SIERRA MADRE GOLD AND SILVER LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

JUNE 30, 2026

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 STATEMENTS OF FINANCIAL POSITION

Expressed in U.S. Dollars

Unaudited

ASSETS	June 30, 2026	December 31, 2025
Current		
Cash and cash equivalents	$ 22,157,801	$ 13,676,593
Short-term investment	-	3,642,987
Trade receivables *(Note 3)*	1,354,957	1,362,083
Value added taxes receivable	3,987,390	3,196,000
Inventories	2,726,664	1,611,500
Prepaid expenses and other	942,399	413,179
	31,169,211	23,902,342
Mining interests *(Note 4)*	22,517,510	17,868,736
Exploration and evaluation assets *(Note 5)*	12,371,727	11,871,411
Plant and equipment *(Note 6)*	60,137,945	7,446,243
Deferred income tax assets	4,368,760	5,527,406
Other assets	349,071	347,421
	$ 130,914,224	$ 66,963,559
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 4,241,671	$ 2,427,923
Payroll and withholding taxes payable	1,355,513	1,046,631
Subscriptions payable	-	5,777,778
Current taxes payable	546,068	611,666
	6,143,252	9,863,998
Loan payable *(Note 7)*	-	5,375,000
Deferred acquisition cost payable *(Note 19)*	9,247,000	-
Contingent acquisition cost payable *(Note 19)*	1,983,000	-
Decommissioning liabilities *(Note 8)*	7,466,130	2,748,194
	24,839,382	17,987,192
SHAREHOLDERS' EQUITY		
Share capital *(Note 9)*	231,290,333	173,583,296
Contributed surplus	4,070,669	4,405,745
Accumulated other comprehensive loss	(1,261,308)	(611,757)
Deficit	(128,024,852)	(128,400,917)
	106,074,842	48,976,367
	$ 130,914,224	$ 66,963,559

Nature of operations *(Note 1)*
Contingencies *(Note 16)*
Subsequent events *(Note 20)*

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 SIX MONTHS ENDED JUNE 30
Expressed in U.S. Dollars
Unaudited

	Share capital *(Note 9)*	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total
Balance, December 31, 2024	$ 158,113,291	$ 3,592,596	$ (217,025)	$ (136,535,478)	$ 24,953,384
Shares issued – exercise of stock options	466,496	-	-	-	466,496
Fair value of stock options exercised	318,894	(318,894)	-	-	-
Share-based compensation	-	395,999	-	-	395,999
Comprehensive income (loss) for the period	-	-	(199,666)	612,035	412,369
Balance, June 30, 2025	158,898,681	3,669,701	(416,691)	(135,923,443)	26,228,248
Private placements - shares	14,271,130	-	-	-	14,271,130
Share issuance costs	(2,043,208)	-	-	-	(2,043,208)
Fair value of agents' compensation options	(449,593)	449,593	-	-	-
Shares issued – exercise of stock options	777,632	-	-	-	777,632
Fair value of stock options exercised	588,333	(588,333)	-	-	-
Shares issued – exercise of warrants	1,164,403	-	-	-	1,164,403
Shares issued – exercise of agent options	251,010	-	-	-	251,010
Fair value of agent options exercised	124,908	(124,908)	-	-	-
Share-based compensation	-	999,692	-	-	999,692
Foreign exchange on retirement provision	-	-	(15,451)	-	(15,451)
Comprehensive income (loss) for the period	-	-	(179,615)	7,522,526	7,342,911
Balance, December 31, 2025	173,583,296	4,405,745	(611,757)	(128,400,917)	48,976,367
Private placements - shares	40,596,364	-	-	-	40,596,364
Share issuance costs	(2,743,207)	-	-	-	(2,743,207)
Fair value – agents' compensation options	(1,112,514)	1,112,514	-	-	-
Shares issued for property acquisition	13,199,944				13,199,944
Shares issued – exercise of stock options	2,721,043	-	-	-	2,721,043
Fair value of stock options exercised	2,103,047	(2,103,047)	-	-	-
Shares issued – exercise of warrants	1,953,703	-	-	-	1,953,703
Shares issued – exercise of agent options	663,032	-	-	-	663,032
Fair value of agent options exercised	325,625	(325,625)	-	-	-
Share-based compensation	-	981,082	-	-	981,082
Foreign exchange on retirement provision	-	-	(1,183)	-	(1,183)
Comprehensive income (loss) for the period	-	-	(648,368)	376,065	(272,303)
Balance, June 30, 2026	$ 231,290,333	$ 4,070,669	$ (1,261,308)	$ (128,024,852)	$ 106,074,842

- 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 AND COMPREHENSIVE INCOME (LOSS)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30
Expressed in U.S. Dollars
Unaudited

