SILVERCO MINING LTD.

(formerly Quetzal Copper Corp.)

Management's Discussion and Analysis

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

(Expressed in Canadian dollars)

BASIS OF PREPARATION OF THE MD&A

This Management's Discussion and Analysis ("MD&A") is intended to help the reader understand the Company, its liquidity, capital resources, and operational and financial performance as at, and for the three and six months ended June 30, 2026, in comparison to the corresponding prior-year periods.

This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and notes (the "Financial Statements") have been prepared by management in accordance with IAS 34, Interim Financial Reporting consistent with IFRS Accounting Standards as issued by the IASB. Other information contained in this document has been prepared by management and is consistent with the data contained in the Financial Statements.

For a complete understanding of the Company's business environment, risks and uncertainties and the effect of accounting estimates on its results of operations and financial condition, this MD&A should also be read in conjunction with the Company's audited consolidated financial statements and notes for the year ended December 31, 2025 (the "2025 Annual Financial Statements") and related annual MD&A (the "2025 Annual MD&A") on SEDAR+ at www.sedarplus.ca as applicable.

The Company's certifying officers are responsible for ensuring that the Financial Statements and MD&A do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's certifying officers certify that the Financial Statements together with the other financial information included in the filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company as of the date and for the periods presented in the filings.

In this MD&A, the "Company", or the words "we", "us", or "our", collectively refer to the Company and its subsidiaries. The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively.

This MD&A takes into account information available up to the approval of the Financial Statements and MD&A by the Board of Directors on August 26, 2026 ("MD&A Date").

Management is responsible for the preparation and integrity of the Company's Financial Statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is responsible for ensuring that information disclosed externally, including the information contained within the Company's Financial Statements and MD&A, is complete and reliable.

Certain statements made may constitute forward-looking statements. Such statements involve a number of known and unknown risks, uncertainties and other factors. Actual results, performance and achievements may be materially different from those expressed or implied by these forward-looking statements.

OVERVIEW OF THE BUSINESS

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" or "Nuevo Silver"), 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.

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.

HIGHLIGHTS

Highlights for the three months ended June 30, 2026, and to the date of this MD&A are as follows:

La Negra Mine

- On May 19, 2026, the Company completed the previously announced acquisition (the "Transaction") of Nuevo Silver through the issuance of 16,802,283 common shares to former Nuevo shareholders, valued at $164,662,373. Nuevo Silver, through its wholly-owned subsidiary, holds a 100% interest in the La Negra Mine in Querétaro, Mexico. This MD&A includes La Negra's operating and financial results from May 19, 2026 to June 30, 2026 (the "Post-Acquisition Period").

- La Negra's operations were classified as pre-commercial production, which is expected to continue into H1 2027 when operational and capital improvements are expected to achieve optimization objectives.

- On July 13, 2026, the Company announced the commencement of a planned 15,000 metre 2026 exploration drilling program at La Negra.

- On August 24, 2026 the Company announced the advancements at the La Negra Mine. Improvements to date include the appointment of a new general manager with extensive experience in underground operations in Mexico, the ordering of new underground fleet equipment and the implementation of campaign milling. The tailings filtration project remains on track for completion in Q1 2027 and Knight Piesold has been engaged as the engineer of record. Also, SGS Geological Services has been engaged to complete an updated mineral resource estimate and an initial preliminary economic assessment in Q3 2026.

Cusi Mining Complex

- On April 13, 2026, the Company announced the results of a Preliminary Economic Assessment ("PEA") for the Cusi Mining Complex ("Cusi" or "Cusi Mining Complex"), demonstrating robust project economics over an 8.3-year mine life with initial capital of US$19.2 million. The supporting NI 43-101 technical report, titled "Preliminary Economic Assessment Technical Report for the Cusi Project," was filed on SEDAR+ on May 21, 2026 and is available under the Company's profile at www.sedarplus.ca.

- On June 16, 2026, the Company released initial drill results from the 2026 Cusi exploration program, which identified additional mineralization within the footprint of the first year of the PEA mine plan. These results included grades and widths consistent with the Cusi resource, highlighting the opportunity to lower initial underground development, bring more tonnage forward and enhance project economics.

- On June 25, 2026, the Company announced the mobilization of two local underground mining contractors at Cusi. Underground development is planned at two primary mining zones, Promontorio and San Miguel, managed separately by each contractor, with first ore from Promontorio expected in Q3 2026.

- On July 7, 2026, the Company announced a second set of drill results from the 2026 exploration program at Cusi, with the results continuing to highlight the opportunity to add resources within the planned mine footprint.

- On August 4, 2026, the Company announced the advancement of the Cusi restart, including the first underground development blast, the advancement of the plant refurbishment across the crushing, grinding, flotation and laboratory areas, and the arrival of primary ventilation equipment.

Corporate and Financial

- Revenue of $10,387,168 and mine operating earnings of $374,984 from the La Negra Mine during the Post-Acquisition Period.
- Net loss of $6,102,105 ($0.13 per share) for the quarter, which includes a loss of provisional pricing adjustments of $2,372,538 relating to concentrate sales made by La Negra prior to the acquisition primarily due to the decline in silver prices, general and administrative expense of $2,775,889, and transaction expenses of $503,789 during the quarter.
- Cash of $53,619,837 at June 30, 2026.
- On August 11, 2026, the Company appointed Dr. Jesus Velador as Vice President, Exploration, effective September 1, 2026.
- On August 26, 2026, the Company announced that Sean Fallis will be stepping down as Chief Financial Officer ("CFO") to spend time with his family. To ensure a smooth transition, Mr. Fallis will continue full time with the Company until November 30, 2026. Victoria Avila, Silverco's current Senior Vice President Corporate Affairs and Finance, has been promoted and will assume the role of CFO on September 30, 2026.

OUTLOOK

As at the date of this MD&A, the Company holds two principal mineral assets in Mexico: the La Negra Mine, a producing silver mine, not yet in commercial production, acquired on May 19, 2026, and the Cusi Mining Complex, where work is advancing toward a targeted concentrate production commencing in late 2026. The Cusi Mining Complex is supported by an updated Mineral Resource Estimate announced in December 2025 and the results of the PEA announced in April 2026, which outlines a low-capital restart (see Mineral Resource Estimate and Preliminary Economic Assessment sections of this MD&A). The combination of these two assets is consistent with management's objective of building Silverco into a mid-tier silver producer through the acquisition and development of assets that management believes can be advanced to production on an accelerated basis.

