



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

**Management's Discussion and Analysis**

**For the year ended December 31, 2025**

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the annual audited consolidated financial statements of Guanajuato Silver Company Ltd. ("GSilver" or the "Company"), for the year ended December 31, 2025, and the related notes contained therein (the "Financial Statements") which were prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the Company's audited consolidated financial statements for the year ended December 31, 2024. The Company uses certain non-IFRS financial measures in this MD&A as described under "Non-IFRS Measures". Additional information relating to the Company, including the most recent Annual Information Form (the "Annual Information Form"), is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). All amounts are expressed in thousands of United States ("US") dollars unless otherwise stated. Certain amounts shown in this MD&A may not add exactly to total amounts due to rounding differences. This MD&A contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained therein. All information contained in this MD&A is current and has been approved by the Board of Directors of the Company as of April 28, 2026, unless otherwise stated.

## QUALIFIED PERSON

The scientific and technical information contained in this MD&A relating to the Company's mines and mineral projects has been reviewed and approved by William Gehlen, Director of the Company. Mr. Gehlen is a Certified Professional Geologist with the American Institute of Professional Geologists (No. 10626) and a Qualified Person with the meaning of National Instrument 43-101, "Standards for Disclosure of Mineral Projects."

Mr. Gehlen has reviewed and verified technical data disclosed in this MD&A and has not detected any significant QA/QC issues during review of the data and is not aware of any sampling, recovery or other factors that could materially affect the accuracy or reliability of the drilling data referred to herein. The verification of data underlying the disclosed information includes reviewing compiled assay data; QA/QC performance of blank samples, duplicates and certified reference materials; and grade calculation formulas.

## FORWARD-LOOKING STATEMENTS

*Certain sections of this MD&A contain forward-looking statements and forward-looking information within the meaning of applicable securities legislation. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements or forward-looking information, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.*

*Forward-looking statements and forward-looking information contained or incorporated by reference in this MD&A may relate to the Company's future financial condition, results of operations, plans, budgets, objectives, performance or business developments including, among other things, cash flow forecasts, disclosure regarding policy, potential acquisitions, mining operations, production forecasts, exploration and work programs, permitting and drilling plans and the timing thereof, the performance characteristics of the Company's mining projects including production rates, quantity and grades of metals produced and revenue derived therefrom, development and exploration programs and anticipated results thereof, projections of market prices and costs, supply and demand for gold, silver and other precious or base metals, expectations regarding the ability to raise capital and to acquire mineral resources or mineral reserves through acquisitions or development, treatment under governmental regulatory regimes and tax laws, anticipated results and impacts of litigation, and capital expenditure programs, the timing and methods of financing thereof, the Company's plans and objectives with respect to Bolañitos, and other statements regarding future plans, expectations, guidance, projections, objectives, estimates and forecasts. Forward-looking statements and forward-looking information are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements and information, are inherently subject to significant business, economic and competitive uncertainties and contingencies.*

*The estimates and assumptions of the Company contained or incorporated by reference in this MD&A, which may prove to be incorrect, include, but are not limited to: (1) there being no significant disruptions affecting operations, whether due to labor disruptions, supply disruptions, power disruptions, damage to equipment, adverse weather conditions, natural disasters, wars, invasions or other armed conflicts, a global pandemic or otherwise; (2) permitting, access, production, development and exploration at the Company's mining projects (including, without limitation, land acquisitions) being consistent with the Company's current expectations; (3) the Company's assessment and interpretation of potential geological structures and mineralization including estimates of the location, quantity and grade of mineral resources and mineralized material at its mining properties being accurate in all material respects; (4) the sufficiency of the Company's current working capital to successfully ramp-up production of concentrate from the Company's Valenciana, San Ignacio and Topia mines in accordance with the Company's budgeted costs, timing and expectations (5) the ability of the Company to successfully integrate Bolañitos into its existing operations on a basis consistent with the Company's current expectations including the availability of excess processing and tailings capacity at CMC; (6) the ability of the Company to execute its contract mining strategy at the Topia mine and processing plant; (7) actual production rates, quantity and grade of metals, and revenue derived from, and capital and operating costs of, its mining projects being consistent with current expectations; (8) certain price assumptions for gold, silver, zinc, lead and other metals; (9) prices for and availability of equipment, labor, natural gas, fuel oil, electricity, water and other key supplies remaining consistent with current levels; (10) the ability of the Company to generate positive cash flow from operations and the timing thereof, (11) labor and materials costs increasing on a basis consistent with the Company's current expectations; (12) the availability and timing of additional financing being consistent with the Company's current expectations; (13) the Company's ability to obtain regulatory approvals and permits in a timely manner and on terms consistent with current expectations; (14) political developments in Mexico including, without limitation, the implementation of new mining laws and related regulations being consistent with the Company's current expectations; (15) the exchange rate between the Canadian dollar and the U.S. dollar or between the U.S. dollar and the Mexican Peso being approximately consistent with current levels; (16) key*

*personnel will continue their employment with the Company and the Company will be able to obtain and retain additional qualified personnel, as needed, in a timely and cost efficient manner; and (17) the absence of any material adverse effects arising as a result of political instability, tariffs, wars, terrorism, sabotage, vandalism, theft, labor disputes, natural disasters, adverse weather and climate related events, equipment failures, elevated inflation and interest rates, adverse changes in government legislation or the socio-economic conditions affecting the Company's mining projects or the mining industry in general.*

*Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and forward-looking information. Such factors include, but are not limited to: the timing and availability of additional capital, fluctuations in the currency markets; fluctuations in the spot and forward price of gold, silver, zinc, lead or other commodities (such as diesel fuel and electricity); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, Mexico, or other countries in which the Company may carry on business in the future; business opportunities that may be presented to, or pursued by, the Company; the Company's ability to successfully integrate acquisitions; operating or technical difficulties in connection with exploration, development and production activities; employee relations; the speculative nature of silver and gold exploration and development, including the risks of obtaining necessary licenses and permits; competition for, among other things, capital, acquisitions of mineral resources or mineral reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of acquisitions, geological, technical, drilling and processing problems, fluctuations in foreign exchange or interest rates and stock market volatility, changes in income tax laws or changes in tax laws and incentive programs relating to the mineral resource industry; the impact of tariffs; and contests over title to properties, particularly title to undeveloped properties and the ability of the Company to accomplish its plans and objectives with respect to Bolañitos within the expected timing. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and silver, gold and other metals concentrate losses including theft (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). See also "Risks and Uncertainties" herein. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements or forward-looking information made by, or on behalf of, the Company. There is also uncertainty about the implications of any global pandemic that may occur, ongoing global conflicts, inflation, higher interest rates, and the impact they will have on the Company's operations, personnel, supply chains, ability to access properties or procure exploration equipment, contractors, and other personnel on a timely basis or at all and economic activity in general. There can be no assurance that forward-looking statements and forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and information. Forward-looking statements and forward-looking information are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements and forward-looking information made in this MD&A are qualified by these cautionary statements and those made in the Company's other filings with applicable securities regulators in Canada including, but not limited to, the Financial Statements and the Annual Information Form. These factors are not intended to represent a complete list of the factors that could affect the Company, and readers should not place undue reliance on forward-looking statements or forward-looking information in this MD&A. The Company disclaims any intention or obligation to update or revise any forward-looking statements and forward-looking information, whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements and forward-looking information, except to the extent required by applicable law.*

*The forward-looking statements and forward-looking information contained herein are based on information available as of the date of this MD&A.*

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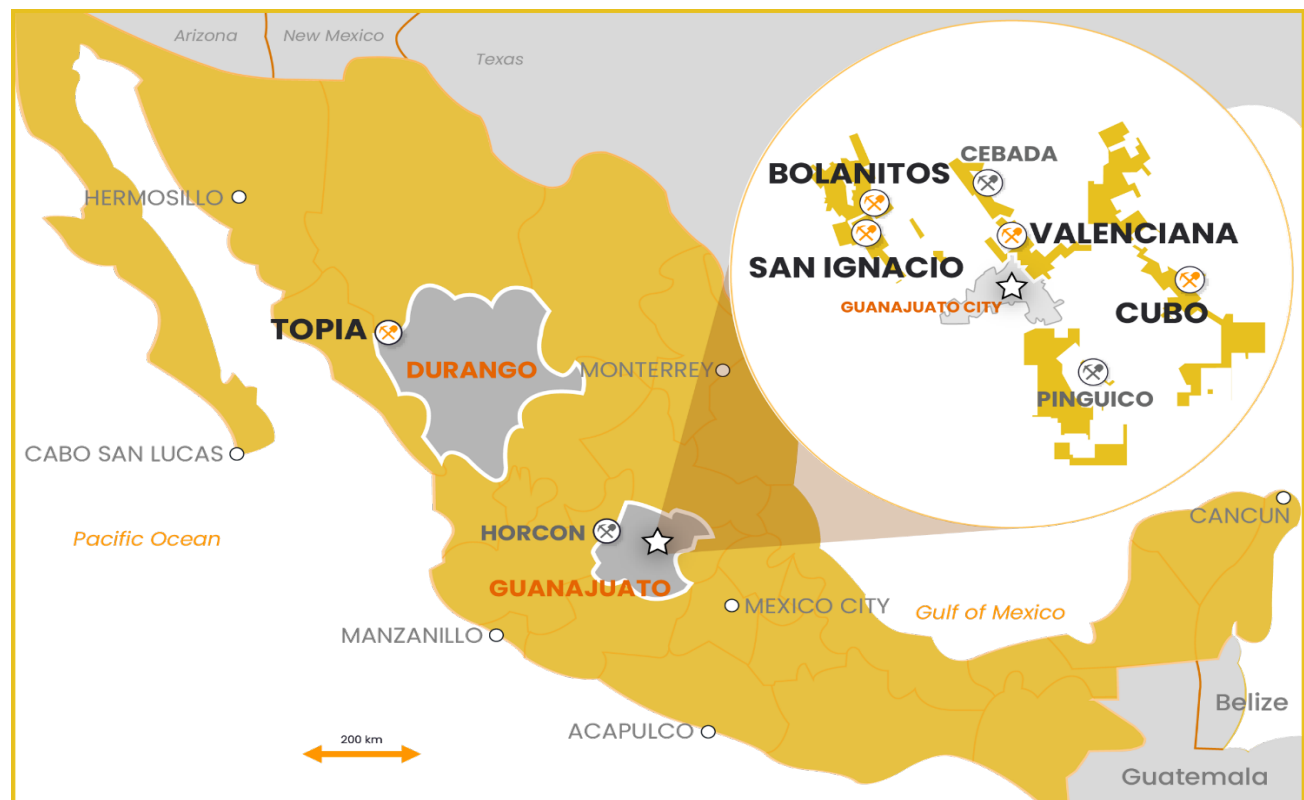


## COMPANY HISTORY, OVERVIEW & STRATEGY

Guanajuato Silver is a precious metals producer; as at December 31, 2025, the Company was operating four silver mines in Central Mexico. In the state of Guanajuato, GSilver produces silver and gold from El Cubo Mines Complex, which includes the Villalpando and Santa Cecilia mines ("Villalpando" and "Santa Cecilia"); mineralized material is processed through the CMC mill. Additionally in Guanajuato, the Company operates the Valenciana Mines Complex and San Ignacio mine; mineralized material is processed at the Cata mill ("Cata"). On January 15, 2026, the Company completed the acquisition of Bolañitos gold-silver mine ("Bolañitos") also located in Guanajuato, adjacent to San Ignacio Mine, and as a result, now operates five mines in Central Mexico. GSilver also produces silver, gold, lead and zinc from the Topia Mines Complex located in Durango, Mexico.

The Company was incorporated under the *Business Corporations Act* of British Columbia in 1978 and is a publicly traded company on the TSX Venture Exchange ("TSXV") and quoted on the OTCQX over-the-counter market in the USA under the symbol "GSVRF". The Company's head office, as well as its registered and records offices, is located at Suite 578 – 999 Canada Place, Vancouver, British Columbia, Canada, V6C 3E1.

The Company's focus is to develop mining operations within central Mexico through the advancement of its existing mineral concessions and through acquisition of additional operations and mineral resources and reserves.



General location of the Company's mines

### Going concern

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 of \$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 and completed a bought deal public offering for gross proceeds of CAD\$43,500. 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.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

As a responsible mining company, GSilver understands the significance of Environmental, Social, and Governance (“ESG”) factors in the Company’s mining operations. The Company pledges to conduct its business sustainably and conscientiously, striving to generate long-term value for its stakeholders while minimizing any adverse impact on the environment and society. GSilver’s management firmly believes that responsible mining is both a moral obligation and a business necessity. Consequently, the Company endeavors to adhere to high ethical and compliance standards, ensuring that it operates transparently and with integrity. GSilver’s commitment to ESG values is not only fundamental to its business strategy but also critical to securing the trust and support of its customers, investors, employees, and communities where the Company operates. The Company’s core areas of focus are outlined below; alongside tangible actions it is taking to accomplish and maintain these objectives.

<b>Health and Safety</b> 	<b>Ethics and Governance</b> 	<b>Environmental Impact</b> 	<b>People , Community and Culture</b> 
<ul style="list-style-type: none"> <li>• Breast Cancer Prevention Program in Local Communities in Coordination with the Health Ministry</li> <li>• Support 2 health clinics adjacent to Cubo and Valenciana</li> <li>• Health and Environment Programs for our personnel</li> <li>• Water not intended for human consumption was provided to several local communities</li> </ul>	<ul style="list-style-type: none"> <li>• "Joint efforts" program with local and state governments: roads, infrastructure, transportation, etc.</li> <li>• Code of Ethics and Business Conduct, Whistleblower and Anti-Bribery and Anti-Corruption policies in place</li> <li>• Code of Prevention, Safety, Health and Sustainability policy</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing reforestation and refuse cleanup campaigns</li> <li>• Synergy with local authorities to fix waste management at our operations</li> <li>• Implementing a hydraulic backfill procedure that will have an immediate positive environmental impact at VMC</li> <li>• Implementing drystack tailings at El Cubo</li> <li>• Implementation of Environmental Training Programs in Community Schools</li> </ul>	<ul style="list-style-type: none"> <li>• 16% of the entire Mexican operations workforce are female</li> <li>• 100% of our Mexico operations are staffed by Mexican employees (929 as of December 31st, 2025)</li> <li>• Engagement and collaboration with the University of Guanajuato, including an internship and social service program</li> <li>• Improvement of local community buildings, homes and schools and technology access. Monthly clean up brigades</li> <li>• Curator of the Guanajuato Mining Museum at Valenciana. A key component of Guanajuato’s UNESCO World Heritage Status</li> </ul>

## ACQUISITION OF BOLAÑITOS

The Company entered into a definitive agreement (the “Bolañitos Agreement”) dated November 21, 2025 to acquire the Bolañitos gold-silver mine (“Bolañitos”) located in Guanajuato, Mexico, from Endeavour Silver Corp. (TSX:EDR) (“Endeavour”) for total consideration of up to \$50 million (the “Bolañitos Transaction”), consisting of (i) upfront consideration of \$40 million that was paid on closing and (ii) contingent consideration of \$10 million; the Bolañitos Transaction closed on January 15, 2026.

