SILVERCO MINING LTD.

(formerly Quetzal Copper Corp.)

Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2026 and 2025

(Unaudited, expressed in Canadian dollars)

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)
Condensed Interim Consolidated Statements of Financial Position
(Unaudited, expressed in Canadian dollars)

	Note	June 30, 2026	December 31, 2025
		$	$
ASSETS			
Current			
Cash		**53,619,837**	1,124,955
Trade and other receivables	6	**9,199,716**	2,584,051
Inventories	7	**4,828,911**	-
Prepaid expenses and deposits		**5,173,775**	245,223
Total Current Assets		**72,822,239**	3,954,229
Exploration and evaluation asset		**-**	7,555,692
Mineral properties, plant and equipment	8	**318,283,517**	369,333
Total assets		**391,105,756**	11,879,254
LIABILITIES			
Current			
Accounts payable and accrued liabilities	9	**39,056,370**	3,034,814
Debt facility	10	**12,078,500**	-
Other liabilities	5	**20,519,240**	-
Current portion of lease liability	11	**1,967,788**	188,484
Total Current liabilities		**73,621,898**	3,223,298
Lease liability	11	**1,353,701**	72,123
Reclamation provision	12	**10,175,646**	2,884,693
Deferred income tax liability	5	**81,042,472**	-
Total liabilities		**166,193,717**	6,180,114
SHAREHOLDERS’ EQUITY			
Share capital	13	**249,067,955**	24,778,983
Reserves		**5,523,047**	3,807,192
Accumulated other comprehensive income (loss)		**4,691,993**	(22,978)
Deficit		**(34,370,956)**	(22,864,057)
Total shareholders’ equity		**224,912,039**	5,699,140
Total liabilities and shareholders’ equity		**391,105,756**	11,879,254

Nature of operations (Note 1)
Subsequent events (Note 23)

Approved and authorized for issue on behalf of the Board of Directors:

/s/ “Mark Ayranto” — Director

/s/ “Gary Brown” — Director

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

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited, expressed in Canadian dollars)

		Three months ended June 30,		Six months ended June 30,	
	Note	**2026**	**2025**	**2026**	**2025**
		$	$	**$**	$
Revenue	14	**10,387,168**	-	**10,387,168**	-
Cost of sales					
Production costs	15	**(9,379,033)**	-	**(9,379,033)**	-
Depreciation and amortization		**(149,837)**	-	**(149,837)**	-
Royalties		**(483,314)**	-	**(483,314)**	-
		(10,012,184)	-	**(10,012,184)**	-
Mine operating earnings		**374,984**	-	**374,984**	-
Operating expenses					
Exploration and evaluation expenditures	17	**-**	(1,365,852)	**(3,072,682)**	(2,096,468)
General and administrative	16	**(2,775,889)**	(146,094)	**(4,748,642)**	(190,512)
Loss from operations		**(2,400,905)**	(1,511,946)	**(7,446,340)**	(2,286,980)
Other income (expense)					
Provisional pricing adjustments on pre-acquisition concentrate sales	14	**(2,372,538)**	-	**(2,372,538)**	-
Interest income		**334,017**	-	**489,278**	13,767
Transaction expenses	5	**(503,789)**	-	**(938,565)**	-
Foreign exchange gains (losses)		**253,630**	(2,300)	**246,035**	(7,727)
Interest and finance expense	18	**(423,669)**	(6,809)	**(495,918)**	(14,514)
Net loss before income taxes		**(5,113,254)**	(1,521,055)	**(10,518,048)**	(2,295,454)
Current income tax expense		**(202,599)**	-	**(202,599)**	-
Deferred income tax expense	5	**(786,252)**	-	**(786,252)**	-
Net loss for the period		**(6,102,105)**	(1,521,055)	**(11,506,899)**	(2,295,454)
Other comprehensive loss					
Items that may be reclassified subsequently to profit or loss:					
Currency translation adjustment		**4,625,251**	123,192	**4,714,971**	(206,954)
Total other comprehensive income (loss)		**4,625,251**	123,192	**4,714,971**	(206,954)
Total comprehensive loss for the period		**(1,476,854)**	(1,397,863)	**(6,791,928)**	(2,502,408)
Net loss per share:					
Basic and diluted		**(0.13)**	(0.06)	**(0.28)**	(0.09)
Weighted average shares outstanding:					
Basic and diluted		**45,750,249**	26,217,136	**40,391,629**	24,662,602

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

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited, expressed in Canadian dollars)

	Note	Six months ended June 30, 2026	2025
		$	$
Operating activities:			
Net loss for the period		**(11,506,899)**	(2,295,454)
Adjustments for non-cash items:			
Share-based compensation	16	**1,935,407**	-
Unrealized foreign exchange		**98,716**	-
Depreciation		**156,388**	97,110
Accretion of reclamation provision	18	**203,790**	-
Accretion of other liabilities	18	**98,282**	-
Accretion of lease liabilities	18	**50,687**	14,514
Deferred income tax expense		**786,252**	-
Changes in non-cash working capital:			
Trade and other receivables		**(27,008)**	(250,159)
Prepaid expenses and deposits		**(1,683,067)**	32,052
Accounts payable and accrued liabilities		**1,203,088**	(819,283)
Inventories		**137,174**	-
Cash used in operating activities		**(8,547,190)**	(3,221,220)
Investing activities:			
Cash received for loan receivable		**-**	1,250,000
Cash acquired - Nuevo Acquisition	5	**10,410,908**	-
Addition to mineral properties, plant and equipment		**(8,129,600)**	-
Cash provided by investing activities		**2,281,308**	1,250,000
Financing activities:			
Proceeds received from private placement	13	**62,500,000**	13,659,660
Private placement share issuance costs	13	**(3,333,908)**	(843,968)
Proceeds received from exercise of stock options	13	**390,955**	-
Repayment of debt facility		**(702,011)**	-
Payment of equipment lease liabilities		**(349,617)**	(106,171)
Cash provided by (used in) financing activities		**58,505,419**	12,709,521
Net change in cash		**52,239,537**	10,738,301
Effect of exchange rate fluctuations on cash held		**255,345**	3,501
Cash, beginning of the period		**1,124,955**	2,002,050
Cash, end of the period		**53,619,837**	12,743,852
Supplemental cash flow information:			
Share issuance costs included in accounts payable		**$150,000**	
16,802,283 common shares issued in Nuevo Acquisition		**$164,662,373**	

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

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Unaudited, expressed in Canadian dollars, except number of shares)

	Note	Common shares (1)	Share capital	Reserves	Accumulated other comprehensive income (loss)	Deficit	Total shareholders' equity
		#	$	$	$	$	$
Balance, December 31, 2024		**23,102,000**	**11,052,833**	**1,809,881**	**(349,093)**	**(5,066,082)**	**7,447,539**
Proceeds received from private placement		8,625,855	13,659,660	-	-	-	13,659,660
Share issuance costs		-	(1,354,966)	509,773	-	-	(845,193)
Currency translation adjustment		-	-	-	(206,954)	-	(206,954)
Net loss for the period		-	-	-	-	(2,295,455)	(2,295,455)
Balance, June 30, 2025		**31,727,855**	**23,357,527**	**2,319,654**	**(556,047)**	**(7,361,537)**	**17,759,597**
Shares issued pursuant to the RTO		888,410	1,421,456	6,589	-	-	1,428,045
Share based compensation		-	-	1,480,949	-	-	1,480,949
Currency translation adjustment		-	-	-	533,069	-	533,069
Net loss for the period		-	-	-	-	(15,502,522)	(15,502,522)
Balance, December 31, 2025		**32,616,265**	**24,778,983**	**3,807,192**	**(22,978)**	**(22,864,057)**	**5,699,140**
Proceeds received from private placements	13	5,000,000	62,500,000	-	-	-	**62,500,000**
Share issuance costs	13	-	(3,483,908)	-	-	-	**(3,483,908)**
Shares issued pursuant to Nuevo Acquisition	13	16,802,283	164,662,373	-	-	-	**164,662,373**
Options exercised	13	380,858	610,507	(219,552)	-	-	**390,955**
Share based compensation		-	-	1,935,407	-	-	**1,935,407**
Currency translation adjustment		-	-	-	4,714,971	-	**4,714,971**
Net loss for the period		-	-	-	-	(11,506,899)	**(11,506,899)**
Balance, June 30, 2026		**54,799,406**	**249,067,955**	**5,523,047**	**4,691,993**	**(34,370,956)**	**224,912,039**

(1) *Share and per-share figures for all periods prior to the October 17, 2025 RTO, including the comparative period, have been retroactively restated for the 100:1 share consolidation and the 1.88 exchange ratio.*

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Silverco Mining Ltd. (formerly, Quetzal Copper Corp.) ("Silverco Ltd" or the "Company") was incorporated on November 30, 2020 pursuant to the *Business Corporations Act* (British Columbia). The Company's name was changed from Quetzal Copper Corp. to Silverco Mining Ltd. effective on October 31, 2025. The Company is a Canadian-based mining company listed on the TSX Venture Exchange ("TSXV"), having the symbol "SICO" and on the OTCQB under the symbol "SICOF". The Company's corporate office is located at 770 – 505 Burrard Street, Vancouver, BC V7X 1M4.