Key milestones over the remainder of 2026 and into 2027 are as follows:

Milestone	Asset	Target
Execution of 15,000 metre exploration drill program	La Negra	Q3-2026
Updated mineral resource estimate and PEA	La Negra	Q3-2026
Upgrade underground mining equipment	La Negra	Q1-2027
Commissioning of tailings thickener and filter press	La Negra	Q1-2027
Declaration of commercial production	La Negra	H1-2027
Underground development of San Miguel	Cusi	Q3-2026
Underground mining of Promontorio	Cusi	Q3-2026
Completion of plant refurbishment	Cusi	Q4-2026
Commencement of concentrate production	Cusi	Q4-2026
Completion of 30,000 exploration drill program	Cusi	Q4-2026
Full ramp-up to 1,200 tonnes per day ("tpd")	Cusi	H1-2027

Target dates are management estimates as at the date of this MD&A, are forward-looking, and are subject to the risks and assumptions described under "Forward-Looking Statements".

Management will continue to monitor commodity markets, macroeconomic conditions, and regulatory developments in both Canada and Mexico, all of which may influence the timing and sequencing of the Company's activities. The Company remains committed to creating long-term shareholder value through the disciplined advancement of the Cusi Mining Complex, the integration and optimization of the La Negra Mine, and the pursuit of accretive growth opportunities.

MINERAL PROPERTIES AND OPERATIONS

The Company's mineral properties comprise the La Negra Mine in Querétaro, Mexico, acquired on May 19, 2026, and the Cusi Mining Complex in Chihuahua, Mexico, held through its wholly-owned subsidiary Minera San Bernabé De C.V. The Cusi Mining Complex is in the development stage, with concentrate production targeted for the fourth quarter of 2026. The Company also holds the Big Kidd Project in British Columbia, Canada.

A summary of the Company's mineral property assets is as follows:

	June 30, 2026		
	Cost	**Accumulated Depreciation**	**Carrying Value**
Mexico – La Negra	301,652,458	(144,389)	301,508,069
Mexico – Cusi	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**

Royalties

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.

1. La Negra Mine

The La Negra Mine produces copper, zinc and lead concentrates containing silver, and is located approximately 150 kilometres by paved road from Querétaro city, within the Sierra Gorda range, host to numerous mineral discoveries. Exploration drilling at the project has been limited over the past two decades. The mine commenced modern production in 1971 and was operated consistently for 29 years by Peñoles. The mine was operated by subsequent owners between 2001 and 2017 and was placed back into production in 2024. The mine is currently operating below its 2,500 tonne per day design capacity.

Ground conditions at the mine are well suited to room-and-pillar and long-hole mining methods, with limited ground support and backfill requirements. The process plant employs a standard crushing, grinding, flotation and filtration circuit, producing lead-silver, copper-silver and zinc concentrates. Mineralization is hosted in a skarn, and the metallurgy is well understood given more than 40 years of operating history.

The operating and financial results presented below relate only to the Post-Acquisition Period. No comparative information is presented. Readers are cautioned that mine operating earnings generated during the pre-commercial production period should not be annualized or relied upon as indicative of future results.

Commercial production status

The La Negra Mine has not achieved commercial production. Management's determination of when a mine has achieved commercial production is based on factors including the processing plant 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.

Through the remainder of 2026 and into H1 2027, the Company will focus on increasing throughput at La Negra through investments in equipment, spare parts, enhanced maintenance programs, a dry stack tailings facility, and a new resource estimate and PEA. Based on this current plan, management expects commercial production to be declared in the first half of 2027.

The following table summarizes the La Negra Mine's operating results for the Post-Acquisition Period ended June 30, 2026:

Summary of Operating Statistics [(1)]	Acquisition Date to June 30, 2026
Production	
Ore mined (kt)	54
Ore processed (kt)	59
Head grade	
Average silver grade (g/t)	49.10
Average copper grade (%)	0.40
Average lead grade (%)	0.15
Average zinc grade (%)	1.21
Recoveries	
Average silver recovery (%)	79.96
Average copper recovery (%)	86.07
Average lead recovery (%)	70.89
Average zinc recovery (%)	86.45
Silver produced (oz)	73,264
Copper produced (lb)	457,848
Lead produced (lb)	141,644
Zinc produced (lb)	1,368,779
Sales	
Copper concentrate sold (dmt)	851
Lead concentrate sold (dmt)	130
Zinc concentrate sold (dmt)	1,173
Payable silver sold (oz)	62,766
Payable copper sold (lb)	419,585
Payable lead sold (lb)	118,753
Payable zinc sold (lb)	961,360
Realized prices [(2)]	
Realized price – silver (US$/oz)	$60.09
Realized price – copper (US$/lb)	$6.07
Realized price – lead (US$/lb)	$0.85
Realized price – zinc (US$/lb)	$1.61

(1) *A mineral resources estimate and preliminary economic assessment have not been completed for the La Negra Mine and it has not achieved commercial production. As a result, these statistics are not necessarily indicative of future operating performance*

(2) *Metal prices stated are based on provisional sales and inclusive of final settlement adjustments before treatment and refining charges of approximately $759,445.*

Revenue by concentrate	$
Copper concentrate	5,936,778
Lead concentrate	3,587,422
Zinc concentrate	1,798,813
Provisional pricing adjustments on post-acquisition sales	(935,845)
Total revenue	**10,387,168**

Concentrate sales are provisionally priced at the date of delivery, with final settlement determined by reference to average metal prices over a quotational period following shipment. Provisional pricing adjustments arising on concentrate delivered after the acquisition date are recognized within revenue and reduced revenue by $935,845 for the Post-Acquisition Period due to decline in silver prices. Provisional pricing adjustments arising on concentrate delivered by La Negra before the acquisition date do not represent revenue of the Company and are recognized separately within other income (expense); these totalled a $2,372,538 loss for the quarter.

2. Cusi Mining Complex

The Cusi Mining Complex is a 100%-owned, past-producing, permitted silver-lead-zinc-gold project located approximately 135 kilometres west of Chihuahua City, in the Sierra Madre Occidental range, Chihuahua State, Mexico, held through the Company's wholly-owned subsidiary, Minera San Bernabé De C.V.

The Cusi Mining Complex has a long production history, with historical output exceeding 100 million ounces of silver since mining activity began in the district in the 1700s. The mine was most recently operated by Sierra Metals from 2014 to September 2023, when it was placed on care and maintenance. The existing infrastructure includes a permitted 1,200 tonne per day processing facility.

