



("Zacatecas" or "the Company")

**FORM 51-102F1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THREE AND NINE-MONTH ENDED SEPTEMBER 30, 2025**

## **Introduction**

This Management's Discussion and Analysis ("MD&A") of Zacatecas Silver Corp., including its subsidiaries, Desarrollos Mineros Zacatecas Silver S.A de C.V (Mexico), Esperanza Silver de Mexico, S.A. de C.V. (Mexico), Servicios Mineros Tetlama S.A. de C.V. (Mexico) and 1260410 B.C Ltd. (Canada) is the responsibility of management and covers the nine-month period ended September 30, 2025. The MD&A takes into account information available up to and including December 1, 2025 and should be read together with the unaudited condensed consolidated interim financial statements for the three and nine-month period ended September 30, 2025, and the audited consolidated financial statements for the year ended December 31, 2024.

The Company was incorporated under the Business Corporations Act (British Columbia) on July 22, 2020. The head office and principal address of the Company is 595 Howe Street, #704, Vancouver, British Columbia, V6C 2T5. The Company's shares are listed on the TSX Venture Exchange ("TSXV") under the trading symbol "ZAC".

Throughout this document the terms *we*, *us*, *our*, *the Company* and *Zacatecas* refer to Zacatecas Silver Corp. All financial information in this document is prepared in accordance with IFRS Accounting Standards ("IFRS") and is presented in Canadian dollars unless otherwise indicated.

This document contains forward-looking statements. Please refer to "Note Regarding Forward-Looking Statements."

## Description of Business

The Company is a mineral resource company engaged in the business of acquiring and exploring mineral resource properties in Mexico. The Company's principal properties are the 100% owned Esperanza Gold Project, located in Morelos State, Mexico and the 100% owned Zacatecas Silver Project, located in Zacatecas State, Mexico.

The Esperanza Gold Project is an advanced stage, attractive low-cost, low-capital-intensity and low-technical-risk growth project located in Morelos State, Mexico. Before its acquisition by Zacatecas, Alamos progressed the project through advanced engineering, including metallurgical work, while also focusing on stakeholder engagement, including building community relations. The Company announced a Mineral Resource Estimate at Esperanza consisting of a Measured and Indicated Mineral Resource Estimate of 30.5 million tonnes at 0.97 g/t gold equivalent ("AuEq") for 956 thousand ounces AuEq and an Inferred Mineral Resource estimate of 8.7 million tonnes at 0.98 g/t AuEq for 277 thousand ounces AuEq (see news release dated November 16, 2022).

The Zacatecas Silver Project is located in Zacatecas state, Mexico, within the highly prospective Fresnillo silver belt, which has produced over 6.2 billion ounces of silver. The Company holds 7,826 hectares (19,338 acres) of ground that is highly prospective for low-sulphidation and intermediate-sulphidation silver base metal mineralization and potentially low-sulphidation gold-dominant mineralization. On December 15, 2021, Zacatecas announced a mineral resource estimate at the Panuco Deposit consisting of 2.7 million tonnes at 187 grams per tonne (g/t) silver equivalent ("AgEq") (171 g/t silver (Ag) and 0.17 g/t gold (Au)) for 16.4 million ounces AgEq (15 million ounces silver and 15,000 ounces gold) (see news release dated December 14, 2021).

Please refer to the "Exploration Projects" section below for the acquisition and project details.

## Performance Summary

During and subsequent to the nine-month period ended September 30, 2025, the Company:

- Announced on January 20, 2025, the resignations of Mr. Bryan Slusarchuk as director and Chief Executive Officer ("CEO") and Mr. Jonathan Richards, director and Chief Financial Officer ("CFO"), and the appointments of Mr. Eric Vanderleeuw as CEO and director, and Mr. Alastair Brownlow as CFO.
- Granted 3,000,000 stock options on January 20, 2025, to various officers, directors, and consultants, with an exercise price of \$0.10 per share and expiry of five years from the grant date.
- Granted 5,000,000 Restricted Share Units ("RSUs") on January 20, 2025, to various officers, directors, and consultants of the Company. The RSUs vest 100% on January 20, 2026.
- Closed a non-brokered private placement on February 11, 2025, by issuing 30,000,000 common shares at a price of \$0.05 per share for proceeds of \$1,500,000. In connection with the offering, the Company paid finders' fees totaling \$46,550, issued 224,000 finders' shares, and issued 1,155,000 finders' warrants with an exercise price of \$0.05 and expiry date of two years from the issue date.
- Granted 1,000,000 stock options on May 9, 2025, to a director, with an exercise price of \$0.05 per share and expiry date of five years from the grant date.
- Granted 1,000,000 RSUs on May 9, 2025, to a director of the Company. The RSUs vest 100% on May 9, 2026.
- During September 2025, closed its over-subscribed non-brokered private placement financing, issuing 62,500,000 units at a price of \$0.06 per unit for total gross proceeds of \$3.75 million over two tranches. Each unit consists of one common share and one common share purchase warrant, exercisable at a price of \$0.10 for a period of two years.

- Granted 5,000,000 stock options on October 9, 2025 to directors, officers, and consultants under the Company's rolling stock option plan. The options are exercisable at \$0.11 per share and have a five-year term from the date of grant.
- The Company entered into an investor relations agreement dated October 16, 2025 with Capital Gain Media Inc. ("Capital Gain") whereby Capital Gain has agreed to provide investor relations services for a period of four months in consideration of an upfront fee of \$250,000.

Please refer to the Company's news releases which are available at [www.sedarplus.ca](http://www.sedarplus.ca) or on the Company's website at [www.zacatecassilver.com](http://www.zacatecassilver.com) for additional information on the above highlights.

## Outlook

During the nine-months period ended September 30, 2025, the Company completed private placement financings of a total of 92,500,000 common shares for total proceeds of \$5.25 million to enable the Company to continue advancing the Esperanza gold and Zacatecas silver projects and to continue meeting its ongoing obligations and general administrative expenses. As the Company has no source of revenue at this time, it will continue to require additional capital to fund future office and administrative expenditures and to advance the Company's projects.

## EXPLORATION PROJECTS

### Zacatecas Silver Project, Mexico

#### *Property Location*

The Zacatecas Property is located adjacent to the city of Zacatecas, in the municipalities of Panuco, Veta Grande, Morelos, Zacatecas and Guadalupe, Zacatecas State, Mexico. The Zacatecas Property consists of 149 mining concessions comprising 7,826.3 hectares, within the Zacatecas Mining District.

