



Guanajuato
Silver CO
LTD

Condensed Consolidated Interim Financial Statements

For the three months ended
March 31, 2026 and 2025
(Unaudited)

Guanajuato Silver CO LTD

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

	Notes	March 31 2026	December 31 2025
ASSETS			
Current assets			
Cash and cash equivalents		\$ 20,903	\$ 39,481
Restricted cash		-	2,083
Short term investments		9,547	3,242
Amounts receivable	5	11,500	13,531
Inventories	6	16,275	5,202
Prepaid expenses and deposits		2,916	2,281
		61,141	65,820
Non-current assets			
Property, plant and equipment	7	64,084	27,121
Mineral properties	8	39,941	8,269
Exploration and evaluation assets	8	3,422	3,422
		\$ 168,588	\$ 104,632
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	\$ 27,840	\$ 25,913
Provision for legal contingencies	24	13,151	13,151
Advance payment	10	123	822
Income tax payable		7,564	6,344
Current portion of loan payable	11	4,919	3,296
Current portion of lease liabilities		220	248
Other current liabilities		1,833	1,842
		55,650	51,616
Non-current liabilities			
Loan payable	11	16,285	16,412
Lease liabilities		111	153
Other long term liabilities	4	9,249	-
Provision for reclamation and rehabilitation	12	13,402	9,297
Deferred tax liability	4	11,744	-
		106,441	77,478
SHAREHOLDERS' EQUITY			
Share capital	13	182,676	150,243
Reserves		35,141	38,181
Accumulated other comprehensive income		1,597	1,698
Deficit		(157,267)	(162,968)
		62,147	27,154
		\$ 168,588	\$ 104,632

Contingencies (note 24)

Subsequent events (note 25)

"James Anderson"
Director

"Miranda Werstiuk"
Director

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

Guanajuato Silver CO LTD

Condensed consolidated interim statements of net income (loss) and comprehensive income (loss)
(Expressed in thousands of US dollars, except per share amounts)

	Notes	For the three months ended	
		March 31 2026	March 31 2025
Revenues	16	\$ 43,052	\$ 21,330
Cost of sales	17	28,744	16,485
Mine operating income		14,308	4,845
General and administration	18	3,759	1,931
Share based compensation	14	194	98
Exploration expenses		520	328
Care and maintenance		536	-
Foreign exchange loss (gain)		(803)	239
Other operating income		(404)	(138)
Operating income		\$ 10,506	\$ 2,387
Interest and finance costs, net	19	(474)	(1,140)
Loss on derivatives	11(b), 22	(1,589)	(2,847)
Other finance income		(125)	1
Net income before income taxes		\$ 8,318	\$ (1,599)
Current income tax expense		3,178	674
Deferred income tax recovery		(561)	-
Net income (loss) for the period		\$ 5,701	\$ (2,273)
Other comprehensive income (loss), net of tax			
Foreign currency translation differences		(101)	11
Total comprehensive income (loss) for the period		\$ 5,600	\$ (2,262)
Basic and diluted income (loss) per common share	15	\$ 0.01	\$ (0.00)
Weighted average number of common shares outstanding (000's)	15	712,349	472,187

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

Condensed consolidated interim statements of changes in equity
(Expressed in thousands of US dollars, except share units)

	Notes	Number of common shares	Common shares	Equity settled share-based payments	Warrants	Reserves total	Accumulated deficit	Accumulated OCI	Total shareholders' equity
Balance, December 31, 2024		472,176,961	\$ 105,630	\$ 13,470	\$ 17,545	\$ 31,015	\$ (125,579)	\$ 1,779	\$ 12,845
Settlement of restricted share units	13(b)	67,500	14	(14)	-	(14)	-	-	-
Share-based compensation		-	-	98	-	98	-	-	98
Comprehensive loss for the period		-	-	-	-	-	(2,273)	11	(2,262)
Balance, March 31, 2025		472,244,461	105,644	13,554	17,545	31,099	(127,852)	1,790	10,681
Private placement	13(b)	147,000,000	36,264	-	7,802	7,802	-	-	44,066
Warrants issued for finder's fee	13(b)	-	(1,002)	-	1,002	1,002	-	-	-
Share issue cost	13(b)	-	(2,660)	-	-	-	-	-	(2,660)
Options exercise for cash	13(b)	3,096,668	928	(344)	-	(344)	-	-	584
Warrant exercise for cash	13(b)	41,539,975	11,069	-	(2,763)	(2,763)	-	-	8,306
Fair value of warrants issued	13(b)	-	-	-	838	838	-	-	838
Share-based compensation		-	-	547	-	547	-	-	547
Comprehensive loss for the period		-	-	-	-	-	(35,116)	(92)	(35,208)
Balance, December 31, 2025		663,881,104	150,243	13,757	24,424	38,181	(162,968)	1,698	27,154
ATM Offering	13(b)	2,409,200	1,503	-	-	-	-	-	1,503
Share issue cost	13(b)	-	(53)	-	-	-	-	-	(53)
Acquisition of Mina Bolanitos	4(b)	36,908,363	20,182	-	-	-	-	-	20,182
Options exercise for cash	13(b)	5,016,666	3,348	(1,585)	-	(1,585)	-	-	1,763
Warrant exercise for cash	13(b)	19,869,679	7,446	-	(1,642)	(1,642)	-	-	5,804
Settlement of restricted share units	13(b)	50,000	7	(7)	-	(7)	-	-	-
Share-based compensation		-	-	194	-	194	-	-	194
Comprehensive income for the period		-	-	-	-	-	5,701	(101)	5,600
Balance, March 31, 2026		728,135,012	\$ 182,676	\$ 12,359	\$ 22,782	\$ 35,141	\$ (157,267)	\$ 1,597	\$ 62,147