During the three and six months ended June 30, 2026, the Company advanced preparation of the PEA discussed under "Highlights," undertook site rehabilitation work to support the planned restart of the Cusi mine, and commenced its 2026 exploration campaign. Primary site activities were initially centred on the Promontorio zone and infrastructure readiness:

- The Company successfully dewatered the Promontorio zone and maintained continuous dewatering operations within the underground workings;
- Following dewatering, the Company initiated an underground rehabilitation program targeting the main ramps and exploration drifts; and
- The Company continued to hire personnel to support the restart effort

Restart progress

On August 4, 2026, the Company announced that the Cusi restart remained on budget and on schedule, with overall restart progress approximately 68% complete as of July 23, 2026. The Cusi restart capital budget of US$19.2 million and the Company's targeted production milestones remain unchanged, with first concentrate production targeted for the fourth quarter of 2026. Key developments reported include:

- underground mining contractors mobilized and active at both initial mining zones, Promontorio and San Miguel, with more than 240 company and contractor personnel working at Cusi;
- completion of the first underground development blast, along the main Promontorio ramp;
- ongoing preparatory works for the new San Miguel portal, including installation of ground support, with the initial portal blast expected imminently;
- receipt at site of the primary ventilation fans for Promontorio, with foundations complete and installation in progress;
- refurbishment of the Mal Paso process plant over 65% complete, with the crushing circuit approximately 89% complete and work advancing across the grinding, flotation and laboratory areas;

- recent drill results from the Company's 30,000 metre exploration program reinforcing the potential to define additional mineralization within or close to the planned mine footprint, presenting an opportunity to enhance the mine plan early in the restart; and

Restart progress percentages and physical completion estimates are management estimates derived from the Company's internal project controls and are subject to revision. The production decision to restart Cusi was not based on a feasibility study demonstrating economic and technical viability. Readers are cautioned that there is increased uncertainty and risk associated with production decisions made on this basis.

Exploration program

The Company mobilized crews for its 2026 surface drilling program during the quarter. Initial drilling is focused on infilling the Promontorio zone and expanding on the San Miguel results from the 2025 exploration program, which demonstrated the potential to define wide, parallel zones of mineralization. As of the date of this MD&A, three drill rigs are active at Cusi — two surface and one underground — as part of the planned 30,000 metre 2026 exploration program.

3. Exploration and Evaluation Activities

Exploration and evaluation expenditures presented below reflect costs incurred at the Cusi Mining Complex from January 1, 2026 to March 31, 2026, together with expenditures on the Big Kidd Project. Effective April 1, 2026, management determined that the criteria in IFRS 6.17 were met, being that the technical feasibility and commercial viability of extracting the mineral resource at the Cusi Mining Complex are demonstrable, and the Cusi exploration and evaluation asset was reclassified to mineral properties within mineral properties, plant and equipment. This determination is an accounting judgment made under IFRS 6 and does not constitute a determination of economic viability under National Instrument 43-101. Accordingly, qualifying expenditures incurred on the Cusi Mining Complex on or after April 1, 2026 are capitalized to mineral properties under IAS 16 and are no longer presented as exploration and evaluation expenses.

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

	Three months ended June 30,		**Six Months Ended June 30,**	
	2026	**2025**	**2026**	**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

FINANCIAL PERFORMANCE

Income Statement

The following table summarizes the Company's consolidated results for the three and six months ended June 30, 2026, which include the results of the La Negra Mine for the Post-Acquisition Period only. Comparative results for the three and six months ended June 30, 2025 reflect exploration and evaluation expenditures at the Cusi Mining Complex and corporate costs, as the Company had no revenue or mining operations in those periods.

	Three months ended June 30,		Six months ended June 30,	
	2026	**2025**	**2026**	**2025**
	$	$	**$**	$
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)**	-
	(10,012,184)	-	**(10,012,184)**	-
Mine operating earnings	**374,984**	-	**374,984**	-
Operating expenses				
Exploration and evaluation expenditures	**-**	(1,365,852)	**(3,072,682)**	(2,096,468)
General and administrative	**(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	**(2,372,538)**	-	**(2,372,538)**	-
Interest income	**334,017**	-	**489,278**	13,767
Transaction expenses	**(503,789)**	-	**(938,565)**	-
Foreign exchange gains (losses)	**253,630**	(2,300)	**246,035**	(7,727)
Interest and finance expense	**(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	**(786,252)**	-	**(786,252)**	-
Net loss for the period	**(6,102,105)**	(1,521,055)	**(11,506,899)**	(2,295,454)
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

For the Six Months Ended June 30, 2026 Compared to the Six Months Ended June 30, 2025

The net loss of $11.51 million for the six months ended June 30, 2026, compared to $2.30 million for the corresponding prior-year period, an increase of $9.21 million. The principal drivers of the quarterly variances are discussed in the notes to the variance table below.

For the Three Months Ended June 30, 2026 Compared to the Three Months Ended June 30, 2025

Net loss of $6.10 million for the three months ended June 30, 2026, compared to $1.52 million for the corresponding prior-year period, increased $4.58 million. The principal drivers of the quarterly variances are discussed in the notes to the variance table below.

The following table presents results for the three and six months ended June 30, 2026, relative to the corresponding periods in the prior year.

	Three months ended June 30, 2026	Six months ended June 30, 2026	Note
Revenue	$	$	
Increase/(Decrease) revenue	10,387,168	10,387,168	1
Cost of sales			
(Increase)/Decrease production costs	(9,379,033)	(9,379,033)	2
(Increase)/Decrease depreciation	(149,837)	(149,837)	2
(Increase)/Decrease royalties	(483,314)	(483,314)	2
Operating expenses			
(Increase)/Decrease exploration and evaluation expenditures	1,365,852	(976,214)	3
(Increase)/Decrease general and administrative	(2,629,795)	(4,558,130)	4
(Increase) loss from operations	**(888,959)**	**(5,159,360)**	
Other (income) expenses			
(Increase)/Decrease provisional pricing adjustments on pre-acquisition concentrate sales	(2,372,538)	(2,372,538)	5
Increase/(Decrease) foreign exchange gains (losses)	255,930	253,762	
(Increase)/Decrease interest and finance expense	(416,860)	(481,404)	6
(Increase)/Decrease transaction expenses	(503,789)	(938,565)	7
Increase/(Decrease) interest income	334,017	475,511	8
(Increase) in net loss before tax	**(3,592,199)**	**(8,222,594)**	
(Increase)/Decrease current tax expense	(202,599)	(202,599)	
(Increase)/Decrease deferred tax expense	(786,252)	(786,252)	
(Increase) in net loss	**(4,581,050)**	**(9,211,445)**	

1. **Revenue:** The $10.39 million three-month and six-month increase resulted from the acquisition of the La Negra mine.

