



Condensed Interim Consolidated Financial Statements
For the Three Months Ended December 31, 2025 and 2024

(Unaudited - Expressed in Canadian Dollars)

CAPITAN SILVER CORP.

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NOTICE OF NON-REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim consolidated financial statements, they must be accompanied by a notice indicating that these condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The attached condensed interim consolidated financial statements for the three months ended December 31, 2025 have not been reviewed by the Company's auditors.

CAPITAN SILVER CORP.

Condensed Interim Consolidated Statements of Financial Position as at
(Unaudited - Expressed in Canadian Dollars)

	Notes	December 31, 2025	September 30, 2025
Assets			
Cash		\$ 23,952,300	\$ 4,897,245
Restricted cash	5	25,000	25,000
Taxes receivable		29,638	19,280
Accounts receivable		-	170,711
Share subscription receivable	8	-	43,000
Prepaid expenses	6	273,000	155,275
		<u>24,279,938</u>	<u>5,310,511</u>
Equipment		12,306	2,942
VAT receivable		2,204,776	2,013,026
Exploration and evaluation assets	7	22,685,793	20,777,435
Total Assets		\$ 49,182,813	\$ 28,103,914
Liabilities			
Accounts payable and accrued liabilities		\$ 303,632	\$ 298,643
Taxes payable		22,959	9,448
		<u>326,591</u>	<u>308,091</u>
Other payable	7	3,174,605	3,231,763
		<u>3,501,196</u>	<u>3,539,854</u>
Shareholders' Equity			
Share capital	8	50,573,492	29,209,553
Reserves	8	1,053,801	726,860
Accumulated other comprehensive loss		902,097	880,993
Deficit		(6,847,773)	(6,253,346)
		<u>45,681,617</u>	<u>24,564,060</u>
Total Liabilities and Shareholders' Equity		\$ 49,182,813	\$ 28,103,914

Nature and continuance of operations (Note 1)
Subsequent events (Note 13)

On behalf of the Board on February 27, 2026

John-Mark Staude Director

Arturo Bonillas Director

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

CAPITAN SILVER CORP.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three Months ended December 31,
(Unaudited - Expressed in Canadian Dollars)

	Notes	2025	2024
Expenses			
Management and consulting fees	9	\$ 77,367	\$ 63,453
Depreciation		294	198
Director fees	9	36,000	-
Filing fees		94,118	1,137
Foreign exchange (gain) loss		(60,798)	(9,740)
Investor relations and marketing		98,693	27,965
General and administration		13,848	10,290
Professional fees	9	38,176	55,428
Share-based compensation	8,9	326,941	34,064
Travel and meals		21,144	1,301
Interest income		(51,356)	(3,345)
Net loss for the period		(594,427)	(180,751)
Foreign exchange movements		21,104	55,587
Comprehensive loss for the period		\$ (573,323)	\$ (125,164)
Weighted average number of common shares outstanding – basic and diluted		115,960,231	84,687,968
Loss per share - basic and diluted		\$ (0.01)	\$ (0.00)

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

CAPITAN SILVER CORP.

Condensed Interim Consolidated Statements of Cash Flows
For the Three Months ended December 31,
(Unaudited - Expressed in Canadian Dollars)

	2025	2024
OPERATING ACTIVITIES		
Net loss for the period	\$ (594,427)	\$ (180,751)
Items not involving cash:		
Depreciation	294	198
Share-based compensation	326,941	34,064
Foreign exchange	(37,371)	6,818
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	88,622	90,789
VAT receivable	(210,431)	(37,707)
Accounts receivable	170,711	-
Prepaid expenses	(117,725)	(7,105)
	(373,386)	(93,694)
INVESTING ACTIVITIES		
Exploration and evaluation assets	(1,968,841)	(446,092)
Acquisition of equipment	(9,657)	-
	(1,978,498)	(446,092)
FINANCING ACTIVITIES		
Proceeds from shares issuance, net of issuance costs	21,363,939	-
Collection of share subscription receivable	43,000	-
Net proceeds from options exercised	-	10,116
	21,406,939	10,116
Increase in cash	19,055,055	(529,670)
Cash, beginning of the period	4,897,245	568,421
Cash, end of the period	\$ 23,952,300	\$ 38,751