### Transaction Terms

GSilver acquired all of the outstanding shares of Minera Bolañitos S.A. de C.V., a subsidiary of Endeavour, that holds all the mining assets located in the Guanajuato district currently held by Endeavour. Bolañitos is being acquired for total upfront consideration at closing of US\$40 million (the “Upfront Consideration”), which is comprised of US\$30 million in cash and US\$10 million of GSilver common shares (“Guanajuato Shares”) at a deemed price of US\$0.2709413 (Cdn\$0.3815) per share. In addition to the Upfront Consideration, GSilver will make two contingent payments to Endeavour (the “Contingent Payments”), each being US\$5 million, upon achieving production of two million ounces of silver-equivalent and four million ounces of silver-equivalent, respectively. Each Contingent Payment will be satisfied 50% in cash and 50% in Guanajuato Shares (“Contingent Shares”), subject to the Maximum Percentage (as defined below).

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

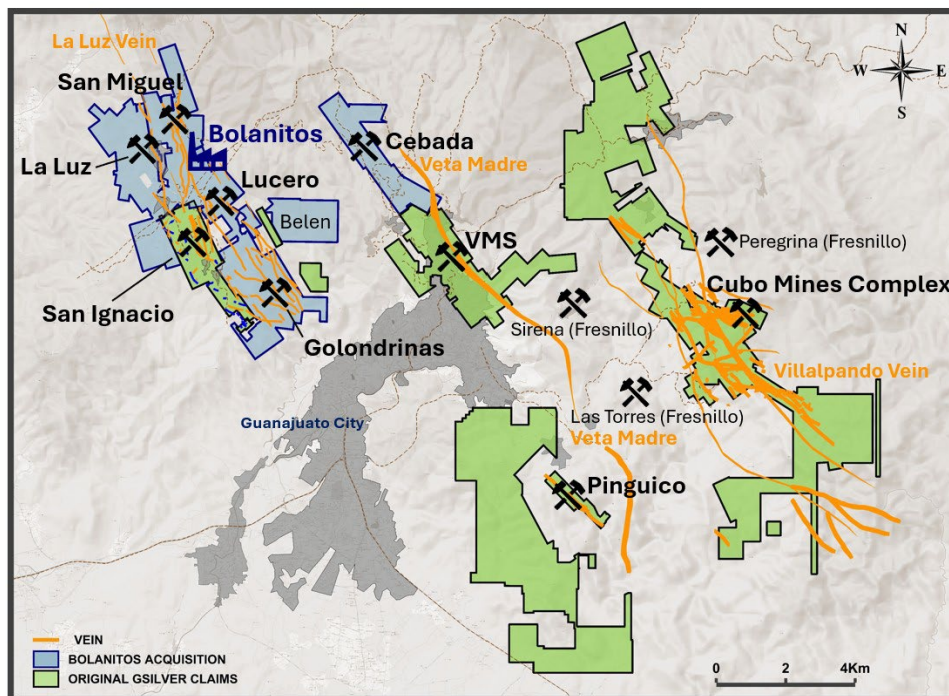
Any Contingent Shares shall be issued at a price (the “Contingent Share Issue Price”) equal to the greater of (i) the volume weighted average trading price of the shares (“VWAP”) on the TSXV for the 10 consecutive trading days immediately preceding the applicable milestone payment date (the “Market Price”) converted to United States dollars using the average exchange rate posted by the Bank of Canada on the day preceding the applicable milestone payment date, and (ii) the minimum price permitted by the TSXV (which is US\$0.18909). The maximum number of Contingent Shares issuable for all Contingent Payments is 26,442,434 shares. Any additional Contingent Shares will be subject to the prior approval of the TSXV. If applicable, GSilver will make a cash payment to Endeavour equal to any shortfall between the aggregate Contingent Share Issue Price and the Market Price, at the time of each Contingent Payment.

In connection with the Bolañitos Transaction, Endeavour and GSilver entered into an investor rights agreement (the “Investor Rights Agreement”) which includes, among other things, participation rights in favour of Endeavour. Pursuant to the Investor Rights Agreement, Endeavour has also agreed to vote its Common Shares in accordance with recommendations of the Company’s board of directors in respect of general matters for a period of 12 months and to certain restrictions on transfer on the Common Shares issued on closing. All Common Shares issued on closing are subject to voluntary restrictions on transfer for a period of 12 months, after which 50% of the Common Shares will be subject to restrictions for an additional two years. The Common Shares are also subject to a statutory hold period that expires on May 16, 2026.

The Bolañitos Transaction is arm’s length and no finder’s fees were paid in connection with the Bolañitos Transaction.

### Bolañitos Property Details

Bolañitos consists of 29 mining concessions totaling 3,046 hectares. Bolañitos is the Company’s fifth producing precious metals mine in Mexico and the Company operates three primary silver mines (Topia, Valenciana, and El Cubo) and two primary gold mines (Bolañitos and San Ignacio). As Bolañitos is adjacent to the Company’s San Ignacio mine, the Transaction will allow for the incorporation of material produced from the San Ignacio Mine into the Bolañitos mines complex and this will generate improved economics and expanded mine life. Mineralized material mined at San Ignacio will now be transported to the nearby 1,600 tonne per day Bolañitos flotation plant; this is expected to make transport costs negligible and expected to ensure that full capacity is achieved at the mill. The map below shows the location of Bolañitos relative to three of the existing mines of the Company, which are shaded in green.



2025 production at Bolañitos totaled 1,829,957 silver-equivalent (AgEq) ounces from 393,940 tonnes grading 57 g/t silver and 1.37 g/t gold for 608,388 ounces of silver and 15,270 ounces of gold. Silver and gold recoveries were 84.0% and 87.9% respectively. AgEq was calculated at 80:1 silver to gold ratio (see Endeavour MD&A for the year ended December 31, 2025). Production at Bolañitos has been relatively consistent for several years and will add incrementally to the Company's total annual production.

Table 1: Historic Bolañitos production from 2021-2025. Source: See Endeavour Management's Discussion & Analysis for the Years Ended December 31, 2025, December 31, 2024, December 31, 2023, December 31, 2022, and December 31, 2021, filed by Endeavour on SEDAR+.

Historic Bolañitos Production					
	2025	2024	2023	2022	2021
<b>Silver production (oz)</b>	608,388	452,627	567,466	622,892	491,212
<b>Gold production (oz)</b>	15,270	25,230	22,903	21,813	24,652
<b>Silver-Equivalent* production (oz)</b>	1,829,957	2,471,027	2,399,706	2,367,932	2,463,572
<b>Ore processed (t)</b>	393,940	427,646	44,973	422,239	418,514
<b>Silver grade / gold grade (g/t)</b>	57 / 1.37	39 / 1.98	47 / 1.82	52 / 1.77	42 / 2.02
*80:1 Silver:Gold ratio					

The Company has filed a National Instrument 43-101 Technical Report (the "Bolañitos Report"). The Bolañitos Report was prepared by Hard Rock Consulting, LLC, with an effective date of March 19, 2026, and supports the disclosure made by the Company in its news releases dated November 24, 2025, and January 15, 2026. The Report has been filed under the Company's SEDAR+ profile and can be viewed at [sedarplus.ca](http://sedarplus.ca).



## Mineral Reserve Estimate

Table 1: Mineral Reserve Estimate, Effective Date December 31<sup>st</sup>, 2025

Classification	Mine Area	Tonnes (kt)	Diluted Grades			Contained Metal		
			Ag (g/t)	Au (g/t)	AgEq (g/t)	Ag (koz)	Au (koz)	AgEq (koz)
Proven	La Luz	39.4	50	1.53	188	63.7	1.9	238.4
	Lucero	5.9	83	1.12	184	15.8	0.2	35.0
	San Miguel	12.8	55	1.75	212	22.5	0.7	87.3
<b>Proven Total</b>		<b>58.2</b>	<b>55</b>	<b>1.54</b>	<b>193</b>	<b>102.0</b>	<b>2.9</b>	<b>360.7</b>
Probable	La Luz	75.0	118	1.05	213	285.2	2.5	513.4
	Lucero	192.4	64	1.04	157	395.4	6.4	973.7
	San Miguel	63.2	62	1.40	188	126.2	2.9	382.7
<b>Probable Total</b>		<b>330.6</b>	<b>76</b>	<b>1.11</b>	<b>176</b>	<b>806.9</b>	<b>11.8</b>	<b>1,869.8</b>
<b>Total Proven and Probable Reserves</b>		<b>388.7</b>	<b>73</b>	<b>1.17</b>	<b>178</b>	<b>908.8</b>	<b>14.7</b>	<b>2,230.5</b>

### Notes to accompany Mineral Reserves table:

- The effective date of the diluted Mineral Reserves estimate is December 31, 2025. The QP for the estimate, Mr. Jeffery Choquette, PE, of Hard Rock Consulting, LLC, is independent of Guanajuato Silver Company Ltd.
- Mineral Reserves are reported at the point of delivery to the process plant using the 2014 CIM Definition Standards.
- A 134 g/t AgEq cut-off is used for reporting the Mineral Reserves at La Luz and San Miguel and a 135 g/t AgEq cut-off is used for reporting Mineral Reserves at Lucero.
- Cut-off grade calculations are based on an average mining cost of \$US51.91/t, a processing cost of \$US26.28/t, a G&A cost of \$US15.93/t, a non-deductible of \$US0.44/t, and a 1% NSR Government Royalty.
- Metallurgical recoveries for cut-off grade calculations were 85.3% for silver and 90.1% for gold.
- Price assumptions are \$US30.00 per troy ounce for silver and \$US2,550.00 per troy ounce for gold for resource cut-off calculations.
- Silver equivalents are based on a 90:1 silver to gold price ratio using the following formula:  $AgEq = Ag + (Au * \text{Equivalent Factor})$  where  $\text{Equivalent Factor} = ((Au \text{ price} * Au \text{ Recovery}) / (Ag \text{ price} * Ag \text{ Recovery}))$ .
- A combined internal and external dilution factor of 66% was factored into the Mineral Reserves estimates along with a 91.6% ore loss factor.
- Tonnage and grade estimates are in metric units.
- Mineral Reserve tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding.

## Mineral Resource Estimate

Table 2: Mineral Resource Estimate, Effective Date December 31<sup>st</sup>, 2025

Classification	Tonnes	Grade			Metal Content		
		Ag (g/t)	Au (g/t)	AgEq (g/t)	Ag (oz)	Au (oz)	AgEq (oz)
Measured	45,000	114	2.5	335	165,000	4,000	487,000
Indicated	938,000	105	2.3	310	3,167,000	69,000	9,352,000
Measured & indicated	983,000	105	2.3	311	3,332,000	73,000	9,839,000
Inferred	1,021,000	126	2.0	310	4,130,000	67,000	10,185,000

- The effective date of the undiluted in-situ Mineral Resource estimate is December 31, 2025. The QP for the estimate, Mr. Richard A. Schwering, SME-RM of Hard Rock Consulting, LLC, is independent of Guanajuato Silver Company Ltd.
- Mineral Resources are reported exclusive of Mineral Reserves.
- Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that any or all part of the mineral resources will be converted into mineral reserves.
- Inferred Mineral Resources are that part of a mineral resource for which the grade or quality are estimated on the basis of limited geological evidence and sampling. Inferred Mineral Resources do not have demonstrated economic viability and may not be converted to a Mineral Reserve. It is reasonably expected, though not guaranteed, that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
- Mineral Resources are reported using multiple silver equivalent cut-offs based on production area. silver equivalent cut-off grades are 134 g/t for veins located in the La Luz and San Miguel production areas, 135 g/t for veins located in the Lucero production area, 140 g/t for the remaining veins at Bolañitos.
- Cut-off grade calculations are based on an average mining cost of US \$51.91/t, a processing cost of US \$26.28/t, a G&A cost of US \$15.93/t, a non-deductible of US \$0.44/t, and a 1%NSR Government Royalty.
- Metallurgical recoveries for cut-off grade calculations were 85.3% for silver and 90.1% for gold.
- Price assumptions are US \$30.00 per troy ounce for silver and US \$2,550.00 per troy ounce for gold for resource cut-off calculations.
- Silver equivalents are based on a 90:1 silver to gold price ratio calculated using the following formula:  $AgEq = Ag + (Au * \text{Equivalent Factor})$  where  $\text{Equivalent Factor} = ((Au \text{ price} * Au \text{ Recovery}) / (Ag \text{ price} * Ag \text{ Recovery}))$ .
- Rounding may result in apparent differences when summing tonnes, grade and contained metal content. Tonnage and grade measurements are in metric units. Grades are reported in grams per tonne (g/t). Contained metal is reported as troy ounces (oz)

Additional information regarding the Bolañitos mine project can be found in the technical report dated April 23, 2026 (effective date March 19, 2026) titled "NI 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the Bolañitos Project, Guanajuato State, Mexico" and prepared by Mr. Richard A. Schwering, SME-RM, P.G., Jeffery Choquette, P.E., Brian Arthur, SME-RM., each employees or contractors of Hard Rock Consulting, LLC and Douglas Grant Feasby, P. Eng. Of P&E Mining Consultants Inc., which is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

The scientific and technical information set out under the heading "Mineral Resources Estimate" has been reviewed and approved by Richard A. Schwering, SME-RM, P.G. an employee of Hard Rock Consulting, LLC and a Qualified Person as defined by National Instrument 43-101. Mr. Schwering is independent of the Company.

The scientific and technical information set out under the heading "Mineral Reserve Estimate" has been reviewed and approved by Jeffery Choquette, P.E. an employee of Hard Rock Consulting, LLC and a Qualified Person as defined by National Instrument 43-101. Mr. Choquette is independent of the Company.



## OPERATIONAL AND DEVELOPMENT ACTIVITIES

During the fourth quarter of 2025, the Company continued its drive for continuous improvement at its mine and plant operations. Refer to notes to the table set forth on page 12 for the assumptions regarding calculation of silver equivalent in this section.

### El Cubo Mine Complex (CMC)

During Q4 2025, the CMC plant processed 34,620 tonnes of milled mineralized material, producing 147,008 ounces of silver equivalent, comprised of 68,500 ounces of silver and 1,022 ounces of gold. Total production went up 3% from the previous quarter and 49% from Q4 2024.

The operation completed 666 meters of development, a decrease of 19% from the previous quarter and an increase of 3% from Q4 2024. Part of this increase was attributed to the rehabilitation of the mine's Jumbo drill.

Development activities continued at the Villalpando, San Eusebio and Pacman areas, with the aim of generating mining blocks for Q1 2026.

Work continues on the design and evaluation of the hydraulic fill system, with the aim of prioritizing its implementation in 2026. Additionally, the Company constructed a concentrate dryer for the Cubo plant during the quarter, which will lower moisture in the concentrates prior to shipment, saving the Company on trucking and rehandling costs at the port of delivery. Construction was approximately 80% complete at year end and the dryer was commissioned in Q1 2026.

### Valenciana Mines Complex (VMC)

During Q4 2025, the VMC plant processed 14,344 tonnes of milled mineralized material, producing 67,284 ounces of silver equivalent, comprised of 31,398 ounces of silver and 461 ounces of gold. Total production went down 3% from the previous quarter and 38% from Q4 2024.

The operation completed 579 meters of development, a decrease of 21% from the previous quarter and 44% from Q4 2024.