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

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

	Notes	For the three months ended	
		March 31 2026	March 31 2025
Operating activities			
Net income(loss) for the year		\$ 5,701	\$ (2,273)
Items not involving cash and cash equivalents:			
Depreciation and amortization	7,8	4,279	1,524
Accretion	19	292	435
Loss on derivatives		1,383	2,860
Loss (gain) on financial assets carried at fair value		125	(1)
Interest expense		646	852
Current income tax expense		3,178	681
Deferred income tax recovery		(561)	-
Share-based compensation		194	98
Unrealized foreign exchange loss (gain)		(220)	104
Changes in non-cash operating working capital:			
Amounts receivable		12,329	(1,663)
Inventories		(2,996)	186
Prepaid expenses and deposits		(274)	(577)
Accounts payable and accrued liabilities		(8,832)	(1,811)
Purchases of gold and silver bullion		(3,740)	-
Proceeds from advance payment		-	278
Settlement of advance payment		(700)	(485)
Income taxes paid		(3,832)	-
Net cash and cash equivalents provided by operating activities		6,972	208
Investing activities			
Acquisition of mineral properties and property, plant and equipment		(2,619)	(940)
Acquisition of Mina Bolanitos S.A. de C.V. (net of cash acquired)	4	(27,470)	-
Purchases of short-term investments		(6,967)	(312)
Proceeds from sale of short-term investments		465	300
Net cash and cash equivalents used in investing activities		(36,591)	(952)
Financing activities			
Proceeds from issuance of common shares	13	1,503	-
Share issuance costs	13	(53)	-
Proceeds from the exercise of options and warrants		7,567	-
Payments of lease obligations		(81)	(40)
Net cash and cash equivalents provided by (used in) financing activities		8,936	(40)
Effect on cash and cash equivalents of foreign exchange		22	13
Change in cash and cash equivalents		(20,661)	(771)
Cash and cash equivalents, beginning of year		41,564	2,937
Cash and cash equivalents, end of period		\$ 20,903	\$ 2,166
Cash and cash equivalents are consisted of:			
Cash		\$ 20,203	\$ 2,110
Redeemable guaranteed investment certificate ("GIC")		700	56
Total cash and cash equivalents, end of period		\$ 20,903	\$ 2,166

Supplemental cash flow information (Note 23)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

Going concern

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the three months ended March 31, 2026, the Company generated net income of \$5,701. However as at March 31, 2026, the Company has an accumulated deficit of \$157,267 and has significant accounts payable and accrued liabilities and provisions for legal contingencies totaling \$40,991. 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 may be required to raise additional capital and is considering new debt financing and is also considering raising additional equity financing. The Company has an active At-The-Market ("ATM") equity offering program. Under this program, the Company may, from time to time, issue and sell common shares in accordance with the terms of the ATM Prospectus. The continuing operations of the Company are dependent in the near-term on its ability to obtain additional financing and in the longer-term on a combination of additional financing and the generation of cash flows from operations. Management is of the opinion that sufficient funds will be obtained from external financing and cash flows from operations to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing or cash flows from operations will not be available on a timely basis or on terms acceptable to the Company.

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

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 - Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements as at and for the year ended December 31, 2025 (the "Annual Financial Statements").

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

These interim financial statements were approved by the Company's Board of Directors on May 26, 2026.

3. MATERIAL ACCOUNTING POLICY INFORMATION

a) Basis of consolidation

The accounts of the Company and its subsidiaries, which are controlled by the Company, have been included in these condensed consolidated interim financial statements. Control is achieved when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control. The principal subsidiaries of the Company and their geographic locations at March 31, 2026, were as follows:

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

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

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

b) Basis of measurement

These condensed consolidated interim financial statements have been prepared using the historical cost basis except for certain financial instruments which are measured at fair value (Note 22) at the end of each reporting period. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Presentation and functional currency

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

d) Changes in accounting policies and recent accounting pronouncements

The accounting policies applied in the Company's condensed consolidated interim financial statements for the three months ended March 31, 2026, are the same as those applied in the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2025, except as described below. A number of new standards and amendments to standards are effective for annual periods beginning on or after January 1, 2027 and earlier application is permitted; however, we have not early adopted and continue to evaluate the impact of the forthcoming or amended standards in preparing our interim and annual financial statements, including the impact of IFRS 18, *Presentation and Disclosure in Financial Statements*.

In the current year, the Company has adopted the amendments to IFRS Standards and Interpretations issued by the IASB that became effective for annual periods starting on or after January 1, 2026. These include amendments to IFRS 7 and IFRS 9, *Classification and Measurement of Financial Instruments*. The application of these changes did not have a material impact on the Company's financial statements, including reported amounts or disclosures.

e) Use of estimates assumptions and judgements

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

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

In preparing the condensed consolidated interim financial statements for the three months ended March 31, 2026, the Company applied the same critical estimates and judgements as disclosed in note 4 of its audited consolidated financial statements for the year ended December 31, 2025. In addition, during the three months ended March 31, 2026, the Company made estimates associated with the acquisition of MBO, including the preliminary fair values of the contingent consideration and asset and liability values as disclosed in note 4.