The principal business of the Company is to acquire, explore, develop and operate mineral properties. The business of mining and exploration involves a high degree of risk and there can be no assurance of profitable mining operations. The recoverability of the carrying amounts of the Company's mineral properties is dependent upon several factors. These include the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties.

The Company holds mineral properties in Mexico through its ownership of the Cusi Mining Complex ("Cusi" or "Cusi Mining Complex"). In addition, on May 19, 2026, the Company acquired Nuevo Silver Inc. ("Nuevo"), which owns, through its wholly-owned subsidiary, Minera La Negra, S.A. de C.V. ("La Negra"), the La Negra Mine, a producing silver mine located in Querétaro, Mexico. Refer to Note 5 of the Financial Statements for further details.

On October 17, 2025, the Company completed a reverse takeover transaction (the "RTO") pursuant to the amalgamation agreement dated August 13, 2025 (the "Amalgamation Agreement") between Silverco Ltd, 1552216 B.C. Ltd., a wholly-owned subsidiary of Silverco Ltd, and Silverco Mining Corp. ("Silverco Corp"). Pursuant to the Amalgamation Agreement, 1552216 B.C. Ltd. amalgamated with Silverco Corp (the "Amalgamation"), forming Silverco Mining (Subsidiary) Ltd., a wholly-owned subsidiary of the Company.

Immediately prior to completing the RTO, Silverco Ltd consolidated its issued and outstanding shares on a 100:1 basis. Pursuant to the Amalgamation, former shareholders of Silverco Corp received common shares of Silverco Ltd at an exchange ratio of 1.88 ("the Exchange Ratio") post-consolidation common shares of Silverco Ltd for each Silverco Corp common share held. Upon completion of the RTO, the shareholders of Silverco Corp controlled Silverco Ltd and accordingly, the transaction was accounted for as a reverse acquisition of Silverco Ltd by Silverco Corp and Silverco Corp was identified as the accounting acquirer. The historical operations, assets, and liabilities of Silverco Corp are included as comparative figures, as Silverco Corp is deemed to be the continuing entity for financial reporting purposes.

All transactions relating to periods prior to the completion of the RTO on October 17, 2025 reflect the common shares of Silverco Corp retroactively restated at the exchange ratio of 1.88 post-consolidation common shares of the Company for each Silverco Corp common share, which presents share information on a basis consistent with the post-RTO capital structure of the Company.

Pursuant to the Amalgamation Agreement, all of the Silverco Corp share purchase warrants, stock options and performance share units are adjusted by the Exchange Ratio and will entitle the holders thereof to receive, upon exercise or settlement, common shares of the Company, as adjusted by the Exchange Ratio.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes the Company will be able to meet its obligations and continue its operations for the foreseeable future.

As at June 30, 2026, the Company had cash of $53,619,837 (December 31, 2025 - $1,124,955), a working capital deficit of $799,659 (December 31, 2025 – working capital of $730,931) an accumulated deficit of $34,370,956 (December 31, 2025 – $22,864,057) and a total comprehensive loss for the six months ended June 30, 2026 of $6,791,928 (For the year ended December 31, 2025 – $17,471,860). While the Company recently began generating revenue from mining operations following the Nuevo acquisition, the Company's ability to meet its obligations for at least the next twelve months is dependent upon its ability to generate positive cash flows from production and/or raise adequate funding through equity or debt. There is no assurance that such cash flows will be achieved or that financing will be available on terms acceptable to the Company. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern, and any such adjustments may be material.

2. BASIS OF PREPARATION

a) Statement of compliance

These condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on August 26, 2026.

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, using accounting policies consistent with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB"). Certain disclosures required by IFRS Accounting Standard have been condensed or omitted in the following note disclosures as they are disclosed or have been disclosed on an annual basis only. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2025, which have been prepared in accordance with IFRS Accounting Standards.

b) Basis of presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which are measured at fair value.

Certain reclassifications have been made to the prior period consolidated financial statements to conform to the current period presentation. These reclassifications had no effect on previously reported assets, liabilities, net cash flows or net (loss) income.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in Note 3 of the Company's audited annual consolidated financial statements for the year ended December 31, 2025, except as set out below.

a) Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are consolidated from the date on which the Company obtains control over the subsidiary. Control exists when the Company is exposed to, or has right to, variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. All intercompany balances and transactions have been eliminated in consolidation.

b) Restricted share units

The Company grants restricted share units ("RSUs") to eligible officers, employees and consultants. Each RSU entitles the holder to receive, at the Company's discretion, one common share of the Company or a cash payment equal to the fair market value of one common share upon vesting. RSUs are measured at the closing market price of the Company's common shares on the grant date. The fair value is recognized as share-based compensation expense over the vesting period using the graded vesting method, with a corresponding credit to reserves. Upon settlement, the cumulative amount in reserves is reclassified to share capital.

c) Foreign currency translation

The functional currency of each entity within the consolidated group is determined as the currency of the primary economic environment in which that entity operates. The functional currency of Silverco Mining Ltd. and its Canadian subsidiaries, except Nuevo, is the Canadian dollar ("CAD"). The functional currency of Minera San Bernabé De C.V. is the Mexican peso ("MXN"). The functional currency of Nuevo and its operating subsidiary, which holds the La Negra Mine, is the United States dollar ("USD").

The presentation currency of the consolidated financial statements is the Canadian dollar.

Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of the transaction. At each reporting date:

- Monetary assets and liabilities denominated in foreign currencies are translated at the closing exchange rate. Exchange differences arising on translation are recognized in the condensed interim consolidated statement of loss and comprehensive loss.
- Non-monetary items measured at historical cost in a foreign currency are translated using the exchange rate at the date of the original transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

For the purposes of consolidation, the financial statements of subsidiaries whose functional currency differs from the Company's presentation currency are translated into Canadian dollars as follows:

- Assets and liabilities are translated at the closing exchange rate at the reporting date;
- Revenues, expenses, and cash flows are translated at the exchange rates at the dates of the transactions, or at average rates for the period where this approximates the actual rates at the date of the transactions;
- Equity items are translated at the historical exchange rates at the dates of the relevant transactions; and
- All resulting exchange differences are recognized in other comprehensive income and accumulated within accumulated other comprehensive income (loss) as a component of equity. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that operation accumulated in accumulated other comprehensive income (loss) is reclassified to profit or loss.

d) Business Combinations (IFRS 3)

Business combinations are accounted for using the acquisition method in accordance with IFRS 3, *Business Combinations*. The consideration transferred is measured at the aggregate of the fair values, at the acquisition date, of assets transferred, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquired business. The acquired identifiable assets, liabilities, and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their acquisition-date fair values.

Acquisition-related costs, other than those associated with the issue of debt or equity securities, are expensed as incurred and included in the condensed interim consolidated statement of loss and comprehensive loss.

Where the consideration transferred exceeds the fair value of the net identifiable assets acquired, the excess is recognized as goodwill. Where the fair value of the net identifiable assets acquired exceeds the consideration transferred, a bargain purchase gain is recognized in the condensed interim consolidated statement of loss and comprehensive loss after a reassessment of the identification and measurement of the assets acquired and liabilities assumed.

Where the initial accounting for a business combination is incomplete by the end of a reporting period, the Company recognizes provisional amounts. Adjustments to provisional amounts are retrospectively adjusted during the measurement period, which cannot exceed twelve months from the acquisition date, to reflect new information obtained about facts and circumstances that existed at the acquisition date and that, if known, would have affected the amounts recognized at that date.

e) Commercial Production

The Company assesses each operating mine to determine whether it has reached commercial production. Management's determination of when a mine has achieved commercial production is based on factors including the mine consistently operating at a predetermined percentage of nameplate design capacity over a defined period, the achievement of consistent recovery rates for silver and by-product metals, the completion of operational testing and ramp-up activities, and the ability to sustain ongoing commercial production.

During the pre-commercial production phase, the Company applies the following accounting treatment in accordance with IAS 16, IAS 2, and IFRS 15:

- Costs that are directly attributable to bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management are capitalized as part of the cost of the related asset. Such costs include the costs of testing whether the asset is functioning properly.
- Once an asset is in the location and condition necessary for it to be capable of operating in the manner intended by management, further costs are not capitalized to the asset, even if commercial production has not yet been declared. This includes the costs of producing and selling concentrate and the depreciation of the related assets.
- Depletion of the mineral property does not commence until commercial production has been declared. Depletion will be calculated on a units-of-production basis over the estimated mineral units of the related mine.
- Revenue from the sale of concentrate produced during the pre-commercial production phase is recognized in the condensed interim consolidated statement of loss and comprehensive loss when control of the concentrate is transferred to the customer, as described in the Revenue Recognition policy.
- The costs of producing concentrate during the pre-commercial production phase, including direct production costs, depreciation of property, plant and equipment used in production, and an allocation of overhead, are recognized as the cost of mineral inventories. These inventory costs are recognized in the condensed interim consolidated statement of loss and comprehensive loss as cost of sales when the related concentrate is sold.

- Mineral inventories are measured in accordance with the Inventories policy at the lower of cost and net realizable value.