	2025	2024
Non-Cash Investing and Financing Activities:		
Share subscription receivable	-	-
Shares issued for royalty acquisition	-	294,298
Accounts payable included in exploration and evaluation assets	68,236	107,973
Equity reserve transferred to share capital on exercise of stock options	-	-

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

CAPITAN SILVER CORP.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Unaudited - Expressed in Canadian Dollars)

	Note	Share Capital		Reserves	Accumulated Other Comprehensive (Income)/Loss	Deficit	Total
		Shares	Amount				
Balance at September 30, 2024		84,057,438	\$ 15,847,959	\$ 920,719	\$ (111,103)	\$ (4,755,634)	\$ 11,901,941
Shares issued for royalty acquisition	7	934,280	294,298	-	-	-	294,298
Option exercised	8	101,166	10,116	-	-	-	10,116
Share-based payments	8	-	-	34,064	-	-	34,064
Foreign exchange movement		-	-	-	55,587	-	55,587
Loss for the period		-	-	-	-	(180,751)	(180,751)
Balance at December 31, 2024		85,092,884	\$ 16,152,373	\$ 954,783	\$ (55,516)	\$ (4,936,385)	\$ 12,115,255
Balance at September 30, 2025		114,235,606	\$ 29,209,553	\$ 726,860	\$ 880,993	\$ (6,253,346)	\$ 24,564,060
Private placement	8	11,333,250	23,006,498	-	-	-	23,006,498
Share issuance cost for the private placement	8	-	(1,642,559)	-	-	-	(1,642,559)
Share-based compensation	8	-	-	326,941	-	-	326,941
Foreign exchange movement		-	-	-	21,104	-	21,104
Loss for the period		-	-	-	-	(594,427)	(594,427)
Balance at December 31, 2025		125,568,856	\$ 50,573,492	\$ 1,053,801	\$ 902,097	\$ (6,847,773)	\$ 45,681,617

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

CAPITAN SILVER CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months ended December 31, 2025

(Unaudited - Expressed in Canadian Dollars)

1. Nature and continuance of operations

Capitan Silver Corp. was incorporated on October 30, 2019, under the laws of the Business Corporation Act (British Columbia) as part of a plan of arrangement (the “Plan of Arrangement”) to reorganize Riverside Resources Inc. (“Riverside”). The Company’s head office address is 550 – 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6. On August 21, 2020, the Company listed on the TSX Venture Exchange (the “Exchange”) with the symbol CAPT.

The Company’s business activity is the acquisition and exploration of mineral properties in Mexico.

The Company’s ability to continue operations is uncertain and is dependent upon the ability of the Company to obtain necessary financing to meet the Company’s liabilities and commitments as they become payable, acquiring assets or a business, and the ability to generate future profitable production or operations or sufficient proceeds from the disposition thereof. The outcome of these matters cannot be predicted at this time. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. The Company incurred a net loss of \$594,427 for the period ended December 31, 2025 and accumulated losses of \$6,847,773 as of December 31, 2025. Management believes that the Company has sufficient working capital to maintain its operations for the following 12 months.

2. Basis of presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments, which are stated at their fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) for interim information, specifically International Accounting Standards (“IAS”) 34 - Interim Financial Reporting. In addition, these condensed interim consolidated financial statements have been prepared using interpretations issued by the International Financial Reporting Interpretation Committee (“IFRIC”) in effect at December 31, 2025 and the same accounting policies and methods of their application as the most recent annual financial statements of the Company. These condensed interim consolidated financial statements do not include all disclosures normally provided in the annual financial statements and should be read in conjunction with the Company’s audited financial statements for the year ended September 30, 2025.

In management’s opinion, all adjustments necessary for fair presentation have been included in these condensed interim consolidated financial statements. Interim results are not necessarily indicative of the results expected for the year ending September 30, 2026.

The condensed interim consolidated financial statements for the three months ended December 31, 2025 (including comparatives) have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on February 27, 2026.

