$	<b>(14,974)</b>	<b>291</b>	<b>(2,939)</b>	<b>(83)</b>	<b>2,209</b>	<b>(15,496)</b>

## 23. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

### a) Fair value measurement and valuation techniques

Financial instruments included in the 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 (short term investments)	The Company determines the value of the forward contracts using quoted prices. Fair value changes are charged to profit and loss.
Marketable securities (short term investments)	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.

The carrying value of cash and cash equivalents, restricted cash, 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 year ended December 31, 2025, and 2024, there were no transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy.

During the year, the Company recorded a derivative loss of \$3,710 (2024 – gain of \$597) on settlement of call options with respect to future sale of metals and foreign exchange currency. At December 31, 2025 the Company had no such derivatives outstanding.

Notes to the consolidated financial statements  
(Expressed in thousands of US dollars, unless otherwise indicated)

## 23. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

a) Fair value measurement and valuation techniques (continued)

December 31, 2025	Fair value through profit or loss		Amortized cost		Total	Level 1		Level 2		Carrying value approximates fair value
<b>Financial assets measured at fair value</b>										
Trade receivables from sale of concentrate	\$	9,240	\$	-	\$ 9,240	\$	-	\$	9,240	\$ -
Short term investments		3,242		-	3,242		3,242		-	-
	\$	<b>12,482</b>	\$	<b>-</b>	<b>\$ 12,482</b>	\$	<b>3,242</b>	\$	<b>9,240</b>	\$ <b>-</b>
<b>Financial assets not measured at fair value</b>										
Cash, cash equivalents and restricted cash	\$	-	\$	41,563	\$ 41,563	\$	-	\$	-	\$ 41,563
VAT and other receivables		-		4,292	4,292		-		-	4,292
	\$	<b>-</b>	\$	<b>45,855</b>	<b>\$ 45,855</b>	\$	<b>-</b>	\$	<b>-</b>	<b>\$ 45,855</b>
<b>Financial liabilities measured at fair value</b>										
Other current liabilities	\$	(1,842)	\$	-	\$ (1,842)	\$	-	\$	(1,842)	\$ -
Derivative		(5,170)		-	(5,170)		-		(5,170)	-
	\$	<b>(7,012)</b>	\$	<b>-</b>	<b>\$ (7,012)</b>	\$	<b>-</b>	\$	<b>(7,012)</b>	\$ <b>-</b>
<b>Financial liabilities not measured at fair value</b>										
Accounts payable and accrued liabilities	\$	-	\$	(25,913)	\$ (25,913)	\$	-	\$	-	\$ (25,913)
Ocean Partners loans		-		(14,538)	(14,538)		-		-	(14,538)
	\$	<b>-</b>	\$	<b>(40,451)</b>	<b>\$ (40,451)</b>	\$	<b>-</b>	\$	<b>-</b>	<b>\$ (40,451)</b>

## 23. 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	
<b>Financial assets measured at fair value</b>												
Trade receivables from sale of concentrate	\$	3,219	\$	-	\$	3,219	\$	-	\$	3,219	\$	-
Other assets		434		-		434		434		-		-
	\$	<b>3,653</b>	\$	<b>-</b>	\$	<b>3,653</b>	\$	<b>434</b>	\$	<b>3,219</b>	\$	<b>-</b>
<b>Financial assets not measured at fair value</b>												
Cash and cash equivalents	\$	-	\$	2,937	\$	2,937	\$	-	\$	-	\$	2,937
VAT and other receivables		-		8,680		8,680		-		-		8,680
	\$	<b>-</b>	\$	<b>11,617</b>	\$	<b>11,617</b>	\$	<b>-</b>	\$	<b>-</b>	\$	<b>11,617</b>
<b>Financial liabilities measured at fair value</b>												
Other current liabilities	\$	(2,063)	\$	-	\$	(2,063)	\$	-	\$	(2,063)	\$	-
Derivative		(3,259)		-		(3,259)		-		(3,259)		-
	\$	<b>(5,322)</b>	\$	<b>-</b>	\$	<b>(5,322)</b>	\$	<b>-</b>	\$	<b>(5,322)</b>	\$	<b>-</b>
<b>Financial liabilities not measured at fair value</b>												
Accounts payable and accrued liabilities	\$	-	\$	(20,238)	\$	(20,238)	\$	-	\$	-	\$	(20,238)
Ocean Partners loans		-		(11,257)		(11,257)		-		-		(11,257)
	\$	<b>-</b>	\$	<b>(31,495)</b>	\$	<b>(31,495)</b>	\$	<b>-</b>	\$	<b>-</b>	\$	<b>(31,495)</b>