The Company will reassess the classification of its mines and will declare commercial production when the criteria above have been met. Upon the declaration of commercial production, depletion of the mineral property commences on a units-of-production basis, and depreciation of property, plant and equipment commences or continues on a units-of-production or straight-line basis, as appropriate for each asset.

f) Revenue recognition

The Company recognizes revenue from the sale of concentrate in accordance with IFRS 15, *Revenue from Contracts with Customers*. Revenue from the sale of concentrate is recognized when control of the concentrate is transferred to the customer, which is generally upon delivery in accordance with the agreed shipping terms.

Concentrate sales are typically subject to provisional pricing based on quoted commodity prices at the time of delivery, with final settlement determined based on the market prices over a specified quotational period following shipment. The provisional sales price is recognized as revenue at the time of transfer of control. The receivable arising from the sale contains an embedded derivative reflecting the variable consideration component, which is measured at fair value through profit or loss at each reporting period until final settlement, with subsequent changes in fair value recognized as adjustments to revenue.

Revenue is measured at the fair value of the consideration received or receivable, net of treatment charges, refining charges, and other deductions stipulated in the customer contract.

g) Financial instruments

Financial assets and financial liabilities are recognized in the Company’s condensed interim consolidated statements of financial position when the Company becomes a party to the contractual provisions of the instrument.

i. Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income ("FVTOCI"), or fair value through profit and loss (“FVTPL”). Financial assets at FVTPL are initially measured at fair value and those at amortized cost or FVTOCI are initially measured at fair value plus transaction costs.

Subsequent measurement of financial assets and liabilities depends on the classifications of such assets and liabilities.

<u>Amortized cost:</u>

Financial assets that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset and is presented as interest income in the condensed interim consolidated statement of loss and comprehensive loss.

The Company's financial assets at amortized cost primarily include cash and receivables not arising from sale of metal concentrates.

<u>FVTOCI:</u>

Financial assets that meet the following conditions are measured at FVTOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or
- The Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at FVTPL to present subsequent changes in fair value in Other Comprehensive Income ("OCI").

FVTPL:

By default, all other financial assets are measured subsequently at FVTPL.

Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The Company's financial assets at FVTPL include its trade receivables from provisional concentrate sales.

ii. Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs. Repurchase of the Company’s own equity instruments is recognized as a direct reduction in equity. No gain or loss is recognized in the SOE on the purchase, sale, issue or cancellation of the Company’s own equity instruments.

Classification of financial liabilities

Financial liabilities are recognized initially at fair value, plus directly attributable transaction costs for financial liabilities not measured at fair value through profit or loss. After initial recognition, financial liabilities are measured at either amortized cost using the effective interest method or at fair value through profit or loss, depending on their classification.

Financial liabilities measured at amortized cost include trade payables, accrued liabilities and other payables, deferred consideration obligations assumed in business combinations, and the Company's debt facilities.

h) Inventories

Inventories include stockpile, polymetallic concentrate and materials and supplies, and are measured at the lower of weighted average cost or net realizable value ("NRV"). Stockpile represents ore that has been extracted from the mine and is available for further processing. Costs added to stockpiled ore inventory are based on current mining cost per ton incurred up to the point of stockpiling the ore and are removed at the weighted average cost per ton. Concentrate inventories cost includes all direct costs incurred in production, including direct labor and materials, depreciation and depletion, and directly attributable overhead costs. NRV is calculated as the estimated price at the time of sale based on prevailing metal prices at the reporting date less estimated future costs to convert the inventories into saleable form, transportation costs, and estimated costs to sell. Materials and supplies inventories are measured at the lower of weighted average cost and net realizable value, with replacement costs being the typical measure of net realizable value. Costs include the acquisition, freight and other directly attributable costs. Periodic reviews occur to determine the extent of any provision for obsolescence.

Any write-downs of inventory to net realizable value are recognized within the consolidated statements of loss and comprehensive loss. If there is a subsequent increase in the value of inventory, the previous write-downs to net realizable value are reversed to the extent that the related inventory has not been sold so that the new carrying amount is the lower of cost and the revised net realizable value.

i) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs, including interest expense on the Company's general corporate debt facilities, are recognized in profit or loss as finance costs in the period in which they are incurred, using the effective interest method.

j) Exploration and evaluation expenditures

Exploration and evaluation ("E&E") expenditures are costs incurred in the search for mineral resources after the Company has obtained the legal right to explore in a specific area but before the technical feasibility and commercial viability of extracting the mineral resource have been demonstrated.

E&E expenditures, including geological and geophysical costs, exploration drilling, sampling, trenching, assaying, environmental studies, and direct administrative costs in support of these activities, are expensed as incurred and recognized in the consolidated statement of loss, in accordance with *IFRS 6, Exploration for and Evaluation of Mineral Resources*. Acquisition costs of mineral property interests held during the exploration and evaluation phase are capitalized as E&E assets.
E&E assets are measured at cost less any accumulated impairment losses. E&E assets are not amortized during the exploration and evaluation phase but are tested for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount, in accordance with *IFRS 6.18 and IAS 36, Impairment of Assets*. Indicators of impairment include the

expiration of the right to explore, the absence of further planned exploration activities, the determination that commercially viable quantities of mineral resources are not present, or a decision to abandon the property.

Once the technical feasibility and commercial viability of extracting a mineral resource at a specific property have been demonstrated, the related E&E assets are reclassified to mineral properties within property, plant and equipment, and subsequent expenditures are accounted for in accordance with the mineral properties policy. The carrying amount of the E&E asset is tested for impairment immediately before reclassification, with any impairment loss recognized in profit or loss.

k) Mineral properties

Mineral properties relate to mineral resources for which the technical feasibility and commercial viability of extraction have been demonstrated, or that were acquired through a business combination where the underlying mineral resource met those criteria at the acquisition date. Mineral properties are recognized at cost, less accumulated depletion and accumulated impairment losses.

Costs capitalized to mineral properties include:

- Acquisition costs (including the fair value of consideration paid in a business combination)
- Reclassified E&E asset carrying amounts upon demonstration of technical feasibility and commercial viability
- Subsequent expenditures incurred to bring a mine to commercial production, including capital development of underground workings, infrastructure, equipment, and construction, that meet the recognition criteria under IAS 16
- Borrowing costs directly attributable to qualifying assets, where applicable
- Reclamation and closure costs recognized as a provision under IAS 37, with the corresponding offset capitalized to the mineral property

Expenditures that do not meet the recognition criteria under IAS 16, such as general exploration costs in unrelated areas, general administrative costs, and operating costs incurred during the pre-commercial production phase, continue to be expensed as incurred.

Mineral properties are depleted on a units-of-production basis over the amount of defined mineral units of the related mine. Depletion commences upon the declaration of commercial production. Changes in mineral units estimates, mine plan, or other factors that affect units-of-production depletion are accounted for prospectively as a change in accounting estimate.

Mineral properties are reviewed for indicators of impairment at each financial statement date. If an indicator of impairment exists, the asset’s recoverable amount is estimated. An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount.

l) Application of New and Revised Accounting Standards

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

IFRS 9 and 7 have been amended to provide additional guidance regarding the recognition of a financial liability settled through electronic transfer, and for the classification of certain financial assets. Further, the amendments introduce new disclosure requirements related to investments in equity instruments designated at FVOCI. The amendments are effective for financial statements beginning on January 1, 2026. These amendments did not have a material impact on the Company.

m) Accounting Standards Issued but Not Yet Applied

Presentation and Disclosure in Financial Statements (IFRS 18)

On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it may change what an entity reports as its ‘operating profit or loss’. Key new concepts introduced in IFRS 18 relate to: (i) the structure of the statement of profit or loss; (ii) required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity’s financial statements (that is, management-defined performance measures); and (iii) enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. The Company is currently assessing the effects of IFRS 18 on the financial statements.

There are no other standards or amendments or interpretations to existing standards issued but not yet effective that are expected to have a material impact on the Company.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In preparing the Company's condensed interim consolidated financial statements for the six months ended June 30, 2026, critical judgements made in applying the Company's accounting policies and key sources of estimation uncertainty are consistent with those disclosed in Note 4 of its audited consolidated financial statements for the year ended December 31, 2025, except for the additional judgments and estimates set out below.

Significant Judgements

a) Business combination – identification of a business

The application of IFRS 3 requires judgment in determining whether the acquired set of activities and assets constitutes a business. Management has concluded that the acquisition of Nuevo meets the definition of a business combination. Nuevo, through its wholly-owned subsidiary, holds inputs, processes and outputs, as below.

- *Inputs*, including the La Negra Mine mineral property, mining and processing equipment, an experienced operating workforce, and mineral resources;
- *Processes,* including the existing operational and management processes, including production scheduling, maintenance programs, and metallurgical processing protocols
- *Outputs,* in the form of saleable copper, lead, and zinc concentrates sold to international customers.

