



Mining Corp.

**Condensed Consolidated Interim
Financial Statements**

**For the three and nine months ended
September 30, 2025 and 2024
(Unaudited)**



Condensed consolidated interim statements of financial position
(Unaudited - Expressed in thousands of US dollars)

	Note	September 30 2025	December 31 2024
ASSETS			
Current assets			
Cash and cash equivalents		\$ 15,925	\$ 10,207
Amounts receivable	4	8,005	7,637
Inventories	5	10,696	8,591
Prepaid expenses and deposits	6	7,575	4,410
Other current assets		42	116
Total current assets		42,243	30,961
Non-current assets			
Property, plant and equipment	7	45,391	44,544
Mineral properties	8	70,180	59,427
Other long-term assets	4	732	42
Total assets		\$ 158,546	\$ 134,974
LIABILITIES			
Current liabilities			
Amounts payable and accrued liabilities	9	\$ 33,651	\$ 24,379
Current portion of lease liabilities	10	1,238	1,796
Current portion of loans payable	11	5,682	14,603
Derivative liabilities	12	-	4,975
Current portion of stream agreement	13	11,043	5,840
Total current liabilities		51,614	51,593
Non-current liabilities			
Lease liabilities	10	9,375	9,214
Loans payable	11	-	2,434
Stream agreement	13	25,000	16,964
Provision for reclamation and rehabilitation	14	7,678	6,749
Other long-term liabilities		1,932	336
Total liabilities		95,599	87,290
SHAREHOLDERS' EQUITY			
Share capital	15	152,533	122,594
Share subscriptions		-	10
Reserves	16	12,443	12,673
Accumulated other comprehensive earnings		1,827	1,534
Deficit		(103,856)	(89,127)
Total equity		62,947	47,684
Total liabilities and equity		\$ 158,546	\$ 134,974

Nature of operations (note 1)

Commitments and contingencies (note 26)

Subsequent events (notes 27)

"Peter Damouni"
Director

"Phillip Brumit Sr."
Director

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

Condensed consolidated interim statements of (loss) earnings and comprehensive (loss) earnings
(Unaudited - Expressed in thousands of US dollars, except share and per share amounts)

	Notes	For the three months ended		For the nine months ended	
		September 30 2025	September 30 2024	September 30 2025	September 30 2024
Revenue	18	\$ 35,039	\$ 18,095	\$ 110,436	\$ 52,599
Cost of sales	19	31,123	16,347	84,084	44,578
Mine operating earnings		3,916	1,748	26,352	8,021
General and administration	20	2,784	2,294	9,963	6,187
Share based compensation	16(b)	1,582	975	2,383	1,177
Foreign exchange loss (gain)		836	(19)	2,819	(2,461)
Other operating expense (net)	9	2,718	185	3,151	114
Operating (loss) earnings		(4,004)	(1,687)	8,036	3,004
Interest and finance costs, net	21	(654)	(822)	(1,846)	(2,167)
Fair value of derivative liability in excess of deferred revenue		-	(14,440)	-	(14,440)
Gain on debt modification and settlement	11, 12	-	-	295	4,542
Gain on disposal of subsidiary	2	-	-	-	2,087
Change in fair value of derivative liability from stream agreement	13	(10,067)	(2,274)	(19,094)	(2,274)
Loss before income taxes		\$ (14,725)	\$ (19,223)	\$ (12,609)	\$ (9,248)
Current income tax expense		1,296	-	2,120	-
Net loss for the period		\$ (16,021)	\$ (19,223)	\$ (14,729)	\$ (9,248)
Other comprehensive (loss) earnings, net of tax					
Items that are or may subsequently be reclassified to profit or loss:					
Foreign currency translation differences		(218)	190	293	(315)
Total comprehensive loss for the period		\$ (16,239)	\$ (19,033)	\$ (14,436)	\$ (9,563)
Loss per common shares					
Basic	17	\$ (0.06)	\$ (0.11)	\$ (0.06)	\$ (0.06)
Diluted	17	\$ (0.06)	\$ (0.11)	\$ (0.06)	\$ (0.06)
Weighted average number of common shares outstanding (000's)					
Basic	17	263,534	171,431	250,294	166,316
Diluted	17	263,534	171,431	250,294	166,316

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

Condensed consolidated interim statements of changes in equity
(Unaudited - Expressed in thousands of US dollars, except share and per share amounts)

	Notes	Number of common shares	Share capital	Share subscription received in advance	Stock Option Reserve share-based payments	Warrants Reserve	Reserves total	Accumulated deficit	Accumulated other comprehensive earnings (loss)	Total shareholders' equity
Balance, December 31, 2023		148,107,644	\$107,814	\$-	\$7,935	\$2,027	\$9,962	\$(78,704)	\$2,081	\$41,153
Shares issued upon settlement of debt	15	17,750,000	3,566	-	-	-	-	-	-	3,566
Private placement, net of issue cost	15	25,126,167	7,800	-	-	-	-	-	-	7,800
Shares issued on the exercise of stock options	15	67,500	41	-	(19)	-	(19)	-	-	22
Shares issued on the exercise of warrants	15	7,002,137	2,564	-	-	-	-	-	-	2,564
Warrants issued for finder's fees	15	-	(177)	-	-	177	177	-	-	-
Share-based compensation	16(b)	-	-	-	1,588	-	1,588	-	-	1,588
Comprehensive loss (Restated – Note 2)		-	-	-	-	-	-	(9,248)	(315)	(9,563)
Balance, September 30, 2024 (Restated – Note 2)		198,053,448	\$121,608	\$ -	\$9,504	\$2,204	\$11,708	\$(87,952)	\$1,766	\$47,130
Shares issued on the exercise of stock options	15	777,778	454	-	(203)	-	(203)	-	-	251
Shares issued on the exercise of warrants	15	1,472,874	532	10	-	(5)	(5)	-	-	537
Share-based compensation	16(b)	-	-	-	1,173	-	1,173	-	-	1,173
Comprehensive loss		-	-	-	-	-	-	(1,175)	(232)	(1,407)
Balance, December 31, 2024		200,304,100	\$122,594	\$10	\$10,474	\$2,199	\$12,673	\$(89,127)	\$1,534	\$47,684
Shares issued upon settlement of debt	15	13,566,771	6,703	-	-	-	-	-	-	6,703
Shares issued on the exercise of stock options	15	4,710,181	4,054	-	(2,311)	-	(2,311)	-	-	1,743
Shares issued on the exercise of warrants	15	49,002,035	18,608	(10)	-	(838)	(838)	-	-	17,760
Settlement of restricted share units	15	1,300,000	574	-	(574)	-	(574)	-	-	-
Share-based compensation	16(b)	-	-	-	3,493	-	3,493	-	-	3,493
Comprehensive (loss) earnings		-	-	-	-	-	-	(14,729)	293	(14,436)
Balance, September 30, 2025		268,883,087	\$152,533	\$ -	\$11,082	\$1,361	\$12,443	\$(103,856)	\$1,827	\$62,947

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

Condensed consolidated interim statements of cash flows

(Unaudited - Expressed in thousands of US dollars)

