

**SIERRA MADRE GOLD AND SILVER LTD.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2024**

**Expressed in U.S. Dollars**

**Unaudited**

*Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the Company's interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.*

*The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by, and are the responsibility of, the Company's management. The Company's independent auditor has not performed a review of these interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.*

**SIERRA MADRE GOLD AND SILVER LTD.**  
**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS**

Expressed in U.S. Dollars

Unaudited

<b>ASSETS</b>	September 30, 2024	December 31, 2023
<b>Current</b>		
Cash and cash equivalents	\$ 335,752	\$ 1,929,549
Value added taxes receivable	1,258,875	548,032
Trade receivables (Note 4)	537,763	-
Inventories	831,298	406,673
Prepaid expenses and other	560,843	435,516
	3,524,531	3,319,770
<b>Mining interests</b> (Note 5)	17,576,262	15,660,081
<b>Exploration and evaluation assets</b> (Note 6)	10,749,184	10,203,451
<b>Plant and equipment</b> (Note 7)	2,597,610	1,253,926
<b>Other assets</b>	31,795	41,399
	\$ 34,479,382	\$ 30,478,627
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 1,128,485	\$ 707,156
Payroll and withholding taxes payable	230,886	111,214
Current portion of lease liabilities	7,620	8,835
	1,366,991	827,205
<b>Loans payable</b> (Note 9)	5,300,000	-
<b>Lease liabilities</b>	6,687	6,428
<b>Deferred income tax liabilities</b>	523,525	510,390
<b>Decommissioning liability</b> (Note 8)	2,419,706	2,432,334
	9,616,909	3,776,357
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share capital</b> (Note 11)	158,113,291	157,040,086
<b>Contributed surplus</b>	3,261,776	1,971,147
<b>Accumulated other comprehensive income (loss)</b>	(15,052)	150,787
<b>Deficit</b>	(136,497,542)	(132,459,750)
	24,862,473	26,702,270
	\$ 34,479,382	\$ 30,478,627

**Nature of operations** (Note 1)

**Contingency** (Note 16)

ON BEHALF OF THE BOARD:

\_\_\_\_\_, Director  
*"Alexander Langer"*

\_\_\_\_\_, Director  
*"Sean McGrath"*

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

**SIERRA MADRE GOLD AND SILVER LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF**  
**CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30**

Expressed in U.S. Dollars

Unaudited

	Share Capital (Note 11)	Subscription Receipts	Contributed Surplus	Accumulated other comprehensive income (loss)	Deficit	Total
<b>Balance, December 31, 2022</b>	\$ 108,144,970	\$ -	\$ -	\$ -	\$ (92,460,700)	\$ 15,684,270
Due to former parent converted to shares	11,099,209	-	-	-	-	11,099,209
Share purchase agreement (Note 3)	30,818,380	-	1,828,402	-	-	32,646,782
Concurrent financing	5,190,304	2,450,338	-	-	-	7,640,642
Share issuance costs	(478,440)	(34,566)	-	-	-	(513,006)
Fair value of agents' compensation options	(138,495)	-	138,495	-	-	-
Share-based compensation	-	-	4,250	-	-	4,250
Comprehensive loss for the period	-	-	-	(9,782)	(35,303,153)	(35,312,935)
<b>Balance, September 30, 2023</b>	\$ 154,635,928	\$ 2,415,772	\$ 1,971,147	\$ (9,782)	\$ (127,763,853)	\$ 31,249,212
<b>Balance, December 31, 2023</b>	\$ 157,040,086	\$ -	\$ 1,971,147	\$ 150,787	\$ (132,459,750)	\$ 26,702,270
Private placements – shares	1,109,169	-	-	-	-	1,109,169
Share issuance costs	(35,964)	-	-	-	-	(35,964)
Share-based compensation	-	-	1,290,629	-	-	1,290,629
Comprehensive loss for the period	-	-	-	(165,839)	(4,037,792)	(4,203,631)
<b>Balance, September 30, 2024</b>	\$ 158,113,291	\$ -	\$ 3,261,776	\$ (15,052)	\$ (136,497,542)	\$ 24,862,473

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

**SIERRA MADRE GOLD AND SILVER LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS**  
**OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30**

Expressed in U.S. Dollars

Unaudited

	Three Months Sept. 30 2024	Three Months Sept. 30 2023	Nine Months Sept. 30 2024	Nine Months Sept. 30 2023
Revenues <i>(Note 12)</i>	\$ 2,535,617	\$ -	\$ 2,535,617	\$ -
Cost of sales <i>(Note 13)</i>	(2,287,587)	-	(2,287,587)	-
Gross profit	248,030	-	248,030	-
Amortization and accretion	68,746	56,563	194,545	171,610
Care and maintenance	-	794,937	903,094	2,249,539
Community relations	25,021	62,390	105,304	62,390
Environmental	126,702	-	126,702	-
Financing costs	-	-	218,737	-
General and administrative <i>(Note 14)</i>	520,712	726,675	1,613,831	1,429,950
Foreign exchange (gain) loss	52,302	242,452	(106,165)	325,542
Interest expense <i>(Note 9)</i>	55,250	-	83,600	92,923
Finance income	(2,147)	(43,100)	(9,117)	(76,865)
Other income	(1,748)	-	(15,099)	-
Provisional pricing adjustments <i>(Note 4)</i>	(133,374)	-	(133,374)	-
RTO transaction cost <i>(Note 3)</i>	-	-	-	31,072,747
Share-based compensation <i>(Note 11)</i>	477,867	-	1,290,629	4,250
	1,189,331	1,839,917	4,272,687	35,332,086
<b>Loss before income taxes</b>	941,301	1,839,917	4,024,657	35,332,086
Deferred income tax expense (recovery)	5,791	476	13,135	(28,933)
<b>Loss for the period</b>	947,092	1,840,393	4,037,792	35,303,153
<b>Other comprehensive loss (income)</b>				
Item that may be reclassified subsequently to income or loss:				
Currency translation adjustment	(33,282)	124,517	165,839	9,782
<b>Comprehensive loss for the period</b>	\$ 913,810	\$ 1,964,910	\$ 4,203,631	\$ 35,312,935
<b>Loss per share – basic and diluted</b>	\$ 0.01	\$ 0.01	\$ 0.03	\$ 0.30
<b>Weighted-average number of shares outstanding – basic and diluted (000's)</b>	152,870	143,998	151,801	116,661