Accordingly, the Company has accounted for the acquisition of Nuevo using the acquisition method under IFRS 3.

b) Business combination – identification of acquirer and acquisition date

The application of the acquisition method under IFRS 3 requires judgment in identifying the acquirer in the business combination and determining the acquisition date. Management has concluded that the Company is the acquirer of Nuevo and that the acquisition date is May 19, 2026, the date on which the Company obtained control of Nuevo. This conclusion is based on the Company's issuance of common shares as consideration, the resulting voting interest, and the absence of any other indicators suggesting that the Company is not the acquirer.

c) ***Functional currency determination***

The determination of the functional currency of each entity within the consolidated group requires judgment in assessing the currency of the primary economic environment in which the entity operates. Management has determined that the functional currency of Nuevo and its operating subsidiary holding the La Negra Mine is the USD, based on an assessment of the currency that mainly influences sales prices, productions costs, and financing, and the currency in which operating receipts are retained.

d) ***Commercial production determination***

As at June 30, 2026, management has concluded that La Negra has not yet achieved commercial production based on the factors described in Note 3. The transition to commercial production is dependent on the achievement of consistent throughput and recovery rates at steady-state operations, which is sensitive to factors including required capital investment, ongoing optimization, and the integration of operating practices following the May 19, 2026 acquisition.

e) ***Classification of taxes and statutory deductions***

The classification of amounts withheld or paid to governmental authorities requires judgment in determining whether such amounts represent income taxes within the scope of IAS 12 or other levies and statutory deductions accounted for under other applicable standards. Management has assessed the nature of taxes and statutory deductions applicable to the Company's operations in Mexico, including value-added tax, mining duties, withholding taxes, and social security contributions, and has classified these amounts in accordance with their substance and the applicable IFRS standards.

f) ***Existence of present obligations and recognition of provisions***

The recognition and measurement of provisions, contingent liabilities, and contingent assets requires judgment in determining whether a present obligation exists at the reporting date, whether an outflow of resources is probable, and whether the amount can be reliably estimated. Management's assessment of legal, regulatory, and tax matters involves evaluating the probability of unfavourable outcomes and the range of potential resolutions, often in consultation with the Company's legal and tax advisors.

g) Demonstration of technical feasibility and commercial viability of the Cusi Mining Complex

The determination of the technical feasibility and commercial viability of extracting the mineral resource at the Cusi Mining

Complex requires judgment. On April 1, 2026, the Company determined that the technical feasibility and commercial viability of extracting the mineral resource at the Cusi Mining Complex were demonstrable, based on the Preliminary Economic Assessment ("PEA") and the supporting NI 43-101 technical report, and approval by the Board of Directors of the capital investment required for the restart. This determination is a significant judgment that triggers the reclassification of the Cusi exploration and evaluation asset to mineral properties, following an impairment assessment, and effective April 1, 2026, the Company commenced capitalization of costs related to the development and restart of Cusi Mining Complex.

Key Sources of Estimation Uncertainty

a) ***Fair value of identifiable assets acquired and liabilities assumed in the Nuevo acquisition***

The fair value measurement of the identifiable assets acquired and liabilities assumed in the acquisition of Nuevo on May 19, 2026 requires the use of estimates and assumptions, particularly in respect of mineral properties, plant and equipment, mineral inventories, reclamation provisions, and deferred consideration. The fair value of mineral properties is determined using a discounted cash flow model with key assumptions including estimated future production volumes, metal prices, operating costs, capital expenditures, and discount rates. The acquisition accounting is provisional as at June 30, 2026 and will be finalized within the measurement period, which does not exceed twelve months from the acquisition date. Adjustments to the provisional amounts may have a material effect on the consolidated financial statements.

b) Reclamation provisions

The reclamation provision represents management's best estimate of the present value of the future expenditures required to settle the Company's reclamation and closure obligations. The provision is measured using estimates of future cash outflows, inflation rates, discount rates, and the timing of the expected expenditures. The provision is reviewed at each reporting date and adjusted to reflect changes in the underlying estimates. Changes in any of these inputs can result in material adjustments to the reclamation provision and the corresponding offset to mineral properties or profit or loss, as applicable.

c) ***Net realizable value of mineral inventories***

Mineral inventories are measured at the lower of cost and net realizable value. The estimation of net realizable value requires assumptions about future metal prices, treatment and refining charges, and other deductions that will be realized on the sale of the concentrate. Changes in these estimates can result in inventory write-downs or reversals recognized in profit or loss.

d) ***Legal and regulatory contingencies***

The Company is subject to various legal proceedings, claims, and regulatory matters arising in the course of its business. The Company assesses the likelihood of unfavourable outcomes and, where probable, recognizes provisions for estimated settlement amounts. The estimation of legal and regulatory contingencies requires the application of judgment and is informed by consultation with the Company's external counsel. Actual amounts ultimately settled may differ from the amounts provided due to the inherent uncertainty in the outcome of legal and regulatory matters.

e) ***Useful lives and depreciation methods of property, plant and equipment***

The estimation of useful lives and the selection of depreciation methods for property, plant and equipment requires judgment, particularly for mining-specific assets where useful lives may be linked to the production life of the underlying mineral resource. Changes in these estimates are accounted for prospectively as a change in accounting estimate.

(Unaudited, expressed in Canadian dollars, except where noted)

5. BUSINESS COMBINATION

a) Overview

On May 19, 2026, pursuant to the terms and conditions of a Definitive Share Exchange Agreement (the "Agreement") dated April 27, 2026, the Company completed the acquisition of all of the issued and outstanding common shares of Nuevo Silver Inc. (the "Acquisition"), which, through its La Negra subsidiary, holds a 100% interest in the La Negra Mine in Querétaro, Mexico. Under the terms of the Agreement, the Company issued 16,802,283 common shares to the former shareholders of Nuevo, valued at $164,662,373.

Nuevo's wholly-owned subsidiary, La Negra, produces copper, zinc and lead concentrates containing silver. Management has determined that La Negra Mine has not yet achieved commercial production based on the Company's pre-commercial production policy (Note 3 (e)). La Negra's results from May 19, 2026 to June 30, 2026 are included in these condensed interim consolidated financial statements on a pre-commercial production basis.

The acquisition is expected to strengthen the Company's operating platform in Mexico and supports the Company's strategy of transitioning to mineral production.

b) Consideration Transferred

The total consideration transferred consisted of 16,802,283 common shares of the Company valued at $164,662,373.

The common share consideration was measured at fair value on May 19, 2026, the acquisition date, based on the Company's quoted share price of $9.80 per share. This amount was recorded within equity as it represented a fixed number of common shares issued for a fixed amount of consideration.

The Company did not transfer cash consideration, and no non-controlling interests were recognized.

c) Provisional Purchase Price Allocation:

The purchase price allocation has been prepared based on the acquisition-date fair values of the identifiable assets acquired and liabilities assumed as at May 19, 2026.

The preliminary fair values of the identifiable assets acquired, and liabilities assumed are as follows:

Identified Assets Acquired and Liabilities Assumed	
	$
Current assets	
Cash	10,410,908
Trade and other receivables	6,264,152
Prepaid expenses and deposits	2,124,436
Inventories	4,834,814
Mineral properties, plant and equipment	290,037,188
Total identifiable assets acquired	**313,671,498**
Current liabilities	
Accounts payable and accrued obligations	31,047,432
Debt facility	12,453,300
Other liabilities	19,883,769
Lease liabilities - current	1,677,067
Lease liabilities – non-current	864,675
Reclamation provision	4,942,576
Deferred income tax liability	78,140,306
Total identifiable liabilities assumed	**149,009,125**
Provisional Fair Value of Identifiable Net Assets Acquired	**164,662,373**

(Unaudited, expressed in Canadian dollars, except where noted)

At June 30, 2026, the fair values of the assets acquired and liabilities assumed were determined on a provisional basis and are subject to change, pending completion of the valuation process. If new information is obtained during the measurement period about facts and circumstances that existed as of the acquisition date and that would have affected the recognition and measurement of assets acquired and liabilities assumed as of the acquisition date, the provisional amounts recognized will be retrospectively adjusted. The measurement period ends when the Company obtains the necessary information it was seeking about facts and circumstances that existed at the acquisition date, or determines that more information is not available, and must not exceed one year from the acquisition date.

Other liabilities

In connection with the Acquisition, the Company assumed deferred consideration obligations of US$15,000,000, secured against La Negra's shares, payable to the former owner of La Negra. The payment is due in February 2027 and presented as other liabilities. These obligations existed prior to the Acquisition and were assumed as part of the identifiable liabilities of the acquired business; they do not represent contingent consideration payable by the Company under the Agreement. The obligations were recognized at fair value on the acquisition date and are subsequently measured at amortized cost using the effective interest method. The continuity of the obligation is as follows:

	$
Balance, December 31, 2025	-
Addition – Nuevo Acquisition	19,883,769
Accretion expense	98,282
Foreign exchange	537,189
Balance, June 30, 2026	**20,519,240**

Deferred tax liabilities

In connection with the Acquisition, the fair value of the identifiable net assets acquired exceeded their corresponding tax basis, which is measured in MXN, giving rise to taxable temporary differences. A deferred tax liability was recognized in respect of these temporary differences, resulting in a net deferred tax liability of $78,140,306 on the acquisition date. The continuity of the balance is as follows:

	$
Balance, December 31, 2025	-
Addition – Nuevo Acquisition	78,140,306
Deferred income tax expense	786,252
Foreign exchange	2,115,914
Balance, June 30, 2026	**81,042,472**

d) Valuation Methodology

The determination of the fair value of assets acquired and liabilities assumed is based on a detailed valuation using income, market, and cost approaches. The Company determined the fair value of the mineral properties using a discounted cash flow model. The most significant estimates incorporated in the model were future operating costs and capital expenditures, future copper, lead, zinc and silver prices, and the discount rate.

