SIERRA MADRE GOLD AND SILVER LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2025

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

ASSETS	March 31, 2025	December 31, 2024
Current		
Cash	$ 390,902	$ 452,081
Trade receivables *(Note 3)*	1,088,514	286,469
Value added taxes receivable	1,684,887	1,489,307
Inventories	857,871	995,041
Prepaid expenses and other	307,095	299,671
	4,329,269	3,522,569
Mining interests *(Note 4)*	17,685,705	17,641,838
Exploration and evaluation assets *(Note 5)*	11,053,178	10,901,266
Plant and equipment *(Note 6)*	3,086,370	2,796,592
Other assets	28,038	28,750
	$ 36,182,560	$ 34,891,015
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 1,669,215	$ 1,196,440
Payroll and withholding taxes payable	299,628	259,729
Current taxes payable	160,961	43,005
Current portion of lease liabilities	6,861	6,572
	2,136,665	1,505,746
Loan payable *(Note 7)*	5,375,000	5,375,000
Deferred income tax liabilities	530,632	524,604
Decommissioning liability *(Note 8)*	2,804,829	2,532,281
	10,847,126	9,937,631
SHAREHOLDERS' EQUITY		
Share capital *(Note 9)*	158,113,291	158,113,291
Contributed surplus	3,745,837	3,592,596
Accumulated other comprehensive loss	(324,091)	(217,025)
Deficit	(136,199,603)	(136,535,478)
	25,335,434	24,953,384
	$ 36,182,560	$ 34,891,015

Nature of operations *(Note 1)*
Contingency *(Note 16)*

ON BEHALF OF THE BOARD:

"Alexander Langer", Director

"Sean McGrath", Director

- 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 THREE MONTHS ENDED MARCH 31

Expressed in U.S. Dollars

Unaudited

	Share Capital *(Note 9)*	Contributed Surplus	Accumulated other comprehensive income (loss)	Deficit	Total
Balance, December 31, 2023	$ 157,040,086	$ 1,971,147	$ 150,787	$ (132,459,750)	$ 26,702,270
Private placement - shares	738,513	-	-	-	738,513
Share issuance costs	(28,919)	-	-	-	(28,919)
Comprehensive loss for the period	-	-	(26,067)	(1,204,826)	(1,230,893)
Balance, March 31, 2024	157,749,680	1,971,147	124,720	(133,664,576)	26,180,971
Private placement - shares	370,656	-	-	-	370,656
Share issuance costs	(7,045)	-	-	-	(7,045)
Share-based compensation	-	1,621,449	-	-	1,621,449
Foreign exchange impact on retirement provision	-	-	(23,170)	-	(23,170)
Comprehensive loss for the period	-	-	(318,575)	(2,870,902)	(3,189,477)
Balance, December 31, 2024	158,113,291	3,592,596	(217,025)	(136,535,478)	24,953,384
Share-based compensation	-	153,241	-	-	153,241
Comprehensive income (loss) for the period	-	-	(107,066)	335,875	228,809
Balance, March 31, 2025	$ 158,113,291	$ 3,745,837	$ (324,091)	$ (136,199,603)	$ 25,335,434

- 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 INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

FOR THE THREE MONTHS ENDED MARCH 31

Expressed in U.S. Dollars

Unaudited

	2025	2024
Revenues *(Note 10)*	$ 4,841,242	$ -
Cost of sales *(Note 11)*	(3,604,888)	-
Gross profit	1,236,354	-
Amortization and accretion	66,785	57,282
Care and maintenance	-	553,693
Community relations	24,463	29,213
Environmental	132,246	-
Finance and other income	(23,625)	(14,757)
Foreign exchange (gain) loss	(64,065)	48,921
General and administrative *(Note 12)*	402,153	498,424
Interest expense	199,845	-
Provisional pricing adjustments *(Note 10)*	(119,645)	-
Share-based compensation *(Note 9)*	153,241	-
	771,398	1,172,776
Income (loss) before income taxes	464,956	(1,172,776)
Current income tax expense	(123,053)	-
Deferred income tax expense	(6,028)	(32,050)
Income (loss) for the period	335,875	(1,204,826)
Other comprehensive loss		
Item that may be reclassified subsequently to income or loss:		
Currency translation adjustment	(107,066)	(26,067)
Comprehensive income (loss) for the period	$ 228,809	$ (1,230,893)
Earnings (loss) per share – basic and diluted	$ 0.00	$ (0.01)
Weighted-average number of shares outstanding – basic (000's)	153,943	149,828
Weighted-average number of shares outstanding – diluted (000's)	154,296	149,828