#### *Property Geology*

With the exception of the Orito vein system located within the southern-most concessions of the Zacatecas Property, all other veins systems are hosted exclusively by basaltic and andesitic volcanic rocks, volcanoclastic rocks and interbedded marine sedimentary rocks of the Chilitos Formation. Within the Zacatecas Property, the Chilitos Formation has been mapped as its component lithologies, yet stratigraphic relations have not been established between lithologies and they may represent facies changes.

#### *Panuco Deposit*

*Panuco Lithology:* The Panuco vein system is hosted by andesitic flows, mixed andesites and andesitic tuffs and volcanoclastic sediments of the Chilitos Formation. A small rhyolite body crops out along the western extension of the Panuco Central Vein and is likely related to the Eocene intrusion observed along the Mala Noche Fault system. Jasperoids, presumably related to silica deposition during the mineralizing event, crop out locally.

Quaternary regolith is extensive especially in the NW of the Panuco system and may obscure vein extensions.

*Panuco Structure:* The Panuco vein system is hosted by brittle transverse-normal faults that strike 140°-145°, dip 60°-75° SW, and can collectively be traced over a 4 km strike length. The system is defined by three prominent vein structures, Panuco NW, Panuco Central and Tres Cruces using the nomenclature of Bui and O'Brien (2019). Tristan-Gonzales et al. (2012) suggested that movement along these faults was initially right-lateral followed later by normal left-lateral. Veins pinch and swell from <10 cm to >6 m in outcrop and drill sections.

The Panuco Central vein can be traced over a strike length of 2,300 m and dips between 52° and 76° to the southwest. In the southeast area of the Panuco Central vein drilling has traced the vein approximately 755 m down dip from surface, in the northwest area of the Panuco Central vein drilling has traced the vein approximately 410 m down dip from surface.

Panuco NW is effectively a splay extension of Panuco Central vein that has been traced over a strike length of 1500 m. It dips between 54° and 78° to the southwest and drilling by Golden Minerals traced the down-dip extension approximately 480 m down dip from surface.

The Tres Cruces vein has been traced over a strike length of 870 m, dipping between 67° and 86° to the southwest. Drilling has traced the vein down dip to approximately 388 m below surface.

In addition to the three main vein sets, sub-parallel subordinate veins have been identified especially within the structural hanging wall of each vein.

*Panuco Mineralization:* Silver, gold, and base metal mineralization at the Panuco deposit is hosted in breccia veins, banded, crustiform and colloform quartz veins, and quartz vein stockwork within zones of strong argillic alteration. Mineralization is best developed within coherent andesite volcanic rocks and volcanosedimentary units.

The veins are composite in nature, multiple pulses of quartz-sulfide precipitation and a late infill of quartz and/or carbonate (generally calcite). Galena, sphalerite, chalcopyrite and argentite are the main economic minerals, gangue includes quartz, calcite, pyrite, arsenopyrite, hematite, goethite, illite and clay minerals.

*Panuco Alteration:* Clasts within veins are strongly quartz-illite+/-kaolinite-calcite altered. Argillic alteration is strong proximal to veins and extends with decreasing intensity up to 15 m into wall rocks. Propylitic alteration is widespread.

#### Muleros Target Area

*Muleros Lithology:* Veins at Muleros are hosted by the Chilitos Formation. This is a marine volcano-clastic and sedimentary sequence of andesitic to basaltic pillow-lavas, andesitic flows and tuffs, intercalated with lesser mudstones and basinal limestones. Dioritic dykes, sills and laccoliths were emplaced at the same time. Quaternary regolith and alluvium is extensive and may obscure vein extensions.

*Muleros Structure:* The Panuco vein system is hosted by transverse-normal faults that strike approximately 110° and can collectively be traced over a 3 km strike length. The system is defined by three vein structures — the South Vein, the North Vein (Sabino Vein) and the El Rosario Vein. The South and North Veins dip between 55-80° to the SW and the Rosario Vein dips 70-80° to the NE. Veins vary from <1 to 5 m in true thickness.

The North and South veins splay to the northwest. Drilling has shown that veins may coalesce and splay at depth, and pinch and swell in width from <10 cm to >6 m.

*Muleros Mineralization:* Silver and base metal mineralization at the Muleros deposit is hosted in brecciated veins, banded, crustiform and colloform quartz-carbonate veins, and quartz vein stockworks, within zones of strong argillic alteration. Metallic minerals include galena, sphalerite, chalcopyrite, argentite and proustite, gangue includes quartz, calcite, pyrite, arsenopyrite, hematite, goethite, illite and clay minerals.

*Muleros Alteration:* Argillic alteration is generally strong to intense proximal to veins and may extend with increasing intensity for up to 10 m into wall rocks. Clasts within veins are intensely clay-silica altered.

### El Cristo Vein System

*El Cristo Lithology:* The El Cristo system is hosted by the Chilitos Formation, a sequence of andesitic to basaltic pillow-lavas, andesitic flows and tuffs, intercalated with mudstones and basinal limestones of marine affinity.

*El Cristo Structure:* The El Cristo vein system comprises several subparallel veins which form a sigmoidal complex that coalesces to the northwest and southeast. Veins extends for over 2.5 km along a strike of 120° to 130° over a width of up to 600 m. Dip varies from vertical to 60° to northeast to southwest.

*El Cristo Mineralization:* Silver and base metal mineralization at El Cristo is hosted in brecciated veins, banded, crustiform and colloform quartz-carbonate veins, that vary in thickness from 10 cm to 7 m.

MADSA completed a petrographic and fluid inclusion study of 12 surface samples taken along the strike length of the El Cristo vein system (Albinson, 2009). The study noted four paragenetic stages: 1) early brecciation of and cementation of wall rock fragments by fine grained silica-disseminated pyrite; 2) deposition of complex banded, coarse-crystalline quartz-calcite-sulfide; 3) late coarse-crystalline quartz and amethyst as centimeter-sized prismatic crystals in vughs; and late coarse crystalline calcite infilling vughs.

### San Manuel-San Gill Vein System

*San Manuel-San Gill Lithology:* The San Manuel-San Gil vein system is underlain by basaltic and andesitic volcanics, volcanoclastics, interbedded marine sedimentary rocks of the Chilitos Formation. To the south of the concessions, Tertiary rhyolite flows and domes are observed on Cerro San Gil and Cerro Seirpe, rhyolites are interpreted to have intruded a flexure in the in the Mala Noche structure and provide evidence of proximal heat source for hydrothermal system. Most of the San Manuel-San Gil area is covered by recent regolith and soil cover.