For the purpose of these financial statements, the preliminary fair value of assets acquired and liabilities assumed is based on management's best estimates and taking into consideration all currently available information at the time of acquisition including independent valuation. There may be adjustments to the estimated fair values as the valuation work is finalized.

e) Acquisition-related Costs

Acquisition related costs of $503,789 and $938,565 for the three months and six months ended June 30, 2026 respectively incurred in connection with the acquisition were expensed as incurred and recognized within transaction expenses in the condensed interim consolidated statement of loss and comprehensive loss.

(Unaudited, expressed in Canadian dollars, except where noted)

f) Revenue and Net loss Contribution by the Acquired Business

From the acquisition date to June 30, 2026, Nuevo contributed the following amounts to the Company's consolidated results, these amounts represent only the results included in the Company's consolidated financial statements following the acquisition date and do not reflect Nuevo's operating results prior to the acquisition.

Revenue	$10,387,168
Net loss	$(3,075,493)

The net loss for the period includes $2,372,538 of loss on provisional pricing adjustments related to concentrate sales that occurred prior to the acquisition of Nuevo, which are recognized in other income (expense) rather than revenue.

6. TRADE AND OTHER RECEIVABLES

	June 30, 2026	December 31, 2025
	$	$
Trade receivables	**3,830,634**	-
VAT and GST receivables	**5,252,208**	2,446,505
Other receivables	**116,874**	137,546
Total	**9,199,716**	2,584,051

7. INVENTORY

	June 30, 2026	December 31, 2025
	$	$
Ore stockpiles	**720,838**	-
Concentrate	**1,829,763**	-
Materials and supplies	**2,278,310**	-
Total	**4,828,911**	-

8. MINERAL PROPERTIES, PLANT AND EQUIPMENT

A summary of the Company's mineral properties, plant and equipment costs is as follows:

	June 30, 2026		
	Cost	**Accumulated Depreciation**	**Carrying Value**
	$	**$**	**$**
Mexico – La Negra	**301,652,458**	**(144,389)**	**301,508,069**
Mexico – Cusi[(1)]	**16,525,684**	**(497,894)**	**16,027,790**
Canada – Other	**755,874**	**(8,216)**	**747,658**
Total	**318,934,016**	**(650,499)**	**318,283,517**

	December 31, 2025		
	Cost	**Accumulated Depreciation**	**Carrying Value**
	$	$	$
Mexico – Cusi	672,432	(303,099)	369,333
Total	672,432	(303,099)	369,333

(1) On April 1, 2026, the Company determined that the technical feasibility and commercial viability of extracting the mineral resource at the Cusi Mining Complex were demonstrable, based on the Preliminary Economic Assessment ("PEA") and the supporting NI 43-101 technical report. The Cusi Mining Complex exploration and evaluation asset with a carrying amount of $7,779,193 was reclassified to mineral properties within mineral properties, plant and equipment. The carrying amount was tested for impairment immediately before reclassification.

During the quarter ended June 30, 2026, the Company completed the Nuevo Acquisition (Note 5) acquiring $290,037,188 of mineral properties, plant and equipment.

(Unaudited, expressed in Canadian dollars, except where noted)

The concessions within the Cusi Mining Complex are subject to Net Smelter Return (“NSR”) aggregate royalties totaling either 1%, 2%, 3%, or 4%. The concessions with aggregate NSR royalties totaling 4% can be reduced to 2% with a payment of US$1,000,000. The concessions with aggregate NSR royalties totaling 3% and 2% can be reduced to 2% and 1% respectively with a payment of US$5,000,000. The concessions with a NSR royalty of 1% do not have a repurchase option.

La Negra concessions are subject to two royalties i) a 2.5% NSR royalty on gross revenue, and ii) a 2.8% NSR royalty when the price of copper is at or above US$1.60 per pound, 2.4% NSR when it is at or above US$1.30 per pound, 2.0% NSR when it is at or above US$1.00 per pound, and nil when the price of copper is less than US$1.00 per pound, payable after the deduction of US$16 per tonne of processed material and the deduction of freight.

The Company leases various assets including leased machinery and mobile mining equipment and leased building structures The corresponding lease liabilities are disclosed in Note 11.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2026	December 31, 2025
	$	$
Trade payables	**9,878,702**	1,386,520
Accrued liabilities	**23,549,407**	1,595,124
Payroll related liabilities	**3,982,870**	19,139
VAT and GST payable	**1,645,391**	34,031
Total	**39,056,370**	3,034,814

10. DEBT FACILITY

La Negra had a Prepayment Facility agreement (the "Prepayment Facility") with a third party that provided predetermined drawdowns, declining in amount over time, up to a maximum amount of US$10,000,000. In February 2026, the Prepayment Facility was superseded by a debt facility agreement (the "Debt Facility") with the same lender, for the same amount and under similar terms, maturing on March 31, 2028. The Debt Facility is secured by certain assets of La Negra. In December 2025, La Negra made an initial drawdown of US$10,000,000 under the Prepayment Facility. Borrowings under the Debt Facility bears interest at a rate of one-month SOFR plus 7.25% per annum.

The Debt Facility is structured as a series of five sequential draws of fixed, decreasing amounts, as follows:

Tranche	**Contractual Amount (US$)**	**Amount drawn (US$)**	**Amount available (US$)**
Draw 1	10,000,000	10,000,000	-
Draw 2	9,000,000	9,000,000	-
Draw 3	7,000,000	-	7,000,000
Draw 4	5,000,000	-	5,000,000
Draw 5	3,000,000	-	3,000,000

Draws are sequential rather than concurrent: only one draw may be outstanding at any time, and a prior draw must be repaid in full before a subsequent draw may be requested unless otherwise agreed to.

Following the initial drawdown, principal is repaid over a fixed six-month cycle. Draw 1 carries a four-month grace period, followed by two monthly installments of US$500,000; each subsequent draw (Draws 2–5) begins monthly installments of US$500,000 immediately, for five months. At the end of each six-month cycle, the remaining balance of the draw then outstanding is due in full, at which point a new, smaller predetermined draw may be requested under the facility.

The outstanding balance of Draw 1 was US$8,500,000 as at June 30, 2026, which is required to be fully paid by November 2026 and is classified as current. The continuity of the total Debt Facility balance is as follows:

	June 30, 2026	December 31, 2025
	$	$
Assumed – Nuevo Acquisition	**12,453,300**	-
Repayment	**(702,011)**	-
Foreign exchange	**327,211**	-
Total	**12,078,500**	**-**

(Unaudited, expressed in Canadian dollars, except where noted)

11. LEASE LIABILITIES

The Company has lease contracts for office space, machinery and mining equipment with terms ranging from two to seven years. The lease liabilities have been measured at the present value of future lease payments using the Company's incremental borrowing rate of 8-10%.

A summary of the Company’s lease liability is as follows:

	$
Balance, December 31, 2025	**260,607**
Addition – Nuevo Acquisition	2,541,742
Additions	755,874
Payments	(349,617)
Accretion expense	50,687
Foreign exchange	62,196
Balance, June 30, 2026	**3,321,489**
Less current portion	1,967,788
Non-current portion	**1,353,701**

	$
Balance, December 31, 2024	**318,538**
Additions	123,015
Payments	(230,967)
Accretion expense	27,607
Foreign exchange	22,414
Balance, December 31, 2025	**260,607**
Less current portion	188,484
Non-current portion	**72,123**

The schedule of the Company's future lease payments is as follows:

	$
Within 1 year	2,104,643
1 to 2 years	1,019,169
2 to 3 years	138,083
3 to 4 years	544,187
Total undiscounted future lease payments	**3,806,082**
Imputed interest	(484,593)
Balance, June 30, 2026	**3,321,489**

(Unaudited, expressed in Canadian dollars, except where noted)

12. RECLAMATION PROVISION

The timing of the estimated cash outflows is based on the projected mine life of La Negra and Cusi Mining Complex, with reclamation and closure activities expected to commence in 2033 and 2035 and be fully completed by 2034 and 2036, respectively. The provision is measured at the present value of the estimated future cash flows required to settle the obligation, using a risk-free discount rate, with cost estimates inflated by an estimated inflation rate.

The reclamation provision model assumes a discount rate of 9.03% and an estimated inflation rate of 4.99% in Mexico as at June 30, 2026, resulting in the change in estimate disclosed in the table below.