SIERRA MADRE GOLD AND SILVER LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31
Expressed in U.S. Dollars
Unaudited

CASH RESOURCES PROVIDED BY (USED IN)	2025	2024
Operating activities		
Income (loss) for the period	$ 335,875	$ (1,204,826)
Items not involving cash		
Amortization and accretion	66,785	57,282
Depreciation and depletion	269,342	2,095
Decrease in provision for obsolete inventory	-	9,509
Deferred income tax expense	6,028	32,050
Unrealized foreign exchange (gain) loss	(71,175)	65,970
Share-based compensation	153,241	-
Changes in non-cash working capital		
Value added taxes receivable	(168,278)	(238,273)
Trade receivables	(802,045)	-
Inventories	121,668	(19,175)
Prepaid expenses and other	(7,424)	(84,515)
Accounts payable and accrued liabilities	472,775	313,353
Current income taxes payable	117,956	-
Payroll and withholding taxes payable	39,899	(31,128)
	534,647	(1,097,658)
Investing activities		
Purchase of plant and equipment	(378,271)	(263,767)
Mine development costs	(64,467)	(530,017)
Exploration costs	(151,892)	(139,707)
	(594,630)	(933,491)
Financing activities		
Shares issued for cash	-	738,513
Share issuance costs	-	(28,919)
	-	709,594
Decrease in cash position for the period	(59,983)	(1,321,555)
Cash position - beginning of period	452,081	1,929,549
Exchange difference on cash	(1,196)	(29,634)
Cash position - end of period	$ 390,902	$ 578,360

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 -

1. NATURE OF OPERATIONS

Sierra Madre Gold and Silver Ltd. (the "Company") is a mineral extraction and exploration company incorporated in British Columbia with its registered office located at 15th Floor – 1111 West Hastings Street, Vancouver, British Columbia, Canada.

The Company holds a 100% interest in the Guitarra silver-gold mine located in Mexico, which is a formerly producing silver and gold mine and which was in the test-mining phase from mid-2024 to December 31, 2024. The Company also has a 100% interest in 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.

To December 31, 2024, the Company had no source of operating revenue and was dependent upon the cash flows from its test-mining at Guitarra, the issuance of shares, and the proceeds from debt financing to fund its operations and exploration activities. Effective January 1, 2025, the Company concluded that its test-mining results indicated that the Guitarra silver-gold mine was operating in the manner intended by management and declared commercial production had been reached at Guitarra. The Company's continuing operation is dependent upon future profitable production, establishing reserves and resources, maintaining its rights, access, and title to the properties, and obtaining the financing necessary to maintain operations.

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 operation. With the completion of test-mining and the financings completed during the year ended December 31, 2024, the Company estimates that its current cash reserves and planned operating results will provide sufficient working capital for its present obligations and planned activities for at least twelve months commencing March 31, 2025.

2. MATERIAL ACCOUNTING POLICY INFORMATION 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 consolidated financial statements of the Company, including the notes thereto, for the year ended December 31, 2024. All financial information presented herein is unaudited. The Company's board of directors approved these condensed consolidated interim financial statements for issue on May 7, 2025.

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 revalued amounts or fair values at the end of each reporting period.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PRESENTATION - *continued*

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).

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. 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.

Significant accounting estimates, judgements, and assumptions

The preparation of financial statements in accordance with IFRS requires management to make estimates, judgements, and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the period. Actual amounts could differ from these estimates. The Company's most significant accounting judgements relate to: going concern, impairment indicators for its mining interests, exploration and evaluation assets, and plant and equipment, the determination of when an asset is ready for its intended use, determining decommissioning liabilities, the determination of its functional currency, share-based compensation assumptions, and deferred tax asset recognition.