2. **Cost of sales:** The three-month and six-month $9.38 million increase in production costs, $0.15 million increase in depreciation, and $0.48 million increase in royalties resulted from the acquisition of the La Negra mine.

3. **Exploration and evaluation expenditures:** The three-month decrease of $1.37 million resulted from the change in accounting policy for Cusi expenditures effective April 1, 2026. From that date, qualifying Cusi restart and development expenditures are capitalized to mineral properties, whereas in the comparative period all such expenditures were expensed as exploration and evaluation expenditures. The six-month $0.98 million increase reflects the continued scale-up of activities at the Cusi Mining Complex while the Company advances towards the restart of concentrate production in late 2026.

4. **General and administrative:** The three-month $2.63 million increase and six-month $4.56 million increase reflect the build-out of the Company's corporate function, including management and board of directors, to support expanded operations and the restart of the Cusi Mining Complex, completing the acquisition of the La Negra and integrating and advancing the La Negra Mine.

5. **Provisional pricing adjustments on pre-acquisition concentrate sales:** The three-month and six-month $2.37 million increase resulted from the acquisition of the La Negra mine. The provisional pricing adjustments relate to concentrate shipments that La Negra delivered to the customer prior to the acquisition of La Negra by the Company, where metal prices will settle at a date subsequent to the completion of the acquisition. This decrease is primarily due to decline in the silver price at June 30, 2026. Provisional pricing adjustments on unsettled shipments are revalued each period until final settlement.

6. **Interest and finance expense:** The $0.42 million three-month and $0.48 million six-month increase was driven by the addition of La Negra's ARO liability accretion, leases, and interest expense related to debt facility assume in the La Negra acquisition.

7. **Transaction expenses:** The three-month increase of $0.50 million and the six-month increase of $0.94 million relate to the Transaction, comprising professional and advisory fees directly attributable to the transaction.

8. **Interest income:** The three-month $0.33 million increase and six-month $0.48 million increase reflects interest earned on the cash balance held following the closing of the $62.50 million bought deal private placement in February 2026.

Cash Flows

A summary of the Company's cash sources and uses of cash is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	**2026**	**2025**
	$	$	**$**	$
Cash used in operating activities	**(4,270,179)**	(1,427,987)	**(8,547,190)**	(3,221,220)
Cash provided by investing activities	**2,281,308**	750,000	**2,281,308**	1,250,000
Cash provided (used in) by financing activities	**(875,128)**	12,815,168	**58,505,419**	12,709,521
Change in cash during the period	**(2,863,999)**	12,137,181	**52,239,537**	10,738,301
Effect of exchange rate fluctuations on cash held	**240,886**	1,527	**255,345**	3,501
Cash, beginning of the period	**56,242,950**	605,144	**1,124,955**	2,002,050
Cash, end of the period	**53,619,837**	12,743,852	**53,619,837**	12,743,852

The Company reported an increase in cash of $52.24 million during the six months ended June 30, 2026, compared to an increase of $10.74 million in the comparative period. The increase reflects the closing of the $62.50 million bought deal private placement in February 2026, partially offset by continued exploration and evaluation as well as capital expenditures at the Cusi Mining Complex and corporate activities.

Operating Activities

The Company generated its first revenue from mining operations during the quarter, following the acquisition of the La Negra Mine. Cash used in operating activities totalled $8.55 million for the six months ended June 30, 2026, compared to $3.22 million in the comparative period, an increase of $5.33 million. The increase was primarily driven by exploration and evaluation expenditures at the Cusi Mining Complex prior to the reclassification of that asset on April 1, 2026, increased corporate costs following the RTO, transaction expenses of $0.94 million incurred on the acquisition of Nuevo, and the settlement of working capital balances assumed at the La Negra Mine, partially offset by mine operating earnings of $0.37 million generated over the Post-Acquisition Period.

Investing Activities

Cash provided by investing activities for both the three and six months ended June 30, 2026 was $2.28 million, as all of the Company's investing activity in the period relates to the acquisition of Nuevo on May 19, 2026 and there was no investing activity in Q1-2026. Cash provided in the period comprises cash of $10.41 million acquired on the acquisition of Nuevo, partially offset by additions to mineral properties, plant and equipment of $8.13 million, comprising capitalized restart and development expenditures at the Cusi Mining Complex following the reclassification of that asset on April 1, 2026 and sustaining capital expenditures at the La Negra Mine. This compares to cash provided by investing activities of $0.75 million for the three months ended June 30, 2025 and $1.25 million for the six months ended June 30, 2025, both reflecting the receipt of loan repayments.

Financing Activities

Cash provided by financing activities was $58.51 million for the six months ended June 30, 2026, compared to cash provided of $12.71 million in the comparative period. The six months ended June 30, 2026 amount primarily comprises gross proceeds of $62.50 million from the bought deal private placement partially offset by $3.33 million in share issuance costs.

Liquidity, Capital Resources and Contractual Obligations

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. The Company's 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.

Silverco is on track to have two operating mines by the end of 2026, both of which are expected to ramp up through the first half of 2027. In addition, the Company continues to rapidly advance exploration, enhance mine performance and pursue opportunities to improve operating cash flows. To ensure effective on-going capital management, the Company continues to evaluate opportunities to enhance its balance sheet which may include equity issuance, the issuance of debt instruments (including convertible notes, debentures, or other debt securities), or the establishment of a credit facility. As a result, the Company, from time to time, may initiate investor meetings to explore the viability of such an instrument or facility.

During the six months ended June 30, 2026, the Company had the following share capital transactions:

- 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 (the "Financing"). 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.

- 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.

The following table sets forth a comparison of the disclosure regarding the Company's estimated use of proceeds in its final amended offering document dated January 29, 2026 and available on SEDAR+, as at June 30, 2026:

Description of the intended use of available funds	**Estimated Use of Net Proceeds**	**Actual Spent to Date**	**Variance / Remaining**
	$	$	$
Exploration, evaluation and restart work on Cusi Project	40,000,000	9,137,000	**30,863,000**
General and administrative expenses	5,500,000	2,781,000	**2,719,000**
Unallocated working capital	15,175,000	-	**15,175,000**
	60,675,000	**11,918,000**	**48,757,000**

As disclosed in the final amended offering document, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary and may vary materially from that set forth, as the amounts actually allocated and spent will depend on a number of factors.