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

**SIERRA MADRE GOLD AND SILVER LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30**

Expressed in U.S. Dollars  
*Unaudited*

<b>CASH RESOURCES PROVIDED BY (USED IN)</b>	2024	2023
<b>Operating activities</b>		
Loss for the period	\$ (4,037,792)	\$ (35,303,153)
Items not involving cash:		
Amortization and accretion	194,545	171,610
Depreciation	6,342	7,335
Interest expense	75,600	92,923
Deferred income tax expense (recovery)	13,135	(28,933)
Unrealized foreign exchange loss (gain)	(352,074)	392,118
Share-based compensation	1,290,629	4,250
RTO transaction cost <i>(Note 3)</i>	-	31,072,747
Changes in non-cash working capital		
Value added taxes receivable	(890,550)	(271,240)
Trade receivables	(537,763)	-
Prepaid expenses and other	(145,327)	(690,951)
Inventories	(424,625)	48,279
Accounts payable and accrued liabilities	421,330	251,031
Payroll and withholding taxes payable	119,672	23,118
	<u>(4,266,878)</u>	<u>(4,230,866)</u>
<b>Investing activities</b>		
Cash acquired in RTO transaction <i>(Note 3)</i>	-	832,100
Purchase of plant and equipment <i>(Note 7)</i>	(1,488,313)	(265,741)
Mine development costs <i>(Note 5)</i>	(1,395,272)	(319,940)
Exploration costs <i>(Note 6)</i>	(548,833)	(481,825)
	<u>(3,432,418)</u>	<u>(235,406)</u>
<b>Financing activities</b>		
Shares issued for cash <i>(Note 11)</i>	1,109,169	5,190,304
Share issuance costs <i>(Note 11)</i>	(35,964)	(478,440)
Subscription receipts <i>(Note 11)</i>	-	2,450,338
Issuance costs <i>(Note 11)</i>	-	(34,566)
Loan advances <i>(Note 9)</i>	5,503,648	-
Loan repayments <i>(Note 9)</i>	(503,648)	-
Advances from former parent company <i>(Note 10)</i>	-	899,964
	<u>6,073,205</u>	<u>8,027,600</u>
<b>Change in cash position for the period</b>	<b>(1,626,091)</b>	<b>3,561,328</b>
Cash and cash equivalents - beginning of period	1,929,549	88,242
Exchange difference on cash	32,294	(116,004)
<b>Cash and cash equivalents - end of period</b>	<b>\$ 335,752</b>	<b>\$ 3,533,566</b>

**Supplemental schedule of non-cash investing and financing transactions** *(Note 17)*

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

**SIERRA MADRE GOLD AND SILVER LTD.**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

Expressed in U.S. Dollars  
*Unaudited*

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**1. NATURE OF OPERATIONS**

Sierra Madre Gold and Silver Ltd. (the “Company”) is a mineral exploration company incorporated in British Columbia with its registered office located at 15<sup>th</sup> Floor – 1111 West Hastings Street, Vancouver, British Columbia, Canada. On March 29, 2023, the Company completed the acquisition of the Guitarra silver-gold mine (*Note 3*) by acquiring all of the outstanding shares of La Guitarra Compania Minera, S.A. de C.V. (“La Guitarra”) from Corporacion First Majestic, S.A. de C.V. (“CFM”), a wholly owned subsidiary of First Majestic Silver Corp. (“First Majestic”).

The acquisition of La Guitarra has been accounted for as a reverse acquisition (“RTO”) whereby the Company, the legal acquirer, acquired all of the issued and outstanding shares of La Guitarra, the legal subsidiary. Although the Company remains the legal parent, La Guitarra is considered to be the accounting acquirer. Consequently, these condensed consolidated interim financial statements represent the continuation of the financial statements of La Guitarra except as to share capital structure, which has been retroactively restated to reflect the legal capital of the Company using the exchange ratio established in the Share Purchase Agreement (“SPA”) (*Note 3*).

The Company holds a 100% interest in the Guitarra silver-gold mine located in Mexico, which is a formerly producing silver and gold mine, currently in the test-mining phase, and the Tepic mineral property located in Mexico, which is in the exploration stage. Based on the information available to date, the Company has not yet determined whether its mineral properties contain ore reserves. The Company has no ongoing source of operating revenue and is dependent upon the issuance of shares to fund its operations and exploration activities. The Company’s continuing operation is dependent upon establishing reserves and resources, maintaining its rights, access, and title to the properties, obtaining the financing necessary to maintain operations and successfully complete its exploration and development of the properties, and attaining future profitable production.

These condensed consolidated interim financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS”) 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 operation. With the recently completed financing (*Note 9*), the Company estimates that its current working capital and planned operating results will provide sufficient working capital (current assets less current liabilities) for its present obligations and planned activities for at least twelve months commencing September 30, 2024.

**2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION**

**Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with IFRS, as applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. These statements do not include all of the information and disclosures required by IFRS for annual financial statements. In the opinion of management, all adjustments and information considered necessary for fair presentation have been included in these financial statements.

These condensed consolidated interim financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements and should be read in conjunction with the audited financial statements of the Company, including the notes thereto, for the year ended December 31, 2023. All financial information presented herein is unaudited. The Company’s board of directors approved these condensed consolidated interim financial statements for issue on November 8, 2024.

**SIERRA MADRE GOLD AND SILVER LTD.**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

Expressed in U.S. Dollars  
*Unaudited*

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**2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION** - *continued*

**Basis of measurement**

These condensed consolidated interim financial statements have been prepared under the historical cost basis, except for those assets and liabilities that are measured at fair values at the end of each reporting period.

**Principles of consolidation**

These condensed consolidated interim financial statements include the accounts of the Company and the accounts of its wholly owned subsidiaries, La Guitarra (a Mexican company), Pita Exploration Limited (a British Columbia company), Pita Exploration, S. de R.L. de C.V. (a Mexican company), and Minera Sierra Madre Oro Y Plata, S. de R.L. de C.V. (a Mexican company). All significant inter-company transactions, balances, and unrealized foreign exchange translation gains or losses have been eliminated.