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 foreseeable future. Management assesses the Company's ability to continue as a going concern at each reporting date using all available information. This assessment, by its nature, relies on assumptions and estimates of future cash flows and other events, whose subsequent changes could materially affect the validity of these estimates and assumptions.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PRESENTATION *- continued*

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

Management considers both external and internal sources of information in assessing whether there are any indications that the Company's plant and equipment, mining interests, and exploration and evaluation assets are impaired. External sources of information management considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of its plant and equipment and mining interests. Internal sources of information management consider include the manner in which mining properties and plant and equipment are being used or are expected to be used and indications of economic performance of the assets.

Management has determined that acquisition, exploratory drilling, evaluation, development and related costs incurred, which were capitalized have potential future economic benefits and are potentially economically recoverable, subject to impairment analysis. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

Mineral reserve and resource estimates affect the determination of recoverable value used in impairment assessments and the amortization rates for non-current assets using the units of production method. The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101 Technical Report standards. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control.

Such estimation is a subjective process and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgements used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position, results of operation and cash flows.

The Company's decommissioning liability represents management's best estimate of the present value of the future cash outflows required to settle the liability. Management assesses these provisions on an annual basis or when new information becomes available. This assessment includes the estimation of the future rehabilitation costs, the timing of these expenditures, inflation, and the impact of changes in discount rates, interest rates and foreign exchange rates. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

Once an asset reaches the level of operation intended by management (referred to as "Commercial Production"), 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, based upon the test-mining results to December 31, 2024, concluded that the mine and the mill had consistently achieved the established criteria. Accordingly, the Company concluded that Commercial Production had been achieved effective January 1, 2025.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PRESENTATION - *continued*

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

The Company has considered all primary and secondary indicators under IFRS and determined that the functional currency of the Company and all of its subsidiaries, except La Guitarra, is the Canadian dollar. The functional currency of La Guitarra is the U.S. dollar. While transactions conducted at La Guitarra are typically denominated in either the Mexican peso or the U.S. dollar, the Company is generating significant revenues from concentrate sales, which are denominated in U.S. dollars.

The Company uses the Black-Scholes Option-Pricing Model to estimate the fair value of options and warrants, which requires the input of subjective assumptions including the expected price volatility of the Company's common shares and the expected life and forfeiture rate of the security. Changes in these subjective input assumptions can materially affect the fair value estimate.

The Company has not recognized its deferred tax assets as management does not currently consider it more likely than not that these assets will be recovered.

3. TRADE RECEIVABLES

Details are as follows:

	March 31, 2025	December 31, 2024
Trade receivables	$ 5,974,981	$ 2,972,688
Less: Advance payments received	(4,991,789)	(2,675,419)
	983,192	297,269
Provisional pricing adjustment	105,322	(10,800)
	$ 1,088,514	$ 286,469

4. MINING INTERESTS

Details are as follows:

	March 31, 2025	December 31, 2024
Balance – beginning of period	$ 17,641,838	$ 15,660,081
Change in decommissioning liability *(Note 8)*	160,241	321,130
Depreciation of equipment capitalized *(Note 6)*	-	97,942
Mine development costs	64,467	1,322,908
Borrowing costs capitalized *(Note 7)*	-	239,777
Depletion	(180,841)	-
Balance – end of period	$ 17,685,705	$ 17,641,838

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.

Expressed in U.S. Dollars

4. MINING INTERESTS - *continued*

Net smelter royalty

The Company has granted a 2% net smelter returns royalty ("NSR") over the entire Guitarra claim block to Royalty & Streaming Mexico, S.A. de C.V. The Company retains an option to buy back 1% (one-half) of the NSR for $2,000,000.

Title

Title to mineral and exploration 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.

5. EXPLORATION AND EVALUATION ASSETS

Details are as follows:

	Guitarra Project	Tepic Project	Total
Balance – December 31, 2023	$ 6,345,073	$ 3,858,378	$ 10,203,451
Exploration capitalized	588,797	121,172	709,969
Foreign exchange	-	(12,154)	(12,154)
Balance – December 31, 2024	6,933,870	3,967,396	10,901,266
Exploration capitalized	132,083	19,809	151,892
Foreign exchange	-	20	20
Balance – March 31, 2025	$ 7,065,953	$ 3,987,225	$ 11,053,178

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 represents the historical cost of acquiring the asset and exploration and evaluation expenditures incurred and does not necessarily represent the current or future value.