4. ACQUISITION OF MINA BOLANITOS S.A. DE C.V.

a) Description of the transaction

On January 15, 2026 the Company completed the acquisition of MBO from Endeavour Silver Corp. ("Endeavour"), including the producing Bolanitos mine and production facility, under a share purchase agreement dated November 21, 2025. Under the terms of the transaction, the Company acquired 100% of the shares of MBO. The Company has determined that this transaction represents a business combination, with the Company identified as the acquirer. The Company began consolidating the operating results, cash flows and net assets of MBO from January 15, 2026 onwards.

b) Consideration and purchase price allocation

On closing of the MBO Acquisition, GSilver paid \$50,182 (subject to adjustment) to Endeavour as follows:

- \$30,000 in cash;
- 36,908,363 GSilver common shares which had a fair value of \$20,182 based on the closing price of the Company's shares on the acquisition date of January 15, 2026; and
- a preliminary working capital adjustment of \$3,008 in favour of Endeavour as a result of the working capital of MBO compared to the target working capital per the share purchase agreement.

In addition, GSilver has agreed to pay Endeavour up to an additional \$10,000 in contingent payments (the "Contingent Payments" based on the following:

- \$5,000 upon GSilver producing 2,000,000 ounces of silver equivalent from the purchased MBO assets.
- \$5,000 upon GSilver producing 4,000,000 ounces of silver equivalent from the purchased MBO assets.

The Contingent Payments have been assessed a preliminary fair value of \$9,249, which is included as consideration, based on preliminary production schedules and discounted at a rate of approximately 6%.

Each Contingent Payment will be satisfied 50% in cash and 50% in common shares of the Company ("Contingent Shares"). 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 accordance with the acquisition method of accounting, the total consideration for the acquisition was valued at \$62,439 and has been allocated on a provisional basis to the assets acquired and liabilities assumed based on their estimated fair values on the closing date as follows:

Cash consideration	\$ 30,000
36,908,363 GSilver common shares	20,182
Fair value of Contingent Payments	9,249
Preliminary working capital adjustment	3,008
Total Consideration	\$ 62,439

4. ACQUISITION OF MINA BOLANITOS S.A. DE C.V. (continued)

b) Consideration and purchase price allocation (continued)

Cash and cash equivalents	\$ 5,538
Inventories	5,003
Net non-cash working capital, excluding inventories	(905)
Property, plant and equipment	38,367
Mineral properties	30,827
Provision for reclamation and rehabilitation	(4,086)
Deferred income tax liability	(12,305)
Net Assets Acquired	\$ 62,439

The fair value measurement of the Contingent Payments and the assets acquired and liabilities assumed requires management to make certain judgements and estimates taking into account information available at the time of acquisition about future events, including, but not limited to, estimates of production based on current estimates of mineral reserves and resources acquired, future operating results and reclamation costs, the depreciated replacement cost of property, plant and equipment and tax rates. The Company has engaged an independent appraiser to assist with determination of the fair values of the consideration paid and certain assets acquired and liabilities assumed.

The fair values of the assets acquired, and liabilities assumed, of MBO have been provisionally determined at the end of the reporting period. For purposes of the preliminary purchase price at March 31, 2026, working capital was adjusted to reflect the fair value of concentrate inventories based on the expected future cash flows from the sale of such concentrate. The fair value of the property plant and equipment has been estimated on a preliminary depreciated replacement cost basis, with such assessment ongoing. The fair value of the mineral properties has been estimated based on the residual amount between the total fair of the purchase consideration and the fair values of the assets acquired and liabilities assumed, excluding mineral properties. The fair values will remain preliminary until the Company completes its valuation of the mineral properties, property, plant and equipment, inventories, provision for reclamation and rehabilitation and deferred taxes. Any adjustments made will be recognized retrospectively and comparative information will be revised.

Transaction and integration cost for the three months ended March 31, 2026, totalling \$102, were expensed as incurred and presented as legal, other professional fees and corporate administration within general and administration expense in the condensed consolidated interim statements of net income (loss) and comprehensive income (loss).

Consolidated revenue for the three months ended March 31, 2026 includes revenue from MBO of \$16,581. Consolidated net income for the three months ended March 31, 2026 includes net income from MBO of \$4,753.

5. AMOUNTS RECEIVABLE

	March 31 2026	December 31 2025
Trade receivables	\$ 9,384	\$ 9,240
VAT recoverable	2,116	3,923
Other receivables	-	368
	\$ 11,500	\$ 13,531

As at March 31, 2026, \$7,380 of the Company's trade receivable is due from an affiliate of Ocean Partners (December 31, 2025 - \$8,543) (Note 11(a)).

6. INVENTORIES

		March 31 2026		December 31 2025
Concentrate	\$	3,383	\$	750
Ore stockpiles		1,102		920
Coins and bullion for sale		15		24
Materials and supplies		8,695		3,508
Bullion for repayment of loan (Note 11)		3,080		-
Total inventories	\$	16,275	\$	5,202

During the three months ended March 31, 2026, the Company expensed \$27,957 of inventories to cost of sales (three months ended March 31, 2025 – \$16,116).

7. PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment				Total PP&E
	Machinery and equipment	Land and buildings	Furniture and other equipment	Construction in progress	
COST	\$	\$	\$	\$	\$
Balance, December 31, 2024	34,334	9,253	3,366	2,117	49,070
Additions	542	12	120	2,269	2,943
Disposals	(556)	-	(52)	-	(608)
Transfers	847	-	15	(862)	-
Balance, December 31, 2025	35,167	9,265	3,449	3,524	51,405
Acquisition of MBO (note 4)	34,182	1,116	355	2,714	38,367
Additions	242	-	57	978	1,277
Transfers	107	-	121	(228)	-
Balance, March 31, 2026	69,698	10,381	3,982	6,988	91,049
ACCUMULATED DEPRECIATION					
Balance, December 31, 2024	15,792	1,473	1,985	-	19,250
Depreciation and depletion	2,986	520	500	-	4,006
Disposals	(204)	-	-	-	(204)
Impairment of Cata plant	1,232	-	-	-	1,232
Balance, December 31, 2025	19,806	1,993	2,485	-	24,284
Depreciation and depletion	2,392	135	154	-	2,681
Balance, March 31, 2026	22,198	2,128	2,639	-	26,965
Net book value, December 31, 2025	15,361	7,272	964	3,524	27,121
Net book value, March 31, 2026	47,500	8,253	1,343	6,988	64,084

As at March 31, 2026, \$307 of right of use assets are included in Property, plant and equipment (December 31, 2025 - \$335).