Notes	For the three months ended		For the nine months ended	
	September 30 2025	September 30 2024	September 30 2025	September 30 2024
		<i>Restated – Note 2</i>		<i>Restated – Note 2</i>
Operating activities				
Net loss for the period	\$ (16,021)	\$ (19,223)	\$ (14,729)	\$ (9,248)
Items not involving cash and cash equivalents:				
Accretion relating to reclamation and rehabilitation	14	260	135	467
Depreciation and amortization		3,386	821	2,131
Amortization of deferred financing costs		-	-	52
Amortization and accretion relating to stream agreement	13	-	508	753
Accretion and interest on lease	10	279	262	801
Accretion and interest on debt	11	162	478	1,815
Share-based compensation	16 (b)	2,274	1,169	1,440
Change in fair value of derivative liability from stream agreement	13	10,067	2,274	2,274
Fair value of derivative liability in excess of deferred revenue		-	14,440	14,440
Income tax expense		1,296	-	-
Gain on debt modification and settlement	11	-	(84)	(4,472)
Gain on disposal of subsidiary	2	-	-	(2,087)
Unrealized foreign exchange loss (gain)		658	(295)	(811)
Gain on lease extinguishment		-	-	(9)
Fair value of warrants issued in financing		-	-	(120)
Loss on sale of fixed assets		-	-	86
Purchase of silver bullion for Empress		(2,730)	(600)	(600)
Proceeds of silver deliveries		571	179	179
Income tax paid		(819)	-	-
Changes in non-cash operating working capital	25	1,934	1,079	(5,827)
Net cash and cash equivalents provided by operating activities		1,317	1,143	1,178
Investing activities				
Acquisition of property, plant and equipment		(3,558)	(1,257)	(2,890)
Investment in mineral properties		(4,708)	(624)	(1,012)
Net cash and cash equivalents used in investing activities		(8,266)	(1,881)	(3,902)
Financing activities				
Shares issued on financing, net of issuance costs		-	7,800	7,800
Interest paid on leases and loans payable	10, 11	(479)	(366)	(1,241)
Proceeds from debt		-	-	2,500
Proceeds from warrants and/or stock options exercised		1,854	2,227	2,578
Repayment of lease liabilities	10	(287)	(661)	(1,310)
Repayment of debt	11, 12	(2,283)	-	-
Net cash and cash equivalents (used in) provided by financing activities		(1,195)	9,000	7,173
Effect of exchange rate change on cash and cash equivalents		(226)	(152)	285
Change in cash and cash equivalents		(8,370)	8,110	5,718
Cash and cash equivalents, beginning of the period		24,295	1,346	10,207
Cash and cash equivalents, end of the period		\$ 15,925	\$ 9,456	\$ 15,925
Cash and cash equivalents are consisted of:				
Cash		13,719	9,456	13,719
Redeemable guaranteed investment certificate ("GIC")		2,206	-	2,206
Total cash and cash equivalents, end of the period		\$ 15,925	\$ 9,456	\$ 15,925

Supplemental cash flow information (Note 25)

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

Notes to the condensed consolidated interim financial statements

(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

1. NATURE OF OPERATIONS

Luca Mining Corp. is the parent company of its subsidiary group (collectively, the "Company" or "Luca") and is a publicly traded corporation incorporated in Canada, with its head office located at 410 – 1111 Melville Street, Vancouver, BC, V6E 3V6 and its registered and records office at 2501 – 550 Burrard Street, Vancouver, BC V6C 2B5. Luca's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol "LUCA", quoted on the OTCQX over-the-counter market in the USA under the symbol "LUCMF" and quoted on the Frankfurt Stock Exchange under the symbol "Z68".

The Company is a producer of base and precious metals and is also engaged in the acquisition, exploration and development of resource properties. The Company is currently producing gold, silver, zinc, copper and lead at the Campo Morado mine and mill ("Campo Morado") located in the state of Guerrero, Mexico and the Tahuehueto mine and mill ("Tahuehueto") located in the state of Durango, Mexico.

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements ("Interim Financial Statements") have been prepared in accordance with International Accounting Standards ("IAS") 34 - *Interim Financial Reporting* and do not include all of the information required for a full annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2024 (the "Annual Financial Statements").

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

These Interim Financial Statements are presented in United States dollars ("US") and include the accounts of the Company and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated upon consolidation of these subsidiaries.

On May 30, 2024, the Company sold its 99.98% interest in Prestadora de Servicios Arcelia, S.A. de C.V. ("PSA") to a third party in Mexico for \$2 (\$45 Mexican Pesos) recognizing a gain on the sale of \$2,087 in the unaudited condensed consolidated interim statements of (loss) earnings and comprehensive (loss) earnings. This gain represents the difference between the sale price and the carrying amounts of the assets and liabilities that were derecognized at the date of disposition. The results of PSA's operations are reflected in the consolidated financial statements through the date of sale, May 30, 2024.

These Interim Financial Statements were approved by the Company's Board of Directors on November 17, 2025. Certain comparative figures have been reclassified to conform to the current period presentation.

As described in Note 13, during the year ended December 31, 2024, the Company identified that the amendments made to the Stream Agreement on August 13, 2024 resulted in the Amended Streaming Agreement being recognized as a derivative financial liability. The Company's previously-filed interim financial statements as at and for the three and nine months ended September 30, 2024 presented the Amended Streaming Agreement as deferred revenue. As a result, certain comparative information presented herein for the three and nine months ended September 30, 2024 has been restated to reflect the impact of the reclassification of the Amended Streaming Agreement from deferred revenue to a derivative financial liability on August 13, 2024.

The following tables summarize the impact of the restatement on the interim statements of loss for the three and nine months ended September 30, 2024.

For the three months ended September 30, 2024	As previously reported	Adjustment	As Restated
Fair value of derivative liability in excess of deferred revenue	\$ -	\$ (14,440)	\$ (14,440)
Change in fair value of derivative liability from stream agreement	-	(2,274)	(2,274)
Basic loss per common share	(0.01)	(0.10)	(0.11)
Diluted loss per common share	(0.01)	(0.10)	(0.11)

For the nine months ended September 30, 2024	As previously reported	Adjustment	As Restated
Fair value of derivative liability in excess of deferred revenue	\$ -	\$ (14,440)	\$ (14,440)
Change in fair value of derivative liability from stream agreement	-	(2,274)	(2,274)
Basic earnings (loss) per common share	0.04	(0.10)	(0.06)
Diluted earnings (loss) per common share	0.04	(0.10)	(0.06)

Notes to the condensed consolidated interim financial statements
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

2. BASIS OF PREPARATION (continued)

The restatement did not impact the total operating, investing or financing cash flows for any period presented; however, certain line items within net cash and cash equivalents provided by operating activities were impacted. The following tables summarize the impact of the restatement on the interim statements of cash flows for the three and nine months ended September 30, 2024.

For the three months ended September 30, 2024	As previously reported	Adjustment	As Restated
Fair value of derivative liability in excess of deferred revenue	\$ -	\$ 14,440	\$ 14,440
Change in fair value of derivative liability from stream agreement	-	2,274	2,274
Purchase of silver bullion for Empress	(799)	199	(600)
Proceeds of silver deliveries	-	179	179
Accounts payable and accrued liabilities	(856)	(378)	(1,234)

For the nine months ended September 30, 2024	As previously reported	Adjustment	As Restated
Fair value of derivative liability in excess of deferred revenue	\$ -	\$ 14,440	\$ 14,440
Change in fair value of derivative liability from stream agreement	-	2,274	2,274
Purchase of silver bullion for Empress	(799)	199	(600)
Proceeds of silver deliveries	-	(179)	(179)
Accounts payable and accrued liabilities	(5,720)	(378)	(6,098)

3. MATERIAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The material accounting policies applied in these Interim Financial Statements are the same as those applied in the Company's Annual Financial Statements as at and for the year ended December 31, 2024, which included information necessary or useful to understanding the Company's business and financial statement presentation.

In preparing these Interim Financial Statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the Annual Financial Statements and should be read in conjunction with the Annual Financial Statements.

The accounting policies presented in Note 3 to the Annual Financial Statements have been applied consistently to all years presented and by all subsidiaries in the group in the preparation of the Interim Financial Statements.

4. AMOUNTS RECEIVABLE

	September 30 2025	December 31 2024
Trade receivables	\$ 3,799	\$ 770
VAT recoverable	3,318	6,608
Income tax receivable	607	-
Other receivables	1,013	267
	\$ 8,737	\$ 7,645
Less: non-current portion of VAT recoverable	732	8
	\$ 8,005	\$ 7,637

The Company's trade receivables from concentrate sales are expected to be collected in accordance with the terms of the existing contracts with its customer. No amounts were past due as at September 30, 2025.

At the reporting date, the Company assessed the timing of collection of the total VAT receivable of \$3,318 (December 31, 2024 - \$6,608) and concluded that \$732 (December 31, 2024 - \$8) of the VAT recoverable is not expected to be collected within the next 12 months, therefore it was classified as non-current other assets.

Notes to the condensed consolidated interim financial statements
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

5. INVENTORIES

	September 30 2025		December 31 2024	
Concentrate	\$	2,491	\$	2,292
Ore stockpiles		1,920		1,687
Materials and supplies		6,285		4,612
	\$	10,696	\$	8,591

During the three and nine months ended September 30, 2025, the Company expensed \$25,792 and \$67,081 of inventories to cost of sales (September 30, 2024, \$14,181 and \$40,236 respectively). At December 31, 2024, the Company recognized a provision of \$1,148 for obsolete items in its materials and supply inventories, which encompass replacement parts and other general supplies and remained unchanged as of September 30, 2025.