A summary of the Company's reclamation provision is as follows:

	Cusi Mining Complex	La Negra	Total
	$	$	$
Balance, December 31, 2024	-	-	-
Additions	2,416,639	-	**2,416,639**
Accretion	205,414	-	**205,414**
Foreign exchange	262,640	-	**262,640**
Balance, December 31, 2025	**2,884,693**	**-**	**2,884,693**
Addition – Nuevo Acquisition	-	4,942,576	**4,942,576**
Post-acquisition change in estimate	-	1,471,223	**1,471,223**
Change in estimate	199,496	140,000	**339,496**
Accretion	135,581	68,209	**203,790**
Foreign exchange	204,125	129,743	**333,868**
Balance, June 30, 2026	**3,423,895**	**6,751,751**	**10,175,646**

(Unaudited, expressed in Canadian dollars, except where noted)

13. SHARE CAPITAL

a) The Company is authorized to issue an unlimited number of common shares without par value. As at June 30, 2026, the number of total issued and outstanding common shares was 54,799,406 (December 31, 2025 – 32,616,265)

Issued share capital during the six months ended June 30, 2026

- On February 19, 2026, the Company closed a bought deal private placement for aggregate gross proceeds of $62,500,000 consisting of (i) 4,000,000 common shares of the Company at a price of $12.50 per share, for aggregate gross proceeds of $50,000,000, and (ii) 1,000,000 units at $12.50 per unit, for aggregate gross proceeds of $12,500,000. Each unit consists of one common share of the Company and one-quarter of one warrant, with each whole warrant being exercisable for one common share of the Company at an exercise price of $18.00 per share for a period of 18 months from the closing. During the six months ended June 30, 2026, the Company recorded $3,483,908 in share issuance costs related to this financing, which includes $3,114,875 commission to the underwriters.
- On May 19, 2026, the Company issued 16,802,283 common shares as consideration for the acquisition of 100% of the issued and outstanding common shares of Nuevo. The common shares were valued at $9.80 per share, being the closing price of the Company's common shares on the TSX Venture Exchange on the acquisition date, for total consideration of $164,662,373 (Note 5)
- During the six months ended June 30, 2026, a total of 380,858 stock options were exercised at an average exercise price of $1.03 per share for aggregate gross proceeds of $390,955 resulting in the issuance of 380,858 common shares. The associated fair value of $219,552 previously recognized in reserves was reclassified to share capital upon exercise.

Issued share capital during the year ended December 31, 2025

- On May 7, 2025, the Company closed a private placement and issued 131,600 common shares at a price of $0.80 per common share for gross proceeds of $105,000.
- On May 16, May 29, and June 10, 2025, the Company closed a series of private placements, issuing a total of 8,494,255 common shares at a price of $1.60 per share for aggregate gross proceeds of $13,554,660.
- On October 17, 2025, pursuant to the completion of the RTO, 888,410 common shares are deemed to have been issued by the accounting acquirer to the existing shareholders of Silverco Ltd as consideration for obtaining a listing on the TSXV.
- During the year ended December 31, 2025, the Company recorded $1,354,966 in share issuance costs.

b) Share-based compensation

As at June 30, 2026, the Company's equity incentive compensation plan authorizes the issuance of a maximum of 6,523,252 common shares for stock options, PSUs, RSUs, and DSUs granted to eligible employees, officers, directors and consultants of the Company.

Stock options

The following table summarizes changes in stock options for the six months ended June 30, 2026 and the year ended December 31, 2025:

	June 30, 2026		December 31, 2025	
	Stock options	**Weighted average exercise price**	Stock options	Weighted average exercise price
	#	**$**	#	$
Balance, beginning of period	**3,852,386**	**1.22**	2,180,800	0.80
Granted	**55,000**	**9.02**	1,635,600	1.60
RTO Additions	**-**	**-**	35,986	8.53
Expired	**(11,428)**	**15.57**	-	-
Exercised	**(380,858)**	**1.03**	-	-
Balance, end of period	**3,515,100**	**1.30**	3,852,386	1.22

(Unaudited, expressed in Canadian dollars, except where noted)

The following table summarizes information relating to stock options outstanding and exercisable as at June 30, 2026:

Grant date	Options outstanding	Expiry date	Exercise price	Remaining life	Options vested
	#		$	Years	#
October 22, 2024	1,823,000	October 22, 2029	0.80	3.32	1,823,000
January 15, 2025	1,500	January 15, 2030	16.00	3.55	1,500
August 01, 2025	1,635,600	August 01, 2030	1.60	4.09	564,783
March 19, 2026	55,000	March 19, 2031	9.02	4.72	-
	3,515,100		**1.30**	**3.70**	**2,389,283**

During the six months ended June 30, 2026, the Company granted a total of 55,000 stock options to a consultant at an exercise price of $9.02 and a weighted-average fair value $6.07 per stock option. The stock options vest in four equal installments of one-quarter each on March 19, 2027, June 19, 2027, September 19, 2027, and December 19, 2027

The following assumptions were used in the Black-Scholes valuation:

	June 30, 2026	December 31, 2025
Share price at grant date	**$9.02**	$1.60
Risk-free rate	**3.02%**	2.95%
Dividend yield	**nil**	nil
Stock price volatility	**83%**	75%
Life of option (years)	**5**	5

Performance share units

The following table summarizes changes in PSUs for the six months ended June 30, 2026 and the year ended December 31, 2025:

	June 30, 2026		December 31, 2025	
	PSUs	**Weighted average grant date fair value**	PSUs	Weighted average grant date fair value
	#	$	#	$
Balance, beginning of period	**1,410,000**	**1.60**	-	-
Granted	**-**	**-**	1,410,000	1.60
Balance, end of period	**1,410,000**	**1.60**	1,410,000	1.60

Restricted share units

The following table summarizes changes in RSUs for the six months ended June 30, 2026 and the year ended December 31, 2025:

	June 30, 2026		December 31, 2025	
	RSUs	**Weighted average grant date fair value**	RSUs	Weighted average grant date fair value
	#	$	#	$
Balance, beginning of period	**-**	**-**	-	-
Granted	**285,000**	**9.07**	-	-
Balance, end of period	**285,000**	**9.07**	-	-

During the six months ended June 30, 2026, the Company granted an aggregate of 285,000 RSUs to certain officers and consultants of the Company. Each RSU entitles the holder to receive one common share or cash equivalent, at the Company's discretion, upon settlement. The RSUs are accounted for as equity-settled share-based payment transactions under IFRS 2, as the Company intends to settle all RSUs in common shares and has no past practice or present obligation of cash settlement The RSUs vest in three equal tranches: one-third on March 23, 2027, one-third on March 23, 2028, and one-third on March 23, 2029.

(Unaudited, expressed in Canadian dollars, except where noted)

Share-based compensation is summarized as follows:

	Three months ended		**Six months ended**	
	June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
			$	$
Stock options	**265,396**	-	**478,386**	-
PSUs	**441,756**	-	**1,028,788**	-
RSUs	**393,629**	-	**428,233**	-
Total	**1,100,781**	**-**	**1,935,407**	**-**

c) Share purchase warrants

The following table summarizes changes in warrants for the six months ended June 30, 2026 and the year ended December 31, 2025:

	June 30, 2026		December 31, 2025	
	Share purchase warrants	**Weighted average exercise price**	Share purchase warrants	Weighted average exercise price
	#	**$**	#	$
Balance, beginning of period	**1,479,660**	**2.69**	872,880	0.80
Granted	**250,000**	**18.00**	509,657	1.60
RTO Additions	**-**	**-**	120,615	27.53
Expired	**(13,696)**	**29.78**	(23,492)	36.25
Balance, end of period	**1,715,964**	**4.70**	1,479,660	2.69

As at June 30, 2026, exercisable share purchase warrants are as follows:

Expiry date	**Weighted average exercise price**	**Number of warrants**	**Weighted average remaining term**
	$	#	Years
October 15, 2026	20.00	5,000	0.29
December 23, 2026	25.00	7,500	0.48
December 24, 2026	25.00	54,677	0.48
February 18, 2027	25.00	16,250	0.64
August 19, 2027	18.00	250,000	1.14
June 20, 2029	0.72	28,200	2.98
June 26, 2029	0.80	454,118	2.99
September 26, 2029	0.80	390,562	3.24
June 10, 2030	1.60	509,657	3.95
Balance, end of period	**4.70**	**1,715,964**	**2.94**

On February 19, 2026, in connection with the bought deal private placement, the Company issued 1,000,000 units at a price of $12.50 per unit. Each unit consisted of one common share of the Company and one-quarter of one warrant. As a result, the Company issued 250,000 common share purchase warrants, with each whole warrant exercisable for one common share of the Company at an exercise price of $18.00 per share for a period of 18 months from closing. The Company applied the residual value method to allocate the proceeds of the unit offering, whereby the proceeds were first allocated to the common shares based on their fair market value at the time the units were priced, with any residual value allocated to the warrants. As the fair value of the common shares equaled the unit price, no residual value was attributed to the warrants.

(Unaudited, expressed in Canadian dollars, except where noted)

14. REVENUE

The Company did not have any revenue prior to the acquisition of Nuevo. All revenue reflected below was generated by the La Negra Mine during the period from the acquisition date to June 30, 2026.

	Three months ended		Six months ended	
	June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
	$	$	$	$
Copper concentrate	**5,936,778**	-	**5,936,778**	-
Lead concentrate	**3,587,422**	-	**3,587,422**	-
Zinc concentrate	**1,798,813**	-	**1,798,813**	-
Provisional pricing adjustments on post-acquisition concentrate sales	**(935,845)**	-	**(935,845)**	-
Total	**10,387,168**	-	**10,387,168**	-

The Company generated 100% of its revenue from one customer during the above period. However, the Company is not economically dependent on this customer as copper, lead and zinc concentrates are readily marketable and may be sold to numerous customers in global commodity markets such as, but not limited to, financial institutions and commodity market traders worldwide.