Contractual Obligations

The following table summarizes the Company's contractual obligations as at June 30, 2026, on an undiscounted basis:

	Within 1 year	**1-3 years**	**3-4 years**	**5+ 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**
Reclamation provision	-	-	-	13,962,745	**13,962,745**

The increase in accounts payable and accrued liabilities is primarily the result of the Acquisition and increased activities related to the restart of Cusi Mining Complex.

Considering the current uncertainty as to the general market and competitive conditions, the Company continues to maintain its fiscally responsible approach to its activities. In particular, the Company continues to evaluate market conditions on an ongoing basis, with the goal of, among other things: (i) identifying the appropriate time to initiate certain business objectives, and (ii) exploring potential alternatives to further develop and expand the Company's business.

As such, the Company notes that there may be circumstances where, for sound business reasons, the Company may be required to reallocate funds, including due to demands for shifting focus or investment in mining exploration and/or development activities, requirements for accelerating, increasing, reducing, or eliminating initiatives in response to changes in market, regulations and/or developments in the mining sector generally and in the price of silver, unexpected setbacks, and strategic opportunities, such as partnerships, strategic partners, joint ventures, mergers, acquisitions, and other opportunities.

SUMMARY OF QUARTERLY RESULTS

The following table presents selected unaudited quarterly financial information for the eight most recently completed quarters:

	Q2 2026	**Q1 2026**	**Q4 2025**	**Q3 2025**
	$	$	$	$
Revenue	**10,387,168**	**-**	**-**	**-**
Net loss	**6,102,105**	**5,404,794**	**10,619,726**	**4,882,795**
Basic and diluted loss per share	**0.13**	**0.15**	**0.33**	**0.15**

	Q2 2025	**Q1 2025**	**Q4 2024**	**Q3 2024**
	$	$	$	$
Revenue	-	-	-	-
Net loss	1,521,055	774,399	5,066,082	791,783
Basic and diluted loss per share	0.06	0.03	0.26	0.05

Results over the eight quarters presented reflect three distinct periods in the Company's development: (i) the period prior to the RTO, in which results reflect the exploration and corporate activities of Silverco Corp, the accounting acquirer under the RTO; (ii) the period following the RTO and prior to the Acquisition, in which the Company expensed exploration and evaluation expenditures on the Cusi Mining Complex; and (iii) the current quarter, in which the Company completed the acquisition of La Negra Mine, recognized revenue for the first time from its La Negra Mine and began capitalizing Cusi development expenditures. The principal factors causing variation in each quarter are as follows.

Q3-2024 and Q4-2024: Results for these quarters reflect the exploration and corporate expenditures of Silverco Corp, the private company that under reverse acquisition accounting is treated as the continuing accounting entity for periods prior to the RTO. The increase in net loss from $791,783 in Q3-2024 to $5,066,082 in Q4-2024 primarily reflects an increase in the level of exploration and evaluation activity at the Cusi Mining Complex during the fourth quarter.

Q1-2025 and Q2-2025: Net loss decreased to $774,399 in Q1-2025 and increased to $1,521,055 in Q2-2025, reflecting a lower and then higher level of exploration and evaluation activity at Cusi relative to Q4-2024, together with ongoing corporate costs of Silverco Corp as a private company prior to becoming a reporting issuer.

Q3-2025: Net loss increased to $4,882,795, reflecting an increase in exploration and evaluation activity at Cusi in the period leading up to the updated Mineral Resource Estimate announced on December 9, 2025, and preparatory costs associated with the RTO, which completed on October 17, 2025.

Q4-2025: Net loss increased further to $10,619,726, the highest of the eight quarters presented. This quarter includes the completion of the RTO on October 17, 2025 and the associated transaction, listing, and professional costs; the Company's transition to a TSX Venture-listed reporting issuer, including the associated increase in corporate, governance, and investor relations costs; and continued exploration and evaluation expenditures at Cusi supporting the December 2025 Mineral Resource Estimate.

Q1-2026: Net loss decreased to $5,404,794 but remained elevated relative to the pre-RTO quarters, reflecting a full quarter of expensed exploration and evaluation expenditures at Cusi as the Company advanced toward the PEA announced in April 2026, together with increased corporate costs, including share-based compensation, associated with building out the Company's management team and board following the RTO.

Q2-2026: Net loss of $6,102,105 was the second-highest of the eight quarters presented, notwithstanding the recognition of the Company's first-ever revenue of $10,387,168 and mine operating earnings. This reflects several offsetting factors: (i) exploration and evaluation expense at Cusi declined to nil, as qualifying restart and development expenditures were capitalized to mineral properties rather than expensed; (ii) the Company recognized its first revenue from mining operations of $10,387,168 and mine operating earnings of $374,984, following the acquisition of the La Negra Mine on May 19, 2026; (iii) net loss was increased by transaction expenses of $503,789 related to the acquisition, provisional pricing adjustments of $2,372,538 relating to concentrate delivered by La Negra prior to the acquisition, and current and deferred income tax expense of $988,851, none of which arose in prior quarters; and (iv) general and administrative expenses increased, reflecting the build-out of the Company's corporate function to support two operating assets.

CUSI MINERAL RESOURCE ESTIMATE

On December 9, 2025, the Company announced an updated Mineral Resource Estimate ("MRE") for the Cusi Mining Complex. The MRE was prepared by Ben Eggers, MAIG, P.Geo. and Allan Armitage, Ph.D., P.Geo. of SGS Geological Services ("SGS"), both independent Qualified Persons as defined by National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). The supporting NI 43-101 Technical Report, titled "Mineral Resource Estimate for the Cusi Ag-Au-Pb-Zn Project, Chihuahua State, Mexico," dated January 14, 2026 with an effective date of October 20, 2025, is available under the Company's profile on SEDAR+ at www.sedarplus.ca and on the Company's website at www.silvercomining.com. There are no material differences between the Technical Report and the Company's December 9, 2025 news release.

The MRE is based on a validated database comprising data from 2,052 surface and underground drillholes totalling 360,237 metres completed between 2006 and October 2025, and 21,522 underground channels totalling 48,786 metres completed between 2013 and 2023. The estimate encompasses 63 three-dimensional resource models representing epithermal veins across the Cusi vein systems and is exclusive of mined-out material.