Expressed in U.S. Dollars

5. EXPLORATION AND EVALUATION ASSETS – *continued*

Exploration Projects – *continued*

- 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. Subsequently, the Company fulfilled all of the requirements under the agreement to the point of exercising its option and following a recently concluded court hearing in Mexico, the concessions were transferred to the Company on an unencumbered basis. The Company is currently investigating the impact of the court settlement on the final payment and NSR components of the December 2017 agreement. The carrying value at March 31, 2025 does not necessarily represent the current or future value.

6. PLANT AND EQUIPMENT

Details are as follows:

	March 31, 2025	December 31, 2024
Net book value – beginning of period	$ 2,796,592	$ 1,253,926
Additions	468,262	1,771,658
Disposal	(89,991)	-
Depreciation	(88,501)	(226,795)
Foreign exchange (loss) gain	8	(2,197)
Net book value – end of period	$ 3,086,370	$ 2,796,592
Cost	$ 3,485,849	$ 3,107,570
Accumulated amortization	(399,479)	(310,978)
	$ 3,086,370	$ 2,796,592

On July 1, 2024, the Company began depreciating certain plant and equipment that had previously been under care and maintenance. During 2025, depreciation of $nil (2024 - $97,942) was capitalized to mining interests *(Note 4)*.

Expressed in U.S. Dollars

7. LOAN PAYABLE

Project financing

In May 2024, the Company received a $5,000,000 senior secured project financing loan from First Majestic 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 commenced on a monthly basis after the first six months. 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. There are no early payment penalties. First Majestic is the former parent of La Guitarra and a significant shareholder of the Company *(Note 13)*.

To November 8, 2024, the Company recorded accrued interest of $375,000, which is currently being deferred and can be paid upon maturity of the loan. Interest accrued to March 31, 2025 and payable on April 8, 2025 totals $47,917 and interest recorded for the period totalled $189,583.

To December 31, 2024, the Company capitalized $239,777 of the interest on this loan as a qualifying borrowing cost *(Note 4).*

8. DECOMMISSIONING LIABILITY

Details are as follows:

		March 31, 2025		December 31, 2024
Balance – beginning of period	$	2,532,281	$	2,432,334
Interest or accretion expense		65,341		263,547
Change in estimated cash flows *(Note 4)*		160,241		321,130
Foreign exchange loss (gain)		46,966		(484,730)
Balance – end of period	$	2,804,829	$	2,532,281

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 $4.3 million (December 31, 2024 - $4.3 million). The discount rate is a risk-free rate determined based on the 10-year Mexican peso default swap rate of 9.293% (December 31, 2024 – 10.416%) for the respective estimated life of the operations. The inflation rate used is based on the historical 10-year average Mexican inflation rate of 4.71% (December 31, 2024 – 4.71%).

Expressed in U.S. Dollars

9. SHARE CAPITAL

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

Details of the issued and outstanding shares are as follows:

	Number of Shares	Share Capital
Balance – December 31, 2023	149,121,493	$ 157,040,086
Private placement – March 2024	3,571,500	738,513
Share issuance costs	-	(28,919)
Private placement – September 2024	1,250,000	370,656
Share issuance costs	-	(7,045)
Balance – December 31, 2024 and March 31, 2025	153,942,993	$ 158,113,291

Share issuances

On March 14, 2024, the Company issued 3,571,500 common shares at a price of CAD $0.28 for gross proceeds of $738,513. The Company paid a finders' fee of $10,783 and legal and filing fees totalling $18,136 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 $370,656. The Company paid legal and filing fees totalling $7,045 in respect of the placement.

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.