Included in other income (expense) for the three and six months ended June 30, 2026 is a $2,372,538 loss of provisional pricing adjustments on pre-acquisition concentrate sales.

15. PRODUCTION COSTS

	Three months ended		Six months ended	
	June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
	$	$	$	$
Materials and consumables	**2,347,628**	-	**2,347,628**	-
Salaries and employee benefits	**2,500,390**	-	**2,500,390**	-
Contractors and services	**3,187,977**	-	**3,187,977**	-
Utilities	**443,181**	-	**443,181**	-
Other expenses	**218,935**	-	**218,935**	-
Changes in inventories	**680,922**	-	**680,922**	-
Total	**9,379,033**	-	**9,379,033**	-

16. GENERAL AND ADMINISTRATIVE

	Three months ended		Six months ended	
	June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
	$	$	$	$
Share-based compensation	**1,100,781**	-	**1,935,407**	-
Salaries, benefits and directors' fees	**744,542**	84,168	**1,186,486**	98,117
Professional fees	**546,927**	33,943	**785,638**	43,640
Marketing and investor relations	**253,776**	-	**487,017**	-
Office and administrative	**118,147**	23,772	**267,558**	44,544
Filing fees	**3,500**	4,211	**78,320**	4,211
Depreciation	**8,216**	-	**8,216**	-
Total	**2,775,889**	146,094	**4,748,642**	190,512

(Unaudited, expressed in Canadian dollars, except where noted)

17. EXPLORATION AND EVALUATION EXPENDITURES

A summary of the Company's exploration and evaluation expenses is as follows:

	Three months ended		Six months ended	
	June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
	$	$	$	$
Drilling	-	-	**133,715**	-
Rental equipment	-	321,954	**252,653**	511,918
Utilities and fuel	-	539,699	**363,345**	850,498
Technical services	-	124,900	**399,843**	150,800
Salary and wages	-	136,672	**467,621**	278,077
Professional services	-	114,103	**151,126**	199,574
Environmental studies	-	24,528	**7,811**	53,409
Permits and concession fees	-	-	**267,355**	-
Assays and analysis	-	11,903	**28,512**	12,820
Field consumables	-	(40,624)	**340,832**	(264,569)
Site and office services	-	83,305	**379,153**	206,831
Other	-	49,412	**8,020**	97,110
Depreciation	-	-	**72,696**	-
Cusi Mining Complex	-	1,365,852	**2,872,682**	2,096,468
Big Kidd	-	-	**200,000**	-
Total	-	1,365,852	**3,072,682**	2,096,468

Big Kidd

On the closing of the RTO, the Company assumed all rights and obligations of the option agreement dated November 4, 2022 between the Company and South Atlantic Gold Inc., as subsequently amended (the "Option Agreement"), granting the Company the right to acquire a 100% interest in certain mineral claims located in British Columbia (the "Big Kidd"). The Option Agreement required the following acquisition payments.

- $10,000 on November 14, 2022 (paid);
- $10,000 on January 4, 2023 (paid);
- $20,000 on March 9, 2023 (paid);
- $130,000 on May 29, 2023 and upon completion of a qualifying equity financing for gross proceeds of minimum $500,000 on or before January 3, 2023 (paid);
- $200,000 on January 4, 2024 (paid);
- $200,000 on January 4, 2025; (outstanding and included in accrued liabilities)
- $200,000 on January 4, 2026; (outstanding and included in accrued liabilities)
- $200,000 on January 4, 2027, and
- $350,000 or issue common shares with an aggregate value of $350,000 on January 4, 2028.

Additionally, the Company was required to fulfil the milestone commitments in the form of cash payments or issuances of the Company's publicly traded common shares, as follows:

- $300,000 or issue common shares with an aggregate value of $300,000 following the completion of 40,000 meters of drilling on the property;
- $1,200,000 or issue common shares with an aggregate value of $1,200,000 following the filing of a pre-feasibility study on the property; and
- $2,000,000 or issue common shares with an aggregate value of $2,000,000 following the filing of a feasibility study on the property.

As at June 30, 2026, none of the above milestones had been achieved and accordingly no milestone commitment payments have been triggered. On July 24, 2026 the Company entered into a new agreement and completed the acquisition of the Big Kidd Project (Note 23).

(Unaudited, expressed in Canadian dollars, except where noted)

18. INTEREST AND FINANCE EXPENSE

	Three months ended		Six months ended	
	June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
	$	$	$	$
Accretion of reclamation provision	**137,675**	-	**203,790**	-
Accretion of other liabilities	**98,282**	-	**98,282**	-
Accretion of lease liabilities	**44,553**	6,809	**50,687**	14,514
Interest on debt facility	**116,749**	-	**116,749**	-
Other finance charges	**26,410**	-	**26,410**	-
Total.	**423,669**	6,809	**495,918**	14,514

19. RELATED PARTY TRANSACTIONS

Key management personnel have been appropriately identified as those persons having authority and responsibility for planning, directing and controlling the activities of the Company and include all directors of the Company. We have disclosed key management personnel compensation as follows:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	**2026**	2025
	$	$	**$**	$
Salaries, benefits and directors' fees	**472,622**	83,118	**807,570**	98,118
Share-based compensation	**730,027**	-	**1,512,958**	-
	1,202,649	83,118	**2,320,528**	98,118

During the three and six months ended June 30, 2025, the Company also incurred expenses of $15,000 and $30,000, respectively for office space and general administrative support services provided by Inventa Capital Operations Corporation, whose key management personnel was a former director of the Company.

Other than those disclosed above, there were no related party transactions for the three and six months ended June 30, 2026 and 2025.

(Unaudited, expressed in Canadian dollars, except where noted)

20. FINANCIAL INSTRUMENTS

a) Carrying Values and Measurement of Financial Assets and Liabilities at Amortized Cost, Fair Value through Profit and Loss ("FVTPL") or Fair Value through Other Comprehensive Income ("FVTOCI")

June 30, 2026	Amortized cost	FVTPL	FVTOCI	Total
Financial assets:	**$**	**$**	**$**	**$**
Cash	**53,619,837**	**-**	**-**	**53,619,837**
Trade receivables from provisional concentrates sales	**-**	**3,830,634**	**-**	**3,830,634**
Receivables not arising from sales of metal concentrates	**5,369,082**	**-**	**-**	**5,369,082**
Financial liabilities:				
Debt facility	**12,078,500**	**-**	**-**	**12,078,500**
Other liabilities	**20,519,240**	**-**	**-**	**20,519,240**
Accounts payable and accrued liabilities	**39,056,370**	**-**	**-**	**39,056,370**

December 31, 2025	Amortized cost	FVTPL	FVTOCI	Total
Financial assets:	$	$	$	$
Cash	1,124,955	-	-	1,124,955
Receivables not arising from sales of metal concentrates	2,584,051	-	-	2,584,051
Financial liabilities:				
Accounts payable and accrued liabilities	3,034,814	-	-	3,034,814

b) Fair value information

i) Fair value measurement

The categories of the fair value hierarchy that reflect the inputs to valuation techniques used to measure fair value are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs for the asset or liability based on unobservable market data.

The levels in the fair value hierarchy into which the Company's financial assets and liabilities that are measured and recognized on the condensed consolidated interim statements of financial position at fair value on a recurring basis were categorized as follows:

	At June 30, 2026		At December 31, 2025	
	Level 1	**Level 2**	Level 1	Level 2
Trade receivables from provisional concentrates sales	-	**3,830,634**	-	-

ii) Valuation Techniques

Receivables from provisional concentrate sales
A portion of the Company's trade receivables arose from provisional concentrate sales and are classified within Level 2 of the fair value hierarchy and valued using quoted market prices for copper, zinc, lead and silver.

c) Financial instruments and related risks

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(Unaudited, expressed in Canadian dollars, except where noted)

i) Credit risk
ii) Liquidity risk
iii) Market risk
   1. Currency risk
   2. Interest rate risk
   3. Price risk

i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to fulfill its contractual obligations. The Company's credit risk arises primarily from cash and trade receivables, the carrying values of which represent the maximum exposure.

The Company sells the zinc, lead, and copper concentrates produced by La Negra to a single customer. While the majority of the sales value is collected on delivery, final settlement is deferred, subject to changes in both price and quantity, until the applicable quotational periods have closed, exposing the Company to the buyer's credit risk on the unsettled balance. Management monitors this exposure on an ongoing basis and considers the credit risk to be low based on the customer's payment history. The Company's cash is primarily held with reputable financial institutions, primarily within Canada.

ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities settled by delivering cash or other financial assets.

A summary of the Company’s undiscounted financial liabilities as at June 30, 2026 is as follows:

	Within 1 year	1-3 years	3-4 years	Total
Accounts payable and accrued liabilities	39,056,370	-	-	**39,056,370**
Lease liabilities	2,104,643	1,157,251	544,188	**3,806,082**
Other liabilities	21,315,000	-	-	**21,315,000**
Debt facility	12,078,500	-	-	**12,078,500**

iii) Market risk

Market risk is the risk that the fair market value of the Company’s financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, prices, and currency rates.