At the end of Q4 2025, the Company temporarily closed the Cata processing plant. The material from San Ignacio and VMC mining operations was diverted to the Cubo plant in December 2025 to increase milling efficiency and plant utilization. The mines at VMC continue to operate normally.

### San Ignacio Mine

During Q4 2025, the San Ignacio mine produced 11,470 tonnes of mineralized material, which were shipped to Cata and Cubo processing plants. A total of 51,474 ounces of silver equivalent were produced, comprised of 23,649 ounces of silver and 360 ounces of gold. Total production went down 13% from the previous quarter and 30% from Q4 2024.

The operation completed 585 meters of development, a decrease of 16% from the previous quarter and 17% from Q4 2024. Development is focused on the Melladito Sur.

The objective of Q4 was optimizing operations and improving process efficiency. Tonnage extracted from the San Ignacio mine was sent to the CMC plant, and grinding is carried out in campaigns, generating a database for the processing of this particular mineral and obtaining better recoveries due to the conditions of the equipment at the Cubo plant. San Ignacio mineralized material will ultimately be processed at the Bolañitos plant which acquisition was completed in Q1 2026.

### Topia Mine

During Q4 2025, the Topia plant processed 12,133 tonnes of milled mineralized material, producing 230,474 ounces of silver equivalent, comprised of 172,289 ounces of silver, 268 ounces of gold, 807,449 pounds of lead and 875,798 pounds of zinc. Total AgEq production increased 24% from the previous quarter and decreased by 12% from Q4 2024.

The operation completed 1,828 meters of underground development, a decrease of 12% from the previous quarter and 6% from Q4 2024. The mine met its development objectives for the quarter and prepared 2026 production areas in El Salto and Rosario II.

### Pinguico Project

During the quarter, contractor selection was finalized and initial works completed at the Pinguico site including development of the underground maintenance shop and explosives storage site. Additional development will continue in 2026.

## EXPLORATION ACTIVITIES

### El Cubo Mine Complex

During Q4 2025, a total of 618 meters of drilling were completed at El Cubo, focused on the Pacman and Villalpando veins.

During the quarter, a new third-party driller has been contracted and began drilling in late November. Drilling objectives are focused on the Villalpando Vein, from the 680-level station, and the New Vein, from the 705 level station, with both veins located along the 705 ramp.

### San Ignacio Mine

During Q4 2025, a total of 598 meters of drilling were completed at the San Ignacio Mine, focused on the Santa Paula Vein and West Vein, both of which are located in the western portion of the Company's holdings. Additional drilling will also occur at Melladito South Deep and San Pedro areas.

### Topia

During Q4 2025, a total of 1,732 meters of drilling were completed at the Topia mine, focused on the Argentina, Union del Pueblo and 1522 mines.

The majority of this drilling was completed via a surface program that will continue through H1 2026.

### QA/QC

The Company adheres to thorough QA/QC procedures and practices that exceed standard regulatory requirements when managing the Company's testing and sampling. Drill core was first reviewed by a Company geologist, who identified and marked intervals for sampling. The marked sample intervals were then cut in half with a diamond saw; half of the core was left in the core box and the other half was removed, placed in plastic bags, sealed and labeled. Intervals and unique sample numbers are recorded on the drill logs and the samples are sequenced with standards and blanks inserted according to a predefined QA/QC procedure. The samples are maintained under security on site until they are shipped to the analytical lab. The analytical work reported on herein was performed by the Company's local laboratory, located at the Valenciana Mines Complex at Ex-Hacienda de Bustos in Guanajuato City. This laboratory is owned and operated by the Company and is not independent. To validate the Company's assay results and preparation procedures, GSilver customarily sends additional random samples representing approximately 20% of all analytical samples to one of two ISO certified labs: Quimico Platinum, located at Silao, Guanajuato or Bureau Veritas located in Hermosillo, Sonora, Mexico. Both laboratories are certified at the ISO/IEC (International Organization for Standardization/International Electrotechnical Commission) geo-analytical laboratory and are independent of GSilver and its "qualified person". Core samples were subject to crushing at a minimum of 70% passing two millimetres, followed by pulverizing of a 250-gram split to 85% passing 75 microns. Gold determination was via standard atomic absorption (AA) finish 30-gram fire assay (FA) analysis, in addition to silver and 34-element using fire assay and gravimetry termination. Following industry-standard procedures, blank and standard samples were inserted into the sample sequence and sent to the laboratory for analysis. Data verification of the analytical results included a statistical analysis of the standards and blanks that must pass certain parameters for acceptance to ensure accurate and verifiable results. As of the date of this MD&A, the Company has not yet received the results of the random samples sent to the independent laboratory.

## OPERATING HIGHLIGHTS

Commercial production at the El Cubo Mines Complex ("CMC") commenced on October 1, 2021. The Valenciana Mines Complex ("VMC"), the San Ignacio mine ("San Ignacio") and the Cata mill facility, and the Topia Mines Complex ("Topia") were acquired on August 4, 2022. Topia had continuous production throughout the acquisition. The San Ignacio mine recommenced production in August 2022 and production at the Valenciana mine also began in August 2022. Recommissioning of the Cata plant began in December 2022 with processing commencing in January 2023.

The following table summarizes the Company's consolidated operating results for the three months and year ended December 31, 2025 and 2024:

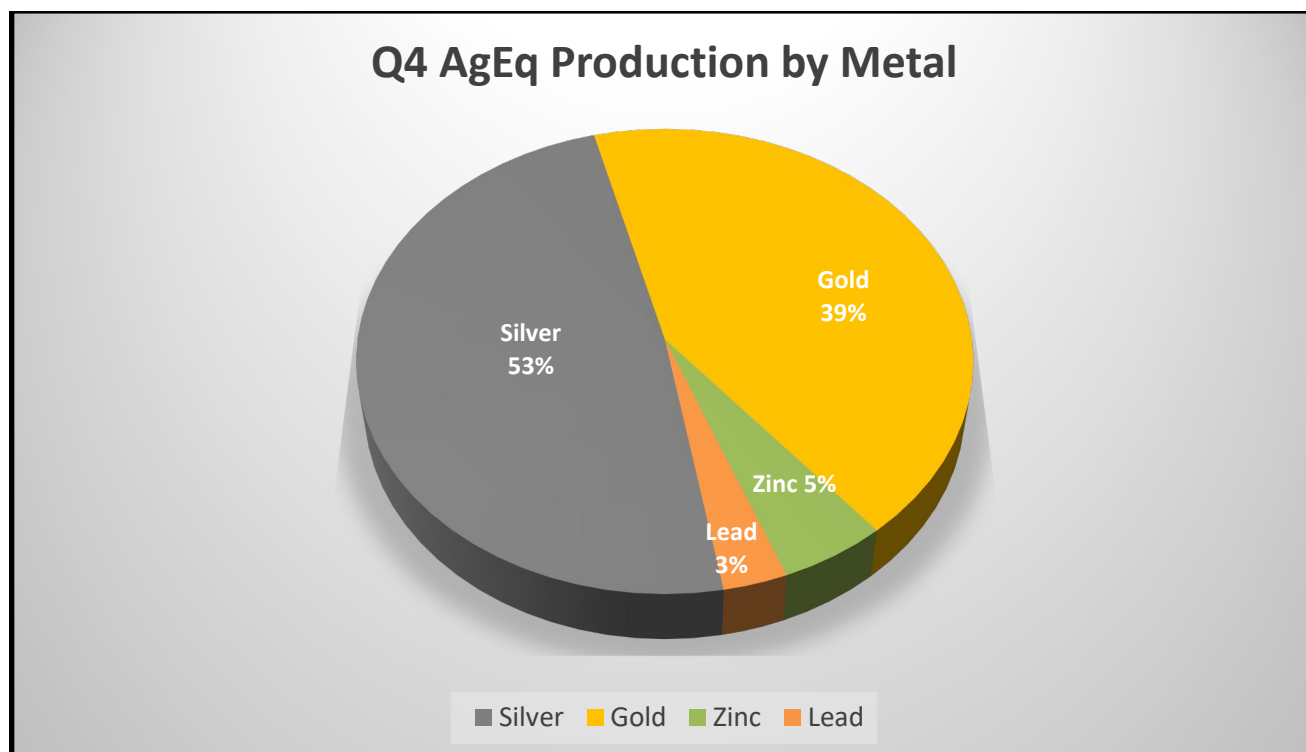
CONSOLIDATED	Three months ended			Year ended		
	December 31, 2025	December 31, 2024	% Change	December 31, 2025	December 31, 2024	% Change
<b>Operating</b>						
Tonnes mined	75,827	136,962	(45%)	397,747	611,128	(35%)
Tonnes milled	72,567	135,584	(46%)	397,795	606,656	(34%)
Average tonnes milled per day	864	1,614	(46%)	1,184	1,806	(34%)
Average silver grade (g/t)	142.05	107.61	32%	114.04	97.36	17%
Average gold grade (g/t)	1.05	0.96	10%	1.00	1.01	(1%)
Average silver recovery (%)	87.85	82.15	7%	84.94	85.62	(1%)
Average gold recovery (%)	83.36	78.95	6%	80.82	84.23	(4%)
Silver ounces produced	295,836	385,342	(23%)	1,243,601	1,625,912	(24%)
Gold ounces produced	2,110	3,298	(36%)	10,395	16,554	(37%)
Lead produced (lbs)	807,449	739,440	9%	2,787,175	3,231,921	(14%)
Zinc produced (lbs)	875,798	985,895	(11%)	3,380,069	3,901,785	(13%)
Silver equivalent ("AgEq") ounces produced <sup>(1)</sup>	496,241	730,484	(32%)	2,351,010	3,321,273	(29%)
Silver ounces sold	295,414	405,785	(27%)	1,265,787	1,613,121	(22%)
Gold ounces sold	2,218	3,122	(29%)	10,859	16,250	(33%)
Lead sold (lbs)	783,418	788,759	(1%)	2,834,583	3,119,518	(9%)
Zinc sold (lbs)	811,587	1,139,781	(29%)	3,384,149	3,948,597	(14%)
AgEq ounces sold <sup>(1)</sup>	497,673	743,153	(33%)	2,410,885	3,280,436	(27%)
Cost per tonne (\$) <sup>(4)</sup>	240.24	106.21	126%	150.90	101.52	49%
Cash cost per AgEq ounce (\$) <sup>(1)(2)(4)</sup>	34.67	19.84	75%	25.67	18.64	38%
AISC per AgEq ounce (\$) <sup>(1)(3)(4)</sup>	43.12	24.98	73%	31.76	23.44	35%
<b>Diamond Drilling</b>						
Villalpando/El Cubo Drilling (metres)	618	-	100%	3,661	1,425	157%
Valenciana Mine (metres)	-	864	(100%)	477	1,741	(73%)
San Ignacio Mine (metres)	598	-	100%	2,488	249	899%
Topia Mine (metres)	1,732	346	400%	3,623	1,166	211%

- Silver equivalents are calculated using 75.73:1 (Ag/Au), 0.02:1 (Ag/Pb) and 0.03:1 (Ag/Zn) ratio for Q4 2025; an 84.86:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q4 2024; an 85.93:1 (Ag/Au), 0.02:1 (Ag/Pb) and 0.03:1 (Ag/Zn) ratio for YTD 2025 and an 84.48:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2024, respectively.
- Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 28.
- AISC per AgEq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 28.
- Mine operating cash flow before taxes, Cash cost per silver equivalent, cost per tonne, AISC per AgEq ounce, EBITDA, Adjusted EBITDA and working capital are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 26.

## FOURTH QUARTER PRODUCTION SUMMARY

Q4 2025 - Production Summary	El Cubo Mines Complex	Valenciana Mines Complex	San Ignacio Mine	Topia	Consolidated
Tonnes mined	35,590	15,358	12,647	12,233	75,827
Tonnes milled	34,620	14,344	11,470	12,133	72,567
Silver ounces produced	68,500	31,398	23,649	172,289	295,836
Gold ounces produced	1,022	461	360	268	2,110
Lead produced (lbs)	-	-	-	807,449	807,449
Zinc produced (lbs)	-	-	-	875,798	875,798
Silver equivalent ("AgEq") ounces produced <sup>(1)</sup>	147,008	67,284	51,474	230,474	496,241
Silver ounces sold	68,150	38,996	23,099	165,169	295,414
Gold ounces sold	994	606	353	265	2,218
Lead sold (lbs)	-	-	-	783,418	783,418
Zinc sold (lbs)	-	-	-	811,587	811,587
AgEq ounces sold <sup>(1)</sup>	142,274	85,046	49,679	220,674	497,673
Cost per tonne <sup>(5)</sup>	145.66	231.98	196.43	561.30	240.24
Cash cost per AgEq ounce <sup>(1)(2)(3)(5)</sup>	34.85	49.97	44.36	27.92	34.67
AISC per AgEq ounce <sup>(1)(3)(4)(5)</sup>	35.83	63.13	47.33	28.64	43.12

1. Silver equivalents are calculated using 75.73:1 (Ag/Au), 0.02:1 (Ag/Pb) and 0.03:1 (Ag/Zn) ratio for Q4 2025. This also applies to the chart below this table.
2. Production costs include mining, milling, and direct overhead at the operation sites. See reconciliation on page 28.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 28.
4. AISC per AgEq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 28.
5. Cash cost per silver equivalent, AISC per AgEq ounce and cost per tonne are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 26.



## Production

In Q4, total production amounted to 496,241 ounces of silver equivalent, which is comprised of 295,836 ounces of silver, 2,110 ounces of gold, 807,449 pounds of lead, and 875,798 pounds of zinc (see footnote to table above for calculation of silver equivalent). This represents a 32% decrease in silver equivalent ounces compared to Q4 2024. Out of total production, CMC accounted for 147,008 silver equivalent ounces, which is 30% of the total production, VMC contributed 67,284 silver equivalent ounces, representing 14% of the total production, San Ignacio's production was 51,474 representing 10% of the total, while Topia added 230,474 silver equivalent ounces, making up the remaining 46%.