8. MINERAL PROPERTIES, AND EXPLORATION AND EVALUATION ASSETS

	Mineral properties	Exploration and evaluation assets	Total
COST	\$	\$	\$
Balance, December 31, 2024	25,533	3,422	28,955
Additions	2,162	-	2,162
Changes in closure and reclamation	(8,902)	-	(8,902)
Balance, December 31, 2025	18,793	3,422	22,215
Acquisition of MBO (note 4)	30,827	-	30,827
Additions	2,548	-	2,548
Changes in closure and reclamation	(111)	-	(111)
Balance, March 31, 2026	52,057	3,422	55,479
ACCUMULATED DEPRECIATION			
Balance, December 31, 2024	9,287	-	9,287
Depreciation and depletion	1,237	-	1,237
Balance, December 31, 2025	10,524	-	10,524
Depreciation and depletion	1,592	-	1,592
Balance, March 31, 2026	12,116	-	12,116
Net book value, December 31, 2025	8,269	3,422	11,691
Net book value, March 31, 2026	39,941	3,422	43,363

Exploration and evaluation assets

	El Pinguico	Other claims	Total
Acquisition Cost:			
Balance, December 31, 2024	\$ 3,157	\$ 265	\$ 3,422
Additions	-	-	-
Balance, December 31, 2025	\$ 3,157	\$ 265	\$ 3,422
Additions	-	-	-
Balance, March 31, 2026	\$ 3,157	\$ 265	\$ 3,422

El Pinguico Mine Project

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

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

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

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

El Pinguico Mine Project (continued)

Under the terms of the Option Agreement, the Company will pay a total of CAD\$1,675 cash and issue 3,750,000 units (each unit comprised of one common share and one non-transferable share purchase warrant, exercisable at CAD\$0.175 per share for a term of 5 years) to EMBSA. As at March 31, 2026, CAD\$425 remains outstanding, of which CAD\$188 was due on December 31, 2024 and CAD\$237 was due on October 30, 2024. The terms of the remaining payments are under negotiation. The payments made to date are as follows:

- CAD\$200 cash (paid) and 3,750,000 units on or before November 30, 2020 (issued);
- CAD\$325 cash on or before February 22, 2021 (paid);
- CAD\$263 on or before April 10, 2022 (paid);
- CAD\$263 on or before October 10, 2022 (paid);
- CAD\$150 on or before October 16, 2023 (paid through the issuance of 468,750 common shares); and
- CAD\$50 on or before May 7, 2024 (paid).

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

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31 2026	December 31 2025
Accounts payable	\$ 16,483	\$ 18,016
Other taxes payable	2,331	3,652
Payroll and benefits accrual	9,010	4,228
Other payables	16	17
	\$ 27,840	\$ 25,913

Of the \$16,483 in accounts payable, \$4,036 (24.5%) is outstanding greater than 90 days (December 31, 2025 – \$6,127 (34.0%) of \$18,016).

10. ADVANCE PAYMENT

In October 2024, the Company received \$477 (plus \$23 of VAT) from Trafigura Mexico, S.A. DE C.V. which was recognized as deferred revenue (the "Advance Payment"). The Advance Payment bears interest at 12-month SOFR + 5% and is to be repaid against the proceeds from the silver-gold concentrate delivered. During the first quarter of 2025, the Company entered into a new advance payment (the "New Advance") with Trafigura Mexico, S.A. DE C.V. The New Advance allows for the Company to draw up to \$1,000. The Advance Payment bears interest at 12-month SOFR + 9% and is to be repaid against the proceeds from the silver-gold concentrate delivered.

The balance of the Advance Payment inclusive of accrued interest is \$123 as at March 31, 2026.

11. LOANS PAYABLE

	OP Expanded Facility		OP Enhanced Facility		Total
Balance, December 31, 2025	\$	-	\$	19,708	\$ 19,708
Interest expense		-		644	644
Loan and interest payments		-		(661)	(661)
Changes in fair value of derivative		-		1,513	1,513
Balance, March 31, 2026	\$	-	\$	21,204	\$ 21,204
Which consist of:					
Current portion of loans and derivative	\$	-	\$	4,919	\$ 4,919
Non-current portion of loans and derivative		-		16,285	16,285
Balance, March 31, 2026	\$	-	\$	21,204	\$ 21,204

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

a) Ocean Partners Facilities

On December 5, 2023, the Company entered into a \$7,500 gold loan credit facility (the "Gold Facility") with Ocean Partners ("OP") and on February 28, 2024 the Company increased the facility to \$13,300 (the "Expanded Facility"). The initial Gold Facility and the Expanded Facility were repayable in equal fixed monthly installments of gold with the number of ounces to be delivered per month was based on a discount to the LBMA gold closing price.