Combined Measured and Indicated Mineral Resources are estimated at 4.89 million tonnes grading 206 g/t silver, 0.15 g/t gold, 0.73% lead, and 0.86% zinc (262 g/t AgEq), containing 41.2 million ounces AgEq. Inferred Mineral Resources are estimated at 4.07 million tonnes grading 172 g/t silver, 0.17 g/t gold, 0.89% lead, and 1.20% zinc (243 g/t AgEq), containing 31.8 million ounces AgEq.

Table: Cusi Project Underground Mineral Resource Estimate, October 20, 2025

Resource Class	Mass (Mt)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	AgEq (g/t)	Ag (koz)	Au (koz)	Pb (Mlbs)	Zn (Mlbs)	AgEq (koz)
Measured	0.69	277	0.08	0.37	0.42	305	6,114	1.8	5.6	6.3	6,725
Indicated	4.21	195	0.16	0.78	0.93	255	26,330	22.2	72.7	86.5	34,433
M+I	**4.89**	**206**	**0.15**	**0.73**	**0.86**	**262**	**32,443**	**24.0**	**78.3**	**92.8**	**41,157**
Inferred	**4.07**	**172**	**0.17**	**0.89**	**1.20**	**243**	**22,479**	**22.2**	**79.5**	**107.5**	**31,753**

Notes:
(1) The mineral resource was estimated by Ben Eggers, MAIG, P.Geo. of SGS Geological Services, an independent Qualified Person as defined by NI 43-101. Mr. Eggers conducted a site visit to the Cusi Property on September 22–23, 2025. The mineral resource was peer reviewed by Allan Armitage, Ph.D., P.Geo. of SGS Geological Services, an independent Qualified Person as defined by NI 43-101.
(2) The classification of the MRE is consistent with the 2014 CIM Definition Standards for Mineral Resources and Mineral Reserves. The effective date of the MRE is October 20, 2025.
(3) All figures are rounded to reflect the relative accuracy of the estimate and numbers may not add due to rounding. All mineral resources are presented undiluted and in situ, constrained by continuous 3D wireframe models.
(4) Mineral resources are reported at a base case underground cut-off grade of 120 g/t AgEq, which considers metal prices of US$30/oz Ag, US$2,400/oz Au, US$1.00/lb Pb, and US$1.35/lb Zn; metal recoveries of 90% for Ag, 50% for Au, 90% for Pb, and 60% for Zn; a mining cost of US$60.00/t rock; and processing, treatment, and G&A costs of US$35.00/t mineralized material.
(5) An average density of 2.75 g/cm^3 was assigned to all domains based on a database of 244 samples.
(6) Mineral resources are not mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated or Measured Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated or Measured Mineral Resources with continued exploration.
(7) The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

The MRE incorporates only a portion of the Company's 2025 drill results. All deposits remain open along strike and/or down dip, and the Company's ongoing 2026 30,000-metre drill program is expected to generate additional data to support future resource updates and potential resource growth. The MRE forms the basis for the PEA discussed below.

CUSI PRELIMINARY ECONOMIC ASSESSMENT

On April 13, 2026, the Company announced the results of the PEA for the Cusi Mining Complex, prepared by JDS Energy & Mining Inc. ("JDS"), Forte Dynamics ("Forte"), and SGS Geological Services ("SGS") in accordance with the NI 43-101 technical report, the MRE report filed on SEDAR+ at www.sedarplus.ca on January 14, 2026. The PEA outlines a low-capital restart of the existing underground mine and 1,200 tonne-per-day processing facility, with concentrate production targeted to commence in late 2026 and full ramp-up by mid-2027. The supporting NI 43-101 technical report, titled "Preliminary Economic Assessment Technical Report for the Cusi Project," was filed on SEDAR+ on May 21, 2026 and is available under the Company's profile at www.sedarplus.ca.

Readers are cautioned that the PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the results of the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

PEA Economic Highlights

All dollar amounts in the following PEA discussion are expressed in US$ unless otherwise noted.

The following table summarizes the key results of the PEA:

	Units	**Base Case**
Silver price assumption	US$/oz	$44.58 (LOM avg.)
Mine life	years	8.3
Throughput	tpd	1,200
Avg. annual AgEq production (2028–2033)	Moz	~2.5
After-tax NPV (5%)	**US$M**	**104.1**
After-tax IRR	%	94.8
After-tax payback	years	0.9
Initial capital	US$M	19.2
Sustaining capital (incl. closure)	US$M	140.6
LOM All-In-Sustaining Costs ("AISC")	US$/AgEq oz	26.75
LOM Operating Cash Costs	US$/AgEq oz	17.24

Base case metal prices include gold at US$3,000/oz, lead at US$0.91/lb, and zinc at US$1.29/lb for both scenarios. Initial capital is inclusive of all capital and owner's costs through Q1 2027 and is net of revenue generated during the commissioning period from Q4 2026 to Q1 2027.

Upside Case

The PEA also evaluated an upside case utilizing a fixed silver price of US$75.00 per ounce, with all other metal prices held constant at the base case assumptions. Under the upside case, the after-tax NPV (5%) increases to US$312.2 million with an after-tax IRR of 186.9% and a payback period of 0.5 years.

Project Description and Mining Plan

The PEA contemplates an approximately nine-year mine life at a steady-state throughput of 1,200 tonnes per day, with mining activities focused on three primary zones: Promontorio, San Miguel, and Eduwiges. Initial production will prioritize the Promontorio zone to leverage existing underground infrastructure and advanced development. Development of the San Miguel zone is planned to proceed concurrently, targeting full ramp-up by the end of H1 2027. Mining will utilize conventional sublevel long-hole open stoping in a retreat configuration, performed by specialized contract miners.

Ore will be transported approximately 40 kilometres by highway truck to the Company's existing processing facility, which utilizes a conventional comminution and flotation circuit to produce a high-value bulk lead-silver concentrate. The project currently maintains constructed tailings storage capacity for the first twelve months of production, with permits already in place for additional capacity required by the end of 2027.

Production and Revenue Profile

Average annual silver equivalent production over the 2028 to 2033 period is estimated at approximately 2.5 million ounces, with peak annual production of approximately 2.8 million silver equivalent ounces. Life-of-mine recovered to concentrate silver totals 14.5 million ounces, with by-product metals comprising gold (13,400 ounces), lead (60.9 million pounds), and zinc (63.1 million pounds).