### 23. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

#### b) Financial risk management

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include fluctuations in metal prices, exchange risk, credit risk, interest rate risk, and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

#### *Commodity price risk*

Gold and silver prices have historically fluctuated significantly and are 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, level of worldwide production, short-term changes in supply and demand due to speculative hedging activities and certain other factors. The ability of the Company to develop its mineral properties and exploration and evaluation assets is highly correlated to the market price of gold and silver. If metal prices decline for a prolonged period below the anticipated cost of production of the Company's mines, it may not be economically feasible to continue production.

The following table summarizes the effect on provisionally priced sales and accounts receivables of a 10% change in metal prices from the realized prices used at December 31, 2025:

<b>Metal</b>	<b>Change</b>	<b>Effect on Sales \$</b>
Silver	+/-10%	3,327
Gold	+/-10%	2,180
Lead	+/-10%	162
Zinc	+/-10%	263

#### *Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, and restricted cash, and amounts receivable. The Company deposits its cash and cash equivalents with high credit quality major Canadian and Mexican financial institutions as determined by ratings agencies. Trade accounts receivables from concentrate sales are held with large international metals trading companies with which the Company has no history of credit losses.

<b>As of</b>	<b>December 31 2025</b>	<b>December 31 2024</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents, and restricted cash	<b>41,564</b>	2,937
Trade receivables	<b>9,240</b>	3,219
VAT recoverable	<b>3,923</b>	7,784
Other receivables	<b>369</b>	895
Short term investments	<b>3,242</b>	434
	<b>58,337</b>	15,269

Short term investments consists of forward contracts and marketable securities which carry credit risk and currency risk.

During the year ended December 31, 2025 the Company recorded write-offs of VAT recoverable of \$2,425 and other receivables of \$1,544 to adjust such amounts at period end to their recoverable value.

## 23. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

### b) Financial risk management (continued)

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company has in place a planning and budgeting process to help determine the funds required for the Company to have the appropriate liquidity to meet its operating and growth objectives. The Company enters into contracts that give rise to commitments in the normal course of business. The following table summarizes the remaining contractual maturities of the Company's financial liabilities, shown in contractual undiscounted cash flows, including interest, at December 31, 2025:

	Expected payments by year as at December 31, 2025			
	Less than 1 year	1 - 5 years	After 5 years	Total
	\$	\$	\$	\$
Accounts payable and accrued liabilities	25,913	-	-	<b>25,913</b>
Loans	1,855	12,480	-	<b>14,335</b>
Interest on loans	2,485	2,410	-	<b>4,895</b>
Derivative payments	1,485	5,238	-	<b>6,723</b>
Lease obligations	256	155	44	<b>455</b>
ARO	-	-	19,793	<b>19,793</b>
Other liabilities	1,842	-	-	<b>1,842</b>
	<b>33,836</b>	<b>20,283</b>	<b>19,837</b>	<b>73,956</b>

#### *Interest rate risk*

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is mainly held in bank accounts at Canadian and Mexican chartered banks. A 1% increase in interest rates based on the Company's cash balance at December 31, 2025 would have an approximate \$400 impact on profit or loss.

The Company's interest rate risk principally arises from the interest rate impact on interest charged on its loan payable and lease liability. The Company's lease liability is subject to fixed interest rates thus any changes in external interest rates would not result in a significant impact on the Company's net loss.