**Foreign currency translation**

The presentation currency of the Company is the U.S. dollar. The functional currency of the Company and all of its subsidiaries, except La Guitarra, is the Canadian dollar ("CAD"). The functional currency of La Guitarra is the U.S. dollar. Transactions denominated in foreign currencies are translated at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the reporting date. Translation gains and losses are reflected in profit or loss for the period.

Canadian functional operations are translated into U.S. dollars using the period-end exchange rate for assets and liabilities, and the average exchange rate for income and expenses. All resulting exchange differences are recognized in other comprehensive income or loss.

**Adoption of new accounting policies**

During the three-month period ended September 30, 2024, the Company adopted the following new material accounting policies:

Ore inventories

Ore inventories include finished and in-process concentrate, and stockpile ore and are valued at the lower of average production cost and estimated net realizable value ("NRV"). NRV is the amount estimated to be obtained from the sale of the inventory in the normal course of business, less any anticipated costs to be incurred to convert the inventories into saleable form, transportation and estimated costs to sell. For finished and in-process concentrate, cost includes all direct costs incurred in production, including direct labour and materials, depreciation, and directly attributable overhead costs.

Stockpile ore represents ore that has been extracted from the mine and is available for further processing. Costs added to the stockpile ore are based upon the current mining cost per tonne incurred up to the point of stockpiling the ore and are removed at the weighted average cost per tonne. Costs included in the in-process inventory are based upon the amount transferred from the stockpile ore plus the estimated current milling cost per tonne and the percentage completion of the in-process concentrate. Costs are removed from the in-process inventory and are included in the finished concentrate inventory at the weighted average cost per tonne.

If the carrying value of the inventory exceeds the NRV, a write-down is required and recorded as cost of sales. If there is a subsequent increase in the NRV of the inventory, then any prior write-downs of the inventory are reversed to cost of sales.

**SIERRA MADRE GOLD AND SILVER LTD.**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

Expressed in U.S. Dollars  
*Unaudited*

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**2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION** - *continued*

**Adoption of new accounting policies** - *continued*

Proceeds before intended use

Revenue from the sale of gold/silver concentrates, realized prior to the point at which items of mineral property, plant and equipment, such as the mine and process plant, are operating in the manner intended by management, are recognized, along with the related costs, in the consolidated statement of loss and comprehensive loss.

Revenue recognition

Revenue associated with concentrate sales is recognized when control of the asset sold is transferred to the customer. Evidence of the transfer of control includes an unconditional obligation to pay, the transfer of legal title, physical possession, the transfer of the risks and rewards of ownership and the acceptance by the customer. Under the terms of the Company's concentrate sale contract (*Note 12*), this occurs when the concentrate is delivered to the designated warehouse, as contractually agreed with the buyer, at which point the buyer controls the goods.

The Company's concentrate sale contract provides for certain provisional payments based upon provisional assays and quoted metals prices.

Final settlement is based upon the applicable commodity prices set on a specified quotational period, being the average market metal prices for the month following delivery of the concentrate. For this purpose, the transaction price can be measured reliably for the gold and silver components of the concentrate as there exists an active and freely traded commodity market, such as the London Metals Exchange, and the value of product sold by the Company is directly linked to the form in which it is traded on that market.

Final settlement is also subject to final adjustments based on an inspection of the product by the buyer. In such cases, sales revenue is initially recognized on a provisional basis using the Company's best estimate of the contained metal and is subsequently adjusted. Revenue is recorded under this contract at the time the control passes to the buyer based on the expected settlement period. Revenue on provisionally priced sales is recognized based on estimates of the fair value of the consideration receivable based on forward market prices and estimated quantities. At each reporting date, provisionally priced metal is marked to market based on the forward selling price for the quotational period stipulated in the contract. Variations between the price recorded at the date when control is passed to the buyer and the actual final price set by the off-take contract are caused by changes in metal prices, with the resulting fluctuation in the receivable being recorded at fair value through profit and loss.

IFRS 15 – *Revenue from Contracts with Customers*, requires that variable consideration should only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The Company has concluded that potential adjustments related to the final assay results for the quantity and quality of concentrate sold are not significant and do not constrain the recognition of revenue.

Refining and treatment charges under the concentrate sale contract are netted against revenue for sales of metal concentrate.



**SIERRA MADRE GOLD AND SILVER LTD.**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

Expressed in U.S. Dollars  
*Unaudited*

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**2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION** - *continued*

**Significant accounting estimates, judgements, and assumptions**

The Company's significant accounting estimates, judgements and assumptions are consistent with the related note in the audited financial statements of the Company for the year ended December 31, 2023, except for the following additional judgement:

Asset ready for its intended use ("Commercial Production")

Once an asset reaches the level of operation intended by management, depletion and depreciation of the related asset commences and the capitalization of interest terminates. Significant judgement is required to determine when certain assets of the Company reach this level. Management considers several factors including the completion of a reasonable period of commissioning, and whether consistent operating results are being achieved at a predetermined level of design capacity. The Company began a test mining and milling program at the mine in late June 2024 and to date neither the mine nor the mill have consistently achieved the established criteria. Accordingly, the Company has concluded that Commercial Production has not been achieved to September 30, 2024.

**3. SHARE PURCHASE AGREEMENT – REVERSE ACQUISITION TRANSACTION**

The Company entered into the SPA dated May 24, 2022, as amended and restated on October 24, 2022, with CFM, a wholly owned subsidiary of First Majestic to acquire 100% of the issued and outstanding common shares of La Guitarra (the "Transaction"). The Transaction was completed on March 29, 2023.

Upon closing the SPA, the Company acquired 100% of La Guitarra in exchange for 69,063,076 common shares of the Company (*Note 11*), the granting of a net smelter returns royalty ("NSR") (*Note 5*), and customary closing adjustments including a working capital adjustment. As provided for in the SPA, CFM and First Majestic capitalized to share capital all inter-company amounts owing prior to the closing (*Notes 10 and 11*).