*San Manuel-San Gill Structure:* Two major structural trends are present at San Manuel-San Gill: a NS oriented hematitic breccia; and NW oriented quartz-carbonate-sulphide veins.

The hematitic breccia has a NS-trending strike of approximately 800 m, is up to 40 m wide, and is most likely vertical. The NS orientation of the breccia suggest the system may be gold-enriched — as evidenced by other gold-mineralized NS oriented veins in the Zacatecas region. This is consistent with the results of the five-hole drill program of Golden Minerals which returned assays such as 4.16 m at 1.14 g/t Au, 128 g/t Ag, 2.23% Pb and 1.86% Zn (Hole MG 11-08).

Quartz-carbonate-sulphide veins of between 10 cm to >7 m wide, trend NW-SE over a strike length of at least 2 km. Individual veins are between 400 to 1400 m long. Veins splay to the SE where multiple sub-parallel veins intersect, but do not cross the hematite breccia.

*San Manuel-San Gill Mineralization:* Silver, gold, and base metal mineralization is hosted in breccia veins, banded, crustiform and colloform quartz veins, and quartz vein stockwork within zones of strong argillic alteration. Ore minerals include galena, sphalerite, chalcopyrite and argentite. Gangue minerals include pyrite, hematite, goethite, quartz, calcite, illite and clay minerals.

*San Manuel-San Gill Alteration:* Alteration envelopes around fault-veins is variable depending largely upon host lithology. Argillic alteration of andesitic flows sills and dykes is limited to narrow envelopes, alteration in volcanoclastics and sedimentary units is more pervasive and extends meters from the vein. Late-stage calcite veins generally lack alteration selvages.

### Other Targets:

Outside the central block of concessions that forms the bulk of the Zacatecas Property are satellite concessions that have not been part of the recent exploration. These blocks include the El Oro, El Orito, La Cantera, Monserrat, El Peñón, San Judas and San Juan

- *Orito Concession:* The Orito concessions are located within and along the southern boundary of the city of Zacatecas. The concessions overlie the Orito vein system which is hosted volcanoclastics of the Chilitos Formation. Mineralization is present in three parallel north-northwest striking veins that dip 54°-85° to both the east and west. Mineralization is confined to veins and consists of banded sulfides and adularia. The El Compas vein system to the south of the Orito concessions is gold rich and silver-base metal poor (Zamora-Vega, 2018).
- *Cantera Concession:* The Cantera concessions are located along the northern limits of the city of Zacatecas and host veins of the Cantera-El Bote vein system. Veins strike southeast, dip 60° to 90° to the southwest, and juxtapose the volcanic rocks of the Chilitos Formation to the north against the Zacatecas Red Conglomerate to the south. The Cantera concessions surrounds the past producer Cantera Mine of Santacruz.
- *Montserrat Concession:* The Monserrat concessions are located along the eastern margin of the Sierra Zacatecas — the southeastern projection of the Veta Grande vein system. The concessions overlie andesites, basalts, and volcanoclastics of the Chilitos Formation.
- *El Peñón Concession:* The El Peñón concession is located approximately 20 km north of the city of Zacatecas. The concession overlies the contact between the volcanoclastics of the Chilitos Formation and porphyritic rhyolitic intrusives. Mineralization comprises a manganese prospect that has not been described.
- *San Juan Concession:* The San Juan concession is located 6 km east of the city of Guadalupe on highway 45. The concession covers andesites of the Chilitos Formation. Mineralization is hosted by a 1.7 m wide oxidized vein that trends 290°, dips 70° northeast, and strikes 200 m.
- *San Judas Concession:* San Judas concessions are located to the east of El Orito. Work by previous owners was limited to mapping northwest-southeast striking veins hosted within phyllites and sandstones of the Zacatecas Formation.

### Resource Estimate

In December 2021, the Company announced an initial mineral resource estimate at the Panuco Deposit, which was prepared by P&E Mining Consultants Inc. (“P&E”). The Panuco Deposit mineral resource estimate consist of 2.7 million tonnes at 187 g/t AgEq (171 g/t Ag and 0.17 g/t Au) for 16.4 million ounces AgEq (15 million ounces silver and 15 thousand ounces gold) that is comprised of:

- The Panuco Central Vein that contains an Inferred Mineral Resource of 2.1 million tonnes at 171 g/t AgEq (156 g/t silver and 0.16 g/t gold) for 11.3 million ounces AgEq (10.3 million ounces silver and 11 thousand ounces gold), and
- Panuco North Vein which contains an Inferred Mineral Resource of 0.7 million tonnes at 235 g/t AgEq (216 g/t Ag and 0.21 g/t Au) for 5.1 million ounces AgEq (4.7 million ounces silver and 5 thousand ounces gold).

**Table 1: Panuco Deposit Inferred Mineral Resource Estimate Summary <sup>(1-8)</sup>**

Resource Area	Tonnes (k)	Ag g/t	Au g/t	Ag Moz	Au koz	AgEq g/t	AgEq Moz
Panuco Central Vein	2,056	156	0.16	10.326	11	171	11.3
Panuco North Vein	677	216	0.21	4.709	5	235	5.13
<b>Total</b>	<b>2,733</b>	<b>171</b>	<b>0.17</b>	<b>15.035</b>	<b>15</b>	<b>187</b>	<b>16.4</b>

**Notes:**

- (1) Mineral Resources, which are not Mineral Reserves, do not have demonstrated economic viability.

- (2) The estimate of Mineral Resources may be materially affected by environmental permitting, legal title, taxation, socio-political, marketing or other relevant issues.
- (3) Resources are classified according to Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards (2014) and CIM Best Practices (2019).
- (4) The Inferred Mineral Resource in this estimate has a lower level of confidence than that applied to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.
- (5) Silver equivalent Mineral Resources for the Panuco Deposit were calculated using the following metal prices: Ag at US \$21/oz and Au at US\$1,625/oz.
- (6) Metallurgical recoveries have been estimated to be 82% silver and 95% gold.
- (7) The Inferred Mineral Resource Estimate uses a cut-off of 100 g/t AgEq based on US\$/tonne costs of \$35/mining, \$15 processing and \$5 G&A.
- (8)  $AgEq = Ag\ g/t + (Au\ g/t \times 90)$

The full details of the mineral resource estimate are set forth in the Zacatecas technical report titled, "Independent Technical Report on the Zacatecas Properties, Zacatecas State, Mexico" filed on SEDAR+ on January 28, 2022, and the news release dated December 14, 2021.