#### *Currency risk*

Currency risk is the risk that foreign exchange rates will fluctuate significantly from expectations. The Company reports its financial statements in US dollars; however, it operates in Mexico which utilized both the Mexican Peso ("MXN") and the US Dollar ("USD") and Canada which utilized the Canadian dollar ("CAD") (collectively "Local Currencies"). Consequently, the financial results of the Company's operations as reported in US dollars are subject to changes in the value of the US dollar relative to the Local Currencies. Since a significant portion of the Company's operating costs and capital spending are in Local Currencies, the Company is negatively impacted by strengthening local currencies relative to the US dollar and positively impacted by the inverse.

### 23. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

#### c) Financial risk management (continued)

##### *Currency risk (continued)*

The Company is exposed to foreign currency risk through the following financial assets and liabilities:

<b>As at December 31, 2025</b>	<b>Canadian dollars ('000s)</b>	<b>Mexican pesos ('000s)</b>
Cash and cash equivalents	7,399	70,131
Amounts receivable	-	76,586
Other assets	4,183	-
Accounts payable and accrued liabilities	(471)	(455,605)
Current portion of lease liabilities	(42)	(3,914)
Lease liabilities	-	(2,738)
Provision for reclamation and rehabilitation	-	(166,915)
Income Tax Payable	-	(40,733)
<b>Total foreign currency exposure ('000s)</b>	<b>11,069</b>	<b>(523,188)</b>
<b>US\$ equivalent of foreign currency exposure</b>	<b>8,076</b>	<b>(27,722)</b>

The Company is primarily exposed to fluctuations in the value of CAD against USD and USD against MXN. With all other variables held constant, a 10% change in CAD against USD or USD against MXN would result in the following impact on the Company's net loss for the period:

<b>Currency</b>	<b>Change</b>	<b>Effect \$</b>
Canadian dollars	+/- 10%	731
Mexican pesos	+/- 10%	2,517

### 24. MANAGEMENT OF CAPITAL

The Company's capital consists of share capital, equity reserves, and deficit as well as loans and leases. The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support operations, mine refurbishment, exploration and development of its properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders. The Board of Directors has not established quantitative capital structure criteria management, but reviews, on a regular basis, the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

The Company's objectives when managing capital are:

- To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, to support continued operations, evaluation and maintenance at the Company's existing properties, and to acquire, explore, and develop other precious and base metal deposits.
- To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk and loss of principal; and
- To obtain the necessary financing to complete mine refurbishment and exploration and development of its properties, when it is required.

The properties in which the Company currently holds interests in are in the production and exploration stages and the Company is dependent on external financing to fund planned growth and working capital. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

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. Management may also consider raising additional equity financing. 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. In addition, the Company may issue new equity or incur additional debt, enter into joint venture arrangements, or dispose of certain assets. When applicable, the Company's investment policy is to hold cash in interest bearing accounts at high credit quality.

### 24. MANAGEMENT OF CAPITAL (continued)

financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends.

There were no changes in the Company's approach to capital management during the year ended December 31, 2025, compared to the year ended December 31, 2024. The Company is not subject to externally imposed capital requirements.

### 25. 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	\$ 15,203	\$ 2,379	\$ 2,229
Additions	5,800	43	5,870
Terminations or Disposals	-	(485)	(6,037)
Interest	4,279	-	-
Accretion	90	167	-
Payments in cash	(10,603)	(1,482)	-
Payments in gold and silver	(4,826)	-	-
Foreign exchange	(10)	(63)	-
Gain on settlement of debt	(441)	-	-
Changes in fair value of derivative	5,024	-	1
<b>As at December 31, 2024</b>	<b>14,516</b>	<b>559</b>	<b>2,063</b>
Additions	17,949	12	261
Terminations or Disposals	(18,252)	-	(481)
Interest	2,914	-	-
Accretion	-	54	-
Payments in cash	(5,886)	(262)	-
Foreign exchange	-	38	-
Changes in fair value	8,467	-	(1)
<b>As at December 31, 2025</b>	<b>\$ 19,708</b>	<b>\$ 401</b>	<b>\$ 1,842</b>