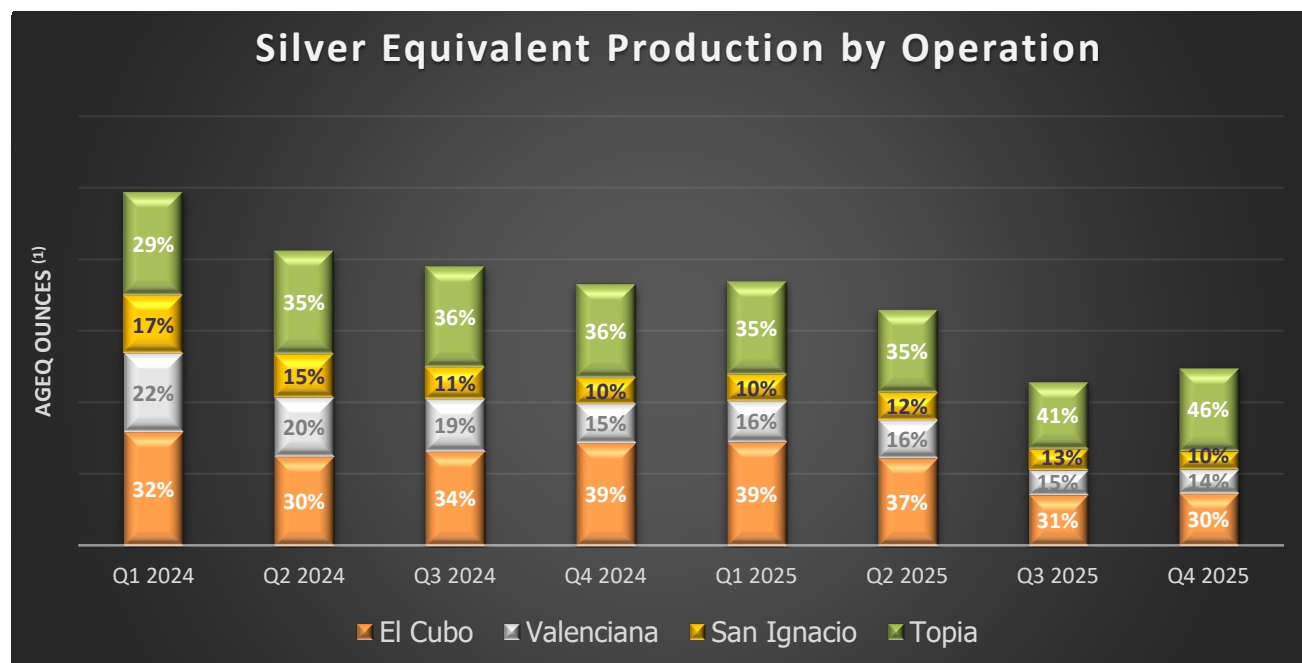
The Company's three plants processed a total of 72,567 tonnes of mineralized material with average grades of 142.05 grams per tonne ("g/t") for silver and 1.05 g/t for gold, compared to production in the same quarter of the prior year of 135,584 tonnes at average grades of 107.61 g/t of silver and 0.96 g/t of gold which represents a decrease of 46% in tonnes processed, 32% increase in average silver grades and 10% increase in average gold grades. Average silver recoveries increased by 7% from 82.15% in Q4 2024 to 87.85% in Q4 2025. Gold recoveries increased by 6% in the same periods, from 78.95% in Q4 2024 to 83.36% in Q4 2025. The decrease in production during the current quarter can be attributed to reduction in fresh mineralized material and also equipment availability. Both issues are currently being addressed including the acquisition of additional equipment in Q1 2026, and a focus on new developments.

## Cash Cost and All-In Sustaining Cost per Ounce

In Q4 2025, production costs per tonne increased by 126% to \$240.24 compared to \$106.21 in the corresponding period of 2024 mainly due to a decrease of tonnes milled by 46% to 72,567 in Q4 2025 compared to 135,585 in Q4 2024 along with an increase of production costs of 21% in Q4 2025 compared to Q4 2024.

Cash cost and AISC per AgEq ounce produced for the quarter were \$34.67 and \$43.12, respectively, which represents an increase of 75% and 73%, compared to Q4 2024 of \$19.84 and \$24.98, respectively, and is primarily due to a 32% decrease of silver equivalent ounces produced to 496,241 in Q4 2025 from 730,485 AgEq ounces in Q4 2024, along with an increase of 19% in cash costs in Q4 2025 compared to Q4 2024, and an increase of 44% in general and administrative expenses, partially offset with a decrease of 42% in operating lease payments and a decrease of 16% in sustaining capital expenditures,

*(Cash cost per silver equivalent and AISC per AgEq ounce and production cost per tonne are non-IFRS financial measures with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 26).*



1. Silver equivalents are calculated using 75.73:1 (Ag/Au), 0.02:1 (Ag/Pb) and 0.03:1 (Ag/Zn) ratio for Q4 2025; 87.70:1 (Ag/Au), 0.02:1 (Ag/Pb) and 0.03:1 (Ag/Zn) ratio for Q3 2025; 97.44:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q2 2025; 89.68:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q1 2025; 84.86:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q4 2024; 84.04:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q3 2024; an 81.05:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2024; and an 88.72:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q1 2024.



## FINANCIAL HIGHLIGHTS

The financial results were as follows for the three months and year ended in December 31, 2025 and 2024:

CONSOLIDATED	Three months ended			Year ended		
	December 31, 2025	December 31, 2024	% Change	December 31, 2025	December 31, 2024	% Change
	\$	\$		\$	\$	
<b>Revenue</b>	<b>22,720</b>	<b>19,038</b>	<b>19%</b>	<b>78,785</b>	<b>75,664</b>	<b>4%</b>
<b>Cost of Sales</b>	<b>(18,660)</b>	<b>(16,376)</b>	<b>14%</b>	<b>(67,977)</b>	<b>(73,193)</b>	<b>(7%)</b>
Production costs	(17,433)	(14,401)	21%	(60,027)	(61,589)	(3%)
Transportation and selling costs	(174)	(629)	(72%)	(1,992)	(2,446)	(19%)
Inventory changes	(1)	(67)	(99%)	(851)	862	(199%)
<b>Mine operating cash flow before taxes <sup>(5)(7)</sup></b>	<b>5,112</b>	<b>3,941</b>	<b>30%</b>	<b>15,915</b>	<b>12,491</b>	<b>27%</b>
Depreciation and depletion	(1,052)	(1,279)	(18%)	(5,107)	(10,020)	(49%)
<b>Mine operating income</b>	<b>4,060</b>	<b>2,662</b>	<b>53%</b>	<b>10,808</b>	<b>2,471</b>	<b>337%</b>
General and Administration	(2,824)	(1,980)	43%	(9,148)	(8,445)	8%
SBC Compensation	(98)	(118)	(17%)	(644)	(1,133)	(43%)
Exploration	(501)	(249)	101%	(1,527)	(1,116)	37%
Care & maintenance	(329)	-	100%	(329)	-	100%
Foreign exchange gain (loss)	(182)	690	(126%)	(2,585)	3,864	(167%)
Other operating income (expenses)	(16,297)	139	(11,824%)	(15,292)	(635)	2,312%
Interest and finance costs, net	(647)	(1,439)	(55%)	(3,116)	(6,335)	(51%)
Loss on derivatives	(6,793)	(160)	4,146%	(12,427)	(4,663)	167%
Other finance (expense) income, net	41	(47)	187%	134	495	(73%)
<b>Loss before income taxes</b>	<b>(23,570)</b>	<b>(502)</b>	<b>4,595%</b>	<b>(34,126)</b>	<b>(15,496)</b>	<b>120%</b>
Current income tax expense	(2,040)	(1,911)	7%	(3,263)	(1,911)	71%
<b>Net loss</b>	<b>(25,610)</b>	<b>(2,413)</b>	<b>961%</b>	<b>(37,389)</b>	<b>(17,407)</b>	<b>115%</b>
Loss per share - basic and diluted	<b>(0.04)</b>	<b>(0.01)</b>	<b>300%</b>	<b>(0.07)</b>	<b>(0.04)</b>	<b>75%</b>
Weighted Average Shares Outstanding (thousands)	639,734	455,223	41%	524,168	404,037	30%
EBITDA <sup>(1)(5)</sup>	(21,848)	2,256	(1,068%)	(25,797)	1,025	(2,617%)
Adjusted EBITDA <sup>(2)(5)</sup>	(592)	1,749	(134%)	3,189	3,633	(12%)
Cash cost AgEq per ounce <sup>(3)(5)</sup>	34.67	19.84	75%	25.67	18.64	38%
AISC cost per AgEq ounce <sup>(4)(5)</sup>	43.12	24.98	73%	31.76	23.44	35%
Realized silver price per ounce <sup>(6)</sup>	55.54	31.44	77%	39.43	28.21	40%
Realized gold price per ounce <sup>(6)</sup>	4,161.94	2,664.40	56%	3,356.31	2,342.36	43%
Realized lead price per pound <sup>(6)</sup>	0.90	0.91	(2%)	0.89	0.94	(5%)
Realized zinc price per pound <sup>(6)</sup>	1.44	1.38	4%	1.30	1.27	3%
Sustaining capital expenditures	1,049	1,250	(16%)	4,203	5,645	(26%)
Working capital <sup>(5)</sup>	14,204	(15,387)	192%	14,204	(15,387)	192%

1. See Reconciliation of Earnings before interest, taxes, depreciation, and amortization on page 27.

2. See reconciliation of Adjusted EBITDA on page 27.

3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 28.

4. AISC per AgEq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 28.

5. Mine operating cash flow before taxes, Cash cost per silver equivalent, AISC per AgEq ounce, EBITDA, Adjusted EBITDA and Working capital are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 26.

6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.

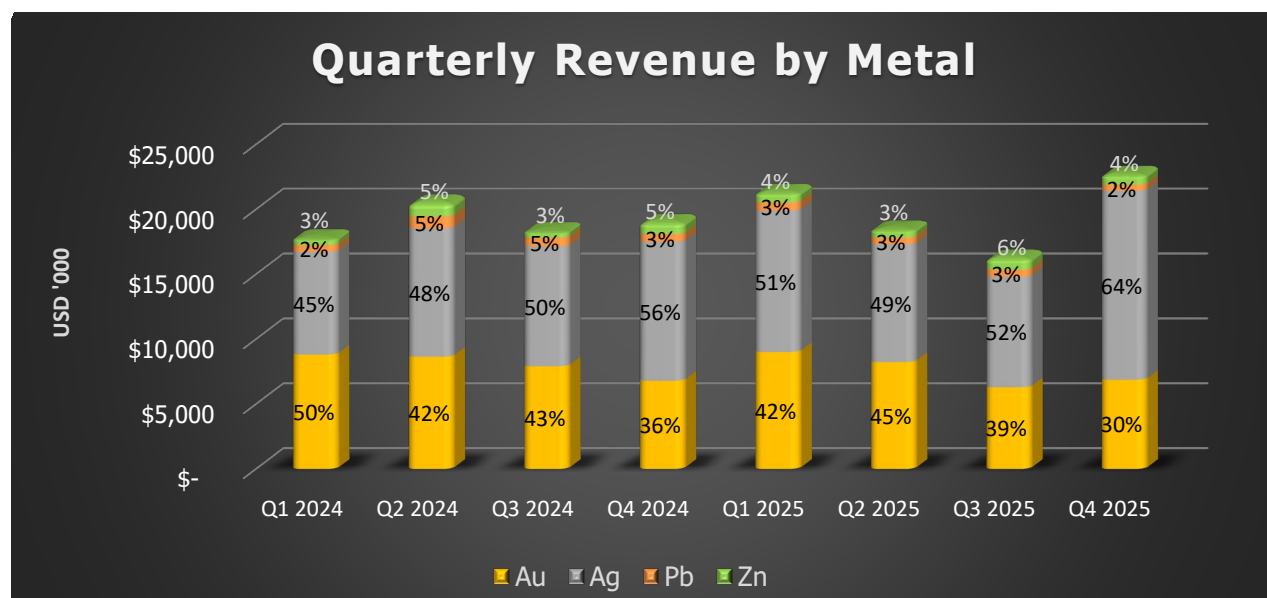
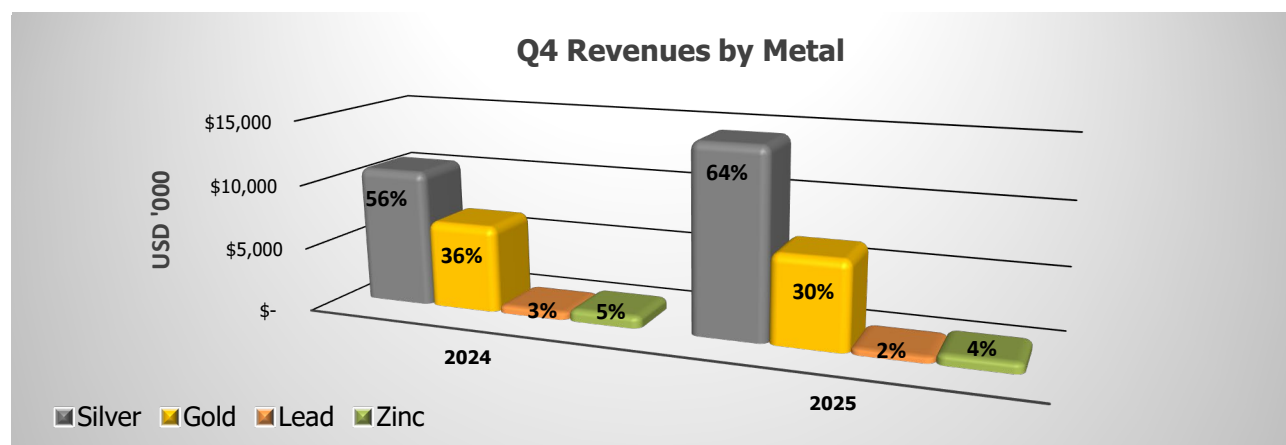
7. Mine operating cash flow before taxes is calculated by adding back depreciation, depletion, and inventory write-downs to mine operating loss. See Reconciliation to IFRS on page 28.

## THREE YEAR COMPARISON

As at	December 31, 2025	December 31, 2024	December 31, 2023
	\$	\$	\$
Total revenue	78,785	75,664	66,167
Net loss	(37,389)	(17,407)	(31,943)
Net loss per share	(0.07)	(0.04)	(0.10)
Cash and cash equivalents	39,481	2,937	1,957
Total assets	104,632	71,177	76,740
Long term debt	20,109	15,075	17,582
Shareholders' equity	27,154	12,846	10,795

During the year ended December 31, 2025, net loss increased by 115% compared to prior year, mainly attributed to additional \$14,658 of other operating expenses that the Company recognized. This increase includes a loss of \$13,151 related to legal claims (more details are included in the Contingencies and Contractual Obligations section in page 32), a loss of \$2,725 related to non recoverable VAT, a loss of \$1,232 due to the "Cata Plant" impairment as management decided to put it on care and maintenance, other losses of \$1,055, partially offset by a gain on ARO estimate of \$3,505.

Cash and cash equivalents increased from December 31, 2024 to December 31, 2025 by 1,244%. In October 2025, the Company completed a bought deal public offering (the "2025 Bought Deal") and issued 87,000,000 units at \$0.36 (CAD\$0.50) per unit for gross proceeds of \$31,071 (CAD\$43,500).



*Three months ended December 31, 2025 (compared to the three months ended December 31, 2024)*

## Revenue

During the three months ended December 31, 2025, the Company generated revenues of \$22,720 net of metal deductions, treatment, and refining costs \$2,671. This represents an 19% increase of revenues compared to same period in the prior year mainly due to higher realized prices per ounce, which offset lower production volumes. During the current quarter, the realized silver and gold price per ounce sold averaged \$56 and \$4,162, a 77% and 56% increase, respectively, compared to \$31 and \$2,664 per ounce in Q4 2024. In the last quarter of 2025, the Company sold 295,414 ounces of silver and 2,218 ounces of gold representing a decrease of 27% and 29% respectively compared to sales during Q4 2024. Additionally, the Company sold 783,418 pounds of lead at a realized price of \$0.90 and 811,587 pounds of zinc at a realized price of \$1.44 from the Topia Mine.