On completion of the Transaction, the Company became the legal parent of La Guitarra. The Transaction has been accounted for as an RTO as defined by the regulators and as determined under IFRS. Although the Company remains the legal parent and the continuing company, La Guitarra is considered to be the accounting acquirer. Consequently, La Guitarra has been deemed to be the continuation of the Company and control of the assets and operations of the Company were deemed to have been acquired by La Guitarra in consideration for the deemed issuance of the shares retained by the existing shareholders of the Company.

**SIERRA MADRE GOLD AND SILVER LTD.**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

Expressed in U.S. Dollars  
*Unaudited*

**3. SHARE PURCHASE AGREEMENT – REVERSE ACQUISITION TRANSACTION - *continued***

An RTO involving a non-public enterprise and a non-operating public enterprise is considered to be a capital transaction in substance rather than a business combination. The Company's activities prior to the acquisition were limited to the management of cash resources, maintenance of its listing, and exploration activities, which does not constitute a business. Since the Transaction does not meet the definition of a business combination in accordance with IFRS 3: *Business Combinations*, the Transaction has been accounted for as an asset acquisition in accordance with IFRS 2: *Share-based Payments* as follows:

- The assets and liabilities of La Guitarra are recognized and measured in the consolidated balance sheets at their pre-Transaction carrying amounts;
- The identifiable assets and liabilities of the Company are recognized at fair value at the closing date of the Transaction. The fair value of the Company was determined based on the equity interests deemed to have been issued by La Guitarra to provide the shareholders of the Company with the same proportional interest in the common shares of the Company as they had prior to completion of the Transaction;
- The excess of the consideration paid over the fair value of the identifiable assets and liabilities of the Company was charged to profit or loss as an RTO transaction cost; and
- Deficit and other shareholders' equity balances recognized in the consolidated balance sheets reflect those of La Guitarra, the accounting parent, and share equity is determined by adding the fair value of the Company to the balance of La Guitarra's share equity immediately prior to the Transaction. However, the legal capital structure shown in the consolidated statements reflects that of the Company, the legal parent. Accordingly, the share structure of La Guitarra is retrospectively restated to reflect the legal capital structure of the Company using the exchange ratio established in the SPA plus the number of common shares deemed issued by the Company to effect the Transaction.

The consideration paid in the Transaction is made up of the following:

Fair value of 64,130,678 common shares of the Company at CAD \$0.65 per share (retained by the shareholders of the Company, deemed issued by La Guitarra) ( <i>Note 10</i> )	\$ 30,818,380
Fair value of the vested portion of 5,485,000 stock options of the Company (retained by the pre-RTO option holders of the Company, deemed issued by La Guitarra)	1,828,402
Legal, filing, and consulting costs	458,304
Working capital and value-added tax adjustments	329,378
Intercompany elimination	<u>5,548,000</u>
Total consideration paid	<u>\$ 38,982,464</u>

**SIERRA MADRE GOLD AND SILVER LTD.**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

Expressed in U.S. Dollars  
*Unaudited*

**3. SHARE PURCHASE AGREEMENT – REVERSE ACQUISITION TRANSACTION - *continued***

On January 9, 2018, La Guitarra received a ruling from the Manzanillo Customs Tax Authority assessing a tax penalty of \$4.1 million (78.4 million Mexican pesos) for allegedly failing to comply with Mexican Customs Law on a concentrate shipment made in March 2017. La Guitarra filed an appeal with the Federal Tax Court. On September 17, 2020, the Federal Tax Court in Durango granted La Guitarra a definitive injunction against collection. Based on advice from legal advisors, La Guitarra believes it was in compliance with the applicable Mexican law and therefore no liability was recognized in the financial statements. Under the terms of the SPA, First Majestic has assumed full responsibility for the dispute and by March 29, 2023 had posted a letter of credit supported by an underlying bond as security for the dispute with the Servicio de Administracion Tributaria in the amount of \$5,548,000. Under the terms of the SPA, First Majestic is responsible for any funding obligations, including the bonding costs and all other costs, related to the tax dispute (*Note 16*).

The consideration for the acquisition was based on the fair value of the Company's shares using the share price of the concurrent financing (*Note 11*) of CAD \$0.65 per share, as this was considered to be the most reliable indicator of fair value. The consideration paid was recognized with a corresponding increase in the share capital of the Company. The Company's identifiable assets and liabilities were recognized at their fair value. The difference between the consideration paid and the net identifiable assets received was recognized as an RTO transaction cost in profit and loss.

The excess of the consideration paid over the fair value of the identifiable assets and liabilities of the Company at March 29, 2023 was as follows:

Current assets, including cash of \$832,100	\$ 1,788,785
Fair value of the Tepic mineral property	3,600,000
Fair value of the La Tigra mineral property	2,540,000
Fair value of equipment	42,754
Current liabilities	<u>(61,822)</u>
Fair value of net identifiable assets acquired	7,909,717
RTO transaction cost	<u>31,072,747</u>
Total consideration paid	<u>\$ 38,982,464</u>

The identifiable assets and liabilities of the Company as at March 29, 2023 were translated from Canadian dollars to U.S. dollars using a translation of convenience based on the exchange rate in effect at that date.

**4. TRADE ACCOUNTS RECEIVABLE**

Details are as follows:

	September 30, 2024	December 31, 2023
Trade receivables	\$ 2,530,567	\$ -
Less: Advance payments received	<u>(2,126,178)</u>	<u>-</u>
	404,389	-
Provisional pricing adjustment	<u>133,374</u>	<u>-</u>
	<u>\$ 537,763</u>	<u>\$ -</u>

**SIERRA MADRE GOLD AND SILVER LTD.**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

Expressed in U.S. Dollars  
*Unaudited*

**5. MINING INTERESTS**

Details are as follows:

	September 30, 2024	December 31, 2023
Balance – beginning of period	\$ 15,660,081	\$ 15,370,205
Increase (decrease) in decommissioning liability <i>(Note 8)</i>	138,890	(526,424)
Depreciation of equipment capitalized <i>(Note 7)</i>	157,618	75,335
Borrowing costs capitalized <i>(Note 9)</i>	224,400	-
Mine development costs	1,395,273	740,965
Balance – end of period	\$ 17,576,262	\$ 15,660,081

**Guitarra silver-gold mine, Mexico**

The Guitarra silver-gold mine is located in the Temascaltepec Mining District in the State of Mexico, near Toluca, Mexico, south-west of Mexico City. The mine consists of two underground operation centers and a flotation mill.