The significant non-cash financing and investing transactions during the year ended December 31, 2025 and 2024, are as follows:

	Year ended	
	December 31 2025	December 31 2024
Payment for OCIM loan in gold and silver ounces	\$ -	\$ 4,826
Closure and reclamation provision	\$ (12,407)	\$ (1,726)
Shares and warrants issued for finders' fees	\$ 1,001	\$ 387
Shares issued on settlement of debt	\$ -	\$ 3,674
Leases/ROU assets recognized	\$ 12	\$ 43
Fair value of warrants issued	\$ 838	\$ -
Shares issued for contingent payment	\$ -	\$ 1,000
Change in accounts payable related to payment of accrued lease liability payments	\$ 506	\$ -
Change in accounts payable related to purchase of property, plant and equipment	\$ 870	\$ -

### 26. 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. At December 31, 2025 the amount of funds restricted was \$2,083 and on January 7, 2026, the bank accounts were unfrozen.

During the fourth quarter, the court in Mexico City issued a ruling indicating that MMR is liable for damages and the reimbursement of costs. While the Company disputes certain aspects of the vendor's claims and continues to evaluate its legal position, management has assessed the matter in accordance with *IAS 37 – Provisions, Contingent Liabilities and Contingent Assets*. Based on the information currently available and consultations with external legal counsel, management has determined that it is probable that a settlement will result in an outflow of economic resources. Accordingly, the Company has recognized a provision of \$10,362 in the consolidated financial statements for the year ended December 31, 2025. The provision represents management's best estimate of the amount required to settle the obligation as at the reporting date. The estimate reflects the expected settlement value based on the status of negotiations and legal opinions. The provision has been recognized in the other operating expense in the statement of loss and comprehensive loss.

During the fourth quarter, the Company was assessed an administrative fine of \$2,789 for failure to notify the General Directorate of Mines (Dirección General de Minas) of a fatality that occurred on August 12, 2023. The Company is currently appealing the fine with respect to this matter. As at the reporting date, management has determined that recognition of the full amount is appropriate and has recorded a provision accordingly, with the expense recognized in other operating expense in the statement of loss and comprehensive loss.

The timing of the ultimate resolution of the matters remains uncertain and may depend on ongoing negotiations or legal proceedings, including the results of appeals. While management believes the recorded provision appropriately reflects the Company's current exposure, the outcome may differ from the amount accrued.

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 other provisions have been recorded by the Company.

### 27. SUBSEQUENT EVENTS

Subsequent to December 31, 2025:

- The Company issued 2,409,200 common shares under the ATM Program at a weighted average price of CAD\$0.8536 per share for gross proceeds of \$1,503 (CAD\$2,056).
- The Company granted 11,300,000 stock options. The options, which shall vest over a 3-year period, are exercisable up to five years from the grant date and have an exercise price of CAD\$0.50.
- The Company issued 25,386,679 common shares on the exercise of 25,386,679 warrants for gross proceeds of \$7,045 (CAD\$9,632).
- The Company issued 5,483,333 common shares on the exercise of 5,483,333 stock options for gross proceeds of \$1,846 (CAD\$2,534).
- The Company settled 50,000 RSUs through the issuance of 50,000 common shares.
- 800,000 stock options expired unexercised.

On January 14, 2026, the Company acquired the Bolanitos gold-silver mine located in Guanajuato, Mexico, from Endeavour Silver Corp. ("Endeavour") for total consideration of up to \$50,000. Under the terms of the Bolanitos Agreement, the Company acquires 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 was acquired for total upfront consideration at closing of \$40,000 (the "Upfront Consideration"), which is comprised of \$30,000 in cash and \$10,000 of GSilver common shares ("Guanajuato Shares") at a deemed price of US\$0.2709 (CAD\$0.3815) per share, resulting in the issuance of 36,908,363 common shares.

### 27. SUBSEQUENT EVENTS (continued)

In addition to the Upfront Consideration, the Company will make two contingent payments to Endeavour (the "Contingent Payments"), each being \$5,000, upon achieving production at Bolanitos 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 common 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.