## Cost of sales

Cost of sales is comprised of production cost, including mining, processing, maintenance and site general administration, net inventory changes in the period, transportation and selling cost and depreciation and depletion. The increase of 14% in cost of sales for the three months ended December 31, 2025, compared to the same period in 2024 is mainly due to a 21% increase of production costs partially offset by a decrease of 72% in transportation and selling costs attributed to the decrease of Ecology tax no longer payable out of Topia and lower sales volumes, and an 18% decrease in depletion and depreciation attributed to the increase to the estimated life of mine for El Cubo and San Ignacio.

## General and administration

General and administration expenses increased by 43% or \$844 during the three months ended December 31, 2025, compared to Q4 2024, mainly attributed to an increase of \$532 in corporate administration expenses and \$172 in professional fees including legal expenses and tax consulting, along with a \$157 increase in salaries, partially offset by lower depreciation expenses.

## Exploration

General exploration costs increased 101% to \$501 in the three months ended December 31, 2025, compared to \$249 in the same period in 2024. Total meters drilled during Q4 2025 was 2,948 compared to 1,210 meters drilled in Q4 2024.

## Share-based compensation

Share-based compensation decreased by \$20 or 17% for the three months ended December 31, 2025, compared to the same period in 2024. During the quarter ended in December 2025, 616,000 options were forfeited due to employee departures.

## Care & maintenance

During the three months ended December 31, 2025, the Company decided to put one of its processing plants "Cata Plant" on care & maintenance and recognized an expense of \$329 (three months ended December 31, 2024 - \$nil).

## Foreign exchange gain (loss)

For the three months ended December 31, 2025, foreign exchange losses increased by \$872 or 126%, compared to the same period in 2024, from a foreign exchange gain of \$690 in the comparative period to a foreign exchange loss of \$182 in the current quarter, primarily reflecting the strengthening of the Mexican peso in 2025 versus its weakening in the comparative three months of 2024.

## Other operating income (expenses)

During the three months ended December 31, 2025, other operating expense was \$16,297 compared to an income of \$139 in the same period in 2024. In Q4 2025 the Company recognized a loss of \$13,151 related to legal claims (more details are included in the Contingencies and Contractual Obligations section in page 32), a loss of \$2,725 related to non recoverable VAT, a loss of \$1,232 due to the "Cata Plant" impairment as management decided to put it on care and maintenance, a loss in other account receivables impairment of \$1,544, a loss of \$160 in inventory impairment and PP&E disposal and additional other operating losses of \$990, partially offset by a gain in ARO estimate of \$3,505.

During the three months ended December 31, 2024, the Company recognized a gain in toll milling and sale of scrap material of \$84 and a gain on proceeds on sale of land of \$91, partially offset by \$34 write-off of a receivable with Great Panther and \$2 on PP&E disposal

## Interest and finance costs

Interest and finance costs decreased by \$792 or 55% for the three months ended December 31, 2025, compared to the three months ended December 31, 2024. This decrease is mainly due to lower accretion expenses by \$18 accrued in Q4 2025, along with lower interest accrued on debt being held in Q4 2025 compared to the same period in 2024, resulting in a reduction of \$307. This reduction in interest was a result of the Company amending its loan agreement with Ocean Partners UK Limited ("Ocean Partners"). 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, which was paid in the third quarter of 2025. Of the remaining 7,110 gold ounces, 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. The remaining one-third of the outstanding balance, 2,370 gold ounces, will be paid on conclusion of the 36-month term. This Enhanced Facility's balance, as of December 31, 2025, was \$14,447 and has an implied rate of 18.84%, as compared to the Expanded Facility which had an implied rate of 28.22%.

During Q4 2025, there was an increase of \$466 mainly attributed to the recognition of interest income received in relation to taxes claimed and refunded by \$338, and \$128 related to interests gained in investments.

#### Gain (loss) on derivatives

Under the Enhanced Facility, the requirement to deliver gold ounces is considered a derivative which is required to be revalued at the end of each reporting period. Additionally, as the Company repays these loans, the derivative portion of the loan will result in a gain or loss on settlement.

For the three months ended December 31, 2025, the Company recognized an unrealized loss of \$2,790 on the revaluation of the derivative on the Enhanced Facility and a loss of \$4,003 on certain call and put options held by the Company with respect to future sales of metals, FX currency protection and Exchange-Traded funds transactions.

For the three months ended December 31, 2024, the Company recognized a loss on derivatives of \$160. This result includes a gain of \$325 on the revaluation of the derivative on the outstanding loan, a realized loss of \$1,027 on the settlement of the derivative portion of the repayments to Ocean Partners, an unrealized gain of \$510 in changes of fair value on forward silver and gold pricing sales and a realized gain of \$32 on premiums on call options.

#### Other finance items, net

During the three months ended December 31, 2025, other finance income increased by \$88 or 187% compared to the same period in 2024. In Q4 2025 the Company recognized a gain of \$41 on revaluation of financial assets.

During the three months ended December 31, 2024, the Company recognized a loss on settlement of debt of \$49 originated on the modification of the delivery terms of the Expanded Facility with Ocean Partners where the parties agreed to defer the December 2024 payment to December 2026, with early payment of the January and February 2025 instalments, offset by a gain of \$2 on revaluation of commodities and marketable securities.

#### Current income tax expense

During the three months ended December 31, 2025, the Company recognized \$2,040 as current income tax expense (three months ended December 31, 2024 - \$1,911).

### *Year ended December 31, 2025 (compared to the year ended December 31, 2024)*

#### Revenues

Revenues of \$78,785 net of metal deductions, treatment, and refining costs \$11,333 for the year ended December 31, 2025, increased by 4% compared to \$75,664 net of metal deductions, treatment, and refining costs \$12,194 for the year ended December 31, 2024, mainly driven by higher realized prices per ounce offsetting lower production volumes. As of December 31, 2025, realized silver and gold price per ounce sold averaged \$39 and \$3,356, a 40% and 43% increase, respectively, compared to \$28 and \$2,342 per ounce in the same period of 2024.

During the year ended December 31, 2025, the Company sold 1,265,787 ounces of silver and 10,859 ounces of gold which is a 22% and 33% decrease, respectively, compared to the same period in 2024. Additionally, the Company sold 2,834,583 pounds of lead at a realized price of \$0.89 and 3,384,149 pounds of zinc at a realized price of \$1.30 from the Topia Mine.

#### Cost of sales

Cost of sales for the year ended December 31, 2025, decreased by 7% compared to the same period of 2024 mainly attributed to a decrease of depreciation and depletion of 49% due to the increase to the estimated life of mine for El Cubo and San Ignacio, a decrease of 19% in transportation and selling costs and a 3% decrease in production costs due primarily to lower production.

#### General and administration

During the year ended December 31, 2025, general and administrative expenses increased by 8%, or \$703 compared to the same period in 2024, mainly attributed to an increase of \$564 in corporate administration and \$360 in professional fees including legal services, tax consulting. The increase was partially offset by a reduction of \$162 in salaries, wages and benefits due to a management restructuring in Mexico in late 2024, which also shifted some expenses from administrative costs to operating costs. Depreciation also decreased by \$59 during the year due to asset disposals.



## Exploration

General exploration costs increased 37% to \$1,527 in the year ended December 31, 2025, compared to \$1,116 in the same period in 2024. During the year ended December 31, 2025, as part of the exploration program, the Company drilled 10,248 meters (3,661 in CMC, 477 in VMC, 2,488 in San Ignacio and 3,623 in Topia) while during the same period in 2024, the total meters was 4,581 (1,425 in CMC, 1,741 in VMC, 249 in San Ignacio and 1,166 in Topia).

## Share-based compensation

Share-based compensation decreased by \$489 or 43% for the year ended December 31, 2025, compared to the same period in 2024 mainly due to 4,060,000 forfeited options during 2025 due to employee departures.

## Care & maintenance

During the year ended December 31, 2025, the Company decided to put one of its processing plants "Cata Plant" on care & maintenance and recorded an expense of \$329 (year ended December 31, 2024 - \$nil).

## Foreign exchange gain (loss)

For the year ended December 31, 2025, foreign exchange losses increased by \$6,449 or 167%, compared to the same period in 2024, from a foreign exchange gain of \$3,864 in the comparative period to a foreign exchange loss of \$2,585 in the year ended December 31, 2025, primarily reflecting the strengthening of the Mexican peso in 2025 versus its weakening in the comparative year of 2024.

## Other operating income (expenses)

During the year ended December 31, 2025, other operating expenses increased by \$14,658 or 2,312% compared to the same period in 2024. As of December 31, 2025, the Company has recognized a loss of \$13,151 related to legal claims (more details are included in the Contingencies and Contractual Obligations section in page 32), a loss of \$2,725 related to non recoverable VAT, a loss of \$1,232 due to the "Cata Plant" impairment as management decided to put it on care and maintenance, a loss in other account receivables impairment of \$1,544, a loss of \$181 in inventory impairment and PP&E disposal and other losses of \$402, partially offset by a gain on ARO estimate of \$3,505 and a gain in toll milling agreement and sale of scrap of \$438.

During the year ended December 31, 2024, the Company recognized a contingent payment of \$1,000 related to a milestone payment associated with the acquisition of El Cubo Complex that was triggered upon the Company producing 3,000,000 ounces of silver equivalent from the combined project as during this period. Additionally, during the year ended December 31, 2024, the Company recorded an impairment of \$161 for VAT non recoverable and \$34 write-off of a receivable with Great Panther. These expenses were partially offset by a \$561 gain on disposal of PP&E and sale of scrap material.

## Interest and finance costs

Interest and finance costs decreased by \$3,219 or 51% for the year ended December 31, 2025, compared to the same period in 2024. This decrease is attributed to lower accretion expenses accrued by \$391 along with \$1,422 lower interest accrued on debt being held as of December 31, 2025, compared to the same period in 2024. The current Enhanced Facility's balance, as of December 31, 2025, was \$14,447 and has an implied rate of 18.84%, as compared to the Expanded Facility which had an implied rate of 28.22%.

During the year ended December 31, 2025, the Company recognized interest income of \$1,406 mainly related to the accrued interest on the VAT receivable of \$1,218 along with interest income in investments of \$188.

During 2024, the Company held the Ocean Partners gold loan with an ending balance as of the end of the year of \$11,257. In September 2024, the Company fully repaid the OCIM loan with the final delivery of silver and gold.

During the year ended December 31, 2024, the interest expense was offset by \$163,229 of interest income received in relation to taxes claimed and refunded.

## Gain and loss on derivatives

Under the Enhanced Facility and the OCIM facility (which was fully repaid in September 2024), the requirement to deliver gold and silver ounces is considered a derivative which is required to be revalued at the end of each reporting period. Additionally, as the Company repays the OCIM and Ocean Partners loans, the derivative portion of the loan will result in a gain or loss on settlement. Furthermore, the Company recognizes gains or losses on the changes of fair value on forward silver and gold pricing sales agreements with Ocean Partners that at expiry result additionally in premiums on call options in the Company's favour.

During the year ended December 31, 2025, the Company recognized a loss of \$8,343 on the revaluation of the derivative of the Enhanced Facility. Additionally, during the same period, there was a realized loss of \$374 on the settlement of the derivative portion of the loan repayment of the facility, and a realized loss of \$3,710 on call and put options related to future sales of metals, FX currency protection and Exchange-Traded funds transactions.

In the year ended December 31, 2024, the Company recognized a loss of \$4,663 that includes a loss of \$3,280 on revaluation of the derivative of the outstanding facility with Ocean Partners. Additionally, during the year, there was a realized loss of \$1,979 on the settlement of the loan's repayment, and a realized gain of \$596 on premiums on call options.

#### Other finance items, net

During the year ended December 31, 2025, the Company recognized a gain of \$88 on settlement of debt resulting from the amendment of the Ocean Partner's credit facility and a gain of \$46 on revaluation of financial assets carried at fair value.

During the year ended December 31, 2024, the Company recognized a gain on settlement of debt of \$441 in relation to the restructuring of the latest Ocean Partner's credit facility and the amendment of the delivery terms, a realized gain of \$63 on sales and maturity of securities offset by a loss on revaluation of commodities and marketable securities of \$9

#### Current income tax expense

During the year ended December 31, 2025, the Company recognized a current income tax expense of \$3,263 (year ended December 31, 2024 - \$1,911).

## SUMMARY OF QUARTERLY RESULTS

The following tables summarize the Company's consolidated revenue, net loss and loss per share for the last 8 quarters:

CONSOLIDATED	Three Months Ended			
	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025
<b>Financial</b>	\$	\$	\$	\$
Revenue	22,720	16,277	18,458	21,330
Net loss	(25,610)	(5,824)	(3,682)	(2,272)
Loss per share - basic and diluted	(0.04)	(0.01)	(0.01)	(0.00)

CONSOLIDATED	Three Months Ended			
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
<b>Financial</b>	\$	\$	\$	\$
Revenue	19,038	18,309	20,551	17,765
Net loss	(2,413)	(4,864)	(2,750)	(7,382)
Loss per share - basic and diluted	(0.01)	(0.01)	(0.01)	(0.02)

In Q4 2025 revenues increased 40% to \$22,720 compared to revenues of \$16,277 in the third quarter of 2025, despite the 5% decrease in silver equivalent ounces sold to 497,673 from 521,929. The increase therefore is mainly attributed to higher metal prices from Q3 to Q4. The net loss increased by 340% from \$5,824 in Q3 2025 to \$25,610 in Q4 2025 primarily as a result of the increase of \$17,123 of other operating expenses recognized in Q4 along with the increase of \$4,753 in loss on derivatives, partially offset by an increase of mine operating income by \$5,538.

In Q3 2025 revenues decreased 12% to \$16,277 compared to revenues of \$18,458 in the second quarter of 2025, which is consistent with the decrease of 19% in silver equivalent ounces sold to 521,929 from 648,313. The net loss increased by 58% from \$3,682 in Q2 2025 to \$5,824 in Q3 2025 primarily as a result of the lower mine operating income discussed above.

In Q2 2025, revenues decreased 13% to \$18,458 compared to revenues of \$21,330 in the first quarter of 2025, which is consistent with the decrease of 13% in silver equivalent ounces sold to 648,313 from 742,969. The net loss increased by 62% from \$2,272 in Q1 2025 to \$3,682 in Q2 2025 primarily as a result of the lower mine operating income discussed above.

In Q1 2025, revenues increased 12% to \$21,330 compared to revenues of \$19,038 in the fourth quarter of 2024, despite the minimal decrease in silver equivalent ounces sold to 742,969 from 743,153. The increase therefore is mainly attributed to higher metal prices from Q4 2024 to Q1 2025. The net loss decreased by 6% from \$2,413 in Q4 2024 to \$2,272 in Q1 2025.

Revenues increased 4% in the fourth quarter of 2024 to \$19,038 compared to \$18,309 in the third quarter of 2024, despite of the 1% decrease in silver equivalent ounces sold to 743,153 from 748,747. The increase therefore is mainly attributed to higher metal prices from Q3 to Q4. The net loss decreased by 50% from \$4,864 in Q3 2024 to \$2,413 in Q4 2024.

In Q3 2024, revenues decreased by 11% to \$18,309 from \$20,551 in the second quarter of 2024. This decrease is mainly attributed to lower silver equivalent ounces produced and sold. The net loss increased by 77% from \$2,750 in Q2 2024 to \$4,864 in Q3 2024.