4. Material accounting policy information

These condensed interim consolidated financial statements as at December 31, 2025 have been prepared following the same accounting policies as the audited consolidated financial statements as at September 30, 2025.

CAPITAN SILVER CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months ended December 31, 2025
(Unaudited - Expressed in Canadian Dollars)

5. Restricted cash

As at December 31, 2025 and 2024, the Company's restricted cash of \$25,000 related to a Guaranteed Investment Certificate ("GIC") earning a variable rate of 2.70% (2024 – 2.95%) interest per annum held as collateral in respect to the corporate credit card facility with a financial institution.

6. Prepaid expenses

The breakdown of prepaid expenses is as follows:

	December 31, 2025	September 30, 2025
Expense advances	\$ 257,056	\$ 120,557
Insurance	7,834	19,058
Rent	3,110	660
Prepaid deposit	5,000	15,000
	<u>\$ 273,000</u>	<u>\$ 155,275</u>

7. Exploration and evaluation assets

The exploration and evaluation assets in which the Company has an interest are located in Mexico. Title to exploration and evaluation asset interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its exploration and evaluation asset interests and, to the best of its knowledge, title to all of its interests is in good standing.

Cruz de Plata, Durango, Mexico

On January 10, 2022 and as amended on March 1, 2022, the Company entered into an option agreement to acquire all outstanding net smelter royalties ("NSR's") on mining claims in the Cruz de Plata Property from Exploraciones del Altiplano ("Altiplano"), a private Mexican exploration company (the "Royalty Purchase"). This included a 2% NSR on the Capitan Hill claims, 0.75% on claims covering the Jesús María, San Rafael, Pinchazo and Capitan 2 claims and 0.5% on third-party claims. The total consideration for the Royalty Purchase is US\$1,000,000, of which US\$550,000 will be paid in cash and US\$450,000 in the Company's common shares to be issued over 2 years. The Company will also retain a right of first refusal on any shares distributed to Altiplano as consideration.

The transaction details as below:

Due date	Cash	Common shares in value
Upon the closing date (January 11, 2022)	US\$100,000 (paid)	-
On or before the first anniversary of the closing date (January 11, 2023)	US\$150,000 (paid)	US\$150,000 (issued)
On or before the second anniversary of the closing date (January 11, 2024)*	US\$300,000	US\$300,000

*As of April 1, 2024, an amendment agreement was executed with Altiplano. This agreement replaces the third payment of US\$300,000 and the share issuance of US\$300,000 with the following:

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For the Three Months ended December 31, 2025

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Due date	Cash	Common shares in value
Within five business days of the execution and delivery of the agreement	US\$87,500 (paid)	-
On or before 6 months following the effective date (October 1, 2024)*	US\$100,000 (paid)*	US\$100,000 (issued)
On or before 12 months following the effective date (April 1, 2025)	US\$150,000 (paid)	US\$150,000 (issued)

*On November 4, 2024, an amendment was made to the agreement with Altiplano, wherein the second payment is replaced by the following:

Due date	Cash
As of November 4, 2024	US\$34,000 (paid)
On or before December 2, 2024	US\$33,000 (paid)
On or before January 2, 2025 (extended to February 1, 2025)	US\$33,000 (paid)

On June 11, 2025, the Company announced that it had completed the acquisition and elimination of the NSR's held by Altiplano on the Cruz de Plata Project. Total consideration paid was US\$1,000,000 in a combination of cash and shares.

The Cruz de Plata Property has a 1% NSR owned by Riverside which was created as part of the Plan of Arrangement. The Company has the option to purchase and retire the Riverside royalty for \$250,000 at any time.

On November 28, 2022, the Company executed an option agreement with Minera Fresnillo S. A. de C. V. (a wholly owned subsidiary of Fresnillo plc) ("Minera"), to acquire a 100% interest for certain mineral concessions at the Cruz de Plata Project.

The terms of the option agreement include the right to explore and an option to acquire 100% interest in the mineral concessions for total payable amount of US\$1,000,000 over the three-year period. In the event the Company acquires 100% interest, Minera will maintain a 1% NSR which the Company can buy-back for US\$1,000,000.