6. PREPAID EXPENSES AND DEPOSITS

	September 30 2025		December 31 2024	
Prepays	\$	4,399	\$	2,668
Advances to suppliers		3,176		1,742
	\$	7,575	\$	4,410

7. PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment	Land and buildings	Construction in process	Total
COST	\$	\$	\$	\$
Balance December 31, 2024	24,718	33,944	4,803	63,465
Additions	2,710	333	4,145	7,188
Transfers	79	1,895	(2,224)	(250)
Dispositions	(296)	(299)	(11)	(606)
Foreign currency movement	-	14	-	14
Balance, September 30, 2025	27,211	35,887	6,713	69,811
ACCUMULATED DEPRECIATION				
Balance December 31, 2024	(12,645)	(6,276)	-	(18,921)
Depletion and amortization	(2,556)	(3,014)	-	(5,570)
Dispositions	90	-	-	90
Foreign currency movement	-	(19)	-	(19)
Balance, September 30, 2025	(15,111)	(9,309)	-	(24,420)
Net book value September 30, 2025	12,100	26,578	6,713	45,391

Notes to the condensed consolidated interim financial statements
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	Machinery and equipment	Land and buildings	Construction in process	Total
COST	\$	\$	\$	\$
Balance December 31, 2023	17,947	11,067	24,823	53,837
Additions	6,292	1,393	4,871	12,556
Transfers	513	21,732	(24,887)	(2,642)
Dispositions	(34)	(227)	(4)	(265)
Foreign currency movement	-	(21)	-	(21)
Balance, December 31, 2024	24,718	33,944	4,803	63,465
ACCUMULATED DEPRECIATION				
Balance December 31, 2023	(8,291)	(3,916)	-	(12,207)
Depletion and amortization	(4,353)	(2,523)	-	(6,876)
Dispositions	34	158	-	192
Foreign currency movement	(35)	5	-	(30)
Balance, December 31, 2024	(12,645)	(6,276)	-	(18,921)
Net book value December 31, 2024	12,073	27,668	4,803	44,544

8. MINERAL PROPERTIES

	Campo Morado Mine	Tahuehueto Mine	Total
COST	\$	\$	\$
Balance, December 31, 2024	17,523	44,093	61,616
Additions	10,672	3,275	13,947
Changes in closure and reclamation	37	(307)	(270)
Transfers	-	250	250
Balance, September 30, 2025	28,232	47,311	75,543
ACCUMULATED DEPRECIATION			
Balance, December 31, 2024	(1,414)	(775)	(2,189)
Depletion and amortization	(605)	(2,569)	(3,174)
Balance, September 30, 2025	(2,019)	(3,344)	(5,363)
Net book value September 30, 2025	26,213	43,967	70,180

	Campo Morado Mine	Tahuehueto Mine	Total
COST	\$	\$	\$
Balance, December 31, 2023	14,079	35,184	49,263
Additions	1,953	7,759	9,712
Changes in closure and reclamation	1,491	1,150	2,641
Balance, December 31, 2024	17,523	44,093	61,616
ACCUMULATED DEPRECIATION			
Balance, December 31, 2023	(959)	-	(959)
Depletion and amortization	(455)	(775)	(1,230)
Balance, December 31, 2024	(1,414)	(775)	(2,189)
Net book value December 31, 2024	16,109	43,318	59,427

Tahuehueto Mine

The Company owns 99% of the Tahuehueto mine located in the State of Durango, Mexico. The Company has a 30-year surface access rights agreement with the local communities (2016 – 2046) under which the Company is obligated to make annual payments of \$69, increasing 5% compounded annually. A portion of the Tahuehueto mine is subject to a 1.6% net smelter return royalty ("NSR") as well as a royalty streaming agreement (Note 13).

Notes to the condensed consolidated interim financial statements

(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

8. MINERAL PROPERTIES (continued)

For the three and nine months ended September 30, 2025, the Company capitalized \$nil in borrowing costs (September 30, 2024 - \$680 and \$2,231 respectively) associated with the construction of the milling facilities at Tahuehueto.

Campo Morado Mine

The Company owns 100% of the Campo Morado Mine located in the State of Guerrero, Mexico. The Campo Morado Mine is subject to a royalty between 2% - 3% of the net value of sales over the minerals extracted during the term of existence of the mining concession to the Servicio Geologico Mexicano ("SGM").

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30 2025	December 31 2024
Accounts payable	\$ 11,178	\$ 8,490
Payroll and benefits accrual	3,375	1,073
Contingent liabilities	3,935	3,717
Royalties	2,857	1,623
Accrued liabilities	6,212	3,733
Income tax payable	1,934	98
Other tax payable	3,325	4,310
Other payables	835	1,335
	\$ 33,651	\$ 24,379

Servicio de Administración Tributaria Vs Minas de Campo Morado, S.A. de C.V.

During the 2019 fiscal year, Servicio de Administración Tributaria, ("SAT") conducted an audit of the Company's subsidiary, Campo Morado, in respect of Value Added Tax ("VAT") and Income Tax ("ISR") for the fiscal years 2014 and 2015. Following several administrative and judicial proceedings, the matter was concluded in 2025. As at September 30, 2025, the Company has recognized a provision of \$3,368 (MXN 61.8 million) during the three and nine month ended September 30, 2025 in other operating expenses. \$1,572 of the provision is included in accrued liabilities and \$1,796 is included in other long-term liabilities, representing the final amount owing in connection with this matter. The Company has also recorded a reduction of \$360 (MXN 6.5 million) in prior-year tax losses. No further legal or administrative actions remain outstanding.

Size Solutions, S.A. de C.V.

In March 2020, the Company terminated its business relationship with Size Solutions S.A. de C.V. ("Size"), a payroll service provider for Minas de Campo Morado, S.A. de C.V., and corporate offices in Mexico City. The Company received notice from Size of outstanding amounts payable by the Company as of December 31, 2019, in the amount of \$3,152 (MXN 62,000). As of September 30, 2025, the Company has recorded an accrual of \$3,561 in respect of this obligation.

Notes to the condensed consolidated interim financial statements
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

10. LEASE LIABILITIES

Leases consist of machinery and equipment used to support operations at the Campo Morado and Tahuehueto mines. The Company also leases office space for its corporate offices in Vancouver, Canada and site headquarters located in Mexico City, Mexico.

The following outlines the continuity of lease liabilities:

Balance, December 31, 2023		\$	7,396
Additions			6,031
Disposal			(77)
Payments			(2,317)
Interest expense			1,185
Interest paid			(1,173)
Foreign currency movement			(35)
Balance, December 31, 2024		\$	11,010
Additions			1,144
Payments			(1,555)
Interest expense			789
Interest paid			(789)
Foreign currency movement			14
Balance, September 30, 2025		\$	10,613
		September 30	December 31
		2025	2024
Current	\$	1,238	\$ 1,796
Non-current		9,375	9,214
	\$	10,613	\$ 11,010

Future minimum lease payments (principal and interest) on the leases are as follows:

	Amount
2025	\$ 649
2026	2,178
2027	2,120
2028	2,012
Thereafter	7,575
Total minimum lease payments	14,534
Present value of minimum lease payments	(3,921)
Lease obligations, September 30, 2025	\$ 10,613

11. LOANS PAYABLE

	Trafigura (Campo)	Trafigura (Tah)	Breakwater	Urion	Accendo	Total
	\$	\$	\$	\$	\$	\$
Balance, December 31, 2024	3,722	6,640	1,553	5,122	-	17,037
Interest expense	187	395	72	-	-	654
Interest payments	(203)	(574)	(72)	-	-	(849)
Principal payments	(2,466)	(2,524)	(1,048)	-	-	(6,038)
Debt settlement with cash	-	-	-	(1,572)	-	(1,572)
Fair value of shares issued in settlement of debt obligations	-	-	-	(3,400)	-	(3,400)
(Gain)/loss on debt settlement	-	-	-	(150)	-	(150)
Balance, September 30, 2025	1,240	3,937	505	-	-	5,682
Which consists of:						
Current portion of loans	1,240	3,937	505	-	-	5,682
Non-current portion of loans	-	-	-	-	-	-
Balance, September 30, 2025	1,240	3,937	505	-	-	5,682

Notes to the condensed consolidated interim financial statements
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