	Three Months June 30 2026	Three Months June 30 2025	Six Months June 30 2026	Six Months June 30 2025
Revenues *(Note 10)*	$ 8,232,135	$ 5,756,997	$ 18,340,202	$ 10,717,884
Cost of Sales				
Mine operating costs *(Note 11)*	(6,314,178)	(3,593,588)	(12,553,554)	(6,931,199)
Depreciation and depletion	(339,978)	(475,613)	(598,635)	(742,890)
Gross profit	1,577,979	1,687,796	5,188,013	3,043,795
Amortization and accretion	63,422	58,343	126,182	125,128
Care and maintenance	63,713	-	63,713	-
Community relations	48,114	28,345	99,945	52,808
Environmental	182,601	140,913	338,873	273,159
Finance income and other	(163,185)	10,560	(278,464)	(13,065)
Foreign exchange loss (gain)	(342,631)	56,879	(372,418)	(7,186)
General and administrative *(Note 12)*	900,772	486,215	1,784,712	888,368
Interest expense	90,707	220,813	222,390	420,658
Share-based compensation *(Note 9)*	131,576	242,758	981,082	395,999
	975,089	1,244,826	2,966,015	2,135,869
Income before income taxes	602,890	442,970	2,221,998	907,926
Current income tax expense	(230,251)	(140,791)	(633,219)	(263,844)
Deferred income tax expense	(335,413)	(26,019)	(1,212,714)	(32,047)
Income for the period	37,226	276,160	376,065	612,035
Other comprehensive income (loss)				
Item that may be reclassified subsequently to income or loss:				
Currency translation adjustment	(502,729)	(92,600)	(649,551)	(199,666)
Comprehensive income (loss) for the period	$ (465,503)	$ 183,560	$ (273,486)	$ 412,369
Income per share – basic and diluted	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Weighted-average number of shares outstanding – basic (000’s)	204,076	154,225	199,701	154,085
Weighted-average number of shares outstanding – diluted (000’s)	215,390	155,576	209,627	154,937

- 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 SIX MONTHS ENDED JUNE 30
Expressed in U.S. Dollars
Unaudited

CASH RESOURCES PROVIDED BY (USED IN)	2026	2025
Operating activities		
Income for the period	$ 376,065	$ 612,035
Items not involving cash		
Amortization and accretion	126,182	125,128
Depreciation and depletion	608,091	775,350
Deferred income tax expense	1,212,714	32,047
Unrealized foreign exchange gain	(317,585)	(184,810)
Share-based compensation	981,082	395,999
Changes in non-cash working capital		
Trade receivables	(278,369)	(929,067)
Value added taxes receivable	(695,546)	(644,585)
Inventories	(361,305)	73,307
Prepaid expenses and other	(576,963)	(418,852)
Accounts payable and accrued liabilities	322,170	730,192
Payroll and withholding taxes payable	308,882	173,026
Current income taxes payable	522,441	258,747
Income tax paid	(588,039)	-
Finance expense	250,000	375,000
	1,889,820	1,373,517
Investing activities		
Purchase of plant and equipment	(26,246,738)	(763,964)
Deposits on plant and equipment	(478,462)	-
Mine development costs	(1,164,511)	(112,880)
Exploration costs	(505,218)	(362,493)
Short-term investment redeemed	3,642,987	
Cash acquired on acquisition *(Note 19)*	7,811	-
	(24,744,131)	(1,239,337)
Financing activities		
Shares issued – private placement	40,596,364	-
Share issuance costs - cash	(2,743,207)	-
Shares issued – stock option exercises	2,721,043	466,496
Shares issued – warrant exercises	1,953,703	-
Shares issued – agents' option exercises	663,032	-
Loan repayment	(5,375,000)	-
Subscriptions receipts paid to escrow	(5,777,778)	-
Interest paid	(250,000)	(375,000)
	31,788,157	91,496
Increase in cash position for the period	8,933,846	225,676
Cash position - beginning of period	13,676,593	452,081
Exchange difference on cash	(452,638)	32,724
Cash position - end of period	$ 22,157,801	$ 710,481

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

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 began full commercial production on January 1, 2025. The Company also holds a 100% interest in the Tepic mineral property located in Mexico, which is in the exploration stage.

On June 19, 2026, the Company acquired a 100% interest in the Del Toro silver mine located in Mexico, which has been on care and maintenance since January 2020, by acquiring all of the outstanding shares of First Majestic Del Toro, S.A de C.V. from First Majestic Silver Corp. ("First Majestic") (the "Transaction") *(Note 19)*.

Based on the information available to date, the Company has not yet determined whether its mineral properties contain ore reserves. 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 in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") 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. 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 the next twelve months.

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, 2025. All financial information presented herein is unaudited. The Company's board of directors approved these condensed consolidated interim financial statements for issue on August 25, 2026.

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.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and the accounts of its wholly owned subsidiaries, La Guitarra Compania Minera, S.A. de C.V. ("La Guitarra") (a Mexican company), Pita Exploration Limited (a British Columbia company), Pita Exploration, S. de R.L. de C.V., and Minera Sierra Madre Oro Y Plata, S. de R.L. de C.V. (a Mexican company). These statements also include the accounts of First Majestic Del Toro, S.A. de C.V. (a Mexican company) effective June 19, 2026, the date that the Company acquired a 100% interest in, and control of, this company *(Note 19)*. On July 20, 2026, First Majestic Del Toro, S.A. de C.V. changed its name to Sierra Madre Del Toro, S.A. de C.V. ("Del Toro").

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

Principles of consolidation *- continued*

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 and Del Toro, is the Canadian dollar ("CAD"). The functional currency of La Guitarra and Del Toro 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 monetary assets and liabilities, and the average exchange rate for income and expenses. All resulting exchange differences are recognized in other comprehensive income or loss.