The transaction details as below:

Due date	Cash
Upon the closing date (November 28, 2022)	US\$50,000 (paid)
18 months from the date of signing (May 28, 2024)*	US\$156,300 (paid)
On or before the second anniversary of the closing date (November 28, 2024)	US\$150,000 (paid)
30 months from the date of signing (May 28, 2025)	US\$150,000 (paid)
On or before the third anniversary of the closing date (November 28, 2025)	US\$500,000 (paid)

*On November 29, 2023, an amendment was made to the agreement with Minera, extending the second payment date from November 28, 2023, to May 28, 2024, with a total payment due of US\$156,300.

On August 21, 2025, the Company executed a definitive agreement with Minera to acquire a strategic property package at its Cruz de Plata project. The price of the transaction is US\$4,000,000, payable in two installments: US\$2,000,000, which was due and paid upon execution of the definitive agreement ("Closing"), and US\$2,000,000, payable on or before the second anniversary of Closing. There are no royalties or share payments for this transaction.

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The transaction details as below:

Due date	Cash
Upon the closing date (August 21, 2025)	US\$2,000,000 (paid)
On or before the second anniversary of the closing date (August 21, 2027)	US\$2,000,000

At the closing date, Minera issued an invoice for the full option payment of US\$4,000,000 plus applicable VAT under the land option agreement, of which US\$2,000,000 plus VAT relates to the second anniversary payment not yet due as at the reporting date. Accordingly, the portion of \$3,174,605 relating to the second anniversary payment has been recorded as other payable as of December 31, 2025.

The breakdown of exploration and evaluation assets is as follows:

	December 31, 2025		September 30, 2025	
Acquisition costs	\$	696,840	\$	6,949,730
Exploration costs:				
Assaying		280,511		316,143
Data acquisition		32,233		63,049
Field & camp costs		20,898		72,218
Geological consulting		297,478		674,960
Drilling		447,070		875,898
Transport & support		47,767		185,146
Total current exploration costs		1,125,957		2,187,414
Professional fees:				
Legal fees		18,764		55,156
Community relations		-		21,089
Total current professional & other fees		18,764		76,245
Total costs incurred during the period		1,841,561		9,213,389
Balance, opening		20,777,435		10,538,248
Foreign exchange movements		66,797		1,025,798
Balance, end of the period	\$	22,685,793	\$	20,777,435
Cumulative costs:				
Acquisition	\$	12,274,169	\$	11,577,329
Exploration		8,806,941		7,680,984
Professional & other fees		317,655		298,891
Foreign exchange movements		1,287,028		1,220,231
	\$	22,685,793	\$	20,777,435

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Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months ended December 31, 2025
(Unaudited - Expressed in Canadian Dollars)

8. Share capital and reserves

The common shares have no par value and the number of authorized shares is unlimited.

Shares issued for the period ended December 31, 2025

On December 17, 2025, the Company closed a private placement of 11,333,250 common shares at a price of \$2.03 per share, for gross proceeds of \$23,006,498. As part of the offering, the Company paid the underwriters a cash commission of \$1,372,473.

Share subscription receivable

During the period ended December 31, 2025, the Company collected \$43,000 from share subscriptions receivable, related to the Company's options exercised on September 8, 2025.

Shares issued for the period ended December 31, 2024

On November 4, 2024, the Company issued 934,280 common shares valued at \$294,298 to Altiplano pursuant to the net smelter royalties ("NSR's") purchase agreement (Note 7).

On November 14, 2024, the Company issued 101,166 common shares pursuant to the exercise of 101,166 stock options at a price of \$0.10 per share for gross proceed \$10,116.