**Net smelter royalty**

In accordance with the terms of the SPA *(Note 3)*, by an agreement dated December 21, 2022, the Company granted a 2% NSR over the entire Guitarra claim block to Metalla Royalty & Streaming Ltd. (“Metalla”) for cash consideration of \$3,031,935. On January 6, 2023, Metalla notified the Company that it had assigned its interest in the NSR to its Mexican subsidiary, Royalty & Streaming Mexico, S.A. de C.V. (“Metalla Mexico”). The Company retains an option to buy back 1% of the NSR from Metalla Mexico for \$2,000,000.

**Title**

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to its mineral properties and, to the best of its knowledge, title is in good standing and in accordance with related agreements.

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**6. EXPLORATION AND EVALUATION ASSETS**

Details are as follows:

	Guitarra Project		Tepic Project		La Tigra Project		Total
Balance – Dec. 31, 2022	\$	5,885,539	\$	-	\$	-	\$ 5,885,539
Acquired in RTO transaction ( <i>Note 3</i> )		-		3,600,000		2,540,000	6,140,000
Exploration capitalized		459,534		255,255		366,681	1,081,470
Foreign exchange		-		3,123		-	3,123
Impairment		-		-		(2,906,681)	(2,906,681)
Balance – Dec. 31, 2023		6,345,073		3,858,378		-	10,203,451
Exploration capitalized		442,898		105,935		-	548,833
Foreign exchange		-		(3,100)		-	(3,100)
Balance – Sept. 30, 2024	\$	6,787,971	\$	3,961,213	\$	-	\$ 10,749,184

**Exploration Projects**

- Guitarra, Mexico

Within the Guitarra silver-gold mine mining claims are several exploration targets, mainly concentrated in the eastern area of the Company's large claim block. The carrying value at September 30, 2024 represents the historical cost of acquiring the asset and exploration and evaluation expenditures incurred and does not necessarily represent the current or future value.

- Tepic mineral property, Mexico

In December 2017, the Company entered into an agreement providing it with the option to purchase a 100% interest in the Tepic project located in Nayarit, Mexico. During the term of the option, the Company was required to keep the concessions in good standing and pay the owner \$450,000 in semi-annual payments of \$50,000 over four years. At September 30, 2024, all required payments, totalling \$450,000, had been made to the option holder and the Company is in a position to exercise its option under the agreement.

The Company can exercise its option and complete the purchase of the property by either making a final payment to the owner of \$1,500,000 or granting a 3% NSR, which would be extinguished upon payment of a total of \$4,000,000 in royalty payments. Should the Company elect to grant the NSR, it would subsequently have the right to purchase the NSR from the owner at a price of US\$1,000,000 for each 1% (one-third) of the NSR purchased, to a maximum of \$3,000,000 for the entire NSR. The carrying value at September 30, 2024 does not necessarily represent the current or future value.

- La Tigra mineral property, Mexico

In June 2021, the Company entered into an agreement pursuant to which the Company obtained the right to explore and the option to acquire an interest in the La Tigra project located in Nayarit, Mexico. During 2023, the Company notified the owner of the property and requested negotiations to amend the option agreement. To date, the Company has been unsuccessful in re-negotiating the terms of the option agreement and accordingly the accumulated costs of \$2,906,681 were written-off in the year ended December 31, 2023.

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**7. PLANT AND EQUIPMENT**

Details are as follows:

	September 30, 2024	December 31, 2023
Net book value – beginning of period	\$ 1,253,926	\$ 969,720
Acquired in RTO transaction <i>(Note 3)</i>	-	42,754
Additions	1,508,313	327,052
Depreciation	(163,961)	(86,290)
Foreign exchange (loss) gain	(668)	690
Net book value – end of period	<u>\$ 2,597,610</u>	<u>\$ 1,253,926</u>
Cost	\$ 2,847,866	\$ 1,340,216
Accumulated amortization	(250,256)	(86,290)
	<u>\$ 2,597,610</u>	<u>\$ 1,253,926</u>

**8. DECOMMISSIONING LIABILITY**

Details are as follows:

	September 30, 2024	December 31, 2023
Balance – beginning of period	\$ 2,432,334	\$ 2,397,407
Interest or accretion expense	188,953	223,615
Change in inflation and risk-free rate	138,890	(526,424)
Foreign exchange loss	(340,471)	337,736
Balance – end of period	<u>\$ 2,419,706</u>	<u>\$ 2,432,334</u>

A provision for decommissioning liabilities is estimated based on current regulatory requirements and is recognized at the present value of such estimated future costs. The expected timing of cash flows in respect of the provision is based on the estimated life of the Company's mining operations. The undiscounted cash flows are estimated at \$3.8 million (December 31, 2023 - \$3.8 million). The discount rate is a risk-free rate determined based on the 10-year Mexican peso default swap rate of 9.345% (December 31, 2023 – 9.29%) for the respective estimated life of the operations. The inflation rate used is based on the historical 10-year average Mexican inflation rate of 4.65% (December 31, 2023 – 4.65%).

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**9. LOANS PAYABLE**

*Bridge financing*

During April 2024, the Company raised \$503,648 by issuing three unsecured demand promissory notes bearing interest at 15% per annum. During May 2024, these bridge loans together with interest thereon were repaid in full.

*Project financing*

On April 29, 2024, the Company agreed upon a senior secured \$5,000,000 project financing loan, advanced by First Majestic on May 8, 2024, bearing interest at 15% per annum and due in full in 24 months. Interest for the first six months is not payable until the maturity of the loan. Interest payments on the loan commence after the first six months on a monthly basis. The loan is secured by a general security agreement constituting a first ranking (subject to certain permitted encumbrances, if any) security interest in all present and after acquired personal property of the Company and certain other pledges, guarantees, and underlying general security agreements. The financing is for further development of the Guitarra mine and for general working capital purposes in support of the Guitarra mine project. There are no early payment penalties. First Majestic is the former parent of La Guitarra and a significant shareholder of the Company.