11. LOANS PAYABLE (continued)

a) Ocean Partners Facilities (continued)

On April 1, 2025, the Company reached an agreement to amend its Expanded Facility with Ocean Partners (the "Enhanced Facility"). Under the terms of the Enhanced Facility, the Company is to pay a lump sum payment of either 338.43 gold ounces or a cash payment of \$1,056, of which \$756 was paid in July 2025 with the remainder paid in the third quarter of 2025. Of the remaining 7,110 gold ounces owing under the previous Expanded Facility, two-thirds of the outstanding balance, 4,740 gold ounces, will be amortized over 36 months starting April 2025, and repayable in equal fixed installments of 131.7 ounces of gold bullion. Payments will be made monthly in LBMA Good Deliverable Gold or in US dollars, with the price fixed at the LBMA AM price on the 15th calendar day of each month. The remaining one-third of the outstanding balance, 2,370 gold ounces, will be paid on conclusion of the 36-month term. Under the terms of the Enhanced Facility the Company has a voluntary prepayment option subject to a 3.0% fee and Ocean Partners has the right to offset the amount of each gold amount owing against any amounts they then owe in regards of concentrate purchased from the Company (recorded by the Company as accounts receivable – see Notes 5 and 16). The Enhanced Facility is secured by a guarantee of OMPSA and a pledge over the Company's shares of OMPSA.

The Enhanced Facility has been accounted for as a loan extinguishment and the Company has recorded the loan liability at April 1, 2025, at its fair value of \$17,949, which reflects future gold forward prices as at April 1, 2025 and a discount rate of approximately 19.5%. The loan liability is subsequently recorded on an amortized cost basis.

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

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

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

The current portion of the OP Enhanced Facility as at March 31, 2026 comprises the principal to be settled in the next year of and accrued interest at March 31, 2026 of \$2,859 and the fair value of the embedded derivative (note 11(b)) to be settled in the next year of \$2,060. The Company used gold bullion inventory subsequent to March 31, 2026 to make payments on the OP loan (note 25).

b) Embedded Derivatives

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

On March 31, 2026, the derivative on the Enhanced Facility was revalued to \$6,550 (December 31, 2025 - \$5,170), with such balance being included in the total of the loan payable balance at period end.

During the three months ended March 31, 2026, the Company recognized a loss of \$1,513 respectively on revaluation of the OP loan embedded derivatives in profit or loss (three months ended March 31, 2025 - loss of \$2,847)

c) Repayments

Based on the March 2026 valuation, principal, interest and embedded derivative payments under the Enhanced Facility are as follows:

	Principal	Interest	Derivative Payments	Total
April 1, 2026 – March 31, 2027	\$ 2,859	\$ 2,384	\$ 2,238	\$ 7,481
April 1, 2027 – March 31, 2028	11,716	1,870	6,005	19,591
	\$ 14,575	\$ 4,254	\$ 8,243	\$ 27,072

12. PROVISION FOR RECLAMATION AND REHABILITATION

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

	San Ignacio Mine	Valenciana Mine	Topia Mine	El Cubo Mines Complex	Bolanitos Mine	Total
Balance, December 31, 2024	\$ 447	6,299	6,095	4,781	-	\$ 17,622
Accretion	33	638	624	337	-	1,632
Changes in estimate	(175)	(5,808)	(5,635)	(789)	-	(12,407)
Effect of changes in foreign exchange rates	47	975	955	473	-	2,450
Balance, December 31, 2025	\$ 352	2,104	2,039	4,802	-	\$ 9,297
Acquisition of Bolanitos (note 4)	-	-	-	-	4,086	4,086
Accretion	8	48	45	105	77	283
Changes in estimate	(7)	29	(45)	(169)	81	(111)
Effect of changes in foreign exchange rates	(4)	(20)	(19)	(45)	(65)	(153)
Balance, March 31, 2026	\$ 349	2,161	2,020	4,693	4,179	\$ 13,402

	San Ignacio Mine	Valenciana Mine	Topia Mine	El Cubo Mines Complex	Bolanitos Mine
Anticipated settlement date	2037-2049	2035-2052	2034-2051	2033-2050	2029-2036
Undiscounted uninflated estimated cash flow	\$ 725	5,003	4,455	9,661	5,456
Discount rate (%)	9.2	9.2	9.2	9.2	9.2
Inflation rate (%)	3.0	3.0	3.0	3.0	3.0

13. SHARE CAPITAL

a) Authorized share capital

The authorized share capital of the Company is as follows:

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

b) Equity offerings

During the three months ended March 31, 2026, the Company issued common shares as follows:

- i. On January 15, 2026 the Company issued 36,908,363 common shares with a fair value of \$20,182 (CAD\$28,182) in connection with the acquisition of MBO (note 4).
- ii. The Company issued common shares pursuant to its at-the-market equity program (the "ATM Program"). Under the ATM Program, the Company may issue common shares from time to time through designated agents at prevailing market prices. The Company issued 2,409,200 common shares under the ATM Program for gross proceeds of \$1,503 (CAD\$2,057). The Company incurred issuance costs of \$53 (CAD\$72) paid in cash.
- iii. The Company settled 50,000 RSUs through the issuance of 50,000 common shares.
- iv. The Company issued 5,016,666 common shares on the exercise of 5,016,666 stock options for gross proceeds of \$1,763 (CAD\$2,421).
- v. The Company issued 19,869,679 common shares on the exercise of 19,869,679 warrants for gross proceeds of \$5,804 (CAD\$7,930).