### Esperanza Gold Project

The Esperanza gold project is an advanced-stage, low-technical-risk growth project located in Morelos state, Mexico. For additional information about the project, refer to the Company's technical report titled "Independent Technical Report, Esperanza Gold Project, Morelos Gold Project, Mexico" ("Esperanza Technical Report") filed on SEDAR+ on December 30, 2022.

#### *Property Location*

The Esperanza Property is located 80 km south of Mexico City and 12 km from Cuernavaca in the State of Morelos — it consists of 7 mining concessions comprising 4,649 hectares.

#### *Project Geology*

Esperanza is located in the Guerrero Gold Belt of southern Mexico, host to several multi-million-ounce gold skarn deposits associated with a 55 km long northwest trending belt of Tertiary felsic intrusive bodies hosted in a carbonate bearing, Mesozoic to Tertiary, sedimentary-volcanic sequence.

The Esperanza project geology comprises a host sequence of grey to dark grey, fine-grained, thin to medium bedded limestone with chert bands, belonging to the Xochicalco Formation. The limestone is intruded by a northeast oriented, ovoid, medium to coarse grained, feldspar phyric granodiorite stock with an areal extent of 900 m by 500 m.

The Esperanza gold-silver deposit is an oxidized skarn located in the south-central part of the concession area. In addition to the La Esperanza Deposit, there are at least nine other early-stage exploration target areas with mineralization observed at surface.

Gold and silver mineralization at Esperanza is spatially associated with exoskarn alteration at the contact between granodiorite and limestone. The skarns comprise a prograde and retrograde mineral assemblage. Gold mineralization is associated with retrograde alteration including sulphide mineral development and to a lesser extent formation of late jasperoid. Sulphide minerals comprise pyrite, pyrrhotite, sphalerite, chalcopyrite and arsenopyrite.

Skarn mineralization has been strongly oxidized to hematite and sulphide minerals are only rarely observed. The entire known deposit has been oxidized.

*Deposit Type*

Esperanza is an exoskarn deposit hosted by a carbonate-bearing sedimentary sequence, intruded by a granodiorite stock. Mineralization is hosted by the sedimentary strata and abuts the intrusive body, comprising of a typical skarn assemblage of prograde garnet, pyroxene, wollastonite and vesuvianite and a retrograde, overprinting assemblage of tremolite-actinolite, clays, epidote, chlorite and silica. Gold mineralization is thought to have formed during retrograde alteration and appears to have some spatial association with silica alteration. The skarn has subsequently been oxidized, which may have caused supergene enrichment of gold.

*Exploration targets*

To date, significant core and reverse circulation drilling has occurred at the Esperanza Gold Project, resulting in a total of 389 drill holes for 69,716 m. Four targets adjacent to or close to the current resource were identified to expand the resource. The project also hosts seven regional targets that merit drill testing.

Three zones of skarn mineralization within 1 km of the La Esperanza deposit have been identified by previous operators. These are termed the Northern Contact, NE Intrusive Contact and Colotopec prospects. The Northern and NE Contact target areas are located at the northwestern end of the same causative intrusion at La Esperanza. Gold anomalous skarn mineralization has been sampled at surface at the NE Contact prospect with jasperoid float observed over a 100 m strike length.

The Northern Contact target is concealed beneath Cuernavaca Formation cover units, and is inferred to overly 700 m strike length of prospective contact zone between the granodiorite and limestone. Two holes located between 100 m and 200 m southwest of the Northern Contact intercepted between 12 m and 15 m of skarn mineralization, averaging 150 g/t silver (Kirkham, 2014). There has been no drilling of the target area.

Colotopec is located on the southeastern margin of the granitoid intrusion and is characterised by a 500 m by 50 m zone of marble cross cut by quartz-iron oxide veinlets. Similar zones have been observed in drill core elsewhere at La Esperanza located above mineralised skarn.

*Resource Estimate*

In November 2022, the Company announced a high-grade oxide gold Mineral Resource Estimate at the Esperanza Deposit, which was prepared by P&E. The Esperanza deposit mineral resource estimate consists of:

- Pit-Constrained Measured and Indicated Mineral Resource Estimate of 30.3 million tonnes at 0.97 g/t AuEq (0.92 g/t gold and 8.6 g/t silver) for 941 thousand ounces AuEq (899 thousand ounces gold and 8.4 million ounces silver) and Out-of-Pit Measured and Indicated Mineral Resource Estimate of 270 thousand tonnes at 1.73 g/t AuEq (1.58 g/t gold and 11.0 g/t silver) for 15 thousand ounces of AuEq (14 thousand ounces of gold and 96 thousand ounces of silver);
- Pit-Constrained Inferred Mineral Resource Estimate of 8.3 million tonnes at 0.93 g/t AuEq (0.86 g/t gold and 14.7 g/t silver) for 248 thousand ounces AuEq (229 thousand ounces gold and 3.9 million ounces silver) and Out-of-Pit Inferred Mineral Resource Estimate of 479 thousand tonnes at 1.83 g/t AuEq (1.77 g/t gold and 11.8 g/t silver) for 28 thousand ounces of AuEq (27 thousand ounces of gold and 182 thousand ounces of silver);

**Measured and Indicated Mineral Resource Estimate <sup>(1-9)</sup>**

Resource Area	Tonnes (k)	Au g/t	Ag g/t	Au koz	Ag koz	AuEq g/t	AuEq koz
Measured (Pit-Constrained)	4,194	1.01	6.1	137	827	1.04	141
Measured (Out-of-Pit)	10	1.89	14.5	1	5	1.96	1

Indicated (Pit-Constrained)	26,074	0.91	9.1	762	7,587	0.95	800
Indicated (Out-of-Pit)	260	1.57	10.9	13	91	1.62	14
<b>Total</b>	<b>30,538</b>	<b>0.93</b>	<b>8.7</b>	<b>913</b>	<b>8,510</b>	<b>0.97</b>	<b>956</b>

**Inferred Mineral Resource Estimate <sup>(1-8)</sup>**

Resource Area	Tonnes (k)	Au g/t	Ag g/t	Au koz	Ag koz	AuEq g/t	AuEq koz
Inferred (Pit-Constrained)	8,258	0.86	14.7	229	3,905	0.93	248
Inferred (Out-of-Pit)	479	1.77	11.8	27	182	1.83	28
<b>Total</b>	<b>8,737</b>	<b>0.91</b>	<b>14.5</b>	<b>256</b>	<b>4,087</b>	<b>0.98</b>	<b>276</b>