11. LOANS PAYABLE (continued)

	Trafigura (Campo)	Trafigura (Tah)	Breakwater	Urion	Accendo	Total
Balance, December 31, 2023	\$ 1,385	\$ 12,602	\$ 1,653	\$ -	\$ 7,878	\$ 23,518
Additions, net of transaction fees	2,500	-	-	-	-	2,500
Interest expense	389	1,402	167	-	51	2,009
Interest payments	(333)	(1,348)	(154)	-	-	(1,835)
Principal payments	(260)	(400)	(110)	-	-	(770)
Conversion of debt into convertible debenture	-	(5,800)	-	5,800	-	-
Embedded derivative liability related to the convertible debenture	-	-	-	(6,555)	-	(6,555)
Fair value of shares issued in settlement of debt obligations	-	-	-	-	(3,694)	(3,694)
Accretion and amortization	-	-	-	111	307	418
Loss/(gain) on modification	41	184	(3)	5,766	-	5,988
Loss/(gain) on debt settlement	-	-	-	-	(4,542)	(4,542)
Balance, December 31, 2024	3,722	6,640	1,553	5,122	-	17,037
Which consists of:						
Current portion of loans	3,722	4,206	1,553	5,122	-	14,603
Non-current portion of loans	-	2,434	-	-	-	2,434
Balance, December 31, 2024	3,722	6,640	1,553	5,122	-	17,037

a) Trafigura (Campo and Tahuehueto)

The Company has had loans outstanding to Trafigura since 2017. As a result of previous non-compliance with the terms and conditions of the Company's loans with Trafigura, on November 12, 2020, the Company agreed to transfer all of its assets in the Campo Morado and Tahuehueto mines into a trust, governed by a trustee and a trust agreement (the "Trust"), in order to secure the full repayment of the outstanding loans.

On January 1, 2024, the Company had two outstanding loans to Trafigura, the Trafigura Campo loan ("Trafi Campo") and the Trafigura Tahuehueto loan ("Trafi Tah") for \$1,385 and \$12,602 respectively (collectively the "Trafigura Loans"). The Trafi Campo loan bore interest at three-month SOFR plus 5.26% and matured on June 30, 2024, and the Trafi Tah loan bore interest at one-year SOFR plus 6.72% and matured on December 31, 2024.

On January 11, 2024, the Company received an additional loan from Trafigura for \$2,500 under the Trafi Campo loan agreement, converted \$5,800 of the Trafi Tah loan into a non-interest-bearing convertible debenture (The "Convertible Debenture") and concurrently amended the terms of the Trafigura Loans. The Trafi Campo loan's maturity date was extended to June 30, 2025, with repayments of \$260 plus interest commencing on April 30, 2024. The Trafi Tah loan's maturity date was extended to January 3, 2026, with repayments of \$200 plus interest commencing on March 31, 2024. After six months, the repayments on the Trafi Tah loan will increase to \$345 plus interest.

Trafigura conditionally assigned the Convertible Debenture to its affiliate Urion Holdings ("Malta") Limited ("Urion"), with such assignment to be executed upon Urion being included in the existing security arrangements between the Company and Trafigura (the "Condition"). The Convertible Debenture had originally been signed and placed in escrow, and was released on August 22, 2024 when the Condition was met. The Convertible Debenture was set to mature three years from the date it was released from escrow and made effective but could have been repaid prior to that date upon providing 60 days written notice, provided that the Trafigura Loans and the Breakwater Loan (Note 11(b)) had been repaid in full (the "Early Prepayment Option"). Trafigura could have elected to convert, in whole or in part, the Convertible Debenture principal at any time prior to the maturity date at a conversion price of CAD\$0.35 per common share. Any Shares issued under the Convertible Debenture would have been subject to a four month plus one day hold period under applicable Canadian securities laws.

The conversion option in the Convertible Debenture does not meet the fixed-for-fixed criterion under IAS 32 due to the currency mismatch between the US dollar denominated debenture and the Canadian dollar denominated conversion price and functional currency of the Company. This results in a variable conversion outcome driven by exchange rate fluctuations. The Early Prepayment Option also meets the definition of an embedded derivative because its value fluctuates based on interest rates and it is not closely related to the debt host instrument. Consequently, the entire debenture is classified as a financial liability, with the conversion feature and Early Prepayment Option recognized separately as a combined embedded derivative liability, measured at fair value through profit or loss (FVTPL) under IFRS 9. The host debt instrument is classified at amortized cost. The conversion

Notes to the condensed consolidated interim financial statements
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

11. LOANS PAYABLE (continued)

of a portion of the Trafi Tah loan into the Convertible Debenture was accounted for as an extinguishment of the portion of the Trafi Tah loan. The portion of the Trafi Tah loan settled as part of this transaction was derecognized at its carrying amount, and the Convertible Debenture was recognized at its fair value, including the debt host component and the embedded derivatives. The difference between the carrying amount of the Trafi Tah loan that was extinguished, and the fair value of the Convertible Debenture was recognized as a loss of \$5,766 in the year ended December 31, 2024.

On August 22, 2024, the Company and Trafigura further amended the outstanding Trafigura Loans to extend the maturities of the Trafi Campo loan to December 2025 and the Trafi Tah loan to July 2026. For Trafi Campo, repayments are to be made in fifteen equal installments commencing in October 2024 at \$130 and increasing to \$300 in January 2025. For Trafi Tah, repayments are to be made twenty-two installments commencing October 2024 at \$200 and increasing to \$345 in April 2025. The Company recognized a loss of \$40 in the period ended September 30, 2024, through the unaudited condensed consolidated interim statements of (loss) earnings and comprehensive (loss) earnings for the change in fair value due to the amendment to the terms of both loans.

On January 7, 2025, the Company, along with an arm's-length third-party, Jaluca Limited ("Jaluca"), reached an agreement with Urion to repurchase 100% of Luca's \$5,800 Convertible Debenture held by Urion. The Company and Jaluca purchased 43% and 57% of the Convertible Debenture, respectively. The total price paid for Luca's portion of the Convertible debenture was \$ 3,099, which was allocated between the debt and the derivative liability in the amounts of \$1,572 and \$1,527, respectively. Upon closing of the transaction, the Company immediately canceled its portion of the Convertible Debenture and Jaluca converted its purchased share of the Convertible Debenture at the Convertible Debenture's exercise price of \$0.35 for a total of 13,566,771 shares, extinguishing the debt. The Company recognized a gain on the debt settlement of \$150 in the period ending September 30, 2025, through the unaudited condensed consolidated interim statements of (loss) earnings and comprehensive (loss) earnings.

b) Breakwater Loan Agreement

The Company has a loan outstanding to Breakwater Resources Ltd. ("Breakwater"), a subsidiary of Trafigura Mexico, S.A. de C.V. ("Trafigura") which bears interest at 10% per annum and is repayable in equal monthly installments of \$207. On January 11, 2024, the Company and Breakwater amended the terms of the loan agreement to extend the maturity date to June 2025 with repayment to commence in April 2024 with equal monthly principal repayments of \$110 plus interest. On August 22, 2024 the Company and Breakwater further extended the maturity date of the loan to December 2025 with repayment to commence in October 2024 with payments initially at \$55, increasing to \$124 in January 2025.

c) Accendo Loan Facility

The Company had a loan facility agreement with Accendo Banco, S.A., Institución de Banca Múltiple ("Accendo") for \$12,000 (the "Loan Facility"), of which \$6,200 had been drawn down. The Loan Facility was for a four-year term with equal monthly principal repayments commencing after a twelve-month grace period, bore interest at 13.5% per annum, payable quarterly on the drawn amount and was secured by a second ranking security interest over all the assets of the Company.

On September 29, 2021, the Mexican National Banking and Securities Commission revoked Accendo's operating license to organize and operate as a multiple banking institution and commenced a liquidation process to protect the savings of the bank's clients. The Company had a balance of \$5,800 available from the Loan Facility for drawdown. However, due to the ongoing liquidation process, the Company's ability to access this remaining balance was impaired.

The Company's Loan Facility was assigned to Latapi Consultores, S.A. de C.V. ("Latapi") by Accendo and on December 6, 2023, the Company and Latapi agreed to settle the outstanding Loan Facility's principal and interest of \$7,993 by the Company issuing 17,750,000 common shares of the Company at \$0.45 per share to Latapi and Latapi forgiving \$2,205 of the Loan Facility. The transaction closed on January 23, 2024, with the issuance of the common shares. As a result of the settlement, the Company recognized a gain of \$4,542 in the period ended September 30, 2024, through the unaudited condensed consolidated interim statements of (loss) earnings and comprehensive (loss) earnings.