During the year ended December 31, 2025, the Company issued common shares as follows:

- i. On August 21, 2025, the Company completed a non-brokered Listed Issuer Financing Exemption private placement offering and issued 60,000,000 units at \$0.22 (CAD\$0.30) per unit for gross proceeds of \$12,995 (CAD\$18,000). Each unit consisted of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at CAD\$0.45 per share for a period of two years. The proceeds from the private placement were allocated to the shares \$10,743 (CAD\$14,881) and warrants \$2,252 (CAD\$3,118) based on their relative fair values. In connection with the private placement, the Company incurred issuance costs of \$552 paid in cash, issued 2,186,404 finder's and broker's warrants with an exercise price of CAD\$0.30 exercisable for two years with a fair value of \$228 (CAD\$317) as finders fees.
- ii. On October 9, 2025, the Company completed a bought deal public offering and issued 87,000,000 units at \$0.36 (CAD\$0.50) per unit for gross proceeds of \$31,071 (CAD\$43,500). Each unit consisted of one common share and one half common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share at CAD\$0.65 per share for a period of three years. The proceeds from the bought deal public offering were allocated to the shares \$25,520 (CAD\$35,729) and warrants \$5,551 (CAD\$7,771) based on their relative fair values. In connection with the bought deal, the Company incurred issuance costs of \$1,854 (CAD\$2,595) paid in cash, issued 5,175,000 finder's and broker's warrants with an exercise price of CAD\$0.50 exercisable for two years with a fair value of \$773 (CAD\$1,084) as finders fees.
- iii. On October 31, 2025, the Company completed an over-allotment of the bought deal and issued 6,525,000 warrants for proceeds of \$372 (CAD\$522). Each warrant entitles the holder to purchase one additional common share at CAD\$0.65 per share for a period of 3 years.
- iv. The Company settled 67,500 RSUs through the issuance of 67,500 common shares.
- v. The Company issued 3,096,668 common shares on the exercise of 3,096,668 stock options for proceeds of \$584 (CAD\$810).
- vi. The Company issued 41,539,975 common shares on the exercise of 41,539,975 warrants for proceeds of \$8,306 (CAD\$11,471).
- vii. The Company incurred \$254 in other share issue costs during the period associated with the above noted transactions.

14. RESERVES

a) Warrants

The following summarizes the continuity of common share purchase warrants for the three months ended March 31, 2026 and the year ended December 31, 2025:

	Number of warrants	Weighted average exercise price CAD\$
Outstanding at December 31, 2024	148,770,359	0.40
Issued	91,936,403	0.55
Exercised	(41,539,975)	0.28
Expired and forfeited	(67,160,064)	0.52
Outstanding at December 31, 2025	132,006,723	0.48
Exercised	(19,869,679)	0.40
Outstanding at March 31, 2026	112,137,044	0.50

As at March 31, 2026 the following common share purchase warrants were outstanding:

Expiry date	Weighted average exercise price CAD\$	Warrants outstanding	Remaining life (years)
May 9, 2026	0.30	15,265,000	0.11
October 29, 2026	0.35	18,042,500	0.58
August 21, 2028	0.45	28,118,624	2.39
August 21, 2028	0.30	1,311,420	2.39
October 9, 2028	0.65	45,812,000	2.53
October 9, 2028	0.50	3,587,500	2.53
	0.50	112,137,044	1.85

In determining the fair value of the warrants issued, the Company used the Black-Scholes option pricing model to establish the fair value of warrants granted by applying the following assumptions for the three months ended March 31, 2026 and the year ended December 31, 2025:

	March 31 2026	December 31 2025
Risk-free interest rate	N/A	2.44%-2.69%
Expected life of warrants (years)	N/A	2.8-3 years
Expected annualized volatility	N/A	79.66%-82.79%
Expected dividend yield	N/A	Nil

14. RESERVES (continued)

b) Stock options

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

	Number of options	Weighted average exercise price CAD\$
Outstanding at December 31, 2024	20,320,000	0.37
Granted	10,700,000	0.23
Exercised	(3,096,668)	0.26
Expired and forfeited	(4,060,000)	0.22
Outstanding at December 31, 2025	23,863,332	0.35
Granted	11,300,000	0.50
Exercised	(5,016,666)	0.48
Expired and forfeited	(958,334)	0.49
Outstanding at March 31, 2026	29,188,332	0.38

The weighted-average share price at the date of exercise for share options exercised during the three months ended March 31, 2026 was CAD\$0.77 (year ended December 31, 2025 was CAD\$0.44).

The following table summarizes the information about stock options outstanding as at March 31, 2026:

Expiry date	Options outstanding	Weighted average exercise price CAD\$	Options exercisable	Weighted average exercise price CAD\$
September 8, 2026	400,000	0.49	400,000	0.49
October 12, 2026	150,000	0.41	150,000	0.41
March 22, 2027	500,000	0.64	500,000	0.64
April 4, 2027	200,000	0.61	200,000	0.61
July 18, 2027	2,520,000	0.33	2,520,000	0.33
April 19, 2028	1,890,000	0.58	1,890,000	0.58
January 3, 2029	500,000	0.26	333,333	0.26
February 15, 2029	1,125,000	0.20	750,000	0.20
March 15, 2029	2,266,666	0.20	1,511,111	0.20
April 25, 2029	300,000	0.22	200,000	0.22
April 28, 2030	5,320,000	0.20	1,773,333	0.20
July 28, 2030	200,000	0.32	66,667	0.32
July 29, 2030	2,200,000	0.32	366,667	0.32
September 5, 2030	316,666	0.39	-	0.39
March 23, 2028	400,000	0.50	-	0.50
March 23, 2031	10,900,000	0.50	-	0.50
	29,188,332	0.38	10,661,111	0.35

In determining the fair value of the stock options issued, the Company used the Black-Scholes option pricing model to establish the fair value of options granted during the period by applying the following assumptions for the three months ended March 31, 2026 and the year ended December 31, 2025:

	March 31 2026	December 31 2025
Risk-free interest rate	3.07%	2.46%-2.79%
Expected life of options (years)	2-4 years	0.8-4 years
Expected annualized volatility	83.55%-92.45%	82.86%-85.39%
Expected dividend yield	Nil	Nil
Weighted average fair value on grant date	CAD\$0.28	CAD\$0.13

14. RESERVES (continued)

c) Restricted share units

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

	Number of RSUs
Outstanding at December 31, 2024	1,312,500
Vested and paid out in common shares	(67,500)
Outstanding at December 31, 2025	1,245,000
Vested and paid out in common shares	(50,000)
Outstanding at March 31, 2026	1,195,000

During the three months ended March 31, 2026, the weighted average fair value of the RSU's paid out in shares was CAD\$0.20.