To September 30, 2024, the Company recorded accrued interest of \$300,000, which is currently being deferred and is payable upon maturity of the loan. The Company capitalized qualifying borrowing costs of \$224,400 (*Note 5*).

**10. DUE TO FORMER PARENT**

Details are as follows:

	September 30, 2024	December 31, 2023
Balance – beginning of period	\$ -	\$ 9,619,551
Advances received	-	899,964
Interest capitalized	-	92,923
Foreign exchange loss	-	486,771
Advances capitalized for share capital ( <i>Note 11</i> )	-	(11,099,209)
Balance – end of period	\$ -	\$ -

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**11. SHARE CAPITAL**

The Company's authorized share capital consists of an unlimited number of voting common shares without par value.

In accordance with the reverse acquisition completed on March 29, 2023 (*Note 3*), the Company issued 69,063,076 of its common shares under the SPA. The share capital presented in these financial statements represents that of La Guitarra, the accounting parent, except as to the legal capital structure, which has been retrospectively restated by multiplying the number of outstanding shares of La Guitarra by the exchange ratio established in the SPA, to reflect the number of outstanding shares issued by the Company, the legal parent. Loss-per-share amounts have also been retrospectively restated to reflect the RTO transaction.

Details of the issued and outstanding shares are as follows:

	Number of Shares	Share Capital
Balance – December 31, 2022	59,366,886	\$ 108,144,970
Capitalization of advances - CFM ( <i>Note 10</i> )	9,696,190	11,099,209
Balance – prior to closing the Transaction ( <i>Note 3</i> )	69,063,076	119,244,179
Deemed shares issued in RTO transaction ( <i>Note 3</i> )	64,130,678	30,818,380
Private placement – March 2023	9,504,647	4,567,515
Share issuance costs	-	(421,342)
Agents' compensation options	-	(114,203)
Private placement – May 2023	1,300,000	622,789
Share issuance costs	-	(57,098)
Agents' compensation options	-	(24,292)
Private placement – November 2023	5,123,092	2,447,097
Share issuance costs	-	(42,939)
Balance – December 31, 2023	149,121,493	157,040,086
Private placement – March 2024	3,571,500	741,360
Share issuance costs	-	(29,706)
Private placement – September 2024	1,250,000	367,809
Share issuance costs	-	(6,258)
Balance – September 30, 2024	153,942,993	\$ 158,113,291

**Share issuances – 2024**

On March 14, 2024, the Company issued 3,571,500 common shares at a price of CAD \$0.28 for gross proceeds of \$741,360. The Company paid a finders' fee of \$11,077 and legal and filing fees totalling \$18,629 in respect of the placement.

On September 18, 2024, the Company issued 1,250,000 common shares at a price of CAD \$0.40 for gross proceeds of \$367,809. The Company paid legal and filing fees totalling \$6,258 in respect of the placement.



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**11. SHARE CAPITAL** - *continued*

**Share issuances** – *pre RTO*

On March 24, 2023, the Company increased the variable capital issued to CFM by \$11,099,209 (205.9 million pesos) and recorded a \$11,099,209 reduction in advances owing to CFM (*Note 10*). The number of shares issued for the capitalization of the loan has been retrospectively restated using the exchange ratio established in the SPA (*Note 3*).

**Share issuances** – *post RTO*

On March 30, 2023, the Company received \$4,567,515 from its escrow agent in respect of the first tranche of a brokered private placement financing completed concurrently with the Transaction. The Company issued 9,504,647 common shares in exchange for the subscription receipts issued at CAD \$0.65 per subscription receipt, which included 119,647 subscription receipts of the over-allotment option. In addition to legal and other expenses of the agents totalling \$241,712, the Company paid commissions of \$124,920, a corporate finance fee of \$54,710, and issued 366,949 compensation options to the agents. Each compensation option is exercisable into one common share of the Company at a price of CAD \$0.65 per share for a period of 24 months following the conversion of the subscription receipts. The fair value of the compensation options was estimated at \$114,203 using the Black-Scholes Option-Pricing Model using the following assumptions: risk-free interest rate of 3.75%; expected dividend yield of 0.00%; expected stock price volatility of 100%; expected forfeiture rate of 0.00%; and an expected option life of 2.00 years.

During May 2023, the Company closed the second tranche of the concurrent financing by issuing 1,300,000 common shares at a price of CAD \$0.65 per subscription receipt for gross proceeds of \$622,789. In addition to legal and other expenses of the agents totalling \$19,731, the Company paid commissions of \$37,367 and issued 78,000 compensation options to the agents. Each compensation option is exercisable into one common share of the Company at a price of CAD \$0.65 per share for a period of 24 months. The fair value of the compensation options was estimated at \$24,292 using the Black-Scholes Option-Pricing Model using the following assumptions: risk-free interest rate of 4.22%; expected dividend yield of 0.00%; expected stock price volatility of 100%; expected forfeiture rate of 0.00%; and an expected option life of 2.00 years.

During November 2023, the Company closed the subscription receipts portion of the concurrent financing by issuing 5,123,092 common shares at a price of CAD \$0.65 per subscription receipt for gross proceeds of \$2,447,097. The Company incurred legal and other expenses of \$42,939.

**Shares held in escrow**

A total of 20,641,776 shares held by directors, officers and seed shareholders of the Company were held in escrow and subject to release as to 10% on October 19, 2021, with tranches of 15% being released each six months thereafter. At September 30, 2024, there was a total of 3,096,266 shares remaining in escrow (December 31, 2023 - 6,192,533).

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**11. SHARE CAPITAL** - *continued*

**Stock options**

The Company has an Incentive Stock Option Plan that complies with the rules of the TSX-V, limiting the total number of incentive stock options to 10% of the issued common shares. Stock options may be issued at the discretion of the board of directors, exercisable during a period not exceeding ten years. Vesting provisions and exercise price are at the discretion of the board of directors, subject to the policies of the TSX-V.