1. *Interest rate risk:*
   The Debt Facility bears interest at a variable rate of one-month SOFR plus 7.25% per annum. The Company is therefore exposed to interest rate risk on amounts drawn under these facilities, being $12,078,500 as at June 30, 2026. A 1% change in one-month SOFR would change annual interest expense by approximately $121,000. The Company also earns interest at variable rates on its cash balances. The Company does not currently use derivative instruments to manage interest rate risk.

2. *Price risk:*
   The Company is exposed to commodity price risk arising from provisionally priced concentrate sales, which are measured at fair value through profit or loss until final settlement based on copper, lead, zinc, and silver prices during the applicable quotational periods. The Company does not currently use derivative instruments to manage its exposure to commodity price fluctuations. The Company is not exposed to significant equity price risk as it does not hold any equity investments.

3. *Currency risk:*
   The Company is exposed to currency risk on financial assets and liabilities denominated in currencies other than the functional currency of the entity that holds them. The functional currency of La Negra is the USD, and its exposure arises principally from MXN-denominated monetary items funding its operating and capital costs in Mexico. The functional currency of Cusi is MXN, and it holds only nominal USD-denominated monetary items. The Company has not entered into any agreements or purchased any foreign currency hedging instruments to hedge currency risk at this time. Based on the Company's net monetary position at June 30, 2026, a 10% change in the MXN relative to the USD would change net loss by approximately $1,684,896 for La Negra and $3,150 for Cusi.

(Unaudited, expressed in Canadian dollars, except where noted)

21. SEGMENTED INFORMATION

As at and for the three and six months ended June 30, 2026, the Company has determined that it has two reportable operating segments (as at and for the three and six months ended June 30, 2025 – one): the Cusi Mining Complex, an exploration and development stage silver project located in Mexico, and La Negra, a producing silver mine located in Mexico. Segments are organized by individual mining operation, and no operating segments have been aggregated. Corporate and other activities that are not directly attributable to Cusi or La Negra are presented as "Other".

The Company identifies reportable operating segments based on the internal reports reviewed by the chief operating decision maker ("CODM") for purposes of allocating resources and assessing segment performance. The measures reviewed by the CODM differ between the two segments, reflecting their respective stages of development. For La Negra, which generates revenue but has not yet achieved commercial production, the CODM assesses performance using revenue and segment mine operating earnings (loss), comprising revenue from external customers less production costs, depreciation and amortization, and royalties directly attributable to the segment. For Cusi, which does not generate revenue, the CODM assesses performance using exploration and evaluation expenditures for periods prior to April 1, 2026. For both segments, the CODM also reviews segment assets, which reflect capital expenditures incurred on the La Negra ramp-up and the Cusi restart program.

Corporate general and administrative expenses, transaction expenses, finance items, foreign exchange, pre-acquisition provisional pricing adjustments, and income taxes are not allocated to the reportable segments. There were no inter-segment revenues, and intercompany balances and transactions are eliminated on consolidation.

The Company is domiciled in Canada; the Cusi and La Negra segments are located in Mexico, and information presented under the Other category relates to activities primarily conducted in Canada. All of the Company's revenue is derived from the sale of copper, lead and zinc concentrates containing silver produced at the La Negra Mine (Note 14). Revenue for the three and six months ended June 30, 2026 of $10,387,168 was derived from a single customer within the La Negra segment (2025 – $nil). Management does not consider the Company to be economically dependent on this customer, as concentrates are readily marketable and may be sold to numerous customers in global commodity markets.

Operating segment details are as follows:

	Three months ended June 30, 2026			
	La Negra	**Cusi**	**Other**	**Total**
	$	**$**	**$**	**$**
Revenue	**10,387,168**	**-**	**-**	**10,387,168**
Cost of sales	**-**	**-**	**-**	**-**
Production costs	**(9,379,033)**	**-**	**-**	**(9,379,033)**
Depreciation and amortization	**(149,837)**	**-**	**-**	**(149,837)**
Royalties	**(483,314)**	**-**	**-**	**(483,314)**
Mine operating earnings	**374,984**	**-**	**-**	**374,984**
Operating expenses				
Exploration and evaluation expenditures	**-**	**-**	**-**	**-**
General and administrative	**-**	**-**	**(2,775,889)**	**(2,775,889)**
Other income (expense)				
Provisional pricing adjustments on pre-acquisition concentrate sales	**(2,372,538)**	**-**	**-**	**(2,372,538)**
Interest income	**-**	**-**	**334,017**	**334,017**
Transaction expenses	**-**	**-**	**(503,789)**	**(503,789)**
Foreign exchange gains (losses)	**244,612**	**18,308**	**(9,290)**	**253,630**
Interest and finance expense	**(333,700)**	**(75,713)**	**(14,256)**	**(423,669)**
Net loss before income taxes				**(5,113,254)**

(Unaudited, expressed in Canadian dollars, except where noted)

	Three months ended June 30, 2025		
	Cusi	**Other**	**Total**
	$	$	$
Operating expenses			
Exploration and evaluation expenditures	(1,365,852)	-	(1,365,852)
General and administrative	-	(146,094)	(146,094)
Other income (expense)			
Foreign exchange gains (losses)	5,428	(7,728)	(2,300)
Interest and finance expense	(6,809)	-	(6,809)
Net loss for the period			(1,521,055)

	Six months ended June 30, 2026			
	La Negra	**Cusi**	**Other**	**Total**
	$	**$**	**$**	**$**
Revenue	**10,387,168**	**-**	**-**	**10,387,168**
Cost of sales				
Production costs	**(9,379,033)**	**-**	**-**	**(9,379,033)**
Depreciation and amortization	**(149,837)**	**-**	**-**	**(149,837)**
Royalties	**(483,314)**	**-**	**-**	**(483,314)**
Mine operating earnings	**374,984**	**-**	**-**	**374,984**
Operating expenses				
Exploration and evaluation expenditures	**-**	**(3,072,682)**	**-**	**(3,072,682)**
General and administrative	**-**	**-**	**(4,748,642)**	**(4,748,642)**
Other income (expense)				
Provisional pricing adjustments on pre-acquisition concentrate sales	**(2,372,538)**	**-**	**-**	**(2,372,538)**
Interest income	**-**	**-**	**489,278**	**489,278**
Transaction expenses	**-**	**-**	**(938,565)**	**(938,565)**
Foreign exchange gains (losses)	**244,612**	**29,971**	**(28,548)**	**246,035**
Interest and finance expense	**(333,700)**	**(147,962)**	**(14,256)**	**(495,918)**
Net loss before income taxes				**(10,518,048)**

	Six months ended June 30, 2025		
	Cusi	**Other**	**Total**
	$	$	$
Operating expenses			
Exploration and evaluation expenditures	(2,096,468)	-	(2,096,468)
General and administrative	-	(190,512)	(190,512)
Other income (expense)			
Interest income	-	13,767	13,767
Foreign exchange (losses)	-	(7,727)	(7,727)
Interest and finance expense	(14,514)	-	(14,514)
Net loss for the period			(2,295,454)

Segment assets and liabilities are measured in a manner consistent with the amounts included in the condensed interim consolidated financial statements, and the segment totals presented below reconcile to the corresponding consolidated amounts

As at June 30, 2026	**La Negra**	**Cusi**	**Other**	**Total**
	$	**$**	**$**	**$**
Current assets	15,915,981	5,683,633	51,222,625	72,822,239
Mineral property, plant and equipment	301,508,069	16,027,790	747,658	318,283,517
Total assets	**317,424,050**	**21,711,423**	**51,970,283**	**391,105,756**
Total liabilities	**136,082,874**	**6,527,571**	**23,583,272**	**166,193,717**

(Unaudited, expressed in Canadian dollars, except where noted)

As at December 31, 2025		**Cusi**	**Other**	**Total**
		$	$	$
Current assets	-	2,302,046	1,652,183	3,954,229
Exploration and evaluation asset	-	7,555,692	-	7,555,692
Property, plant and equipment	-	369,333	-	369,333
Total assets	-	10,227,071	1,652,183	11,879,254
Total liabilities	-	4,102,442	2,077,672	6,180,114

22. CAPITAL MANAGEMENT

The Company's capital structure consists of all components of shareholders' equity and debt, net of cash. The Company's objective when managing capital is to maintain adequate levels of funding to support its operations, comprising the acquisition, exploration, development, and production of its mineral properties. The Company has historically obtained funding primarily through issuing share capital, and following the acquisition of Nuevo also has access to funding through the Debt Facility. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

There were no changes to the Company's approach to capital management during the six months ended June 30, 2026. The Company is not subject to externally imposed capital requirements.

23. SUBSEQUENT EVENTS

On July 24, 2026, the Company entered into a new agreement and completed the acquisition of the Big Kidd Project for total consideration of $300,000 in cash and the grant of a 3.0% net smelter returns royalty. The acquisition includes mineral claims located in British Columbia, Canada and related technical and other property information. As a result of this acquisition, amounts previously accrued in respect of the Option Agreement are no longer payable, as the Option Agreement was terminated as part of the transaction. The Company has the right to repurchase 1% of the net smelter returns royalty for $2,000,000 and, following exercise of that right, an additional 1% for $4,000,000.