New accounting policy

As a result of the acquisition of Del Toro, the Company adopted the following new policy in regard to the future variable and contingent consideration payable *(Note 19)*:

Mineral property

The cost of property, plant and equipment includes an estimate of future variable and contingent consideration associated with its acquisition. A corresponding liability is recognized on the acquisition date and initially measured based on the estimated future variable payments. The liability is subsequently measured at fair value, with any changes in its carrying amount recognized as an adjustment to the cost of the related asset.

Significant accounting estimates, judgements, and assumptions

The preparation of consolidated 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 estimates and judgements relate to: the assessment of business combination versus asset acquisition, estimates in determining the fair value of consideration paid, the determination of fair values of mining interests, exploration assets, and property, plant and equipment acquired, and the estimation of the fair value of future variable and contingent payments due in respect of asset acquisitions, impairment indicators for its mining interests, exploration and evaluation assets, and plant and equipment; determining decommissioning liabilities; and deferred tax asset recognition.

The determination of business combination versus asset acquisition involves significant judgement in the assessment of the factors of whether the target meets the definition of a business or not.

The determination of the fair values of mining interests, exploration and evaluation assets, and property, plant and equipment acquired in a purchase agreement, involves significant judgement in relation to the valuation methodology employed, including management's selection of the most representative indicator of the fair values.

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

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

The fair value of future and variable contingent payments in respect of an asset acquisition is estimated using management's best judgement of the amount and probability of payment of such payments based on the facts and circumstances relevant to the payment requirement criteria. The estimate is monitored at each reporting date to determine any subsequent changes in fair value.

Management considers both external and internal sources of information in assessing whether there are any indications that the Company's mining interests, exploration and evaluation assets, and plant and equipment 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 resources, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

Mineral 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 resources are determined in accordance with National Instrument 43-101 Technical Report standards. There are numerous uncertainties inherent in estimating 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 obligation. 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.

The Company has considered its operating results in its wholly owned subsidiary, La Guitarra, and has considered its estimates of future taxable income and has recognized the deferred tax assets available to reduce future taxable income on the basis of the determination that it is more likely than not that these assets will be recovered. The Company has not recognized its deferred tax assets in Canada or for any of the other subsidiaries, as management does not currently consider it more likely than not that these assets will be recovered.

Expressed in U.S. Dollars

3. TRADE RECEIVABLES

Details are as follows:

	June 30, 2026	December 31, 2025
Trade receivables	$ 2,050,575	$ 2,356,701
Less: Advance payments received	-	(2,121,031)
	2,050,575	235,670
Provisional pricing adjustment	(695,618)	1,126,413
	$ 1,354,957	$ 1,362,083

4. MINING INTERESTS

Details are as follows:

	Guitarra	Del Toro	Total
Balance – December 31, 2024	$ 17,641,838	$ -	$ 17,641,838
Change in decommissioning liability *(Note 8)*	(395,186)	-	(395,186)
Mine development costs	1,024,674	-	1,024,674
Depletion	(402,590)	-	(402,590)
Balance – December 31, 2025	17,868,736	-	17,868,736
Acquisition cost *(Note 19)*	-	3,687,856	3,687,856
Mine development costs	1,157,462	7,049	1,164,511
Depletion	(203,593)	-	(203,593)
Balance – June 30, 2026	$ 18,822,605	$ 3,694,905	$ 22,517,510

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.

Del Toro silver mine, Mexico

The Del Toro silver mine is located in Chalchihuites, in the State of Zacatecas, Mexico. The mine consists of three underground operation centres, a flotation processing plant, and a paste tailings management facility. Del Toro has been on care and maintenance since January 2020.

Expressed in U.S. Dollars

4. MINING INTERESTS *- continued*

Net smelter royalties

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.

The Company has granted a 2% NSR over the entire Del Toro claim block to Metalla Royalty and Streaming Ltd. Other minor royalties also cover certain of the Del Toro concessions.

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, 2024	$ 6,933,870	$ 3,967,396	$ 10,901,266
Exploration capitalized	859,846	103,441	963,287
Foreign exchange	-	6,858	6,858
Balance – December 31, 2025	7,793,716	4,077,695	11,871,411
Exploration capitalized	430,642	74,576	505,218
Foreign exchange	-	(4,902)	(4,902)
Balance – June 30, 2026	$ 8,224,358	$ 4,147,369	$ 12,371,727

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.

- 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. Due to the death of the principal of the optionor, the Company was not able to exercise its option in the normal course. Following a 2025 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 June 30, 2026, does not necessarily represent the current or future value.