Details of option activity for the period including the related exercise prices and weighted-average exercise prices are as follows:

	Number	CAD
Outstanding, December 31, 2023	5,514,949	$ 0.73
Options granted	7,875,000	$ 0.50
Expired	(111,667)	$ 0.50
Forfeited	(223,333)	$ 0.50
Outstanding, December 31, 2024	13,054,949	$ 0.60
Forfeited	(28,333)	$ 0.50
Agent's options expired	(366,949)	$ 0.65
Outstanding, March 31, 2025	12,659,667	$ 0.60
Exercisable, March 31, 2025	10,093,417	$ 0.62

Expressed in U.S. Dollars

9. SHARE CAPITAL - *continued*

Stock options - *continued*

At March 31, 2025, 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
	6,986,667	$ 0.50	May 23, 2029
	225,000	$ 0.50	May 23, 2026
	300,000	$ 0.50	December 9, 2029
Agents' compensation options	78,000	$ 0.65	May 31, 2025
	12,659,667		

At March 31, 2025, the weighted-average remaining life for the outstanding stock options was 2.89 years.

Share-based compensation

Share-based compensation is recorded over the vesting periods. The following table presents options vested and share-based compensation recognized during the periods ended March 31:

	2025	2024
Options vested	56,250	-
Compensation recognized	$ 153,241	$ -

Expressed in U.S. Dollars

10. REVENUES

Details for the periods ended March 31 are as follows:

	2025	2024
Silver	$ 2,338,666	$ -
Gold	2,891,585	-
	5,230,251	-
Smelting, treatment and refining costs	(389,009)	-
	$ 4,841,242	$ -

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.

During the period ended March 31, 2025, the Company recorded $119,645 in provisional pricing adjustments in connection with concentrate delivered and pending final settlement.

11. MINE OPERATING COSTS

Details for the periods ended March 31 are as follows:

Production costs	2025	2024
Labour costs	$ 1,062,523	$ -
Mine and plant maintenance	309,643	-
Consumables and materials	791,842	-
Contracted services	448,774	-
Energy	259,387	-
Insurance	74,936	-
Depreciation and depletion	267,277	-
	3,214,382	-
Other costs		
Transportation and selling costs	78,699	-
Mine royalty expense	83,862	-
Production taxes	48,373	-
Finished goods inventory changes	179,572	-
Cost of sales	$ 3,604,888	$ -

Expressed in U.S. Dollars

12. GENERAL AND ADMINISTRATIVE EXPENSES

Details for the periods ended March 31 are as follows:

		2025		2024
Accounting and audit	$	101,038	$	118,789
Consulting		26,635		23,514
Depreciation		2,065		2,095
Director fees		16,016		17,056
Investor relations and promotions		73,900		127,554
Legal		1,045		2,803
Management fees		94,007		86,861
Office		52,626		83,102
Shareholder and regulatory		11,321		12,167
Travel		23,500		24,483
	$	402,153	$	498,424

13. RELATED PARTY TRANSACTIONS

The Company had transactions with related persons or corporations, which were undertaken in the normal course of operations. Key management includes directors and officers. The compensation paid or payable to key management and parties related to them for the periods ended March 31 is as follows:

		2025		2024
Accounting	$	31,336	$	27,809
Administration		22,500		22,500
Director fees		16,016		17,056
Geological		7,834		35,039
Management and mine supervision fees		119,075		66,741
	$	196,761	$	169,145

In addition, the Company recorded share-based compensation of $132,660 (2024 - $nil), which relates to incentive stock options granted to directors and officers. Share-based compensation is a non-cash item calculated using the Black-Scholes Option-Pricing Model.

At March 31, 2025, there was $106,250 in compensation (December 31, 2024 - $nil)) owing to directors and various members of management.

The Company has a project financing loan with First Majestic *(Note 7)*. The principal balance of the loan as at March 31, 2025 was $5,000,000 and deferred accrued interest totalled $375,000. During the period, the Company paid or accrued $189,583 (2023 - $nil) in interest on this loan. First Majestic is the former parent of La Guitarra and a significant shareholder of the Company.