Notes to the condensed consolidated interim financial statements
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

12. DERIVATIVE LIABILITIES

Balance, December 31, 2023	\$ -
Embedded derivative related to convertible debenture	6,555
Change in FV of embedded derivative	(1,580)
Balance, December 31, 2024	\$ 4,975
Debt settlement with cash	(1,527)
Fair value of shares issued in settlement of debt obligations	(3,303)
Gain on debt settlement	(145)
Balance, September 30, 2025	\$ -

	September 30 2025	December 31 2024
Current	\$ -	\$ 4,975
Non-current	-	-
Balance	\$ -	\$ 4,975

Outlined in (Note 11(a)), the Company issued the Convertible Debenture to Urion in August 2024, which contained an embedded derivative that was classified as a financial instrument at FVTPL.

The fair value of the derivative liability was determined based on a valuation methodology and the following inputs.

Inputs	December 31 2024
Common share price	CAD\$0.54
Dividend yield	0.00%
Expected volatility	80.14%
Credit spread	2.58%
USD/CAD exchange rate	\$1:1.4383

On January 7, 2025, the Company, along with an arm's-length third-party, Jaluca Limited ("Jaluca"), reached an agreement with Urion to repurchase 100% of Luca's \$5,800 Convertible Debenture (Note 11(a)) held by Urion. Upon repurchase, the Company canceled its portion of the debt, thereby extinguishing the embedded derivative, recognizing a gain on the settlement of this instrument of \$145 in the period ended September 30, 2025, through the unaudited condensed consolidated interim statements of (loss) earnings and comprehensive (loss) earnings.

13. STREAM AGREEMENT

Balance, December 31, 2023	\$ 7,446
Accretion on streaming arrangements	811
Derecognition of deferred revenue	(8,257)
Balance, August 13, 2024	\$ -
Fair value of derivative liability in excess of deferred revenue	22,697
Silver deliveries	(1,837)
Change in fair value of derivative liability	1,944
Balance, December 31, 2024	\$ 22,804
Silver deliveries	(5,855)
Change in fair value of derivative liability	19,094
Balance, September 30, 2025	\$ 36,043

	September 30 2025	December 31 2024
Current	\$ 11,043	\$ 5,840
Non-current	25,000	16,964
Balance	\$ 36,043	\$ 22,804

Notes to the condensed consolidated interim financial statements
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

13. STREAM AGREEMENT (continued)

On April 14, 2021, the Company entered into a silver stream agreement (the "Stream Agreement") with Empress Royalty Corp. ("Empress") in which Luca will deliver to Empress silver credits in an amount equivalent to 100% of the first 1,250,000 ounces of payable silver contained within produced lead and zinc concentrates from the Tahuehueto mine; thereafter, the stream percentage of silver delivery will step down to 20% of the payable silver from produced lead and zinc concentrates. All streaming obligations will fully terminate after 10 years. To accommodate the arrangement, Empress has been accepted into the Trust Agreement. Empress, to secure the Stream Agreement advanced a total of \$5,000 with a first initial payment of \$2,000 received on April 29, 2021, and the remaining \$3,000 advance payment received on July 22, 2021. At inception, the streaming arrangement was determined to be deferred revenue and subject to variable consideration, and it contains a significant financing component. As such, the Company recognizes a financing charge at each reporting period which increases the deferred revenue balance to recognize the significant financing element that is part of the arrangement. In addition to the deposit amount, Luca is also compensated for delivering silver credits at 20% of the silver purchase price, further impacting the overall economics of the transaction.

On August 13, 2024, the Company and Empress amended the streaming agreement whereby, with the completion of the construction at Tahuehueto, the Company will deliver silver under the agreement beginning in July 2024, except the delivery of ounces of refined silver attributable to production for the month of July 2024 will be delivered on the earlier of (i) the completion of the Company's next equity financing or (ii) the date on which refined silver attributable to production for the month of September 2024 is delivered (The "Amended Streaming Agreement"). The Company fulfilled this obligation on September 11, 2024, and delivered 9,098.71 ounces for July production.

Additionally, as part of the Amended Streaming Agreement, on August 16 and August 30, 2024, the Company purchased from third parties 5,454.50 ounces and 10,221.46 ounces of refined silver valued at \$150 and \$300 respectively and delivered the ounces to Empress, and on September 26, 2024, the Company paid to Empress \$150 in cash which was converted to the equivalent of 4,710.32 ounces of refined silver.

As a result of the Amended Streaming Agreement, the Company was required to settle the Stream Agreement other than with the delivery of silver from the Tahuehueto mine; therefore, the Stream Agreement no longer meets the criteria to be accounted for as deferred revenue and has been accounted for as a derivative instrument since August 13, 2024. The fair value was determined using a discounted cash flow model based on the expected future deliveries of silver to Empress, the future silver price and an appropriate discount rate.

Inputs	September 30 2025	December 31 2024
Silver Spot Price (per ounce)	\$ 46.65	\$ 28.91
Discount rate	16.75%	20.01%

Further, the Amended Streaming Agreement provides that, in addition to the regular monthly streaming payments, commencing on October 31, 2024, the Company will deliver a total of 45,085.16 ounces of refined silver over twelve equal monthly installments of 3,757.10 ounces each.

For the three and nine months ended September 30, 2025, the Stream Agreement was remeasured, and the Company recognized losses of \$10,067 and \$19,094, respectively (September 30, 2024 - \$2,274 and \$2,274), due to changes in the fair value of the derivative liability recorded in (loss) earnings.

Notes to the condensed consolidated interim financial statements
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

14. PROVISION FOR RECLAMATION AND REHABILITATION

The Company recognized a provision for reclamation related to the environmental restoration and closure costs associated with the Campo Morado Mine and the Tahuehueto Mine. Significant reclamation and closure activities include land rehabilitation, decommissioning of buildings and mine facilities, ongoing care and maintenance and other costs.

	Campo Morado		Tahuehueto		Total
Balance, December 31, 2023	\$	4,226	\$	2,584	\$ 6,810
Accretion		375		229	604
Changes in estimate		(64)		665	601
Effect of change in foreign exchange rates		(785)		(481)	(1,266)
Balance, December 31, 2024	\$	3,752	\$	2,997	\$ 6,749
Accretion		265		193	458
Changes in estimate		37		(307)	(270)
Effect of change in foreign exchange rates		423		318	741
Balance, September 30, 2025	\$	4,477	\$	3,201	\$ 7,678

	Campo Morado	Tahuehueto
Anticipated settlement date	2044	2034
Undiscounted uninflated estimated cash flow (000's)	\$ 11,200	\$ 5,048
Estimated life of mine (years)	19	9
Discount rate (%)	8.58	8.59
Inflation rate (%)	3.8	3.8

15. SHARE CAPITAL

a) Authorized share capital

The authorized share capital of the Company is as follows:

- i. unlimited voting common shares without par value
- ii. unlimited preferred shares without par value

b) Equity offerings

During the nine months ended September 30, 2025, the Company issued common shares as follows:

- i. On January 7, 2025, the Company, along with an arm's-length third-party, Jaluca Limited ("Jaluca"), reached an agreement with Urion to repurchase 100% of Luca's Convertible Debenture (Notes 11(a) and 12). Jaluca converted its purchased portion into 13,566,771 shares, which were issued on January 14, 2025.
- ii. During the period ended September 30, 2025, the Company issued 49,002,035 common shares for gross proceeds of \$18,608 (CAD\$26,303) in connection with warrants exercised. The Company also issued 4,710,181 common shares for gross proceeds of \$4,054 (CAD\$5,617) in connection with stock options exercised.
- iii. On August 15, 2025, the Company issued 1,300,000 common shares to certain directors of the Company and a Company advisor upon maturity of 1,300,000 RSU's previously issued in August 2024 (Note 16(c)).

During the year ended December 31, 2024, the Company issued common shares as follows:

- i. On December 6, 2023, the Company agreed to settle the outstanding Loan Facility's principal and interest of \$8,236 (CAD\$11,030) in relation to Accendo's Loan Facility that was assigned to Latapi Consultores, S.A. de C.V. (Note 13(d)) by the Company issuing 17,750,000 common shares of the Company at \$0.21 (CAD\$0.45) per share to Latapi. The transaction closed on January 23, 2024, with the issuance of the common shares. The fair value of the shares issued was \$3,694 and the total transaction cost was \$128. A gain of \$4,542 was realized on settlement based on the closing bid price of the shares issued on settlement.