Expressed in U.S. Dollars

6. PLANT AND EQUIPMENT

Details are as follows:

	Guitarra	Del Toro	Other	Total
Balance – December 31, 2024	$ 2,772,976	$ -	$ 23,616	$ 2,796,592
Additions	4,313,193	-		4,313,193
Deposits on purchases	768,590	-		768,590
Depreciation	(424,639)	-	(8,486)	(433,125)
Foreign exchange gain	-	-	993	993
Balance – December 31, 2025	7,430,120	-	16,123	7,446,243
Additions	7,706,545	-	-	7,706,545
Acquisition cost *(Note 19)*	-	44,906,165	-	44,906,165
Deposits on purchases	478,462	-	-	478,462
Depreciation	(395,042)	-	(4,008)	(399,050)
Foreign exchange loss	-	-	(420)	(420)
Balance – June 30, 2026	$ 15,220,085	$ 44,906,165	$ 11,695	$ 60,137,945

	Guitarra	Del Toro	Other	Total
Cost	$ 16,317,694	$ 44,906,165	$ 57,453	$ 61,281,312
Accumulated depreciation	(1,097,609)	-	(45,758)	(1,143,367)
	$ 15,220,085	$ 44,906,165	$ 11,695	$ 60,137,945

7. LOAN PAYABLE

Details of the loan and deferred interest payable are as follows:

	June 30, 2026	December 31, 2025
Balance – beginning of period	$ 5,375,000	$ 5,375,000
Principal payments	(5,375,000)	-
Balance – end of period	$ -	$ 5,375,000

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 with a maturity date of May 8, 2026. Interest for the first six months to November 8, 2024 ($375,000) was 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 was 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.

In May 2025, the Company and First Majestic agreed to extend the maturity of the loan and the deferred interest by twelve months to May 8, 2027, with all other terms of the agreement remaining unchanged. On February 6, 2026, the Company made a principal repayment on the loan in the amount of $2,500,000 and repaid the loan in full on June 29, 2026. Interest recorded on the loan during the period ended June 30, 2026, totalled $223,660 (2025 - $375,000).

Expressed in U.S. Dollars

8. DECOMMISSIONING LIABILITIES

Details are as follows:

	Guitarra	Del Toro	Total
Balance – December 31, 2024	$ 2,532,281	$ -	$ 2,532,281
Interest or accretion expense	220,535	-	220,535
Change in estimated cash flows *(Note 4)*	(395,186)	-	(395,186)
Foreign exchange loss	390,564	-	390,564
Balance – December 31, 2025	2,748,194	-	2,748,194
Balance at acquisition *(Note 19)*	-	4,507,575	4,507,575
Interest or accretion expense	126,182	-	126,182
Foreign exchange loss	84,179	-	84,179
Balance – June 30, 2026	$ 2,958,555	$ 4,507,575	$ 7,466,130

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.

- Guitarra, Mexico

The undiscounted cash flows are estimated at $4.5 million (December 31, 2025 - $4.5 million). The discount rate is a risk-free rate determined based on the 10-year Mexican peso default swap rate of 8.910% (December 31, 2025 – 8.910%) for the respective estimated life of the operations. The inflation rate used is based on the historical 10-year average Mexican inflation rate of 3.69% (December 31, 2025 – 3.69%).

- Del Toro, Mexico

The undiscounted cash flows are estimated at $6.5 million. The discount rate is a risk-free rate determined based on the 9-year Mexican peso default swap rate of 9.20% (December 31, 2025 – 8.910%) for the respective estimated life of the operations. The inflation rate used is based on the historical 9-year average Mexican inflation rate of 3.65%.

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, 2024	153,942,993	$ 158,113,291
Private placement – July 2025	27,858,000	14,271,130
Share issuance costs	-	(2,043,208)
Fair value of agents' compensation options	-	(449,593)
Shares issued – exercise of stock options	3,091,333	1,244,128
Fair value of stock options exercised	-	907,227
Shares issued – exercise of warrants	1,907,500	1,164,403
Shares issued – exercise of agent options	500,000	251,010
Fair value of agents' options exercised	-	124,908
Balance – December 31, 2025	187,299,826	173,583,296
Private placement – June 2026	44,231,300	40,596,364
Share issuance costs	-	(2,743,207)
Fair value of agents' compensation options	-	(1,112,514)
Shares issued for property acquisition *(Note 19)*	10,870,000	13,199,944
Shares issued – exercise of stock options	5,400,000	2,721,043
Fair value of stock options exercised	-	2,103,047
Shares issued – exercise of warrants	3,157,643	1,953,703
Shares issued – exercise of agent options	1,299,700	663,032
Fair value of agents' options exercised	-	325,625
Balance – June 30, 2026	252,258,469	$ 231,290,333

Private placements

In July 2025, the Company completed a brokered private placement by issuing 27,858,000 units at a price of CAD$0.70 per unit for gross proceeds of $14,271,130. Each unit consisted of one common share of the Company and one-half of one share purchase warrant with each whole warrant entitling the holder to acquire one additional common share at a price of CAD$0.85 per share for a period of twelve months from the date of closing. The Company paid commissions of $889,486, a corporate finance fee of $19,114, and other fees of $905,673 in respect of the placement. In addition, the Company paid legal costs of $173,059, filing fees of $55,876, and issued 1,799,700 agents' compensation options allowing the agents to purchase up to 1,799,700 common shares of the Company at a price of CAD$0.70 for a period of twelve months from the date of closing. The agents' compensation options were valued at $449,593 using the Black-Scholes Option-Pricing Model using the following assumptions: risk-free interest rate of 2.74%; expected dividend yield of 0.00%; expected stock price volatility of 100%; expected forfeiture rate of 0.00%; and an expected option life of 1.00 year.