14. RISK MANAGEMENT

The Company is exposed to various financial risks as detailed below:

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's primary credit risk is associated with its cash balances, which are held through major Canadian and Mexican financial institutions with high investment grade ratings, and its trade receivables (*Notes 3 and 10*). Concentrate contracts are a common business practice in the mining industry. The terms of the concentrate contracts may require the Company to deliver concentrate that has a value greater than the payment received at the time of delivery, thereby introducing the Company to credit risk of the buyers of its concentrate. Should this counterparty not honour the purchase arrangement, or should it become insolvent, the Company may incur losses for products already shipped and be forced to sell its concentrate on the spot market or it may not have a market for its concentrate and therefore its future operating results may be materially adversely impacted. At March 31, 2025, the Company had a receivable balance associated with the buyer of its concentrate of $1,088,514 (December 31, 2024 - $286,469). All of the Company's concentrate is sold to a well-known concentrate buyer. The carrying value of the Company's cash and trade receivables totalling $1,479,416 represents the Company's maximum exposure to credit risk at March 31, 2025 (December 31, 2024 - $748,087).

Management continually monitors and assesses the credit risk resulting from its concentrate sales and its trading counterparty. Except as noted above, the Company believes it is not exposed to significant credit risk.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of the Company's financial instruments will fluctuate due to changes in exchange rates.

The Company presents its financial statements in U.S. dollars; however, the Company operates in jurisdictions that utilize other currencies. As a consequence, the financial results of the Company's operations as reported in U.S. dollars are subject to changes in the value of the U.S. dollar relative to local currencies. Since the Company's sales are denominated in U.S. dollars and a portion of the Company's operating costs and capital spending are in local currencies, the Company is negatively impacted by strengthening local currencies relative to the U.S. dollar and positively impacted by the inverse.

At March 31, 2025, the Company carried cash and accounts payable balances denominated in Mexican pesos and U.S. dollars in the Canadian dollar functional entities, which are subject to currency risk due to fluctuations in the exchange rates with the Canadian dollar. Due to the volatility of the exchange rates between the Canadian dollar, the peso, and the U.S. dollar, such currency risk could result in future gains or losses to the Company. At March 31, 2025, the Canadian dollar functional entities carried insignificant balances of financial instruments denominated in Mexican pesos and U.S. dollars.

14. RISK MANAGEMENT - *continued*

Foreign Currency Risk - *continued*

At March 31, 2025, the Company carried cash, value added taxes receivable, accounts payable and payroll provision balances denominated in Mexican pesos in the U.S. dollar functional entity, which are subject to currency risk due to fluctuations in the exchange rates with the U.S. dollar. Due to the volatility of the exchange rates between the Mexican peso and the U.S. dollar, such currency risk could result in future gains or losses to the Company. Based on the Company's net monetary liabilities denominated in Mexican pesos in the U.S. dollar functional entity at March 31, 2025, a 10% decrease in the number of Mexican pesos required to buy a U.S. dollar would result in a loss of approximately $214,000 and a 10% increase would have the converse effect.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due *(Note 1)*. The Company manages its liquidity risk by continuously monitoring forecasted and actual cash flows. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its expansion plans. The Company strives to maintain sufficient liquidity to meet its short-term business requirements, taking into account its anticipated cash flows from operations, its holdings of cash, and its committed loan facilities. In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the remaining contractual maturities of the Company's financial liabilities and operating commitments on an undiscounted basis as at March 31, 2025:

	< 1 year	1-2 years	2-5 years	< 5 years	Total
	$	$	$	$	$
Accounts payable and accrued liabilities	1,968,843	-	-	-	1,968,843
Loan payable	-	5,375,000	-	-	5,375,000
Lease liabilities	6,861	-	-	-	6,861
Commitments	535,884	-	-	-	535,884
	2,511,588	5,375,000	-	-	7,886,588

The Company's capital requirements have typically been met through equity and debt financings. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. The Company's working capital (current assets less current liabilities) at March 31, 2025 was $2,192,604. The Company estimates that its current cash reserves and planned operating results will provide sufficient working capital for its present obligations and planned activities for at least twelve months commencing March 31, 2025.