**Notes:**

- (1) Mineral Resources, which are not Mineral Reserves, do not have demonstrated economic viability.
- (2) The estimate of Mineral Resources may be materially affected by environmental permitting, legal title, taxation, socio-political, marketing or other relevant issues.
- (3) Resources are classified according to CIM Definition Standards (2014) and CIM Best Practices (2019).
- (4) The Inferred Mineral Resource in this estimate has a lower level of confidence than that applied to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.
- (5) Gold equivalent Mineral Resources for the Esperanza Gold Project were calculated using the following metal prices: Au at US \$1,700 and Ag at US \$22/oz.
- (6) Metallurgical recoveries have been estimated to be 70% gold and 25% silver.
- (7) The Mineral Resource Estimate uses a cut-off of 0.2 g/t AuEq for Pit-Constrained, and 1.2 g/t AuEq for Out-of-Pit based on US\$/tonne costs of \$2.50/mining, \$6.50 processing and \$1.25 G&A.
- (8)  $AuEq = Au \text{ g/t} + (Ag \text{ g/t} \times 0.005)$
- (9) Out-of-pit MRE blocks were reviewed for grade and geometric continuity. Isolated/orphaned and single block width strings of blocks were removed in order to only report Mineral Resources with a reasonable prospect of economic extraction.

The full details of the Mineral Resource Estimate are set forth in the Esperanza Technical Report filed on SEDAR+.

*Terms of the Acquisition*

On April 12, 2022, the Company completed its acquisition of the advanced stage Esperanza Gold Project, located in Morelos State, Mexico, pursuant to the terms of a Share Purchase Agreement dated February 28, 2022 (the "Share Purchase Agreement") with Minas De Oro Nacional, S.A. De C.V. ("Minas De Oro"), a subsidiary of Alamos Gold Inc. ("Alamos").

Under the terms of the Share Purchase Agreement, the Company acquired all the issued and outstanding shares of Esperanza Silver de Mexico S.A de C.V ("Esperanza Mexico"), which holds title to the Esperanza Gold Project. In consideration of Esperanza Mexico, the Company:

- i. Paid Minas de Oro US\$5,000,000 in cash;
- ii. Issued 12,140,000 common shares of the Company; and

- iii. Granted a Silver Stream under which Alamos is entitled to receive 20% of the silver produced from the Esperanza Gold Project at a cash price of 20% of the prevailing spot silver price, subject to a maximum of 500,000 ounces of silver delivered to Alamos.

The Share Purchase Agreement further provides that the Company will make certain additional payments contingent upon the completion of key milestones on the Esperanza Gold Project (“Milestone Payments”):

- iv. Pay US\$5,000,000 within 60 days after approval of an environmental impact assessment report by the applicable governmental authorities;
- v. Pay US\$14,000,000 within 60 days of the earlier of (i) completion of a feasibility study on the Esperanza Gold Project or (ii) the Company announcing its decision to commence construction of a mine on the Esperanza Gold Project; and
- vi. Pay US\$20,000,000 within 180 days after commencement of commercial production on the Esperanza Gold Project.

The Company may, at its sole election, satisfy up to 50% of the contingent payments by issuing common shares at a price equal to the 10-day volume-weighted average price on the TSXV prior to the issuance of such common shares provided that such common share issuance does not cause Alamos to exceed 19.99% ownership of the issued and outstanding common shares (on a partially diluted basis).

The Company also agreed to incur US\$7,500,000 in expenditures to advance the Esperanza Gold Project over the three years following the acquisition. If the Company fails to meet the expenditure commitment, an amount equal to the shortfall will be added to the next contingent payment.

The transaction did not meet the definition of a business combination and therefore, was accounted for as an asset purchase of mineral property interests. The fair value of the consideration paid for the acquisition of Esperanza was allocated to the assets acquired and liabilities assumed, based on management’s best estimate, and taking into account all available information at the time of acquisition. The Company paid a finder’s fee of US\$500,000 to a third party.

The fair value of the contingent Milestone Payments of \$19,745,605 was estimated on the date of acquisition based on management assumptions on the probability and timing of such payments using a probability-weighted discounted cash flow model. The Company used a discount rate of 9.75%. The Milestone Payments and Silver Stream are revalued at each reporting period based on the prevailing facts and circumstances of the Esperanza Gold Project. The fair value is determined using discounted cash flows based on significant inputs and assumptions such as a discount rate, an estimate of timelines to advance the project and a success probability factor. The fair value at each reporting period is also impacted by prevailing foreign exchange rates. As at September 30, 2025, the Company used a discount rate of 13.75%. The changes in the fair value of the Milestone Payments and Silver Stream (“Contingent Consideration”) for the period ended September 30, 2025 are as follows:

Contingent Consideration	Milestone Payments	Silver Stream	Total
Balance, December 31, 2024	7,932,084	1,648,180	9,580,264
Change in fair value	(46,366)	(56,862)	(103,228)
Balance, September 30, 2025	\$ 7,885,718	\$ 1,591,318	\$ 9,477,036

#### *Future Exploration Plans: Esperanza*

An exploration and development budget of US\$4,500,000 is recommended, but exploration is on hold at present as the Mexican government is not supportive of open pit mining:

- A total of 5,000 m of drilling (US\$1,500,000) for step out drilling around the boundary of the resource estimate, with a view to potentially upgrading deposit size prior to completing a pre-feasibility study of the Esperanza deposit. The high-grade feeder zone at the western flank of the intrusion is an obvious target.

- US\$1,500,000 is allocated to a pre-feasibility study.

### Exploration costs:

During the nine-month period ended September 30, 2025, the Company incurred exploration costs on the Esperanza Gold and Zacatecas Silver projects as follows:

<b>For the period ended September 30, 2025</b>	<b>Esperanza Gold Project</b>	<b>Zacatecas Project</b>	<b>Total</b>
Administrative, permitting and land access	\$ 15,003	\$ -	\$ 15,003
Corporate social responsibility and community relations	7,421	-	7,421
General exploration	36,910	160,802	197,712
Mining duties	79,042	143,876	222,918
Reporting	2,783	-	2,783
Taxes paid (IVA)	4,622	14,567	19,189
	<u>\$ 145,781</u>	<u>\$ 319,245</u>	<u>\$ 465,026</u>

During the nine-month period ended September 30, 2024, the Company incurred exploration costs on the Esperanza Gold and Zacatecas Silver projects as follows:

<b>For the period ended September 30, 2024</b>	<b>Esperanza Gold Project</b>	<b>Zacatecas Project</b>	<b>Total</b>
Administrative, permitting and land access	\$ 3,626	\$ -	\$ 3,626
Corporate social responsibility and community relations	34,398	-	34,398
Drilling and assay	-	20,914	20,914
General exploration	139,492	201,676	341,168
Mining duties	152,108	259,197	411,305
Reporting and technical studies	-	10,684	10,684
Taxes paid (IVA)	1,529	2,029	3,558
	<u>\$ 331,153</u>	<u>\$ 494,500</u>	<u>\$ 825,653</u>

*Dr. Chris Wilson, (FAusIMM (CP), FSEG.), the Company's Chief Geologist and director, and a Qualified Person under the meaning of Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects, is responsible for the technical content of this Management's Discussion and Analysis.*

## Results of Operations

The condensed consolidated interim financial statements reflect the financial condition of the Company's business for the period ended September 30, 2025. The significant events during the period which impact the financial results of the Company, some of which are discussed above in the performance summary, are:

- Ongoing exploration on the Zacatecas project.
- Raising awareness of the Company's projects and the financing.
- The completion of an aggregate of \$5.25-million in private placement financings.