Expressed in U.S. Dollars

9. SHARE CAPITAL - *continued*

Private placements - *continued*

Concurrent financing

As a condition of completing the Transaction, the Company was required to complete a minimum financing of CAD$40 million. The Company entered into an agency agreement to raise up to CAD$50 million by issuing up to 38,461,538 subscription receipts at a price of CAD$1.30 with an agent's option to sell up to an additional 15% for additional proceeds of up to CAD$7.5 million. On January 30, 2026, the Company issued 44,231,300 subscription receipts for gross proceeds of CAD$57,500,690, with all proceeds being deposited into escrow. Upon closing of the Transaction and satisfying all escrow conditions on June 19, 2026, each subscription receipt automatically converted into one common share of the Company.

The Company paid commissions of $1,519,608, a corporate finance fee of $232,985, and other fees of $681,305 in respect of the placement. In addition, the Company paid legal costs of $246,305, filing fees of $63,004, and issued 1,908,845 agents' compensation options allowing the agents to purchase up to 1,908,845 common shares of the Company at a price of CAD$1.30 for a period of 24 months from the date of closing. The agents' compensation options were valued at $1,112,514 using the Black-Scholes Option-Pricing Model using the following assumptions: risk-free interest rate of 2.78%; expected dividend yield of 0.00%; expected stock price volatility of 65.4%; expected forfeiture rate of 0.00%; and an expected option life of 2.00 years.

At December 31, 2025, the Company had received $5,777,778 in subscription receipts, which were subsequently paid into escrow and released to the Company upon closing of the financing.

Stock options

The Company has an Incentive Stock Option Plan that complies with the rules of the TSX Venture Exchange ("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.

In February 2026, the Company granted 1,000,000 five-year stock options to employees and consultants; 900,000 of these options vested upon grant, 100,000 options vest quarterly over twelve months from the date of the grant. Details of option activity for the period including the weighted-average exercise prices are as follows:

	Number	CAD
Outstanding, December 31, 2024	12,610,000	$ 0.60
Granted	3,700,000	$ 0.72
Exercised	(3,091,333)	$ 0.56
Expired	(114,167)	$ 0.64
Forfeited	(66,666)	$ 0.59
Outstanding, December 31, 2025	13,037,834	$ 0.64
Granted	1,000,000	$ 2.18
Exercised	(5,400,000)	$ 0.69
Expired	(80,835)	$ 0.70
Forfeited	(69,999)	$ 0.70
Outstanding, June 30, 2026	8,487,000	$ 0.79
Exercisable, June 30, 2026	7,526,998	$ 0.78

Expressed in U.S. Dollars

9. SHARE CAPITAL - *continued*

Stock options - *continued*

At June 30, 2026, the Company had outstanding stock options enabling holders to acquire common shares as follows:

	Number of Shares	Exercise Price CAD	Expiry Date
Options	3,979,500	$ 0.50	May 23, 2029
	833,333	$ 0.69	June 5, 2030
	2,674,167	$ 0.73	July 28, 2030
	1,000,000	$ 2.18	February 16, 2031
	8,487,000		

At June 30, 2026, the weighted-average remaining life for the outstanding stock options was 3.58 years.

Share-based compensation

The following table presents information relating to incentive stock options granted during the periods ended June 30:

	2026	2025
Options granted	1,000,000	950,000
Average exercise price – CAD	$ 2.18	$ 0.69
Estimated fair value per option	$ 0.75	$ 0.38
Estimated fair value of options granted	$ 751,587	$ 361,088

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:

	2026	2025
Risk-free interest rate	2.79%	2.68%
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	58.6%	100%
Expected forfeiture rate	0.00%	0.00%
Expected option life in years	4.00	5.00

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

	2026	2025
Options vested	2,096,666	2,827,500
Compensation recognized	$ 981,082	$ 395,999

Expressed in U.S. Dollars

9. SHARE CAPITAL - *continued*

Warrants

Details of warrant and agents' compensation option activity including the weighted-average exercise prices are as follows:

	Number	CAD
Outstanding, December 31, 2024	444,949	$ 0.65
Warrants issued	13,929,000	$ 0.85
Agents' options issued	1,799,700	$ 0.70
Warrants exercised	(1,907,500)	$ 0.85
Agents' options exercised	(500,000)	$ 0.70
Agents' options expired	(444,949)	$ 0.65
Outstanding, December 31, 2025	13,321,200	$ 0.84
Agents' options issued	1,908,844	$ 1.30
Warrants exercised	(3,157,643)	$ 0.85
Agents' options exercised	(1,299,700)	$ 0.70
Outstanding, June 30, 2026	10,772,701	$ 0.93

At June 30, 2026, the Company had outstanding warrants and agents' options enabling holders to acquire common shares as follows:

	Number of Shares	Exercise Price CAD	Expiry Date
Warrants	8,863,857	$ 0.85	July 24, 2026 *(i)*
Agents' compensation options	1,908,844	$ 1.30	June 19, 2028
	10,772,701		

(i) Subsequent to June 30, 2026, 8,863,357 of these warrants were exercised *(Note 20)*.

At June 30, 2026, the weighted-average remaining life for the outstanding warrants and agents' options was 0.41 years.

10. REVENUES

Details for the six-month periods ended June 30 are as follows:

	2026	2025
Silver	$ 10,920,641	$ 4,519,075
Gold	9,364,736	6,477,101
Provisional and final adjustments	(691,829)	519,227
	19,593,548	11,515,403
Smelting, treatment and refining costs	(1,253,346)	(797,519)
	$ 18,340,202	$ 10,717,884

Off-take agreement

The Company has signed an 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 *(Note 20)*.