Share purchase and finders' warrants

	Number of warrants	Weighted average exercise price
Outstanding warrants, September 30, 2024	-	-
Granted	13,250,000	\$ 0.50
Exercised	(13,250,000)	0.50
Outstanding warrants, September 30, 2025 and December 31, 2025	-	-

Stock options

The Company has established a rolling stock option plan ("Option Plan") enabling the directors to grant options to employees, officers, directors, and consultants of the Company. From time to time, shares may be reserved by the Board, in its discretion, for options under the Option Plan, provided that the total number of shares reserved for issuance by the Board shall not exceed 10% of the issued and outstanding listed shares (on a non-diluted basis). Options are non-assignable and may be granted for a term not exceeding that permitted by the Exchange, currently ten years.

Share-based compensation relating to options vested during the period ended December 31, 2025, using the Black-Scholes option pricing model was \$326,941 (2024 - \$34,064) which was recorded as reserves on the statements of financial position and as share-based compensation expense on the statements of loss and comprehensive loss. The share-based compensation expense for the options granted during the period was calculated based on the following weighted average assumptions:

	December 31, 2025	December 31, 2024
Risk-free interest rate	N/A	2.19%
Expected life of options	N/A	5 years
Expected annualized volatility	N/A	97.52%
Expected dividend rate	N/A	-
Fair value per option	N/A	\$0.20

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Notes to the Condensed Interim Consolidated Financial Statements
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(Unaudited - Expressed in Canadian Dollars)

The number and weighted average exercise prices of the stock options are as follows:

	Number of options	Weighted average exercise price
Outstanding options, September 30, 2024	6,171,730	\$ 0.22
Granted	2,200,000	1.31
Exercised	(2,256,166)	0.24
Cancelled	(50,000)	0.25
Expired	(90,564)	0.22
Outstanding options, September 30, 2025 and December 31, 2025	5,975,000	\$ 0.61

As at December 31, 2025, the Company has outstanding stock options exercisable as follows:

Expiry date	Number of options outstanding	Weighted average remaining life in years	Exercise price	Number of options exercisable
July 16, 2026	50,000	0.54	\$ 0.27	50,000
June 11, 2029	3,725,000	3.45	\$ 0.20	3,725,000
October 31, 2029	400,000	3.84	\$ 0.30	266,666
September 5, 2030	1,800,000	4.68	\$ 1.54	-
	5,975,000	3.82		4,041,666

9. Related party transactions

(a) Transactions:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel during the period ended December 31, 2025 and 2024 is as follows:

	December 31, 2025	December 31, 2024
Management and consulting fees (i)	\$ 142,000	\$ 70,500
Director fees	36,000	-
Professional fees	390	-
Share-based compensation	140,686	34,064
	\$ 319,076	\$ 104,564

(i) Management and consulting fees of the key management personnel for the period ended December 31, 2025 were allocated as follows: \$45,000 (2024 - \$33,000) expensed to management and consulting fees and \$97,000 (2024 - \$37,500) capitalized to exploration and evaluation assets.

(b) Due to related parties:

As at December 31, 2025, the Company has a payable of \$437 (September 30, 2025 - \$61,315) owing to certain key management.

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Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months ended December 31, 2025

(Unaudited - Expressed in Canadian Dollars)

10. Financial instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's cash, restricted cash, accounts receivable, share subscription receivable, and accounts payable and accrued liabilities approximate carrying value, due to their short-term nature.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2025, the Company had cash of \$23,952,300 (September 30, 2025 - \$4,897,245) to settle current liabilities of \$326,591 (September 30, 2025 - \$308,091). The Company believes it has sufficient funds to meet its current liabilities as they become due.

Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, silver and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to accounts payable and accrued liabilities that are denominated in Mexican pesos.

Sensitivity analysis

The Company operates in Mexico and is exposed to risk from changes in the Mexican peso. A 10% fluctuation in the Mexico peso against the Canadian dollar would affect loss for the period by \$212,991 (September 30, 2025 - \$187,750).

11. Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation assets. In the management of capital, the Company includes components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company is not currently subject to externally imposed capital requirements. There were no change in the Company's approval to capital management.

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12. Segmented information

The Company operates in one reportable segment, being the acquisition and exploration of mineral property interests in Mexico.

13. Subsequent Events

On January 6, 2026, the Company closed a private placement of 2,955,665 common shares at a price of \$2.03 per share, for gross proceeds of \$6,000,000.