In the second quarter of 2024, revenues increased by 14% to \$20,551 from \$17,765 in the first quarter of 2024. This increase is mainly attributed to higher realized prices.



Revenues increased 7% in the first quarter of 2024 to \$17,765 compared to \$16,582 in the fourth quarter of 2023, mainly due to a 13% increase in silver equivalent ounces sold to 955,328 from 844,572.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's ability to generate sufficient cash, both in the short term and the long term, to maintain existing capacity and to fund ongoing development and exploration, is dependent upon the ability of the Company to generate positive cash flows from operations and/or obtain the financing necessary to generate and sustain profitable operations. Refer to going concern section above.

The Company will evaluate, from time to time, sales of its common shares to improve the Company's liquidity and working capital position. To the extent that cash generated by operations is less than sufficient to fund ongoing operations and improve the Company's working capital position, in the event the Company determines it will undertake other projects that are currently not part of its plans, or if the Company undertakes another acquisition, additional capital may be required. On October 29, 2024, the Company completed a non-brokered private placement offering and issued 36,335,000 units at \$0.17 (CA\$0.24) per unit for gross proceeds of \$6,272 (CA\$8,720). The Company used the net proceeds for capital expenditures aimed at expanding its productions and for working capital and general corporate purposes. As disclosed above, during Q2 2025 the Company also restructured its debt obligations with Ocean Partners through the Enhanced Facility. On August 21, 2025, the Company completed a non-brokered Listed Issuer Financing Exemption private placement (the "2025 LIFE Offering") for aggregate gross proceeds to the Company of CAD\$18,000 under the Listed Issuer Financing Exemption. Further, on October 9, 2025, the Company completed a bought deal public offering (the "2025 Bought Deal") and issued 87,000,000 units at \$0.36 (CAD\$0.50) per unit for gross proceeds of \$31,071 (CAD\$43,500). On October 30, 2025, the Company issued 6,525,000 warrants for additional gross proceeds of \$372 (CAD\$522) pursuant to the exercise of the over-allotment option for the 2025 Bought Deal.

As noted previously in this MD&A, 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 of \$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. Based on its existing cash and cash equivalents as of December 31, 2025 of \$39,481 (excluding restricted cash), working capital of \$14,204, restructuring of the Ocean Partners loan, completion of the 2025 LIFE Offering and 2025 Bought Deal, and estimated future cash flows, the Company has assessed that based on its cashflow forecast for the next 12 months it expects to have sufficient capital to continue operations for the next twelve months. The Company's cashflow forecast for the next 12 months is based on assumptions regarding production rates, operating and capital costs.

If the Company's does not generate the expected cash flows from its 12-month cashflow forecast, the Company will need to raise additional capital and sources of capital include accessing the private and public capital markets for debt and equity over the next twelve months. Adverse movement in metal prices and unforeseen impacts to the Company's operation may increase the need to raise new external sources of capital, and the inability to access sources of capital could adversely impact the Company's liquidity and require the Company to curtail capital and exploration programs and other discretionary expenditures.

In addition, the Company has entered into an equity distribution agreement (the "Distribution Agreement") with Research Capital Corporation (the "Agent") to establish an at-the-market equity program (the "ATM Program"). The Company may issue up to CAD\$7,500 of common shares of the Company (the "ATM Offered Shares") from treasury under the ATM Program. The ATM Offered Shares will be issued by the Company to the public from time to time, through the Agent, at the Company's discretion. The ATM Offered Shares sold under the ATM Program, if any, will be sold at the prevailing market price at the time of sale. Since the ATM Offered Shares will be distributed at trading prices prevailing at the time of the sale, prices may vary between purchasers and during the period of distribution. The Company intends to use the net proceeds from any sales of ATM Offered Shares under the ATM Program, if any, to advance the Company's business objectives and for general corporate purposes, including, without limitation, funding ongoing operations or working capital requirements, repaying indebtedness outstanding from time to time, discretionary capital programs and potential future acquisitions. No sales under the ATM Program were completed during the year ended December 31, 2025.

Please refer to "FORWARD-LOOKING STATEMENTS" in this document for further details of the material risk factors that could cause actual results to differ materially from the forward-looking information; the material factors and assumptions used to develop such forward-looking information; and the Company's policy for updating forward-looking information.

	Three months ended			Year ended		
	December 31, 2025	December 31, 2024	% Change	December 31, 2025	December 31, 2024	% Change
<b>Cash Flow</b>	<b>\$</b>	<b>\$</b>		<b>\$</b>	<b>\$</b>	
Cash (used in) provided by operating activities	(2,514)	(698)	260%	552	(3,432)	116%
Cash used in investing activities	(1,764)	(1,359)	30%	(6,059)	(5,518)	10%
Cash provided by financing activities	34,145	3,427	896%	43,976	9,906	344%
Effect of exchange rate changes on cash	55	(64)	186%	158	24	558%
Change in cash	29,922	1,306	2,191%	38,627	980	3,842%
Cash, beginning of period	11,642	1,631	614%	2,937	1,957	50%
Cash, end of period	41,564	2,937	1,315%	41,564	2,937	1,315%

As of December 31, 2025, the Company had cash and cash equivalents of \$41,564, including restricted cash of \$2,083, and positive working capital of \$14,204, compared with cash and cash equivalents of \$2,937 and negative working capital of \$15,387 at December 31, 2024.

## *Operating activities*

During the three months ended December 31, 2025, cash used in operating activities was \$2,514 (three months ended December 31, 2024, cash used – \$698). The significant non-cash adjustments to the net loss of \$25,610 in the three months ended December 31, 2025 (three months ended December 31, 2024 - \$2,413) were depreciation and depletion of \$1,076 (three months ended December 31, 2024 – \$1,319), impairment of PP&E of \$1,232 (three months ended December 31, 2024 - \$nil), accretion of \$434 (three months ended December 31, 2024 - \$452), share-based compensation of \$98 (three months ended December 31, 2024 – \$118), loss on derivatives and financial assets carried at fair value of \$6,635 (three months ended December 31, 2024 – \$734), gain on disposal of PP&E of \$300 (three months ended December 31, 2024 - \$9), unrealized foreign exchange loss of \$503 (three months ended December 31, 2024 – gain of \$933), gain on ARO estimate of \$3,505 (three months ended December 31, 2024 - \$nil), interest expense of \$700 (three months ended December 31, 2024 - \$1,008), settlement and proceeds of advance payment of \$472 and \$939 (three months ended December 31, 2024 - \$nil), current income tax of \$2,040 (three months ended December 31, 2024 - \$1,911), and an increase in non-cash working capital of \$13,716 (three months ended December 31, 2024 – negative \$1,484). The net change in non-cash working capital was primarily due to an increase in prepaid expenses and deposits, inventory and accounts payable and accrued liabilities, partially offset by a decrease in amount receivable. In the comparative period the Company also sold gold and silver bullion in the amount of \$712.

During the year ended December 31, 2025, cash provided by operating activities was \$552 (year ended December 31, 2024 – cash used \$ 3,432). The significant non-cash adjustments to the net loss of \$37,389 in the year ended December 31, 2025 (year ended December 31, 2024 - \$17,407) were depreciation and depletion of \$5,213 (year ended December 31, 2024 – \$10,186), impairment of PP&E of \$1,232 (year ended December 31, 2024 - \$nil), accretion of \$1,685 (year ended December 31, 2024 - \$2,076), gain on settlement of debt of \$88 (year ended December 31, 2024 - \$441), share-based compensation of \$644 (year ended December 31, 2024 \$1,133), loss on derivatives and financial assets carried at fair value of \$12,376 (year ended December 31, 2024 – \$3,281), gain on disposal of PP&E of \$266 (three months ended December 31, 2024 – loss of \$9), contingent payment settled in shares of – \$nil (year ended December 31, 2024 – \$1,000), unrealized foreign exchange loss of \$2,481 (year ended December 31, 2024 – gain of \$4,130), gain on ARO estimate of \$3,505 (three months ended December 31, 2024 - \$nil), interest expense of \$3,000 (year ended December 31, 2024 - \$4,422), settlement and proceeds of advance payment of \$1,352 and \$1,689, respectively (year ended December 31, 2024 - \$nil), income tax expense of \$3,263 (year ended December 31, 2024 - \$1,911) and an increase in non-cash working capital of \$11,569 (year ended December 31, 2024 – \$5,472). The net change in non-cash working capital was primarily due to an increase in amounts receivable, prepaid expenses and deposits, and accounts payable and accrued liabilities, partially offset by a decrease in inventories. In the comparative period the Company also purchased gold and silver bullion in the amount of \$4,099.

## *Investing activities*

During the three months ended December 31, 2025, cash used in investing activities was \$1,764, compared with the use of cash of \$1,359 in the same period in 2024. The use of cash during the period was \$635 on plant and equipment, construction in progress and mine development. Additionally, the Company purchased marketable securities for \$2,810 and received proceeds from the sale of such investments of \$1,681. The use of cash during the three months ended December 31, 2024, was \$1,217 on PP&E, construction in progress and mine development. Additionally, the Company purchased marketable securities for \$528, offset by the \$386, related to the proceeds from sale of investments.

During the year ended December 31, 2025, cash used in investing activities was \$6,059, compared to the use of cash of \$5,518 in the same period in 2024. During the year ended December 31, 2025, \$3,552 was used on PP&E, construction in progress and mine development. Additionally, the Company purchased marketable securities for \$5,340 partially offset by \$2,833 resulting from their sale. The use of cash during the year ended December 31, 2024, was \$5,417 on PP&E, construction in progress and mine development. Additionally, the Company purchased marketable securities for \$1,453 offset by proceeds of \$1,352 resulting from their sale.

## *Financing activities*

During the three months ended December 31, 2025, cash generated in financing activities was \$34,145. This amount includes the issuance of 87,000,000 Common Shares through a private placement for \$31,071 (discussed below), proceeds from issuance of warrants \$373, proceeds from the exercise of stock options and warrants of \$4,895, partially offset by share issuance costs of \$2,108, and lease obligation payments of \$86.

During the three months ended December 31, 2024, cash generated in financing activities was \$3,427. This amount includes \$6,272 from proceeds from the issuance of 36,335,000 common shares, offset by \$78 related to share issuance costs as well as loan and lease payments of \$2,767.

In the year ended December 31, 2025, cash generated in financing activities was \$43,976 mainly from the issuance of 147,000,000 Common Shares through Private Placement of \$44,066, proceeds from issuance of warrants of \$373, proceeds from the exercise of options and warrants in the amount of \$8,889, partially offset by share issuance costs of \$2,660 and loan repayments and interests paid of \$4,703 and \$1,183, respectively, and lease obligation payments of \$806.

During the year ended December 31, 2024, cash provided by financing activities was \$9,906 mainly from proceeds from issuance of 93,087,300 shares for \$14,562, \$693 from the exercise of options and warrants and \$5,800 from the extension of the Ocean Partners Gold Facility, of which \$1,671 was used to partially repay the original Ocean Partners loan, partially offset by \$625 used in share issuance costs, and loans, interests and lease repayments of \$8,853.

## OCIM Facility

On March 29, 2023, the Company completed the Tertiary gold and silver Loan of \$5,000 with OCIM. The Tertiary Loan has a term of 19 months and is repayable over 16 months, following a 3-month grace period, by delivering 9,832 ounces of silver and 77 ounces of gold on a monthly basis (an aggregate of 157,232 ounces of silver and 1,241 ounces of gold), calculated at a fixed discount to the prevailing London Bullion Market Association (LBMA) spot metals' prices on March 29, 2023 and is secured by a guarantee of MMR and a pledge over the Company's shares of MMR. The full proceeds of the pre-payment facility plus an additional payment of \$510 were used to extinguish the outstanding balance on the Secondary Loan. On September 27, 2023, delivery terms were amended to delivery of 7,000 ounces of silver and 50 ounces of gold monthly until February 2024 and delivery of 12,606 ounces of silver and 104 ounces of gold monthly from March 2024 to September 2024.

On September 27, 2023, delivery terms of the Tertiary Loan were amended to monthly delivery of 7,000 ounces of silver and 50 ounces of gold until February 2024 and monthly delivery of 12,606 ounces of silver and 104 ounces of gold from March 2024 to September 2024. The amendment was accounted for as a loan modification resulting in a gain of \$8 recognized in other finance income for the year ended December 31, 2023. The Company extinguished the Tertiary Loan in September 2024 with the final delivery of gold and silver.

## Ocean Partners Facilities

On December 5, 2023, the Company entered into a new \$7,500 gold loan credit facility (the "Gold Facility") with Ocean Partners. The unsecured loan facility is for a term of 36 months, is 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 is based on a discount to the LBMA (London Bullion Market Association) gold closing price of US\$2,046.95 on November 29, 2023. A portion of the Gold Facility was used to extinguish the remaining carrying amount of \$4,621 of a previous credit facility with Ocean Partners 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 is for a term of 36 months from the date of the initial draw on December 5, 2023. It is 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 is based on a discount to the LBMA gold closing price of \$2,046.95 on November 29, 2023. \$1,671 of the Expanded Facility was used to pay the Gold Facility.

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.

In April 2025, the Company reached an agreement to amend the Expanded Facility with Ocean Partners. 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, which was completed during the third quarter of 2025. Of the remaining 7,110 gold ounces, 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 US dollars, with the price fixed at the LBMA AM price on the 15th of each month. The Q2 2025 payments were made on the basis of these revised terms. The remaining one-third of the outstanding balance, 2,370 gold ounces, will be paid on conclusion of the 36-month term and is secured by a guarantee of the Company's subsidiary Obras Mineras El Pinguico, S.A. de C.V. ("OMPSA") and a pledge over the Company's shares of OMPSA. In connection with the terms of the Enhanced Facility, 4,550,000 warrants with an exercise price of CAD\$0.24 with a 36-month term were issued to Ocean Partners.

## LIFE Financing and Best-efforts Private Placement

On May 9, 2024, the Company completed a brokered Listed Issuer Financing Exemption (LIFE) 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.

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. 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 2,889,388 finder's warrants with an exercise price of CAD\$0.20 exercisable for two years.

## Non-brokered Private Placement

On October 29, 2024, the Company completed a non-brokered private placement offering and issued 36,335,000 units at \$0.17 (CAD\$0.24) per unit for gross proceeds of \$6,272 (CAD\$8,720,400). Each unit consisted of one common share and one-half common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at CAD\$0.35 per share for a period of two years.

## Non-Brokered Life Financing

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 warrant entitles the holder to purchase one additional common share at CAD\$0.45 per share for a period of two years.



## Bought Deal Public Offering

On October 9, 2025, the Company completed the 2025 Bought Deal 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. On October 30, 2025, the Company issued 6,525,000 warrants for additional gross proceeds of \$372 (CAD\$522) pursuant to the exercise of the over-allotment option for the 2025 Bought Deal.



## NON-IFRS FINANCIAL MEASURES

The Company has disclosed certain non-IFRS financial measures and ratios in this MD&A, as discussed below. These non-IFRS financial measures and non-IFRS ratios are widely reported in the mining industry as benchmarks for performance and are used by Management to monitor and evaluate the Company's operating performance and ability to generate cash. The Company believes that, in addition to financial measures and ratios prepared in accordance with IFRS, certain investors use these non-IFRS financial measures and ratios to evaluate the Company's performance. However, the measures do not have a standardized meaning under IFRS and may not be comparable to similar financial measures disclosed by other companies. Accordingly, non-IFRS financial measures and non-IFRS ratios should not be considered in isolation or as a substitute for measures and ratios of the Company's performance prepared in accordance with IFRS.