Notes to the condensed consolidated interim financial statements
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

15. SHARE CAPITAL (continued)

- ii. On September 26, 2024, the Company completed a private placement and sold 6,126,167 Units at a price of \$0.33 (CAD\$0.45) per unit for gross proceeds of \$2,046 (CAD\$2,756) and also concurrently closed its Listed Issuer Financing Exemption offering selling 19,000,000 Units at a price of \$0.33 (CAD \$0.45) per unit for gross proceeds of \$6,346 (CAD\$8,550) (combined the "Offering"). The Offering consists of one common share in the Company and one half of one share purchase warrant (the "Unit") entitling the holder to purchase an additional common share at a price of CAD\$0.60 per common share until March 26, 2026. In connection with the Offering, the Company issued 1,140,000 finders' warrants with a fair value of \$177 (CAD\$239) and legal fees and other transaction costs of \$591 (CAD\$789). The entirety of the fair value net of share issuance costs has been allocated to share capital with the finders' warrants being allocated to other reserves.
- iii. During the year ended December 31, 2024, the Company issued 8,475,011 common shares for gross proceeds of \$3,100 (CAD\$4,238) in connection with warrants exercised. The Company also issued 845,278 common shares for gross proceeds of \$273 (CAD\$383) in connection with stock options exercised.

16. RESERVES

a) Warrants

The following summarizes the continuity of common share purchase warrants:

	September 30, 2025		December 31, 2024	
	Number outstanding	Weighted average exercise price CAD\$	Number outstanding	Weighted average exercise price CAD\$
Outstanding, beginning of the year	54,947,535	0.55	50,614,949	0.60
Issued	-	-	13,703,083	0.59
Exercised	(49,002,035)	0.51	(8,475,011)	0.50
Expired	(635,994)	2.75	(895,486)	4.40
Outstanding, end of the period	5,309,506	0.60	54,947,535	0.55

As at September 30, 2025, the following common share purchase warrants were outstanding:

Expiry date	Exercise price CAD\$	Warrants outstanding	Remaining life(years)
March 26, 2026	0.60	5,081,506	0.48
March 26, 2026	0.45	228,000	0.48
	\$ 0.60	5,309,506	0.48

In determining the fair value of the warrants issued, the Company used the Black-Scholes option pricing model to establish the fair value of warrants granted by applying the following assumptions:

	September 30 2025	December 31 2024
Risk-free interest rate	-	2.97%
Expected life of options (years)	-	1.5 years
Expected annualized volatility	-	87%
Expected dividend yield	-	Nil

b) Stock Options

The Company has adopted an Omnibus equity compensation plan (the "Plan") under the rules of the TSXV pursuant to which the Company's Board of Directors is authorized, from time to time, to grant a varying range of incentive awards, including stock options, restricted share units ("RSU"), deferred share units ("DSU"), performance share units ("PSU") and other share-based awards (the "Awards") to employees, consultants, directors and officers. The Plan is a rolling Awards plan whereby the number of Awards issuable under the plan shall not exceed, on a rolling basis, 10% of the Company's issued and outstanding common shares at the time of grant.

Notes to the condensed consolidated interim financial statements
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

16. RESERVES (continued)

Under the Plan, the exercise price of each stock option will be determined by the Board but may not be less than the market price of the Company's common shares on the date of grant, subject to any discount permitted under applicable stock exchange rules which, in the case of the TSXV, is currently a maximum of 25%. The stock options can be granted for a maximum term of 10 years with vesting terms determined by the Board of Directors. No individual may be granted options exceeding 5% and no consultant or individual employed to provide "investor relations activities" may be granted options exceeding 2% of the Company's common shares outstanding in any 12-month period.

Continuity of the Company's stock options issued and outstanding was as follows:

	September 30, 2025		December 31, 2024	
	Number of options	Weighted average exercise price CAD\$	Number of options	Weighted average exercise price CAD\$
Outstanding, beginning of the year	15,260,249	0.51	6,661,320	0.46
Granted	5,645,000	1.55	10,059,833	0.54
Exercised	(4,710,181)	0.50	(845,278)	0.45
Cancelled	(145,000)	0.55	(531,251)	0.51
Expired	(401,666)	0.45	(84,375)	0.46
Outstanding, end of the period	15,648,402	0.89	15,260,249	0.51

The weighted average share price on the date of exercise of the options for the period ended September 30, 2025, was CAD\$0.89

The following table summarizes the information about stock options outstanding as at September 30, 2025:

Expire date	Options outstanding	Weighted average exercise price CAD\$	Remaining contractual life (years)	Options exercisable
February 25, 2026	266,667	0.50	0.41	266,667
May 1, 2026	200,000	0.45	0.58	200,000
August 9, 2026	12,500	0.50	0.86	12,500
April 25, 2028	185,000	0.45	2.57	185,000
June 7, 2028	2,462,500	0.46	2.69	2,462,500
September 17, 2028	135,000	0.35	2.97	135,000
February 6, 2029	200,000	0.35	3.36	200,000
March 31, 2029	200,000	0.37	3.50	200,000
July 15, 2029	1,500,000	0.58	3.79	1,500,000
August 15, 2029	4,224,835	0.55	3.88	4,224,835
November 29, 2029	616,900	0.54	4.17	566,667
January 6, 2030	600,000	0.58	4.27	408,333
March 4, 2030	600,000	1.11	4.43	400,000
March 17, 2030	100,000	1.22	4.46	33,333
May 29, 2030	120,000	1.34	4.66	40,000
September 18, 2030	4,225,000	1.76	4.97	1,408,334
	15,648,402	0.89	3.90	12,243,169

During the three and nine months ended September 30, 2025, the Company granted a total of 4,225,000 and 5,645,000 options respectively (September 30, 2024 – 8,409,833 and 9,209,833) with a weighted average exercise price of CAD\$0.89 (September 30, 2024 – CAD\$0.54).

The Company uses the fair value method of accounting for all share-based payments to directors, officers, employees, and others providing similar services. During the three and nine months ended September 30, 2025, an amount of \$2,274 and \$3,493 was expensed through the (loss) earnings (September 30, 2024 - \$1,159 and \$1,431). Of these amounts, \$749 and \$1,110 were recognized in cost of sales (September 30, 2024 - \$115 and \$142) and \$1,525 and \$2,383 were recognized in general and administrative expenses (September 30, 2024 - \$1,158 and \$1,436). Additionally, during the three and nine months ended September 30, 2025, \$nil, (September 30, 2024 - \$114 and \$148) was capitalized to the Tahuehueto mineral property asset. The portion of share-based compensation recorded is commensurate with the vesting terms of the options.

Notes to the condensed consolidated interim financial statements
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

16. RESERVES (continued)

In determining the fair value of the stock options issued, the Company used the Black-Scholes option pricing model to establish the fair value of options granted during the period by applying the following assumptions:

	September 30 2025	December 31 2024
Risk-free interest rate	2.69%	3.18%
Expected life of options (years)	5.0 years	5.0 years
Expected annualized volatility	84%	84%
Expected dividend yield	Nil	Nil

c) Restricted share units

The Company's Restricted share units ("RSUs") are settled in equity. The fair value is determined based on the quoted market price of the Company's common shares at the date of the grant. The RSUs are recognized as share-based compensation and are expensed over the vesting period with corresponding amount recorded in equity reserves. All the RSUs vest on August 15, 2025.

	September 30, 2025		December 31, 2024	
	Number of RSUs	Weighted Average Fair Value (CAD\$)	Number of RSUs	Weighted Average Fair Value (CAD\$)
Outstanding, beginning of the year	1,300,000	0.61	-	-
Granted	1,400,000	1.81	1,300,000	0.61
Exercised	(1,300,000)	0.61	-	-
Outstanding, end of the period	1,400,000	1.81	1,300,000	0.61

17. (LOSS) PER COMMON SHARE

	Three months ended		Nine months ended	
	September 30 2025	September 30 2024	September 30 2025	September 30 2024
		<i>Restated – Note 2</i>		<i>Restated – Note 2</i>
Basic:				
Net loss for the period	\$ (16,021)	\$ (19,223)	\$ (14,729)	\$ (9,248)
Weighted average number of shares (000's)	263,534	171,431	250,294	166,316
Loss per share-basic	\$ (0.06)	\$ (0.11)	\$ (0.06)	\$ (0.06)

	Three months ended		Nine months ended	
	September 30 2025	September 30 2024	September 30 2025	September 30 2024
		<i>Restated – Note 2</i>		<i>Restated – Note 2</i>
Diluted:				
Net loss for the period	\$ (16,021)	\$ (19,223)	\$ (14,729)	\$ (9,248)
Diluted net loss for the period	\$ (16,021)	\$ (19,223)	\$ (14,729)	\$ (9,248)
Weighted average number of shares (000's)	263,534	171,431	250,294	166,316
Incremental shares from dilutive potential shares (000's)	-	-	-	-
Weighted average diluted number of shares (000's)	263,534	171,431	250,294	166,316
Loss per share-diluted	\$ (0.06)	\$ (0.11)	\$ (0.06)	\$ (0.06)

Notes to the condensed consolidated interim financial statements
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

17. (LOSS) PER COMMON SHARE (continued)

For the three and nine months ended September 30, 2025 and September 2024, the Company incurred a net loss, therefore all outstanding stock options, warrants and RSU's have been excluded from the diluted weighted average number of shares since the effect would be anti-dilutive.