During the three-month period ended September 30, 2025, the Company incurred comprehensive loss of \$749,128 (2024 – \$572,322). Significant expenditures and movements included:

- Exploration expenditures of \$102,733 (2024 - \$302,599). Expenditures decreased during 2025 compared to the prior period as the Company focused on cutting costs and preserving cash. The Company intends to start a drill program in early 2026.
- Consulting fees of \$92,500 (2024 - \$nil) as a result of advisory contracts entered into during the period.

- Management fees of \$30,000 (2024 - \$87,717) which included fees paid and accrued to the CEO of the Company.
- Marketing and shareholder communication expenses of \$nil (2024 - \$23,279) decreased as a result of cash conservation efforts.
- Professional fees of \$77,784 (2024 - \$67,735) were incurred, which included fees relating to ongoing legal, accounting and audit-related activities.
- Share issuance costs of \$98,302 (2024 - \$nil) related to RSUs vested during the period.
- A loss on change in fair value of contingent consideration of \$364,991 (2024 – gain of \$88,430). The contingent consideration relates to the Esperanza Gold Project and the change relates to items such as foreign exchange fluctuations, changes in silver price, interest rate fluctuations and changes in other assumptions.

During the nine-month period ended September 30, 2025, the Company incurred a loss and comprehensive loss of \$1,507,600 (2024 – loss of \$2,359,616). Significant expenditures and movements included:

- Exploration expenditures of \$465,026 (2024 - \$825,653). Expenditures decreased during 2025 compared to the prior period as the Company focused on cutting costs and cash conservation.
- Consulting fees of \$252,500 (2024 - \$132,365) as a result of advisory contracts entered into during the period.
- Management fees of \$181,837 (2024 - \$262,171) which included fees paid and accrued to the current and former CEOs of the Company.
- Marketing and shareholder communication expenses of \$49,238 (2024 - \$249,649) decreased as a result of cash conservation efforts.
- Professional fees of \$212,442 (2024 - \$236,061) were incurred, which included fees relating to ongoing legal, accounting and audit-related activities.
- Share based compensation of \$441,641 (2024 - \$Nil) relating to the grant of RSUs to the directors, officers and consultants of the Company.
- A gain on change in fair value of Contingent Consideration of \$103,228 (2024 – loss of \$197,649). The Contingent Consideration relates to the Esperanza Gold Project and the change relates to items such as foreign exchange fluctuations, changes in silver price, interest rate fluctuations and changes in other assumptions.

During the 9-month period, the Company completed private placement financings of a total of 92,500,000 common shares for total proceeds of \$5.25 million. The proceeds were for exploration activities for its mineral properties and general and administrative expenses. The following sets out the use of proceeds as of the date hereof:

Item	Use of Proceeds
Share issuance costs	\$ 207,255
Share subscriptions received subsequent to September 30, 2025	432,340
Exploration activities	465,026
General and administrative expense	858,449
Change in non-cash working capital items	525,522
Unallocated proceeds for future exploration and operating costs	\$ 2,761,408

## Summary of Quarterly Results

	September 30, 2025 \$	June 30, 2025 \$	March 31, 2025 \$	December 31, 2024 \$
Working capital (deficit)	2,022,362	(796,044)	(448,613)	(1,271,706)
Exploration expenditures	102,733	128,203	234,090	156,753
Net loss	(837,156)	(11,587)	(816,841)	(1,393,457)
Net loss per share - basic	(0.01)	(0.00)	(0.01)	(0.01)
	September 30, 2024 \$	June 30, 2024 \$	March 31, 2024 \$	December 31, 2023 \$
Working capital	(864,317)	(358,630)	232,124	(1,370,508)
Exploration expenditures	302,599	174,162	348,892	267,924
Net income (loss)	(226,028)	(1,024,949)	(914,616)	8,150,491
Net loss per share - basic	(0.00)	(0.01)	(0.01)	0.09

## Discussion of Quarterly Results

The significant items impacting Zacatecas's net loss result primarily from the changing levels of financing available, exploration activities, and office and administrative expenses. Changing levels in exploration program and general and administrative costs fluctuate independently according to field activities at our properties or general corporate activities.

Since incorporation, the Company has completed various financings, acquired the Zacatecas Project and the Esperanza Project, and has been focused on commencing exploration and completing the listing process, including completing the Zacatecas Technical Report, the Esperanza Technical Report, necessary audits, and the prospectus.

## Liquidity

Zacatecas's mineral exploration and development activities do not provide a source of income, and the Company therefore has a history of losses and an accumulated deficit. However, given the nature of its business, the results of operations as reflected in the net losses and losses per share do not provide a complete interpretation of our valuation.

As at September 30, 2025, the Company had a working capital of \$2,022,362. The working capital consisted of a cash balance of \$2,761,408 receivables of \$20,646 prepayments and advances of \$7,397, offset by accounts payable and accrued liabilities of \$767,089.

To maintain liquidity in the future, the Company continues to investigate financing opportunities and would consider raising capital via equity issuances, debt facilities, joint venture arrangements, or a combination of these options. The Company has financed its operations to date primarily through the issuance of common shares. As the Company has no source of revenue at this time, it will continue to require additional capital to carry exploration expenses and ongoing operating costs.

**Operating Activities:** The Company does not generate cash from operating activities. Net cash used in the Company for operating activities, which includes exploration activities, for the nine months ended September 30, 2025 was \$1,889,518 (2024 - \$2,439,361).

**Investing Activities:** During the periods ended September 30, 2025 and 2024, the Company did not incur any cash flows from investing activities.

**Financing Activities:** During the nine-month period ended September 30, 2025, the Company received net cash of \$4,630,394 (2024 - \$2,412,174) from financing activities, which included proceeds from private placements of \$4,817,660 (2024 - \$2,500,000), less share issuance costs of \$187,266 (2024 - \$87,826).

The condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's continuing operations rely on the ability of the Company to continue to raise capital.

## Related Party Transactions

The condensed consolidated interim financial statements include the financial statements of the Company and its subsidiaries, Desarrollos Mineros Zacatecas Silver S.A De C.V (Mexico), Esperanza Silver de Mexico, S.A. de C.V. (Mexico), Servicios Mineros Tetlama S.A. de C.V. (Mexico) and 1260410 B.C Ltd. (Canada).

Key management personnel includes 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 consists of members of the Board and corporate officers, including the Company's CEO and CFO.

During the nine-month period ended September 30, 2025, the Company entered into the following transactions with related parties:

- a) Management and advisory fees of \$79,337 (2024 - \$262,171) were paid or accrued to a company controlled by Bryan Slusarchuk, a former officer and director of the Company.
- b) Management fees of \$152,500 (2024 - \$nil) were paid or accrued to a company controlled by Eric Vanderleeuw, an officer and director of the Company.
- c) Exploration fees of \$67,894 (2024 - \$194,401) were paid or accrued to a company controlled by Chris Wilson, an officer and director of the Company.
- d) Professional fees of \$114,212 (2024 - \$118,219) were paid or accrued to Red Fern Consulting Ltd., a company controlled by Jonathan Richards, a former officer and director of the Company, in which Alastair Brownlow, a current officer, is an associate.
- e) Professional fees and share issuance costs of \$50,592 (2024 - \$6,131) were paid or accrued to O'Neill Law LLP., a firm of which Charles Hethey, a director of the Company, is a partner.
- f) Director fees of \$27,000 (2024 - \$81,000) were paid or accrued to Nancy La Couvee, a director of the Company.

As at September 30, 2025, \$99,707 was included in accounts payable and accrued liabilities owing to officers and directors of the Company.

## Outstanding Share Data

### Common Shares:

The Company is authorized to issue an unlimited number of common shares without par value. As at the date of this report, the Company has 208,802,991 common shares issued and outstanding.

Stock Options:

As at the date of this report, the Company has 11,975,000 stock options outstanding, as detailed below:

<b>Expiry Date</b>	<b>Number</b>	<b>Exercise Price - \$</b>
March 2, 2026	2,375,000	0.50
March 15, 2027	400,000	1.20
July 18, 2027	200,000	0.70
January 20, 2030	3,000,000	0.10
May 9, 2030	1,000,000	0.05
October 9, 2030	5,000,000	0.11

Warrants:

As at the date of this report the Company has 86,577,538 share purchase warrants outstanding, as detailed below:

<b>Expiry Date</b>	<b>Number</b>	<b>Exercise Price - \$</b>
May 10, 2026	7,809,502	0.55
May 10, 2026	137,706	0.45
February 13, 2026	13,365,375	0.15
February 11, 2027	802,000	0.05
September 22, 2027	38,449,335	0.10
September 22, 2027	1,432,050	0.10
September 22, 2027	512,236	0.06
September 29, 2027	24,050,665	0.10
September 29, 2027	18,669	0.10

Restricted Share Units:

As at the date of this report the Company has 6,000,000 RSUs outstanding and vesting as follows:

<b>Vest Date</b>	<b>Number</b>
January 20, 2026	5,000,000
May 9, 2026	1,000,000

**Contractual Obligations**

Except as described in the Esperanza Project section and herein or in the Company's condensed consolidated interim financial statements at September 30, 2025, the Company had no material contractual obligations.

**Off-Balance Sheet Arrangements**

As at September 30, 2025, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

## Proposed Transactions

Except as elsewhere disclosed in this document, there are no other proposed transactions under consideration.

## Capital Resources

The Company has no commitments for capital expenditures at the date of this report.

The Company will continue to seek capital. In the past, the Company has raised capital through the issuance of common shares pursuant to private placements. The Company manages its capital structure to maximize its financial flexibility, making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

## Financial Instruments and Risk Management

Please refer to the unaudited condensed consolidated interim financial statements for the nine-month period ended September 30, 2025 for a discussion of the financial instruments and risk management.

## Risk Factors

Companies in the exploration stage face a variety of risks and, while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. The Company faces a variety of risk factors such as project feasibility and practically, risks related to determining the validity of mineral property title claims, commodities prices, changes in laws and environmental laws and regulations. Management monitors its activities and those factors that could impact them in order to manage risk and make timely decisions. Risks and uncertainties the Company considers material in assessing its financial statements are described below.

*Zacatecas will require additional funding.*

As at September 30, 2025, the Company held cash of \$2,761,408. The Company had accounts payable and accrued liabilities of \$767,089. During the period ended September 30, 2025, the Company completed a total of \$5.25-million in private placement financings. The Company does not have any source of revenue and will require additional funding. The Company is currently investigating future funding. The Company has relied upon equity subscriptions to satisfy its capital requirements and will likely continue to depend upon these sources to finance its activities. There can be no assurances that the Company will be successful in raising the desired level of financing on acceptable terms.

*Negative Cash Flow from Operating Activities.*

The Company has no history of earnings and had negative cash flow from operating activities since inception. The Company's mineral properties are in the exploration stage and, although they have a known mineral resource, proposed work on the properties are exploratory in nature. Significant capital investment will be required to achieve commercial production from the Company's existing projects. There is no assurance that the projects will generate earnings, operate profitably or provide a return on investment in the future. Accordingly, the Company will be required to obtain additional financing in order to meet its future cash commitments.

*Zacatecas is subject to government regulation.*

The Company's mineral exploration is, and any development activities will be, subject to various laws governing exploration, development, production, taxes, labour standards and occupational health, mine safety, environmental protection, toxic substances, land use, water use and other matters. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory authorities curtailing the Company's operations or requiring corrective measures, any of which could result in the Company incurring substantial expenditures. No assurance can be

given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration or development.

*Exploration, development and mining activities can be hazardous and involve a high degree of risk.*

The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of base or precious metals, including, without limitation, unusual and unexpected geologic formations, seismic activity, rock bursts, pit-wall failures, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and legal liability. Milling operations, if any, are subject to various hazards, including, without limitation, equipment failure and failure of retaining dams around tailings disposal areas, which may result in environmental pollution and legal liability.

*Zacatecas may be adversely affected by fluctuations in metal prices.*

The value and price of the Company's common shares, the Company's financial results, and exploration, development and mining activities of the Company, if any, may be significantly adversely affected by declines in the price of metals. Mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control such as interest rates, exchange rates, inflation or deflation, global and regional supply and demand, and the political and economic conditions of mineral producing countries throughout the world.