15. INCOME (LOSS) PER SHARE

	Three months ended	
	March 31 2026	March 31 2025
Net income (loss) for the period basic and diluted	\$ 5,701	\$ (2,273)
Weighted average number of common shares (000's) basic	712,349	472,187
Income (loss) per share - basic	\$ 0.01	\$ (0.00)
Weighted average number of common shares (000's) basic	712,349	472,187
Incremental common shares from dilutive warrants, stock options and RSU's	46,287	-
Weighted average number of shares (000's) diluted	758,636	472,187
Income (loss) per share - diluted	\$ 0.01	\$ (0.00)

All the outstanding warrants, options and RSU's are anti-dilutive for the three months ended March 31, 2025.

16. REVENUES

The Company is principally engaged in the business of producing gold-silver, lead and zinc concentrate in Mexico. The disaggregated revenue information for the three months ended March 31, 2026 and 2025, is as follows:

	Three months ended	
	March 31 2026	March 31 2025
Gold-silver concentrate	\$ 31,014	\$ 13,383
Lead concentrate	12,989	6,228
Zinc concentrate	1,582	934
Provisional pricing adjustments	(2,533)	785
	\$ 43,052	\$ 21,330

The Company sells 100% of its gold-silver, lead and zinc concentrates to three customers in Mexico, one of which is an affiliate of Ocean Partners that accounts for 88% of the sales, (three months ended March 31, 2025 – 90% of sales).

Bullion sales of \$18 for the three months ended March 31, 2026 are included in gold-silver concentrate (three months ended March 31, 2025 – \$18). Sales of bullion are in Canada.

17. COST OF SALES

	Three months ended	
	March 31 2026	March 31 2025
Production costs	\$ 25,144	\$ 13,983
Transportation and other selling costs	1,118	608
Inventory changes	(1,775)	408
Depreciation	4,257	1,486
	\$ 28,744	\$ 16,485

18. GENERAL AND ADMINISTRATION

	Three months ended	
	March 31 2026	March 31 2025
Salaries and employee benefits	\$ 1,441	\$ 716
Professional fees	1,051	491
Corporate and administration	1,243	687
Depreciation	24	37
	\$ 3,759	\$ 1,931

19. INTEREST AND FINANCE (COSTS) INCOME, NET

	Three months ended	
	March 31 2026	March 31 2025
Interest income	\$ 138	\$ 148
Interest income from VAT	326	-
Interest expense	(646)	(852)
Accretion expense	(292)	(436)
	\$ (474)	\$ (1,140)

During the three months ended March 31, 2026, the Company received interest income related to the receipt of VAT refunds.

20. RELATED PARTIES

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

Compensation of key management personnel

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

	Three months ended	
	March 31 2026	March 31 2025
Salaries, bonus and benefits	\$ 97	\$ 92
Consulting fees ⁽¹⁾	58	6
Share-based compensation	33	59
	\$ 188	\$ 157

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

21. SEGMENTED INFORMATION

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

March 31, 2026	Total assets	Total liabilities	Capital expenditures
El Cubo Mines Complex	\$ 34,745	\$ (11,192)	\$ 983
Valenciana Mines Complex	5,384	(5,762)	290
San Ignacio Mine	1,874	(3,964)	373
Topia	17,187	(20,051)	675
Bolanitos	92,218	(28,055)	1,504
Corporate	17,180	(37,417)	-
Consolidated	\$ 168,588	\$ (106,441)	\$ 3,825

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

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

21. SEGMENTED INFORMATION (continued)

For the three months ended March 31, 2026							
	Corporate	El Cubo Mines Complex	Valenciana Mines Complex	San Ignacio Mine	Topia Mines	Bolanitos Mine	Total
Revenues	\$ 18	7,697	2,091	2,859	13,806	16,581	43,052
Cost of sales	11	4,022	2,826	2,187	7,807	11,891	28,744
Mine operating profit (loss)	7	3,675	(735)	672	5,999	4,690	14,308
General and administration	1,202	846	171	235	1,130	175	3,759
Share based compensation	194	-	-	-	-	-	194
Exploration expenses	-	249	67	32	45	127	520
Care and maintenance	-	-	536	-	-	-	536
Foreign exchange loss (gain)	(128)	(164)	(179)	(4)	(19)	(309)	(803)
Other operating expense	-	(292)	(55)	-	-	(57)	(404)
Operating profit (loss)	\$ (1,261)	\$ 3,036	\$ (1,275)	\$ 409	\$ 4,843	\$ 4,754	\$ 10,506