On May 23, 2024, the Company granted incentive stock options to directors, officers, employees, and consultants to purchase up to 7,350,000 common shares of the Company at the price of CAD \$0.50 per share for a period of five years. The Company also granted options to certain consultants to purchase up to 225,000 common shares at a price of CAD \$0.50 per share for a period of two years. The options are subject to certain vesting provisions.

Details of the related exercise prices and the weighted-average exercise price are as follows:

	Number	CAD \$
Outstanding, immediately prior to the closing of the Transaction (Note 3)	5,485,000	0.74
Agents' options issued	444,949	0.65
Options expired	(415,000)	0.74
Outstanding, December 31, 2023	5,514,949	0.73
Options granted	7,575,000	0.50
<b>Outstanding, September 30, 2024</b>	<b>13,089,949</b>	<b>0.60</b>
Exercisable, September 30, 2024	8,021,199	0.66

At September 30, 2024, the Company had outstanding stock options enabling holders to acquire common shares as follows:

	Number of Shares	Exercise Price CAD	Expiry Date
Options	4,570,000	\$ 0.74	April 26, 2026
	500,000	\$ 0.74	April 29, 2027
	7,350,000	\$ 0.50	May 23, 2029
	225,000	\$ 0.50	May 23, 2026
Agents' compensation options	366,949	\$ 0.65	March 29, 2025
	78,000	\$ 0.65	May 31, 2025
	<b>13,089,949</b>		

At September 30, 2024, the weighted-average remaining life for the outstanding stock options was 3.30 years.

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**11. SHARE CAPITAL** - *continued*

**Stock options** - *continued*

**Share-based compensation**

The following table presents information relating to incentive stock options granted during the nine-month periods ended September 30:

	2024	2023
Options granted	7,575,000	-
Average exercise price – CAD	\$ 0.50	\$ -
Estimated fair value per option	\$ 0.25	\$ -
Estimated fair value of options granted	\$ 1,864,104	\$ -

The fair value of the share-based compensation to be recognized in the accounts has been estimated using the Black-Scholes Option-Pricing Model with the following weighted-average assumptions:

	2024	2023
Risk-free interest rate	3.70%	-
Expected dividend yield	0.00%	-
Expected stock price volatility	100%	-
Expected forfeiture rate	0.00%	-
Expected option life in years	4.91	-

Share-based compensation is recorded over the vesting periods. The following table presents options vested and share-based compensation recognized during the nine-month periods ended September 30:

	2024	2023
Options vested	2,506,250	166,667
Compensation recognized	\$ 1,290,629	\$ 4,250

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**12. REVENUES**

Details for the three and nine-month periods ended September 30 are as follows:

	Three Months Sept. 30	Three Months Sept. 30	Nine Months Sept. 30	Nine Months Sept 30
	2024	2023	2024	2023
Silver	\$ 1,409,324	\$ -	\$ 1,409,324	\$ -
Gold	1,334,258	-	1,334,258	-
	2,743,582	-	2,743,582	-
Smelting and refining costs	(207,965)	-	(207,965)	-
	<b>\$ 2,535,617</b>	<b>\$ -</b>	<b>\$ 2,535,617</b>	<b>\$ -</b>

**Off-take agreement**

On July 12, 2024, the Company signed a binding off-take agreement with Swiss-based global minerals trader MRI Trading AG for 100% of concentrate sales from the Guitarra silver-gold mine in Mexico for a 24-month term.

**13. MINE OPERATING COSTS**

Details for the three and nine-month periods ended September 30 are as follows:

	Three Months Sept. 30	Three Months Sept. 30	Nine Months Sept. 30	Nine Months Sept 30
	2024	2023	2024	2023
<b>Production costs</b>				
Consumables and materials	\$ 508,416	\$ -	\$ 508,416	\$ -
Contracted services	322,009	-	322,009	-
Energy	214,935	-	214,935	-
Insurance	82,024	-	82,024	-
Labour costs	819,055	-	819,055	-
Mine and plant maintenance	340,804	-	340,804	-
Other costs	17,782	-	17,782	-
	2,305,025	-	2,305,025	-
<b>Other costs</b>				
Transportation and selling costs	63,058	-	63,058	-
Mine royalty expense	50,599	-	50,599	-
Production taxes	14,104	-	14,104	-
Finished goods inventory changes	(145,199)	-	(145,199)	-
	<b>\$ 2,287,587</b>	<b>\$ -</b>	<b>\$ 2,287,587</b>	<b>\$ -</b>

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**14. GENERAL AND ADMINISTRATIVE EXPENSES**

Details for the three and nine-month periods ended September 30 are as follows:

	Three Months Sept. 30	Three Months Sept. 30	Nine Months Sept. 30	Nine Months Sept 30
	2024	2023	2024	2023
<b>Expenses</b>				
Accounting and audit	\$ 39,087	\$ 102,730	\$ 300,306	\$ 187,546
Bonding costs	-	16,599	-	47,934
Consulting	130,093	23,340	181,913	45,595
Depreciation	2,182	3,665	6,342	7,335
Director fees	16,931	20,085	50,792	40,199
Due diligence	-	19,183	5,350	19,183
Investor relations	96,119	272,316	298,624	413,979
Legal	3,151	14,900	85,384	156,811
Management fees	99,376	87,939	299,052	211,978
Office	53,863	108,763	202,603	168,310
Shareholder communications	193	2,506	8,493	8,691
Stock exchange and filing	8,995	27,611	31,029	38,104
Transfer agent	1,391	-	5,772	3,173
Travel	69,331	27,038	138,171	81,112
	<u>\$ 520,712</u>	<u>\$ 726,675</u>	<u>\$ 1,613,831</u>	<u>\$ 1,429,950</u>

**15. RELATED PARTY TRANSACTIONS**

The Company had transactions with related persons or corporations, which were undertaken in the normal course of operations. Due to the RTO accounting as described in Notes 1 and 3, only the key management remuneration of the legal parent from March 29, 2023 is recognized in these condensed consolidated interim financial statements. Key management includes directors and officers.