Expressed in U.S. Dollars

11. MINE OPERATING COSTS

Details for the six-month periods ended June 30 are as follows:

Direct production costs	2026	2025
Labour costs	$ 4,549,319	$ 2,295,198
Mine and plant maintenance	2,150,626	899,992
Consumables and materials	2,208,357	1,500,276
Contracted services	1,547,498	858,461
Energy	1,365,374	551,160
Capitalized mine development costs	(1,064,302)	-
Finished goods inventory decrease	415,152	235,992
	11,172,024	6,341,079
Other costs		
Transportation and selling costs	210,520	160,854
Mine royalty expense	395,369	176,592
Insurance	134,780	147,831
Production taxes	214,848	104,843
	955,517	590,120
Employee profit sharing	426,013	-
Mine operating costs	$ 12,553,554	$ 6,931,199

12. GENERAL AND ADMINISTRATIVE EXPENSES

Details for the six-month periods ended June 30 are as follows:

	2026	2025
Accounting and audit	$ 302,856	$ 197,532
Consulting	311,826	54,638
Depreciation	4,008	4,207
Director fees	45,699	32,628
Investor relations and promotions	349,808	188,219
Legal	13,296	6,059
Management fees	391,706	191,510
Office	126,238	106,621
Shareholder and regulatory	55,532	34,543
Travel	183,743	72,411
	$ 1,784,712	$ 888,368

Expressed in U.S. Dollars

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 June 30 is as follows:

	2026	2025
Accounting	$ -	$ 63,852
Administration	70,000	45,000
Director fees	45,699	32,636
Geological	19,585	15,963
Management and mine supervision	391,702	242,639
	$ 526,986	$ 400,090

In addition, the Company recorded share-based compensation of $67,657 (2025 - $108,915), 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 *(Note 9)*.

The Company had a project financing loan with First Majestic, which was fully repaid during the period *(Note 7)*. During the period, the Company paid or accrued $223,660 (2025 - $375,000) 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 and cash equivalent balances, which are held through major Canadian and Mexican financial institutions with high investment grade ratings, and its trade receivables (*Note 3*).

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 June 30, 2026, the Company had a receivable balance associated with the buyer of its concentrate of $1,354,957 (December 31, 2025 - $1,362,083). All of the Company's concentrate is sold to a well-known concentrate buyer. As at June 30, 2026, a 10% change to the underlying metal prices would result in a change in revenue and trade receivables of $1,085,000, based on the total quantities of metals in sales contracts for which the provisional pricing periods were not yet closed.

14. RISK MANAGEMENT - *continued*

Credit Risk - *continued*

The carrying value of the Company's cash and cash equivalents, short-term investment, and trade receivables totalling $23,512,758 represents the Company's maximum exposure to credit risk at June 30, 2026 (December 31, 2025 - $18,681,663). 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 June 30, 2026, 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. Based on the Company's net monetary assets denominated in U.S. dollars in the Canadian dollar functional entity at June 30, 2026, a 10% increase in the number of Canadian dollars required to buy a U.S. dollar would result in a gain of approximately $55,000 and a 10% decrease would have the inverse effect. Based on the Company's net monetary assets denominated in Mexican pesos, a 10% increase in the number of Canadian dollars required to buy a Mexican peso would result in a gain of approximately $23,000 and a 10% decrease would have the inverse effect.

At June 30, 2026, the Company carried cash, trade receivables, value added taxes receivable, accounts payable and payroll provision balances denominated in Mexican pesos in the U.S. dollar functional entities, 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 June 30, 2026, a 10% decrease in the number of Mexican pesos required to buy a U.S. dollar would result in a loss of approximately $394,000 and a 10% increase would have the converse effect.

Expressed in U.S. Dollars

14. RISK MANAGEMENT - *continued*

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due *(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 June 30, 2026:

	< 1 year	1-2 years	2-5 years	> 5 years	Total
	$	$	$	$	$
Accounts payable and accrued liabilities	4,241,671	-	-	-	4, 241,671
Commitments *(i)*	609,269	-	-	-	609,269
Deferred acquisition cost payable *(ii)*	-	10,000,000	-	-	10,000,000
	4,850,940	10,000,000	-	-	14,850,940

(i) Commitments related to purchase orders and contracts related to the Phase I and Phase II expansions at La Guitarra.

(ii) The deferred acquisition cost may be paid in cash or shares at the option of the Company, subject to a maximum number of shares issuable with the difference payable in cash *(Note19)*.

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 June 30, 2026 was $25.0 million. 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 the next twelve months.

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, and a short-term investment in a guaranteed investment certificate, 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.