Non-IFRS financial measures are defined in National Instrument 52-112 – Non-GAAP and Other Financial Measures Disclosure ("NI 52-122") as a financial measure disclosed that (a) depicts the historical or expected future financial performance, financial position or cash flow of an entity, (b) with respect to its composition, excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in the primary financial statements of the entity, (c) is not disclosed in the financial statements of the entity, and (d) is not a ratio, fraction, percentage or similar representation.

A non-IFRS ratio is defined by NI 52-112 as a financial measure disclosed that (a) is in the form of a ratio, fraction, percentage, or similar representation, (b) has a non-IFRS financial measure as one or more of its components, and (c) is not disclosed in the financial statements.

### WORKING CAPITAL

Working capital is a non-IFRS measure that is a common measure of liquidity but does not have any standardized meaning. The most directly comparable measure prepared in accordance with IFRS is current assets net of current liabilities. Working capital is calculated by deducting current liabilities from current assets. Working capital should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. The measure is intended to assist readers in evaluating the Company's liquidity.

As at	December 31, 2025	December 31, 2024
Current assets	\$ 65,820	\$ 20,688
Current liabilities	51,616	36,075
Working capital	14,204	(15,387)

### MINE OPERATING CASH FLOW BEFORE TAXES

Mine operating cash flow before taxes is a non-IFRS measure that does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Mine operating cash flow is calculated as revenue minus production costs, transportation and selling costs and inventory changes. Mine operating cash flow is used by management to assess the performance of the mine operations, excluding corporate and exploration activities, and is provided to investors as a measure of the Company's operating performance.

	Three months ended				Year ended
	March 31, 2025	June 30, 2025	September 30, 2025	December 31, 2025	December 31, 2025
	\$	\$	\$	\$	\$
Revenues	21,330	18,458	16,277	22,720	78,785
Production cost	(13,984)	(14,085)	(14,525)	(17,433)	(60,027)
Transportation and other cost	(606)	(654)	(558)	(174)	(1,992)
Inventory changes	(408)	1,042	(1,484)	(1)	(851)
<b>Mine operating cash flows before taxes</b>	<b>6,332</b>	<b>4,761</b>	<b>(290)</b>	<b>5,112</b>	<b>15,915</b>

	Three months ended				Year ended
	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024	December 31, 2024
	\$	\$	\$	\$	\$
Revenues	17,765	20,551	18,309	19,038	75,664
Production cost	(16,142)	(16,220)	(14,826)	(14,401)	(61,589)
Transportation and other cost	(755)	(748)	(315)	(629)	(2,446)
Inventory changes	492	305	132	(67)	862
<b>Mine operating cash flows before taxes</b>	<b>1,360</b>	<b>3,888</b>	<b>3,300</b>	<b>3,941</b>	<b>12,491</b>

## EBITDA

EBITDA is a non-IFRS financial measure, which excludes the following from net earnings:

- Income tax expense;
- Finance costs;
- Amortization and depletion.

Adjusted EBITDA excludes the following additional items from EBITDA:

- Share based compensation;
- Impairments (reversals);
- Loss (gain) on derivative;
- Unrealized foreign exchange (gain) loss relating to ARO
- Significant other finance items.

Adjusted EBITDA per share is calculated by dividing Adjusted EBITDA by the basic weighted average number of shares outstanding for the period.

Management believes EBITDA is a valuable indicator of the Company's ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations, and fund capital expenditures. Management uses EBITDA for this purpose. EBITDA is also frequently used by investors and analysts for valuation purposes whereby EBITDA is multiplied by a factor or "EBITDA multiple" based on an observed or inferred relationship between EBITDA and market values to determine the approximate total enterprise value of a Company. Management believes that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results because it is consistent with the indicators management uses internally to measure the Company's performance and is an indicator of the performance of the Company's mining operations.

EBITDA is intended to provide additional information to investors and analysts. It does not have any standardized definition under IFRS and should not be considered in isolation or as a substitute for measures of operating performance prepared in accordance with IFRS. EBITDA excludes the impact of cash costs of financing activities and taxes, and the effects of changes in operating working capital balances and therefore is not necessarily indicative of operating profit or cash flow from operations as determined by IFRS. Other companies may calculate EBITDA and Adjusted EBITDA differently.

	Three months ended				Year ended
	March 31, 2025	June 30, 2025	September 30, 2025	December 31, 2025	December 31, 2025
	\$	\$	\$	\$	\$
Net loss per financial statements	(2,272)	(3,682)	(5,824)	(25,610)	(37,389)
Depreciation and depletion – cost of sales	1,486	1,381	1,188	1,052	5,107
Depreciation and depletion – general and administration	37	23	22	23	106
Interest and finance costs, net	1,139	1,032	298	647	3,116
Current income tax expense (recovery)	674	816	(267)	2,040	3,263
<b>EBITDA</b>	<b>1,064</b>	<b>(430)</b>	<b>(4,583)</b>	<b>(21,848)</b>	<b>(25,797)</b>
Share based compensation	98	281	168	98	644
Loss on derivatives	2,847	748	2,040	6,793	12,427
Unrealized foreign exchange loss relating to ARO	96	1,390	512	453	2,451
Other finance items, net	(2)	(89)	(657)	609	(139)
Provision for legal contingencies	-	-	-	13,151	13,151
VAT write-off	-	-	300	2,425	2,725
Fixed assets impairment	-	-	-	1,232	1,232
Gain on ARO estimate	-	-	-	(3,505)	(3,505)
<b>Adjusted EBITDA</b>	<b>4,103</b>	<b>1,900</b>	<b>(2,220)</b>	<b>(592)</b>	<b>3,189</b>

	Three months ended				Year ended
	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024	December 31, 2024
	\$	\$	\$	\$	\$
Net loss per financial statements	(7,382)	(2,750)	(4,864)	(2,413)	(17,407)
Depreciation and depletion – cost of sales	3,016	2,940	2,784	1,279	10,020
Depreciation and depletion – general and administration	43	42	41	40	166
Interest and finance costs (income), net	1,544	1,776	1,575	1,439	6,335
Current income tax	-	-	-	1,911	1,911
<b>EBITDA</b>	<b>(2,779)</b>	<b>2,008</b>	<b>(464)</b>	<b>2,256</b>	<b>1,025</b>
Share based compensation	541	259	214	118	1,133
Loss on derivatives	1,350	1,489	1,663	160	4,663
Unrealized foreign exchange (gain) loss relating to ARO	264	(1,834)	(1,447)	(785)	(3,801)
Other finance items, net	(453)	(16)	(23)	60	(432)
Endeavour Silver contingent payment	-	-	1,000	-	1,000
Other (income) expenses	(14)	11	(53)	(60)	(116)
VAT write-off	161	-	-	-	161
<b>Adjusted EBITDA</b>	<b>(930)</b>	<b>1,917</b>	<b>890</b>	<b>1,749</b>	<b>3,633</b>

### Cash Cost per AgEq Ounce, All-In Sustaining Cost per AgEq Ounce and Production Cost per Tonne

Cash costs per silver equivalent oz and production costs per tonne are measures developed by precious metals companies in an effort to provide a comparable standard; however, there can be no assurance that the Company's reporting of these non-IFRS measures and ratios are similar to those reported by other mining companies. Cash costs per silver equivalent ounce and total production cost per tonne are non-IFRS performance measures used by the Company to manage and evaluate operating performance at its operating mining unit, in conjunction with the related IFRS amounts. They are widely reported in the silver mining industry as a benchmark for performance, but do not have a standardized meaning and are disclosed in addition to IFRS measures. Production costs include mining, milling, and direct overhead at the operation sites. Cash costs include all direct costs plus royalties and special mining duty. Total production costs include all cash costs plus amortization and depletion, changes in amortization and depletion in finished goods inventory and site share-based compensation. Cash costs per silver equivalent ounce is calculated by dividing cash costs and total production costs by the payable silver ounces produced. Production costs per tonne are calculated by dividing production costs by the number of processed tonnes. The following tables provide a detailed reconciliation of these measures to the Company's direct production costs, as reported in its consolidated financial statements.

AISC is a non-IFRS performance measure and was calculated based on guidance provided by the World Gold Council ("WGC"). WGC is not a regulatory industry organization and does not have the authority to develop accounting standards for disclosure requirements. Other mining companies may calculate AISC differently as a result of differences in underlying accounting principles and policies applied, as well as differences in definitions of sustaining capital expenditures. AISC is a more comprehensive measure than cash cost per ounce and is useful for investors and management to assess the Company's operating performance by providing greater visibility, comparability and representation of the total costs associated with producing silver from its current operations, in conjunction with related IFRS amounts. AISC helps investors to assess costs against peers in the industry and help management assess the performance of its mine.

AISC includes total production costs (IFRS measure) incurred at the Company's mining operation, which forms the basis of the Company's total cash costs. Additionally, the Company includes sustaining capital expenditures, corporate general and administrative expense, operating lease payments and reclamation cost accretion. The Company believes this measure represents the total sustainable costs of producing silver and gold concentrate from current operations and provides additional information of the Company's operational performance and ability to generate cash flows. As the measure seeks to reflect the full cost of silver and gold concentrate production from current operations, new projects capital at current operation is not included. Certain other cash expenditures, including share-based payments, tax payments, dividends and financing costs are also not included.

The following tables provide detailed reconciliations of these measures to cost of sales, as reported in notes to the Company's consolidated financial statements.

Three months ended	December 31, 2025					December 31, 2024
	El Cubo	VMC	San Ignacio	Topia	Consolidated	Consolidated
<b>Cost of sales</b>	<b>5,180</b>	<b>4,434</b>	<b>2,433</b>	<b>6,613</b>	<b>18,660</b>	<b>16,367</b>
Transportation and selling cost	(139)	(96)	(54)	115	(174)	(620)
Inventory changes	197	(593)	(11)	406	(1)	(67)
Depreciation	(195)	(418)	(114)	(325)	(1,052)	(1,279)
<b>Production cost</b>	<b>A</b>	<b>5,043</b>	<b>3,327</b>	<b>2,254</b>	<b>6,809</b>	<b>17,433</b>
Add (subtract):						
Government royalties and mining taxes	80	35	31	(375)	(229)	91
<b>Total cash cost</b>	<b>B</b>	<b>5,123</b>	<b>3,362</b>	<b>2,285</b>	<b>6,434</b>	<b>17,204</b>
General and administrative - corporate	-	-	-	-	2,824	1,980
Operating lease payments	2	172	76	50	300	523
Sustaining capital expenditures	143	713	77	116	1,049	1,251
<b>Total All-in sustaining cash cost</b>	<b>C</b>	<b>5,268</b>	<b>4,247</b>	<b>2,438</b>	<b>6,600</b>	<b>21,377</b>
Tonnes milled	<b>D</b>	34,620	14,344	11,470	12,133	72,567
Silver equivalent ounces produced	<b>E</b>	147,008	67,284	51,474	230,475	496,241
<b>Production cost per tonne</b>	<b>A/D</b>	<b>145.66</b>	<b>231.98</b>	<b>196.43</b>	<b>561.30</b>	<b>240.24</b>
<b>Cash cost per AgEq ounce produced</b>	<b>B/E</b>	<b>34.85</b>	<b>49.97</b>	<b>44.36</b>	<b>27.92</b>	<b>34.67</b>
<b>All-in sustaining cash cost per AgEq ounce produced</b>	<b>C/E</b>	<b>35.83</b>	<b>63.13</b>	<b>47.33</b>	<b>28.64</b>	<b>43.12</b>
Mining cost per tonne		70.57	103.09	142.15	444.79	150.88
Milling cost per tonne		47.61	42.35	41.33	77.04	50.50
Indirect cost per tonne		27.48	86.54	12.94	39.46	38.86
<b>Production cost per tonne</b>		<b>145.66</b>	<b>231.98</b>	<b>196.43</b>	<b>561.30</b>	<b>240.24</b>
Mining		2,443	1,479	1,630	5,397	10,949
Milling		1,648	607	474	935	3,664
Indirect		952	1,241	150	477	2,820
<b>Production Cost</b>		<b>5,043</b>	<b>3,327</b>	<b>2,254</b>	<b>6,809</b>	<b>17,433</b>

- Silver equivalents are calculated using 75.73:1 (Ag/Au), 0.02:1 (Ag/Pb) and 0.03:1 (Ag/Zn) ratio for Q4 2025; an 84.86:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q4 2024, respectively.
- Cash cost per silver equivalent ounce include mining, processing, and direct overhead.
- AISC per oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital.
- Production costs include mining, milling, and direct overhead at the operation sites.

Year ended	December 31, 2025					December 31, 2024
	El Cubo	VMC	San Ignacio	Topia	Consolidated	Consolidated
<b>Cost of sales<sup>(5)</sup></b>	<b>20,970</b>	<b>15,001</b>	<b>9,319</b>	<b>22,654</b>	<b>67,944</b>	<b>73,150</b>
Transportation and selling cost <sup>(5)</sup>	(823)	(318)	(216)	(602)	(1,959)	(2,403)
Inventory changes	(390)	(555)	12	82	(851)	862
Depreciation	(1,295)	(1,551)	(947)	(1,314)	(5,107)	(10,020)
<b>Production cost</b>	<b>A</b>	<b>18,462</b>	<b>12,577</b>	<b>8,168</b>	<b>20,820</b>	<b>61,589</b>
Add (subtract):						
Government royalties and mining taxes		417	143	109	(357)	312
<b>Total cash cost</b>	<b>B</b>	<b>18,879</b>	<b>12,720</b>	<b>8,277</b>	<b>20,463</b>	<b>61,894</b>
General and administrative - corporate		-	-	-	9,148	8,445
Operating lease payments		378	263	138	947	1,858
Sustaining capital expenditures		1,669	1,576	570	388	4,203
<b>Total All-in sustaining cash cost</b>	<b>C</b>	<b>20,926</b>	<b>14,559</b>	<b>8,985</b>	<b>21,019</b>	<b>74,637</b>
Tonnes milled	<b>D</b>	197,776	93,264	57,712	49,042	397,795
Silver equivalent ounces produced	<b>E</b>	824,668	357,488	262,452	906,402	2,351,010
<b>Production cost per tonne</b>	<b>A/D</b>	<b>93.35</b>	<b>134.85</b>	<b>141.52</b>	<b>424.53</b>	<b>150.90</b>
<b>Cash cost per AgEq ounce produced</b>	<b>B/E</b>	<b>22.89</b>	<b>35.58</b>	<b>31.54</b>	<b>22.58</b>	<b>25.67</b>
<b>All-in sustaining cash cost per AgEq ounce produced</b>	<b>C/E</b>	<b>25.38</b>	<b>40.72</b>	<b>34.23</b>	<b>23.19</b>	<b>31.76</b>
Mining cost per tonne		44.09	60.29	103.34	310.12	89.29
Milling cost per tonne		31.16	25.95	26.66	75.00	34.69
Indirect cost per tonne		18.10	48.60	11.51	39.41	26.92
<b>Production cost per tonne</b>		<b>93.35</b>	<b>134.85</b>	<b>141.52</b>	<b>424.53</b>	<b>150.90</b>
Mining		8,721	5,623	5,964	15,209	35,517
Milling		6,162	2,421	1,539	3,678	13,800
Indirect		3,579	4,533	665	1,933	10,710
<b>Production Cost</b>		<b>18,462</b>	<b>12,577</b>	<b>8,168</b>	<b>20,820</b>	<b>60,027</b>

1. Silver equivalents are calculated using 85.93:1 (Ag/Au), 0.02:1 (Ag/Pb) and 0.03:1 (Ag/Zn) ratio for YTD 2025 and an 84.48:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2024, respectively.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead.
3. AISC per oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital.
4. Production costs include mining, milling, and direct overhead at the operation sites.
5. Consolidated amount for the year ended December 31, 2025, excludes \$33 (2024 - \$43) in relation to silver bullion transportation and selling cost from cost of sales.