14. RISK MANAGEMENT - *continued*

Interest Rate Risk

Interest rate risk is the risk that the fair values and future cash flows of the Company will fluctuate because of changes in market interest rates. The Company monitors its exposure to interest rates and has not entered into any derivative contracts to manage this risk. The Company holds cash and cash equivalents, which earn nominal rates of interest. The Company does not consider its interest rate risk in respect of these instruments to be material. The Company's loan payable is at a fixed rate of interest and therefore not subject to the risk of fluctuations in market rates of interest.

Price risk

Metal price risk is the risk that changes in metal prices will affect the Company's income or the value of its related financial instruments. The Company derives its revenue from the sale of silver and gold concentrate. The Company's sales are directly dependent on metal prices that have shown significant volatility and are beyond the Company's control. Consistent with the Company's mission to provide equity investors with exposure to changes in precious metal prices, the Company's current policy is to not hedge the price of silver and gold.

15. CAPITAL DISCLOSURES

The Company is in the business of mineral exploration, development, and extraction and until reaching Commercial Production at the Guitarra mine on January 1, 2025, had no ongoing source of operating revenue. To December 31, 2024, the Company typically financed its operations through the issuance of capital stock and through the issuance of debt instruments.

Capital raised is held in cash and cash equivalents in an interest-bearing bank account or guaranteed investment certificate until such time as it is required to pay operating expenses, exploration and development costs, or for capital acquisitions. The Company is not subject to any externally imposed capital restrictions. Its objectives in managing its capital are to safeguard its cash and its ability to continue as a going concern, and to utilize as much of its available capital as possible for use in operations as well as exploration and development activities. The Company's objectives have not changed during the period ended March 31, 2025.

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.

First Majestic has assumed full responsibility for the dispute and at March 31, 2025 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 $ 5.2 million (108.6 million Mexican pesos).

Expressed in U.S. Dollars

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

Details for the periods ended March 31 are as follows:

		2025		2024
Increase (decrease) in decommissioning liability capitalized to mining interests *(Notes 4 and 8)*	$	160,241	$	(160,494)
Depreciation capitalized to mining interests *(Note 4)*	$	-	$	45,159

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, 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 period ended March 31, 2025		Guitarra		Corporate and Other		Inter-company Eliminations		Total
		Mexico						
Revenues	$	4,841,242	$	-	$	-	$	4,841,242
Cost of sales								
Production costs		(3,214,381)		-		-		(3,214,381)
Other costs		(210,935)		-		-		(210,935)
Ore inventory changes		(179,572)		-		-		(179,572)
		(3,604,888)		-		-		(3,604,888)
Gross profit	$	1,236,354	$	-	$	-	$	1,236,354

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

Expressed in U.S. Dollars

18. SEGMENTED INFORMATION - *continued*

a) Operating or test mining segment – *continued*

As at March 31, 2025	Guitarra Mexico	Corporate and Other	Inter-company Eliminations	Total
Capital expenditures	$ 594,630	$ -	$ -	$ 594,630
Total assets	$ 36,096,727	$ 42,447,391	$ (42,361,558)	$ 36,182,560
Total liabilities	$ (12,353,758)	$ (5,686,569)	$ 7,193,201	$ (10,847,126)

As at December 31, 2024	Guitarra Mexico	Corporate and Other	Inter-company Eliminations	Total
Capital expenditures	$ 3,804,535	$ -	$ -	$ 3,804,535
Total assets	$ 34,907,021	$ 42,721,012	$ (42,737,018)	$ 34,891,015
Total liabilities	$ (12,101,879)	$ (5,487,350)	$ 7,651,598	$ (9,937,631)

b) Segment revenue by location and major customers

For the period ended March 31, 2025	Guitarra Mexico	Corporate and Other	Inter-company Eliminations	Total
Silver	$ 2,338,666	$ -	$ -	$ 2,338,666
Gold	2,891,585	-	-	2,891,585
Provisional pricing adjustments	119,645	-	-	119,645
	5,349,896	-	-	5,349,896
Smelting, treatment and refining costs	(389,009)	-	-	(389,009)
Sales to external customer	$ 4,960,887	$ -	$ -	$ 4,960,887

During the period ended March 31, 2025, the Company sold all of its silver/gold concentrate to one customer under contract. There is no comparable information for 2024 as test mining commenced in July 2024.