Expressed in U.S. Dollars

14. RISK MANAGEMENT - *continued*

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 monitors its capital structure and, based on changes in operations and economic conditions, may adjust the structure by issuing new shares, issuing new debt, or retiring existing debt. The Company prepares annual budget and quarterly forecasts to facilitate the management of its capital requirements. The capital of the Company consists of equity (consisting of issued capital, equity reserves, and retained earnings or accumulated deficit) and debt facilities, net of cash and cash equivalents as follows:

	June 30, 2026	December 31, 2025
Equity	$ 106,074,842	$ 48,976,367
Debt facilities	-	5,375,000
Less: cash and cash equivalents	(22,157,801)	(13,676,593)
	$ 83,917,041	$ 40,674,774

As part of the Company's cash management function, its policy is to invest idle cash in highly liquid short-term investments with maturities of 90 days or less, selected with regard to the expected timing of expenditures required for operations. The Company expects that its available capital resources will be sufficient to carry out its development plans and operations for at least the next twelve months. The Company is not subject to any externally imposed capital requirements and remained in compliance with all of the terms of the debt agreement until its repayment on June 29, 2026 *(Note 7)*.

16. CONTINGENCIES

La Guitarra - Customs

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. First Majestic has assumed full responsibility for the dispute and at December 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).

On February 12, 2026, the Mexican Supreme Court decided the extraordinary appeal and the appeal filed by the Ministry of Finance, against the extraordinary appeal admission, revoking the admission of the extraordinary appeal, and therefore confirming the legality of the customs penalty, so this case is concluded. The Company continues to work with the Tax Authority on finalizing this dispute using the letter of credit previously posted by First Majestic.

Expressed in U.S. Dollars

16. CONTINGENCIES - *continued*

Del Toro – Tax assessments

In 2023, as part of the ongoing annual audits of the tax returns of Del Toro, the SAT issued tax assessments for the fiscal years 2015 to 2018 for corporate income tax in the total amount of $34.4 million (604 million Mexican pesos) including interest, inflation and penalties. The major items relate to, and denial of, the deductibility of mine development costs, refining costs, and other expenses. The Company continues to defend the validity of the expenses and will vigorously dispute the assessments that have been issued. The Company, based on advice from legal and financial advisors, believes Del Toro's tax filings were appropriate and its tax filing position is correct, therefore no liability has been recognized in these financial statements. Pursuant to the SPA with respect to Del Toro, First Majestic remains liable for all such taxes which are ultimately determined to be payable with respect to these ongoing assessments and any other assessments or reassessments for any and all periods prior to the closing of the SPA.

La Tigra

In June 2021, a Mexican subsidiary of the Company entered into an agreement pursuant to which it 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's subsidiary notified the owner of the property and requested negotiations to amend the option agreement. The Company was unsuccessful in re-negotiating the terms of the option agreement and accordingly the accumulated costs of the project were written off in the year ended December 31, 2023.

During the year ended December 31, 2025, the Company's subsidiary received notification that the optionor was suing the subsidiary for outstanding payments totalling $625,000, which the optionor alleges were not made in accordance with the agreement. The Company disagrees with the optionors interpretation of the events leading up to this allegation and intends to defend its position vigorously.

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

Details for the periods ended June 30 are as follows:

	2026	2025
Increase (decrease) in decommissioning liability capitalized to mining interests *(Notes 4 and 8)*	$ -	$ (86,552)
Increase in capital payables	$ 1,038,437	$ -
Fair value of stock options exercised *(Note 9)*	$ 2,103,047	$ 318,894
Fair value of agents' options exercised *(Note 9)*	$ 325,625	$ -

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.

Expressed in U.S. Dollars

18. SEGMENTED INFORMATION - *continued*

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 segment

For the six-month period ended June 30, 2026	Guitarra	Corporate and Other	Inter-company Eliminations	Total
	Mexico			
Revenues	$ 18,340,202	$ -	$ -	$ 18,340,202
Cost of sales				
Production costs	(10,756,872)	-	-	(10,756,872)
Depreciation and depletion	(598,635)			(598,635)
Other costs	(1,381,530)	-	-	(1,381,530)
Finished goods inventory changes	(415,152)	-	-	(415,152)
	(13,152,189)	-	-	(13,152,189)
Gross profit	$ 5,188,013	$ -	$ -	$ 5,188,013

For the period ended June 30, 2025	Guitarra	Corporate and Other	Inter-company Eliminations	Total
	Mexico			
Revenues	$ 10,717,884	$ -	$ -	$ 10,717,884
Cost of sales				
Production costs	(6,105,087)	-	-	(6,105,087)
Depreciation and depletion	(742,890)			(742,890)
Other costs	(590,120)	-	-	(590,120)
Finished goods inventory changes	(235,992)	-	-	(235,992)
	(7,674,089)	-	-	(7,674,089)
Gross profit	$ 3,043,795	$ -	$ -	$ 3,043,795

As at June 30, 2026	Guitarra	Corporate and Other	Inter-company Eliminations	Total
	Mexico			
Capital expenditures	$ 28,394,929	$ -	$ -	$ 28,394,929
Total assets	$ 60,814,418	$ 162,102,658	$ (92,002,852)	$ 130,914,224
Total liabilities	$ (24,152,031)	$ (16,739,323)	$ 16,051,972	$ (24,839,382)