At base case prices, approximately 88% of projected life-of-mine net smelter return revenue is derived from silver, with the remainder attributable to lead (8%), gold (3%), and zinc (1%), providing the Company with significant leverage to silver prices.

Metal Price Assumptions

The base case utilizes a silver price curve starting at US$65.00 per ounce in 2026, reflecting spot prices and consensus projections at the time of the PEA, tapering to a long-term price of US$38.00 per ounce from 2030 onward. The life-of-mine average realized silver price is US$44.58 per ounce, which represents an approximate 13% discount to the consensus pricing of 32 banks and financial institutions at the time of the study. Gold, lead, and zinc are held constant at US$3,000 per ounce, US$0.91 per pound, and US$1.29 per pound, respectively. The upside case applies a fixed silver price of US$75.00 per ounce, with all other metal price assumptions unchanged.

Capital and Operating Costs

Initial capital is estimated at US$19.2 million, inclusive of all pre-production capital and owner's costs through Q1 2027 and net of commissioning-period revenue. The low initial capital requirement reflects the significant advantage of restarting an existing mine and processing facility versus a greenfield development, as evidenced by the 5.4 times after-tax NPV-to-initial-capital ratio at base case metal prices. Life-of-mine sustaining capital, including closure costs, is estimated at US$140.6 million.

Unit operating costs are estimated at US$40.27 per tonne mined, US$23.23 per tonne processed, US$9.03 per tonne for general and administrative costs, and US$3.63 per tonne contingency. Life-of-mine all-in sustaining costs are estimated at US$26.75 per payable silver equivalent ounce, with cash operating costs of US$17.24 per payable silver equivalent ounce.

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.

All related party transactions were in the normal course of operations and are measured at the amount of consideration established and agreed to by the parties as set out below for the three and six months ended June 30, 2026 and 2025.

	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.

OUTSTANDING SECURITY DATA

A summary of the number of the Company's issued and outstanding securities is as follows:

	June 30, 2026	MD&A Date
	#	#
Common shares	**54,799,406**	55,611,846
Options	**3,515,100**	3,139,100
Warrants	**1,715,964**	1,279,523
Performance share units	**1,410,000**	1,410,000
Restricted share units	**285,000**	285,000

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at June 30, 2026, the Company's financial instruments comprise cash, trade and other receivables, accounts payable and accrued liabilities, other liabilities, and debt. Cash, trade receivables not subject to provisional pricing, accounts payable and accrued liabilities, other liabilities and debt are classified and measured at amortized cost, and their carrying values approximate fair value due to their short-term maturities. Trade receivables arising from provisionally priced concentrate sales are classified and measured at fair value through profit or loss and are categorized within Level 2 of the fair value hierarchy, as they are valued by reference to quoted forward metal prices for the applicable quotational periods.

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:

a) 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.

b) 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**

c) 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.

I. *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.

II. *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.

III. *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 the 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.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 — *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), the Company utilizes the Venture Issuer Basic Certificate, which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109.

RISKS AND UNCERTAINTIES

The operations of the Company are subject to significant uncertainty due to the high-risk nature of its business, which is the acquisition, exploration, discovery, development and production of silver and base metals. The risk factors could materially affect the Company's financial condition and/or future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may adversely affect the Company's business.

The Company's activities expose it to various financial and operational risks that could have a significant impact on its level of operating cash flows in the future.

Readers are advised to study and consider risk factors disclosed in the Company's Annual Information Form for the fiscal year ended December 31, 2025, dated July 13, 2026 and available under the Company's issuer profile on SEDAR+ at www.sedarplus.ca.

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.

OFF-BALANCE SHEET ARRANGEMENTS

As at June 30, 2026 and the MD&A date, the Company does not have any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company has no proposed transactions as at the date of this MD&A.

MATERIAL ACCOUNTING POLICIES, STANDARDS, AND JUDGMENTS

The accounting policies applied in the preparation of the Financial Statements are consistent with those applied and disclosed in the Company's audited annual consolidated financial statements for the year ended December 31, 2025, except as described below.

As a result of the acquisition of Nuevo on May 19, 2026 and the reclassification of the Cusi exploration and evaluation asset to mineral properties effective April 1, 2026, the Company adopted a number of accounting policies during the period that were not previously applicable, as the Company had no subsidiaries with a United States dollar functional currency, no producing mines, no revenue, no inventories, and no mineral properties outside the exploration and evaluation stage.

These policies relate to:

- basis of consolidation;
- restricted share units (IFRS 2, *Share-based Payment*);
- foreign currency translation, reflecting the addition of United States dollar functional currency operations (IAS 21, *The Effects of Changes in Foreign Exchange Rates*);
- business combinations (IFRS 3, *Business Combinations*);
- commercial production and the accounting for pre-commercial production activities (IAS 16, *Property, Plant and Equipment*, IAS 2, *Inventories*, and IFRS 15, *Revenue from Contracts with Customers*);
- revenue recognition, including provisionally priced concentrate sales (IFRS 15 and IFRS 9, *Financial Instruments*);
- financial instruments (IFRS 9);
- inventories (IAS 2);
- borrowing costs (IAS 23, *Borrowing Costs*);
- exploration and evaluation expenditures (IFRS 6, *Exploration for and Evaluation of Mineral Resources*); and
- mineral properties (IAS 16).

These policies are described in Note 3 of the Financial Statements.

a) 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.

b) 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.

c) Significant Accounting Judgement and Estimates

The preparation of the Financial Statements in accordance with IAS 34, *Interim Financial Reporting*, requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates. The judgments and estimates that management considers most significant to the current period are summarized below and are described in full in Note 4 of the Financial Statements. Judgments and estimates not summarized below are consistent with those disclosed in the Company's audited annual consolidated financial statements for the year ended December 31, 2025.

Commercial production – La Negra Mine. Management has concluded that the La Negra Mine had not achieved commercial production as at June 30, 2026. The determination is based on factors including the mine operating consistently 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. As a consequence, under IAS 16 all production costs are recognized through inventory and cost of sales, revenue from concentrate sales is recognized in profit or loss under IFRS 15, and depletion of the La Negra mineral property has not commenced. The transition to commercial production is dependent on the achievement of consistent throughput and recovery rates at steady-state operations, which is sensitive to required capital investment, ongoing optimization, and the integration of operating practices following the Acquisition. Management reassesses this determination at each reporting date.