18. REVENUE

The Company is principally engaged in the business of producing a bulk (copper and lead), lead and zinc concentrates in Mexico. The disaggregated revenue information for the three and nine months ended September 30, 2025 and 2024, is as follows:

	Three months ended		Nine months ended	
	September 30 2025	September 30 2024	September 30 2025	September 30 2024
Bulk concentrate	\$ 15,576	\$ 10,023	\$ 44,043	\$ 28,206
Lead concentrate	13,153	6,241	44,900	19,093
Zinc concentrate	12,825	9,536	43,898	23,330
Provisional pricing adjustments	1,353	(326)	196	180
Income from stream	-	136	-	842
Treatment and selling costs	(7,868)	(7,515)	(22,601)	(19,052)
	\$ 35,039	\$ 18,095	\$ 110,436	\$ 52,599

The Company sells 100% of its concentrates to one customer.

19. COST OF SALES

	Three months ended		Nine months ended	
	September 30 2025	September 30 2024	September 30 2025	September 30 2024
Production Costs	\$ 27,474	\$ 14,307	\$ 72,326	\$ 40,944
Royalties	1,371	677	3,589	3,517
Inventory changes	(984)	726	(432)	(1,625)
Depreciation	3,262	637	8,601	1,742
	\$ 31,123	\$ 16,347	\$ 84,084	\$ 44,578

20. GENERAL AND ADMINISTRATION

	Three months ended		Nine months ended	
	September 30 2025	September 30 2024	September 30 2025	September 30 2024
Salaries and employee benefits	\$ 1,197	\$ 914	\$ 4,306	\$ 2,914
Professional fees	482	556	2,651	1,093
Corporate and administration	1,072	722	2,876	1,869
Depreciation and amortization	33	102	130	311
	\$ 2,784	\$ 2,294	\$ 9,963	\$ 6,187

Notes to the condensed consolidated interim financial statements
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

21. INTEREST AND FINANCE COSTS

	Three months ended		Nine months ended	
	September 30 2025	September 30 2024	September 30 2025	September 30 2024
Interest expense	\$ 409	\$ 188	\$ 1,439	\$ 452
Interest income	(63)	(1)	(112)	(1)
Amortization of deferred financing costs	-	-	-	53
Accretion and change in estimate relating to stream agreement	-	472	-	1,165
Accretion relating to reclamation and rehabilitation	260	135	458	467
Loss on modification of loans	-	20	-	15
Bank fees, penalties, and other	48	8	61	16
	\$ 654	\$ 822	\$ 1,846	\$ 2,167

22. RELATED PARTIES

In addition to related party transactions described elsewhere in the notes to the consolidated financial statements, the Company had the following related party transactions:

a) *Compensation of key management personnel*

Key management personnel include persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors. Compensation provided to key management personnel is as follows:

	Three months ended		Nine months ended	
	September 30 2025	September 30 2024	September 30 2025	September 30 2024
Salaries, bonus and benefits	\$ 1,569	\$ 284	\$ 3,182	\$ 805
Consulting fees	156	127	737	491
Share-based compensation	1,600	669	2,367	867
	\$ 3,325	\$ 1,080	\$ 6,286	\$ 2,163

b) *Related party balances*

As at September 30, 2025, directors and officers or their related companies were owed \$Nil (December 31, 2024 - \$127) included in accounts payable and accrued liabilities mainly in respect to directors' fees payable and reimbursement of labour-related expenses. These amounts are unsecured, non-interest bearing and have no specific terms of settlement.

c) *Bursametrica Casa de Bolsa, S.A. de C.V. ("Bursametrica")*

The Company has a service agreement with Bursametrica whereby the financial institution provides foreign exchange services primarily for the exchange of funds denominated in US dollars for funds denominated in the Mexican Peso. A director of the Company was deemed to have economic influence in the financial institution. This individual ceased to be a director of the Company on December 16, 2024. During the three and nine months ended September 30, 2025, the amount exchanged for currency denominated in the Mexican Peso at exchange rates at the time of the conversion was \$nil (September 30, 2024 - \$nil and \$615). As at September 30, 2025, the amount owed to Bursametrica was \$nil (December 31, 2024 - \$nil).

d) *Cozen O'Connor LLP ("Cozen")*

Cozen O'Connor is an Amlaw 100 international law firm from which the Company receives legal services. A director of the Company was deemed to have economic influence in the law firm. During the three and nine months ended September 30, 2025, the Company incurred legal expenses of \$5 and \$52 (September 30, 2024 - \$nil and \$56).

Notes to the condensed consolidated interim financial statements
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

23. SEGMENTED INFORMATION

The Company is engaged in mining, exploration, and development of mineral properties in Mexico, with corporate offices based in Canada and Mexico and two reportable operating segments. The Company's operating segments are based on internal management reports that are reviewed by the Company's chief operating decision maker in assessing performance. Mining operations consist of the Campo Morado and Tahuehueto mines, both currently in production.

September 30, 2025	Total assets		Total liabilities		Capital expenditures
Campo Morado	\$	53,853	\$	28,445	\$ 13,758
Tahuehueto		98,004		28,864	7,040
Corporate		6,689		38,290	337
Consolidated	\$	158,546	\$	95,599	\$ 21,135

December 31, 2024	Total assets		Total liabilities		Capital expenditures
Campo Morado	\$	38,017	\$	22,363	\$ 7,327
Tahuehueto		92,102		28,675	14,824
Corporate		4,855		36,252	117
Consolidated	\$	134,974	\$	87,290	\$ 22,268

Three months ended September 30, 2025	Campo Morado		Tahuehueto		Corporate	Total
Revenue	\$	20,778	\$	14,261	\$ -	\$ 35,039
Cost of sales before depreciation and depletion		(16,287)		(11,574)	-	(27,861)
Depreciation and depletion in cost of sales		(992)		(2,270)	-	(3,262)
Mine operating earnings		3,499		417	-	3,916
General and administration		(683)		(536)	(1,565)	(2,784)
Share-based compensation		-		-	(1,582)	(1,582)
Foreign exchange (loss) gain		(639)		(229)	32	(836)
Other operating income (expense)		(3,011)		(306)	599	(2,718)
Operating loss		(834)		(654)	(2,516)	(4,004)
Interest and finance costs, net		(185)		(470)	1	(654)
Change in fair value of derivative liability from stream agreement		-		-	(10,067)	(10,067)
Segmented loss before income tax		(1,019)		(1,124)	(12,582)	(14,725)
Current income tax expense		(210)		(459)	(627)	(1,296)
Segmented net loss for the period	\$	(1,229)	\$	(1,583)	\$ (13,209)	\$ (16,021)

Notes to the condensed consolidated interim financial statements
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

23. SEGMENTED INFORMATION (continued)

Three months ended September 30, 2024	Campo Morado	Tahuehueto	Corporate	Total
			<i>Restated – Note 2</i>	<i>Restated – Note 2</i>
Revenue	\$ 11,452	\$ 6,643	\$ -	\$ 18,095
Cost of sales before depreciation and depletion	(9,921)	(5,790)	-	(15,711)
Depreciation and depletion in cost of sales	(636)	-	-	(636)
Mine operating earnings	895	853	-	1,748
General and administration	(551)	(239)	(1,504)	(2,294)
Share-based compensation	-	-	(975)	(975)
Foreign exchange gain	279	386	(646)	19
Other operating income (expense)	(225)	(187)	227	(185)
Operating earnings (loss)	398	813	(2,898)	(1,687)
Interest and finance costs, net	(201)	(68)	(553)	(822)
Loss on revaluation of derivative liability	-	-	(14,440)	(14,440)
Change in fair value of derivative liabilities	-	-	(2,274)	(2,274)
Segmented net earnings (loss) for the period	197	745	(20,165)	(19,223)