Expressed in U.S. Dollars

18. SEGMENTED INFORMATION - *continued*

a) Operating segment - *continued*

As at December 31, 2025	Guitarra	Corporate and Other	Inter-company Eliminations	Total
	Mexico			
Capital expenditures	$ 6,446,113	$ -	$ -	$ 6,446,113
Total assets	$ 52,085,770	$ 62,025,340	$ (47,147,551)	$ 66,963,559
Total liabilities	$ (18,939,073)	$ (11,497,020)	$ 12,448,901	$ (17,987,192)

b) Segment revenue by location and major customers

For the period ended June 30, 2026	Guitarra	Corporate and Other	Inter-company Eliminations	Total
	Mexico			
Silver	$ 10,920,641	$ -	$ -	$ 10,920,641
Gold	9,364,736	-	-	9,364,736
Provisional pricing adjustments	(691,829)	-	-	(691,829)
	19,593,548	-	-	19,593,548
Smelting, treatment and refining costs	(1,253,346)	-	-	(1,253,346)
Sales to external customer	$ 18,340,202	$ -	$ -	$ 18,340,202

For the period ended June 30, 2025	Guitarra	Corporate and Other	Inter-company Eliminations	Total
	Mexico			
Silver	$ 4,519,075	$ -	$ -	$ 4,519,075
Gold	6,477,101	-	-	6,477,101
Provisional pricing adjustments	519,227	-	-	519,227
	11,515,403	-	-	11,515,403
Smelting, treatment and refining costs	(797,519)	-	-	(797,519)
Sales to external customer	$ 10,717,884	$ -	$ -	$ 10,717,884

The Company sells all of its silver/gold concentrate to one customer under contract.

Expressed in U.S. Dollars

19. ACQUISITION OF THE DEL TORO SILVER MINE

On December 17, 2025, the Company signed a share purchase agreement ("SPA") with First Majestic to acquire 100% of the issued shares of Del Toro, which holds a 100% interest in the Del Toro silver mine in Mexico. The acquisition received shareholder approval and all regulatory approvals, and the Transaction closed on June 19, 2026. The Del Toro concessions are subject to a 2% net smelter royalty and certain other royalty agreements.

The SPA provides for the Company to make the following payments and contingent payments to First Majestic:

- upon closing, the Company completed a cash payment of $20.0 million and issued 10,870,000 common shares with a fair value of $13.2 million;
- within 18 months of closing, the Company must make a payment of $10.0 million, in cash or, at the option of the Company, shares at market price, subject to a maximum of 10,575,385 shares provided that if the aggregate deemed valued based on the market price of the maximum number of shares does not equal $10.0 million, the remaining balance will be paid in cash. The Company estimated the fair value of this obligation at approximately $9.2 million using a discount rate of 5.36% and will accrete the discounted amount up to $10.0 million over the 18-month period;
- contingent upon the Company completing a compliant technical report within 48 months of closing, demonstrating a mineral resource of a minimum of 100 million silver equivalent ounces, a payment of $10.0 million, in cash or, at the option of the Company, shares at market price, subject to a maximum of 10,575,385 shares provided that if the aggregate deemed valued based on the market price of the maximum number of shares does not equal $10.0 million, the remaining balance will be paid in cash;
- contingent upon the Company achieving commercial production averaging 4,000 tonnes per day within 60 months of closing, a payment of $10.0 million, in cash or, at the option of the Company, shares at market price, subject to a maximum of 10,575,385 shares provided that if the aggregate deemed valued based on the market price of the maximum number of shares does not equal $10.0 million, the remaining balance will be paid in cash;
- the Company has estimated the fair value of the two contingent payments at approximately $2.0 million based on certain assumptions and will periodically reassess these assumptions. Any changes in the fair value of the contingent payments will be capitalized to the Del Toro property, plant and equipment; and
- settlement of certain working capital adjustments.

The shares issued to First Majestic are subject to certain resale restrictions.

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

Cash	$	20,000,000
Fair value of 10,000,000 common shares of the Company at CAD $1.72 per share		13,193,423
Deferred acquisition cost payable		9,247,000
Contingent acquisition cost payable		1,983,000
Transaction costs		443,157
Estimated working capital adjustment		(286,000)
Total consideration paid	$	44,580,580

Expressed in U.S. Dollars

19. ACQUISITION OF THE DEL TORO SILVER MINE - *continued*

Since the Transaction did not meet the definition of a business combination in accordance with IFRS 3: *Business Combinations*, the Transaction was accounted for as an asset acquisition in accordance with IFRS 2: Share-based Payments with the identifiable assets and liabilities of Del Toro recognized at fair value at the closing date of the Transaction as follows:

Current assets, including cash of $7,811	$ 866,181
Fair value of the Del Toro mining interests *(Note 4)*	3,687,856
Fair value of the Del Toro property, plant and equipment *(Note 6)*	44,906,165
Long-term deposits	81,088
Current liabilities	(453,135)
Decommissioning liabilities assumed *(Note 8)*	(4,507,575)
Total consideration paid	$ 44,580,580

20. SUBSEQUENT EVENTS

Subsequent to June 30, 2026, the Company:

- renewed its off-take agreement with MRI Trading AG for 100% of concentrate sales from the Guitarra silver-gold mine for a term expiring on December 31, 2027 *(Note 10);*
- granted 8,800,000 five-year incentive stock options to directors, officers, employees, and consultants at an exercise price of CAD $1.38 per share. The options are subject to vesting provisions and approval by the TSX-V; and
- received approximately $5.3 million upon the exercise of 8,863,357 warrants at an exercise price of CAD $0.85 *(Note 9)*.