For the three months ended March 31, 2025							
	Corporate	El Cubo Mines Complex	Valenciana Mines Complex	San Ignacio Mine	Topia Mines	Total	
Revenues	\$ 18	8,353	3,503	2,157	7,300	21,331	
Cost of sales	16	5,776	3,186	2,032	5,474	16,484	
Mine operating profit	2	2,577	317	125	1,826	4,847	
General and administration	768	576	158	97	330	1,929	
Share based compensation	98	-	-	-	-	98	
Exploration expenses	-	191	59	38	40	328	
Foreign exchange loss (gain)	46	25	134	2	33	240	
Other operating expense (income)	-	(13)	(124)	-	-	(137)	
Operating profit (loss)	\$ (910)	\$ 1,798	\$ 90	\$ (12)	\$ 1,423	\$ 2,389	

22. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

a) Fair value measurement and valuation techniques

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

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

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

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

Financial asset or liability	Methods and assumptions used to estimate fair value
Trade receivables	Trade receivables arising from the sales of metal concentrates are subject to provisional pricing, and the final selling price is adjusted at the end of a quotational period. These are marked to market at each reporting date based on the forward price corresponding to the expected settlement date.
Forward contracts (short term investments)	The Company determines the value of the forward contracts using quoted prices. Fair value changes are charged to profit and loss.
Marketable securities (short term investments)	The Company determines the value of the marketable securities using quoted prices. Fair value changes are charged to profit and loss.
Ocean Partners loans	The fair value of the loan was estimated using the discounted cash flow method at a rate that equates to a comparable current market interest rate.
Embedded derivative	Valued using inputs derived from observable market data, including quoted commodity forward prices.
Other long term liabilities	The Company determined the fair value of the Contingent Payments associated with the MBO acquisition (note 4) based on a discounted cash flow using a credit adjusted discount rate and an estimated date of achieving the production milestones (Level 3 of the fair value hierarchy).

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

During three months ended March 31, 2026, and 2025, there were no transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy.

22. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

a) Fair value measurement and valuation techniques (continued)

March 31, 2026	Fair value through profit or loss		Amortized cost		Total	Level 1	Level 2	Level 3	Carrying value approximates fair value
Financial assets measured at fair value									
Trade receivables from sale of concentrate	\$	9,384	\$	-	\$ 9,384	-	9,384	-	-
Short term investments		9,547		-	9,547	9,547	-	-	-
	\$	18,931	\$	-	\$ 18,931	9,547	9,384	-	-
Financial assets not measured at fair value									
Cash and cash equivalents	\$	-	\$	20,903	\$ 20,903	-	-	-	20,903
VAT and other receivables		-		2,116	2,116	-	-	-	2,116
	\$	-	\$	23,019	\$ 23,019	-	-	-	23,019
Financial liabilities measured at fair value									
Other current liabilities	\$	(1,833)	\$	-	\$ (1,833)	-	(1,833)	-	-
Derivative		(6,550)		-	(6,550)	-	(6,550)	-	-
Other long-term liabilities		(9,249)		-	(9,249)	-	-	(9,249)	-
	\$	(17,632)	\$	-	(17,632)	-	(8,383)	(9,249)	-
Financial liabilities not measured at fair value									
Accounts payable and accrued liabilities	\$	-	\$	(27,840)	\$ (27,840)	-	-	-	(27,840)
Ocean Partners loans		-		(14,654)	(14,654)	-	-	-	(14,654)
	\$	-	\$	(42,494)	(42,494)	-	-	-	(42,494)

22. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

a) Fair value measurement and valuation techniques (continued)

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

23. SUPPLEMENTAL CASHFLOW INFORMATION

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

	Loans	Leases	Other current liabilities
As at December 31, 2024	\$ 14,517	\$ 559	\$ 2,063
Additions	17,949	12	261
Terminations or Disposals	(18,252)	-	(481)
Interest	2,914	-	-
Accretion	-	54	-
Payments in cash	(5,886)	(262)	-
Foreign exchange	-	38	-
Changes in fair value	8,467	-	(1)
As at December 31, 2025	\$ 19,709	\$ 401	\$ 1,842
Interest	644	-	-
Accretion	-	8	-
Payments in bullion	(661)	-	-
Payments in cash	-	(62)	-
Foreign exchange	-	(16)	-
Changes in fair value	1,512	-	(9)
As at March 31, 2026	\$ 21,204	\$ 331	\$ 1,833

The significant non-cash financing and investing transactions during the three months ended March 31, 2026 and 2025, are as follows:

	Three months ended	
	March 31 2026	March 31 2025
Payment of OP loan in gold ounces	\$ (661)	\$ -
Closure and reclamation provision	\$ (111)	\$ (1,339)
Shares issued on Acquisition of Bolanitos	\$ 20,182	\$ -
Change in accounts payable related to purchase of property, plant and equipment	\$ 1,207	\$ -

24. CONTINGENCIES

During the fourth quarter of 2025, the court in Mexico City issued a ruling indicating that MMR is liable for damages and the reimbursement of costs associated with a vendor dispute over the installation and use of certain mineral sorting equipment. 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 as at March 31, 2026 (December 31, 2025 - \$10,362). The provision represents management's best estimate of the amount required to settle the obligation as at the reporting date based on the court ruling.

During the fourth quarter of 2025, 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 March 31, 2026 and December 31, 2025, management has determined that recognition of the full amount of the fine is appropriate and has recorded a provision accordingly.

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.

25. SUBSEQUENT EVENTS

Subsequent to March 31, 2026:

- The Company issued 14,949,250 common shares on the exercise of 14,949,250 warrants for gross proceeds of \$3,310 (CAD\$4,534).
- The Company issued 700,000 common shares on the exercise of 700,000 options for gross proceeds of \$117 (CAD\$160).
- 630,750 warrants expired unexercised.

On May 14, 2026, the Company made an early payment of 1,580 ounces of gold toward the OP Enhanced loan.