Nine months ended September 30, 2025	Campo Morado	Tahuehueto	Corporate	Total
Revenue	\$ 63,390	\$ 47,046	\$ -	\$ 110,436
Cost of sales before depreciation and depletion	(44,961)	(30,522)	-	(75,483)
Depreciation and depletion in cost of sales	(2,950)	(5,651)	-	(8,601)
Mine operating earnings	15,479	10,873	-	26,352
General and administration	(2,119)	(1,923)	(5,921)	(9,963)
Share-based compensation	-	-	(2,383)	(2,383)
Foreign exchange losses	(1,648)	(1,127)	(44)	(2,819)
Other operating income (expense)	(2,582)	(728)	159	(3,151)
Operating earnings (loss)	9,130	7,095	(8,189)	8,036
Interest and finance costs, net	(504)	(1,294)	(48)	(1,846)
Gain on debt modification and settlement	-	-	295	295
Change in fair value of derivative liability from stream agreement	-	-	(19,094)	(19,094)
Segmented earnings (loss) before income tax	8,626	5,801	(27,036)	(12,609)
Current income tax expense	(686)	(807)	(627)	(2,120)
Segmented net earnings (loss) for the period	\$ 7,940	\$ 4,994	\$ (27,663)	\$ (14,729)

Nine months ended September 30, 2024	Campo Morado	Tahuehueto	Corporate	Total
			<i>Restated – Note 2</i>	<i>Restated – Note 2</i>
Revenue	\$ 32,042	\$ 20,557	\$ -	\$ 52,599
Cost of sales before depreciation and depletion	(26,970)	(15,867)	-	(42,837)
Depreciation and depletion in cost of sales	(1,741)	-	-	(1,741)
Mine operating earnings	3,331	4,690	-	8,021
General and administration	(1,319)	(1,017)	(3,851)	(6,187)
Share-based compensation	-	-	(1,177)	(1,177)
Foreign exchange gains	916	1,405	140	2,461
Other operating income (expense)	2,253	(1,011)	(1,356)	(114)
Operating earnings (loss)	5,181	4,067	(6,244)	3,004
Interest and finance costs, net	(592)	(194)	(1,381)	(2,167)
Gain on debt modification and settlement	-	2,305	2,237	4,542
Gain on disposal of subsidiary	-	-	2,087	2,087
Loss on revaluation of derivative liability	-	-	(14,440)	(14,440)
Change in fair value of financial instruments	-	-	(2,274)	(2,274)
Segmented net earnings (loss) for the period	4,589	6,178	(20,015)	(9,248)

Notes to the condensed consolidated interim financial statements
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

24. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Fair value hierarchy

Financial instruments included in the consolidated statements of financial position are measured either at fair value or amortized cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means.
- Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The table below summarizes the valuation methods used to determine the fair value of each financial instrument:

Financial asset or liability	Methods and assumptions used to estimate fair value
Trade receivables	Trade receivables arising from the sales of metal concentrates are subject to provisional pricing, and the final selling price is adjusted at the end of a quotational period. These are marked to market at each reporting date based on the forward price corresponding to the expected settlement date.
Derivative Liability	The fair value of the derivative liability arising from a convertible debenture used to cancel debt, is measured using a partial differential equation approach.
Stream Agreement	The fair value of the Stream Agreement is determined based on a discounted cash flow model using the assumptions outlined in Note 13.

The carrying value of cash and cash equivalents, other receivables, other assets, amounts payable and accrued liabilities and loans payable, all of which are carried at amortized cost, approximate their fair value given their short-term nature. Trade receivables and related derivatives and derivative liability arising from the convertible debenture are classified within Level 2 of the fair value hierarchy. The fair value of the Stream Agreement is classified with level 3 of the fair value hierarchy.

Notes to the condensed consolidated interim financial statements
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

24. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (continued)

September 30, 2025	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Level 3	Carrying value approximates Fair Value
Financial assets measured at Fair Value							
Trade receivables from sale of concentrate	\$ 3,799	\$ -	\$ 3,799	\$ -	\$ 3,799	\$ -	-
	\$ 3,799	\$ -	\$ 3,799	\$ -	\$ 3,799	\$ -	-
Financial assets not measured at Fair Value							
Cash and cash equivalents	\$ -	\$ 15,925	\$ 15,925	\$ -	\$ -	\$ -	\$ 15,925
Other receivables	-	4,206	4,206	-	-	-	4,206
	\$ -	\$ 20,131	\$ 20,131	\$ -	\$ -	\$ -	\$ 20,131
Financial liabilities measured at Fair Value							
Derivative liability from stream agreement	(36,043)	-	(36,043)	-	-	(36,043)	-
	\$ (36,043)	\$ -	\$ (36,043)	\$ -	\$ -	\$ (36,043)	\$ -
Financial liabilities not measured at Fair Value							
Amounts payable and accrued liabilities	\$ -	\$ (33,651)	\$ (33,651)	\$ -	\$ -	\$ -	\$ (33,651)
Loans payable	-	(5,682)	(5,682)	-	-	-	(5,682)
Other long-term liabilities	-	(1,932)	(1,932)	-	-	-	(1,932)
	\$ -	\$ (41,265)	\$ (41,265)	\$ -	\$ -	\$ -	\$ (41,265)
December 31, 2024							
Financial assets measured at Fair Value							
Trade receivables from sale of concentrate	\$ 1,005	\$ -	\$ 1,005	\$ -	\$ 1,005	\$ -	-
	\$ 1,005	\$ -	\$ 1,005	\$ -	\$ 1,005	\$ -	-
Financial assets not measured at Fair Value							
Cash and cash equivalents	\$ -	\$ 10,207	\$ 10,207	\$ -	\$ -	\$ -	\$ 10,207
Other receivables	-	6,632	6,632	-	-	-	6,632
	\$ -	\$ 16,839	\$ 16,839	\$ -	\$ -	\$ -	\$ 16,839
Financial liabilities measured at Fair Value							
Derivative from convertible debenture	(4,975)	-	(4,975)	-	(4,975)	-	-
Derivative liability from stream agreement	(22,804)	-	(22,804)	-	-	(22,804)	-
	\$ (27,779)	\$ -	\$ (27,779)	\$ -	\$ (4,975)	\$ (22,804)	\$ -
Financial liabilities not measured at Fair Value							
Amounts payable and accrued liabilities	\$ -	\$ (24,715)	\$ (24,715)	\$ -	\$ -	\$ -	\$ (24,715)
Loans payable	-	(17,037)	(17,037)	-	-	-	(17,037)
	\$ -	\$ (41,752)	\$ (41,752)	\$ -	\$ -	\$ -	\$ (41,752)

During the three and nine months ended September 30, 2025 and 2024, there were no transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy.

Notes to the condensed consolidated interim financial statements
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

25. SUPPLEMENTAL CASHFLOW INFORMATION

The significant non-cash working capital, financing and investing transactions during the three and nine months ended September 30, 2025, and 2024, are as follows:

	Three months ended		Nine months ended	
	September 30 2025	September 30 2024	September 30 2025	September 30 2024
		<i>Restated – Note 2</i>		<i>Restated – Note 2</i>
Changes in non-cash operating working capital:	\$	\$	\$	\$
Amounts receivable and other assets	2,357	2,498	(486)	3,175
Prepaid expenses and deposits	417	(1,096)	(3,149)	(2,017)
Inventories	(1,218)	911	(2,105)	(887)
Accounts payable and accrued liabilities	378	(1,234)	7,953	(6,098)
	\$ 1,934	\$ 1,079	\$ 2,213	\$ (5,827)
Changes in non-cash investing and financing activities:				
Share based compensation capitalized	\$ -	\$ 114	\$ -	\$ 148
Depreciation capitalized	\$ -	\$ 974	\$ -	\$ 2,719
Right of use depreciation capitalized	\$ -	\$ 39	\$ -	\$ 862
Shares issued on settlement of debt	\$ 3,400	\$ 3,694	\$ 3,400	\$ 3,694

26. COMMITMENTS AND CONTINGENCIES

a) Commitments

As of September 30, 2025, the Company has commitments of \$1,315 for equipment and mining services which are expected to be expensed within one year.

27. SUBSEQUENT EVENTS

Warrants and Stock Options

Subsequent to September 30, 2025, the Company issued 773,945 common shares for gross proceeds of \$311 (CAD\$ 434) through the exercise of 200,000 share purchase warrants and 573,945 stock options.