**OTHER FINANCIAL INFORMATION**

**SHARE CAPITAL**

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

The common shares, warrants, stock options and restricted share units outstanding are as follows:

	December 31, 2025			April 28, 2026		
	#	Weighted average exercise price CAD\$	Weighted average life (years)	#	Weighted average exercise price CAD\$	Weighted average life (years)
Common shares	663,881,104			734,118,679		
Warrants	132,006,723	\$0.48	2.00	106,620,044	\$0.49	1.55
Stock options	23,863,332	\$0.35	2.62	28,879,999	\$0.39	3.14
Restricted share units	1,245,000			1,195,000		
<b>Fully diluted</b>	<b>820,996,159</b>			<b>870,813,722</b>		

**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 is also in discussions with existing and new lenders about amending existing debt arrangements or obtaining new debt financing and 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.

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements.

**TRANSACTIONS WITH RELATED PARTIES**

*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 Solutions 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.

Salaries, bonus and benefits, and consulting fees, to key management includes all salaries, bonuses, fees, and employment benefits, pursuant to contractual employment agreements, consultancy or management services arrangements.

Transactions with related parties, are described above, were for services rendered to the Company in the normal course of operations and were measured based on the consideration established and agreed to by the related parties. Related party transactions are made without stated terms of repayment or interest. The balances with related parties are unsecured and due on demand.

### CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

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.



## SUPPLEMENTAL DISCLOSURE ON USE OF PROCEEDS FROM PRIOR FINANCINGS

On October 9, 2025, the Company closed a "bought deal" public offering of 87,000,000 units for gross proceeds of CAD\$43,500. An additional \$522 in gross proceeds was received on the exercise of the over-allotment option. The table below provides the disclosure the Company previously made about how it was going to use proceeds from the financing, an explanation of variances and the impact of the variances, if any, on the Company's ability to achieve its business objectives and milestones.

Use of Proceeds	Initial Estimated Amount CAD\$ ('000s)	Actual Amount CAD\$ ('000s)	Explanation of Variances and Impact of Variances
General working capital <sup>(1)(3)</sup>	\$27,500	\$nil	Remaining funds were not spent as of December 31, 2025. There was no impact on the Company's ability to achieve its business objectives and milestones.
Sustaining and development capital <sup>(2)</sup>	\$16,000	\$1,700	Only actual expenditures are included in the actual amount spent since the closing of the financing. There was no impact on the Company's ability to achieve its business objectives and milestones.
<b>Total</b>	<b>\$43,500</b>	<b>\$1,700</b>	

1. Funds included in general working capital will be used to pay for operating costs, power and labor and may be allocated to corporate expenses, business development, investor relations and legal expenses.

2. Funds included in sustaining and development capital will be used as follows: (i) \$2.0 million for development capital at the Pinguico Project (part of the El Cubo-Villalpando Mine Complex); (ii) \$1.5 million for capitalized exploration across all of the Company's mineral projects; and (iii) \$12.5 million in sustaining and development capital across all of the Company's mineral projects.

3. The net proceeds of \$491 from the exercise of the over-allotment option have been allocated to general working capital.

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). The table below provides the disclosure the Company previously made about how it was going to use proceeds from the financing, an explanation of variances and the impact of the variances, if any, on the Company's ability to achieve its business objectives and milestones.

Use of Proceeds	Initial Estimated Amount CAD\$ ('000s)	Actual Amount CAD\$ ('000s)	Explanation of Variances and Impact of Variances
To add to the Issuer's underground fleet and increase production at GSilver's producing mines in and about Guanajuato, Mexico including El Cubo, San Ignacio, Valenciana and Topia mines.	\$4,636	\$523	Only four months of actual expenditures are included in the actual amount spent since the closing of the financing. There was no impact on the Company's ability to achieve its business objectives and milestones.
To fund corporate head office G&A expenses including legal, audit, overhead and salaries for ensuing 12 months	\$2,916	\$1,409	Only four months of actual expenditures are included in the actual amount spent since the closing of the financing. There was no impact on the Company's ability to achieve its business objectives and milestones.
Further development of Argentina vein system at Topia Mine Complex to access higher grade portions of the deposit	\$1,250	\$125	Only four months of actual expenditures are included in the actual amount spent since the closing of the financing. There was no impact on the Company's ability to achieve its business objectives and milestones.
Development work to construct a stope ramp along the San Jose vein and towards Pinguico's underground stockpile.	\$2,000	\$199	Only four months of actual expenditures are included in the actual amount spent since the closing of the financing. There was no impact on the Company's ability to achieve its business objectives and milestones.
To carry out brownfields' exploration at GSilver's mineral properties, particularly El Horcon.	\$3,500	\$760	Only four months of actual expenditures are included in the actual amount spent since the closing of the financing. There was no impact on the Company's ability to achieve its business objectives and milestones.
Unallocated working capital	\$6,449	\$5,423	Only four months of actual expenditures are included in the actual amount spent since the closing of the financing. There was no impact on the Company's ability to achieve its business objectives and milestones.
<b>Total</b>	<b>\$20,751</b>	<b>\$8,439</b>	



On October 29, 2024, the Company announced the closing of a non-brokered private placement (the "October 2024 Private Placement") for gross proceeds to the Company of \$6,272 (CAD\$8,720). The Company disclosed that the net proceeds from the Offering will be used for capital expenditures aimed at expanding precious metals production and for working capital and general corporate purposes. The Company did not disclose a specific dollar amount that would be spent on the use of proceeds. The Company confirms the net proceeds have been used to expand precious metals production and for working capital and general corporate purposes.

On May 9, 2024, the Company completed a brokered Listed Issuer Financing Exemption (LIFE) private placement and issued 43,125,000 units at \$0.146 (CAD\$0.20) per unit for gross proceeds of \$6,299 (CAD\$8,625). The table below provides the disclosure the Company previously made about how it was going to use proceeds from the financing, an explanation of variances and the impact of the variances, if any, on the Company's ability to achieve its business objectives and milestones.

Use of Proceeds	Initial Estimated Amount CAD\$ ('000s)	Actual Amount CAD\$ ('000s)	Explanation of Variances and Impact of Variances
To add to the underground fleet and ramp up production at GSilver's producing mines in and about Guanajuato, Mexico including El Cubo, San Ignacio and Valenciana mines and as a reserve against future operating deficits therefrom	\$900	\$885	The additions to the underground have been completed with actual costs under the initial estimated amount. There was no impact on the Company's ability to achieve its business objectives and milestones.
To fund corporate head office G&A expenses including legal, audit, overhead and salaries for ensuing 12 months	\$1,800	\$2,052	There were additional expenditures related to insurance premiums and the updating of 43-101 reports. There was no impact on the Company's ability to achieve its business objectives and milestones.
To fund certain improvements to expand and modernize the processing facilities at the Topia mine and mill complex including capital expenditures and related costs	\$3,100	\$574	There were delays in the planned improvements as the Company reallocated funds towards other projects. There was no impact on the Company's ability to achieve its business objectives and milestones.
To carry out brownfields' exploration at GSilver's mineral properties, particularly San Ignacio and Valenciana	\$400	\$391	The exploration programs were not fully completed by year end. There was no impact on the Company's ability to achieve its business objectives and milestones.
Unallocated working capital	\$3,409	\$5,707	Actual expenditures are included in the actual amount spent since the closing of the financing. There was no impact on the Company's ability to achieve its business objectives and milestones.
<b>Total</b>	<b>\$9,609</b>	<b>\$9,609</b>	



**FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

Fair value measurement and valuation techniques

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

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

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

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

<b>Financial asset or liability</b>	<b>Methods and assumptions used to estimate fair value</b>
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, 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, 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 months 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.



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>

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>

## RISKS AND UNCERTAINTIES

The Company is exposed to many risks in conducting its business, including but not limited to: metal price risk as the Company derives its revenue from the sale of silver and gold; trading and credit risk in the normal course of dealing with other companies; foreign exchange risk as the Company reports its financial statements in USD dollars whereas the Company operates in Canada and Mexico that utilize the Canadian dollar and Mexican Peso, respectively; the risk of not being able to obtain financing from external sources; risks relating to cyber security; the inherent risk of uncertainties in estimating mineral reserves and mineral resources; political, economic and social risks related to conducting business in jurisdictions such as Canada, and Mexico; environmental and permitting regulation; risks related to its relations with employees and local communities where the Company operates, and risks relating to any future global pandemic which presents future risks and uncertainties that are largely unknown at this time. Certain of these risks are described below and are more fully described in GSilver's most recent Annual Information Form (available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca)). Readers are encouraged to refer to these documents for a more detailed description of some of the risks and uncertainties inherent to GSilver's business.

### 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:

Metal	Change	Effect on Sales \$
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.

As of	December 31, 2025	December 31, 2024
	\$	\$
Cash, cash equivalents and restricted cash	41,563	2,937
Trade receivables	9,240	3,219
VAT recoverable	3,923	7,784
Other receivables	369	895
Short term investments	3,242	434
	58,337	15,269

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

### 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			Total
	Less than 1 year	1 -5 years	After 5 years	
	\$	\$	\$	\$
Accounts payable and accrued liabilities	25,913	-	-	25,913
Loans	1,855	12,480	-	14,335
Interest on loans	2,485	2,410	-	4,895
Derivative payments	1,485	5,238	-	6,723
Lease obligations	256	155	44	455
ARO liabilities	-	-	19,793	19,793
Other liabilities	1,842	-	-	1,842
<b>Total</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.

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

As at December 31, 2025	Canadian dollars	Mexican pesos
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)
Total foreign currency exposure	11,069	(523,188)
US\$ equivalent of foreign currency exposure	8,076	(27,722)

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:

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



## *Climate Change*

Extreme weather events (such as prolonged drought, increased frequency and intensity of storms, flooding and wildfires) have the potential to disrupt the Company's operations and the transportation routes that the Company uses. The Company's ability to conduct mining operations also depends upon access to the volumes of water that are necessary to operate its mines and processing facilities. Changes in weather patterns and extreme weather events including flooding or wildfires, either due to normal variances in weather or due to global climate change, could adversely impact, disrupt or increase the costs of the Company's mining operations including the volume of water or other supply lines necessary to operate its facilities, or damage to facilities, plant and operating equipment, any of which would adversely impact the Company's cash flow and profitability.

Also, various governments around the world have introduced or are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels regulating, among other things, emission levels (such as carbon taxes) and energy efficiency is becoming more stringent. If current regulatory trends continue, this may result in increased costs at some or all of the Company's operations.

## *Calculation of Reserves and Resources and Precious Metal Recoveries*

There is a degree of uncertainty attributable to the calculation and estimation of reserves and resources, if any, and their corresponding metal grades to be mined and recovered. Until reserves or resources are actually mined and processed, the quantities of mineralization and metal grades must be considered as estimates only. Any material change in the quantity of mineral reserves, mineral resources, grades and recoveries may affect the economic viability of the Company's properties.

## *Economic Conditions for Mining*

Global financial markets are experiencing extreme volatility as a result of tariffs, the war in Ukraine, Israel-Palestine conflict and higher inflation and interest rates. Events in global financial markets, and the volatility of global financial conditions, will continue to have an impact on the global economy. Many industries, including the mining sector, are impacted by market conditions. Some of the key impacts of financial market turmoil include devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. Financial institutions and large corporations may be forced into bankruptcy or need to be rescued by government authorities. Access to financing may also be negatively impacted by future liquidity crises throughout the world. These factors may impact the Company's ability to obtain equity or debt financing and, where available, to obtain such financing on terms favourable to the Company.

Increased levels of volatility and market turmoil could have an adverse impact on the Company's operations and planned growth and the trading price of the securities of the Company may be adversely affected.

The Company assesses on a quarterly basis the carrying values of its mineral properties. Should market conditions and commodity prices worsen and persist in a worsened state for a prolonged period of time, an impairment of the Company's mineral properties may be required.

*The Company's business, financial condition and results of operations could be adversely affected by disruptions in the global economy resulting from recently proposed trade barriers, including tariffs.*

The global economy has the potential to be negatively impacted by increasing tension and uncertainty resulting from actions by the United States government to impose tariffs on goods that are imported into the United States. Increased trade barriers, such as tariffs, could adversely affect the Company's business, financial condition and results of operations. The impact of any tariffs is expected to result in market disruptions, inflation, supply chain disruptions and volatility in commodity prices, credit and capital markets. Further escalation of geopolitical tensions related to tariffs and retaliatory trade actions could result in increased volatility and disruption to the global economy and the markets in which we operate adversely impacting the Company's business, financial condition or results of operations.

## *Assurance on Financial Statements*

The Company prepares the financial reports in accordance with accounting policies and methods prescribed by IFRS. In the preparation of financial reports, management may need to rely upon assumptions, make estimates or use their best judgement in determining the financial condition of the Company. Material accounting policy information, and practices are described in more detail in the notes to the annual consolidated financial statements for the year ended December 31, 2025. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported, the Company has implemented and continues to analyze the internal control systems for financial reporting.

## MATERIAL ACCOUNTING POLICY INFORMATION AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. These critical accounting estimates represent management estimates and judgments that are uncertain, and any changes in these could materially impact the Company's financial statements. Management continuously reviews its estimates, judgments and assumptions using the most current information available. 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.

Readers should also refer to Note 3 of the December 31, 2025, consolidated financial statements, for the Company's summary of material accounting policies information.

New and amended IFRS standards that are effective for the current year

*The following amendments to existing standards have been adopted by the Company commencing January 1, 2025:*

### *Classification of Liabilities as Current or Non-Current with Covenants (Amendments to IAS 1)*

In January 2020, the IASB published narrow scope amendments to IAS 1 Presentation of Financial Statements. The narrow scope amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. In October 2022, the IASB published an additional narrow scope amendment to IAS 1 Presentation of Financial Statements and reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the Company must comply after the reporting date do not affect a liability's classification at that date. The amendments were applied effective January 1, 2024 and did not have a material impact on the Company's consolidated financial statements.

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 solely 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

The Company adopted the amendments on January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

Information provided in this MD&A, including the consolidated financial statements, is the responsibility of management. In the preparation of the consolidated financial statements, estimates are sometimes necessary to make a determination of future value or certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying consolidated financial statements. Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

## **APPROVAL**

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