Reclassification of the Cusi exploration and evaluation asset. Under IFRS 6, an exploration and evaluation asset is reclassified out of the exploration and evaluation stage once the criteria in IFRS 6.17 are met, and the assessment of whether those criteria have been met requires judgment. Management determined that the criteria were met effective April 1, 2026, based on the totality of the available evidence, and the Cusi exploration and evaluation asset 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, and no impairment was identified. From April 1, 2026, qualifying restart and development expenditures at Cusi are capitalized under IAS 16 rather than expensed.

Business combination – identification of a business and of the acquirer. Management concluded that the acquisition of Nuevo meets the definition of a business under IFRS 3, on the basis that the acquired set comprises inputs (the La Negra mineral property, mining and processing equipment, an experienced operating workforce, and mineral resources), processes (production scheduling, maintenance programs, and metallurgical processing protocols), and outputs (saleable copper, lead and zinc concentrates). Management further concluded that the Company is the acquirer and that the acquisition date is May 19, 2026, being the date on which control was obtained.

Fair value of assets acquired and liabilities assumed. The fair values of the identifiable assets acquired and liabilities assumed in the Acquisition are provisional as at June 30, 2026, particularly in respect of mineral properties, plant and equipment, mineral inventories, reclamation provisions, and deferred consideration. The fair value of mineral properties was determined using a discounted cash flow model, with key assumptions including estimated future production volumes, metal prices, operating costs, capital expenditures, and the discount rate. The acquisition accounting will be finalized within the measurement period permitted under IFRS 3, which does not exceed twelve months from the acquisition date. Adjustments to the provisional amounts may have a material effect on the Financial Statements.

Functional currency. Under IAS 21, management determined that the functional currency of Nuevo and its operating subsidiary holding the La Negra Mine is the United States dollar, based on an assessment of the currency that mainly influences sales prices, production costs and financing, and the currency in which operating receipts are retained. The Company's presentation currency remains the Canadian dollar.

Reclamation provisions. The reclamation provision represents management's best estimate of the present value of future expenditures required to settle the Company's reclamation and closure obligations, measured using estimates of future cash outflows, inflation rates, discount rates, and the expected timing of expenditures. Changes in any of these inputs can result in material adjustments to the provision and the corresponding offset to mineral properties or profit or loss.

Net realizable value of mineral inventories. Mineral inventories are measured at the lower of cost and net realizable value, the estimation of which requires assumptions about future metal prices, treatment and refining charges, and other contractual deductions.

Going concern. Management's assessment of the Company's ability to continue as a going concern under IAS 1, *Presentation of Financial Statements*, is a significant judgment.

TECHNICAL DISCLOSURE

The scientific and technical information contained in this MD&A relating to the Cusi Mining Complex and La Negra has been reviewed and approved by Nico Harvey, P.Eng., Vice President, Project Development of the Company, a Qualified Person as defined by NI 43-101. Mr. Harvey is not independent of the Company.

Cautionary Note Regarding Mineral Resources and Production Decisions

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Inferred mineral resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that inferred mineral resources will be converted to higher-confidence categories.

The Company's decision to place the Cusi Mining Complex into production, and its decision to continue production at the La Negra Mine, were not based on a feasibility study of mineral reserves demonstrating economic and technical viability. Neither property has mineral reserves as defined under NI 43-101. Readers are cautioned that there is increased uncertainty and a higher risk of economic and technical failure associated with production decisions that are not supported by a feasibility study, including increased uncertainty as to the achievement of any particular level of recovery, production, capital cost or operating cost, and a higher technical risk of failure. There is no assurance that anticipated production levels, capital costs, operating costs, mine life or economic returns will be achieved.

The PEA for the Cusi Mining Complex is preliminary in nature and includes inferred mineral resources. There is no certainty that the results of the PEA will be realized.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's Annual Information Form for the fiscal year ended December 31, 2025, is available on SEDAR+ at www.sedarplus.ca.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document constitute "forward-looking statements". All statements other than statements of historical fact contained in this MD&A, including, without limitation, those regarding the Company's future financial position and results of operations, strategy, proposed acquisitions, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. Forward-looking statements include statements with respect to: the completion, the timing of completion and the expected benefits of the budgeted and/or proposed exploration activities and work programs for the Company's mineral properties, and other statements that may relate to future financial conditions, results of operations, plans, objectives, performance or business developments of the Company. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to risks associated with: the realization of benefits from the completion of the RTO and the Nuevo Transaction; geological risks; limited operating history; inability to generate earnings or pay dividends for the foreseeable future; uncertain ability to raise additional funds when required; reliance on a small number of key managers; potential conflicts of interest among directors and officers of the Company; lack of liquidity for shareholders of the Company; ability to secure needed permits, ability to physically access and work the Company's property assets due to poor weather, a potential lack of key contract personnel and services providers needed to execute elements of the Company's exploration plans, market risk consisting of fluctuations in the Company's share price, metal prices, credit market conditions; investor appetite for early stage exploration companies; consents or authorizations required for mining activities, and material delays in obtaining them; the Company's ability to complete its planned exploration programs; the absence of adverse conditions at properties; no unforeseen operational delays; environmental regulations or hazards and compliance with complex regulations associated with mining activities; climate change and climate change regulations; fluctuations in exchange rates; the business objectives of the Company; whether economic mineralization can be defined and, if it can be permitted for development; the uncertainty that any mineralization encountered on adjacent properties continues on to any of the Company's properties; the uncertainty that geological and/or geophysical and/or any trends, interpretations, or conclusions related to adjacent properties have relevance to any of the Company's properties; changes in project parameters as plans to continue to be refined; the consequences and implications of the historical mining activities on the environment and whether such affects the potential exploration and/or development of any mining operation the Company's properties; labour disputes and other risks of the mining industry; the speculative nature of mineral exploration and development; title to properties, such further risks as disclosed in the Company's filings with Canadian securities regulators and management's ability to anticipate and manage the foregoing risks and uncertainties . See "Risks and Uncertainties".

Management provides forward-looking statements because they believe such statements deliver useful guidance and information to readers when considering their investment objectives. Though management believes such statements to be as accurate as possible in the context of the information available to management at the time in which they are made, management cautions readers that the guidance and information contained in such statements may rapidly be superseded by subsequent events. Consequently, all the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments suggested by such forward-looking statement will be realized or, even if substantially realized, that they will have the expected results, or effects upon, the Company. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

The Company provides no assurance that forward-looking statements and information will prove to be accurate, as the forward-looking statements in this MD&A are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future, including assumptions regarding business and operating strategies.