The compensation paid or payable to key management and parties related to them for the nine-month periods ended September 30 is as follows:

	2024	2023
Accounting	\$ 88,216	\$ 72,416
Administration	67,500	30,000
Director fees	50,724	60,161
Geological	24,811	41,778
Management fees	333,015	288,251
	<u>\$ 564,264</u>	<u>\$ 492,606</u>

In addition, the Company recorded share-based compensation of \$574,831 (2023 - \$3,400), which relates to incentive stock options granted to related parties. Share-based compensation is a non-cash item calculated using the Black-Scholes Option-Pricing Model with the assumptions detailed in Note 11.

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**15. RELATED PARTY TRANSACTIONS - continued**

The Company had additional transactions with related corporations, which were undertaken in the normal course of operations. Details for the nine months ended September 30 are as follows:

	2024	2023
Interest expense – First Majestic <i>(Note 9)</i>	\$ 300,000	\$ -
Interest expense – CFM (i) <i>(Note 10)</i>	-	92,923
Care and maintenance - Majestic Services S.A. de C.V. (i)	-	4,928
	\$ 300,000	\$ 97,851

(i) A subsidiary of First Majestic.

**16. CONTINGENCY**

On January 9, 2018, La Guitarra received a ruling from the Manzanillo Customs Tax Authority assessing a tax penalty of \$4.1 million (78.4 million Mexican pesos) for allegedly failing to comply with Mexican Customs Law on a concentrate shipment made in March 2017. La Guitarra filed an appeal with the Federal Tax Court. On September 17, 2020, the Federal Tax Court in Durango granted La Guitarra a definitive injunction against collection. Based on advice from legal advisors, La Guitarra believes it was in compliance with the applicable Mexican law and therefore no liability was recognized in the financial statements.

Under the terms of the SPA, First Majestic has assumed full responsibility for the dispute and at September 30, 2024 had posted a letter of credit supported by an underlying bond as security for the dispute with the Servicio de Administracion Tributaria in the amount of approximately \$ 5.7 million (103.7 million Mexican pesos).

**17. SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING TRANSACTIONS**

Details for the nine-month periods ended September 30 are as follows:

	2024	2023
Increase in decommissioning liability capitalized to mining interests <i>(Note 5)</i>	\$ 138,890	\$ 651,220
Depreciation capitalized to mining interests <i>(Note 5)</i>	\$ 157,618	\$ 33,781
Borrowing costs deferred and capitalized to mining interests <i>(Note 5)</i>	\$ 224,400	\$ -
Shares issued for non-cash working capital acquired - SPA <i>(Note 3)</i>	\$ -	\$ 436,559
Shares issued for mining interests acquired - SPA <i>(Note 3)</i>	\$ -	\$ 6,140,000
Shares issued for equipment acquired - SPA <i>(Note 3)</i>	\$ -	\$ 42,754
Working capital adjustment - SPA <i>(Note 3)</i>	\$ -	\$ (329,378)
Fair value of stock options retained by pre-RTO option holders <i>(Note 3)</i>	\$ -	\$ (1,848,402)
RTO - legal, filing, and consulting costs <i>(Note 3)</i>	\$ -	\$ (458,304)
Fair value of agents' compensation options <i>(Note 11)</i>	\$ -	\$ 138,495
Advances from former parent capitalized to share capital <i>(Note 10)</i>	\$ -	\$ 11,099,209

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**18. SEGMENTED INFORMATION**

The Company has identified its operating segments based on the internal reports that are reviewed and used by the chief executive officer and the executive management team, collectively the chief operating decision maker (“CODM”), in assessing performance and in determining the allocation of resources. The Company primarily manages its business by looking at individual producing, test mining, and developing resource projects, as well as the aggregate of exploration and evaluation properties, and segregates these projects between producing, test mining, development, and exploration.

The following reportable operating segments have been identified: the Guitarra silver-gold mine and Corporate and Other activities. The Corporate and Other division earns income that is considered incidental to the Company’s activities and therefore does not meet the definition of a segment.

Significant information related to the Company’s reportable segment is summarized in the tables below:

**a) Operating or test mining segment**

For the three and nine months ended September 30, 2024	Guitarra	Corporate and Other	Inter-company Eliminations	Total
	Mexico			
Revenues	\$ 2,535,617	\$ -	\$ -	\$ 2,535,617
Cost of sales				
Production costs	(2,305,025)	-	-	(2,305,025)
Other costs	(127,761)	-	-	(127,161)
Finished goods inventory changes	145,199	-	-	145,199
	(2,287,587)	-	-	(2,287,587)
Gross profit	\$ 248,030	\$ -	\$ -	\$ 248,030

There is no comparable information for 2023 as test mining only commenced in 2024.

As at September 30, 2024	Guitarra	Corporate and Other	Inter-company Eliminations	Total
	Mexico			
Capital expenditures	\$ 2,881,529	\$ 550,889	\$ -	\$ 3,432,418
Total assets	\$ 34,340,131	\$ 43,797,014	\$ (43,657,763)	\$ 34,479,382
Total liabilities	\$ (12,646,953)	\$ (5,397,774)	\$ 8,427,818	\$ (9,616,909)

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**18. SEGMENTED INFORMATION - continued**

**a) Operating or test mining segment – continued**

As at December 31, 2023	Guitarra	Corporate and Other	Inter-company Eliminations	Total
	Mexico			
Capital expenditures	\$ 1,068,017	\$ 831,470	\$ -	\$ 1,899,487
Total assets	\$ 30,492,011	\$ 40,901,753	\$ (40,915,137)	\$ 30,478,627
Total liabilities	\$ (7,968,264)	\$ (206,197)	\$ 4,398,104	\$ (3,776,357)

**b) Segment revenue by location and major customers**

For the three and nine months ended September 30, 2024	Guitarra	Corporate and Other	Inter-company Eliminations	Total
	Mexico			
Silver	\$ 1,409,324	\$ -	\$ -	\$ 1,409,324
Gold	1,334,258	-	-	1,334,258
Provisional pricing adjustments	133,374	-	-	133,374
Smelting and refining costs	(207,965)	-	-	(207,965)
Sales to external customers	\$ 2,668,991	\$ -	\$ -	\$ 2,668,991

During the three and nine months ended September 30, 2024, the Company sold all of its silver/gold concentrate to one customer. There is no comparable information for 2023 as the test mining only commenced in 2024.