*Adequate infrastructure may not be available.*

Exploration, development and ultimately mining and processing activities depend, to one degree or another, on the availability of adequate infrastructure. Reliable air service, roads, bridges, power sources and water supply are significant contributors in the determination of capital and operating costs. Inadequate infrastructure could significantly delay or prevent the Company exploring and developing its projects and could result in higher costs.

*Zacatecas does not and likely will not insure against all risks.*

The Company's insurance will not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to environmental liability or other hazards which may not be insured against or which we may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Zacatecas to incur significant costs that could have a material adverse effect upon its financial condition and results of operations.

*Zacatecas may be subject to disputes.*

The Company may be involved in disputes with other parties in the future, which may result in litigation or arbitration. The results of litigation or arbitration cannot be predicted with certainty. If the Company is unable to resolve these disputes favorably, it may have a material adverse impact on the Company.

All industries, including the mining industry, are subject to legal claims that are with and without merit. Due to the inherent uncertainty of the litigation process and dealings with regulatory bodies, there is no assurance that any legal or regulatory proceeding will be resolved in a manner that will not have a material and adverse effect on the Company.

*Zacatecas is dependent on key personnel.*

The Company's success depends in part on its ability to recruit and retain qualified personnel. Due to its relatively small size, the loss of the services of one or more of such key management personnel could have a material adverse effect on the Company. In addition, despite its efforts to recruit and retain qualified

personnel, even when those efforts are successful, people are fallible and human error could result in a significant uninsured loss to the Company.

*Zacatecas's officers and directors may have potential conflicts of interest.*

Zacatecas's directors and officers may serve as directors and/or officers of other public and private companies and devote a portion of their time to manage other business interests. This may result in certain conflicts of interest. To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of each company's participation. However, applicable law requires the directors and officers to act honestly, in good faith, and in the best interests of the Company and its shareholders and in the case of directors, to refrain from participating in the relevant decision in certain circumstances.

*Rights under permits, licenses and approvals are subject to change.*

In countries where we carry out exploration activities, the mineral rights or certain portions of them are owned by the relevant governments. These governments have entered into contracts with us, or granted permits or concessions that allow us to carry out operations or development and exploration activities there, but government policy could change. Any change that affects our rights to conduct these activities could have a material and adverse effect on the Company.

In addition, mineral exploration and mining activities can only be conducted by entities that have obtained or renewed exploration or mining permits and licenses in accordance with the relevant mining laws and regulations. The duration and success of each permitting effort are contingent upon many factors we do not control. In the case of foreign operations, governmental approvals, licenses and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. There may be delays in the review process. There is no guarantee that we will be granted the necessary permits and licenses, that they will be renewed, or that we will be in a position to comply with all conditions that are imposed.

All mining projects require a wide range of permits, licenses and government approvals and consents. It is not certain that we will be granted these at all, or in a timely manner. If we do not receive them for our mineral projects or are unable to maintain them, it could have a material and adverse effect on the Company.

*The Company's operations may also be affected to varying degrees by changes in government regulations.*

The Company's mineral properties are located in Mexico. Economic, legal, and political conditions in Mexico could adversely affect the business activities of the Company. These conditions are beyond the Company's control, and there can be no assurances that any mitigating actions by the Company will be effective. Changing laws, regulations, and restrictions relating to the mining industry or shifts in political conditions may increase the costs related to the Company's activities including the cost of maintaining its properties. Operations may also be affected to varying degrees by changes in government regulations with respect to restrictions on production, price controls, export controls, income taxes, royalties, expropriation of property, environmental, labour laws, the state or country mining acts, and mine safety. The effect of these factors cannot be accurately predicted.

*Public scrutiny of the Company's activities may hinder operations and reputation.*

The Company's relationships with stakeholders are critical to ensure the future success of its existing operations and the construction and development of its projects. Mineral resource companies face increasing public scrutiny of their activities and are under pressure to demonstrate that their operations have potential to generate satisfactory returns not only to their shareholders, but also to benefit local governments and the communities surrounding the properties where it operates. The potential consequences of these pressures include reputational damages, lawsuits, increasing social investment obligations and pressure to increase taxes and future royalties payable to local governments and surrounding communities. While the Company seeks to operate in a socially responsible manner and believes it has good relationships with local communities in the regions in which it operates, NGOs or local community organizations could direct adverse

publicity against and/or disrupt the operations of the Company in respect of one or more of its properties, regardless of its successful compliance with social and environmental best practices, due to political factors, activities of unrelated third parties on lands in which the Company has an interest or the Company's operations specifically. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, obtain permits and licenses and/or continue its operations. As a result of these considerations, the Company may incur increased costs and delays in permitting and other operational matters with respect to its property interests in Mexico.

*Title to our mineral properties may be challenged.*

We have investigated title to all of our mineral properties and, to the best of our knowledge, we have or are entitled to title to all of our properties subject to the items described in the MD&A and in our financial statements dated September 30, 2025. Challenges may be made to the title to any of our properties and, if successful, they could impair development and/or operations at our mines or projects. There is no assurance that title to any of our properties will not be challenged.

New laws and regulations, or amendments to laws and regulations relating to mineral tenure and land title and usage, including expropriations and deprivations of contractual rights, if proposed and enacted, may affect our rights to our mineral properties. There is no assurance that we will be able to operate our properties as currently permitted or that we will be able to enforce our rights with respect to our properties.

*Corruption and bribery may exist in countries in which we operate.*

Our operations are governed by, and involve interactions with, many levels of government in foreign countries. We may not be able to complete some business transactions if we are subject to corruption or demands for bribes. Like most companies, we are required to comply with anti-corruption and anti-bribery laws, including the Canadian Corruption of Foreign Public Officials Act, as well as similar laws in the countries in which we conduct our business. In recent years, there has been a general increase in both the severity of penalties and frequency of enforcement under such laws, resulting in greater punishment and scrutiny to companies convicted of violating anti-bribery laws. Furthermore, a company may be found liable for violations by not only its employees, but also any third-party agents. If we find ourselves subject to an enforcement action or are found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions being imposed on us resulting in a material adverse effect on the Company.

*The Company may be affected by reputational risk.*

Damage to our reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. Although we believe that we operate in a manner that is respectful to all stakeholders and take care in protecting our image and reputation, we do not have control over how we are perceived by others. Any reputation loss could result in decreased investor confidence and increased challenges in developing and maintaining community relations which may have adverse effects on the Company and the price of the Company's securities.

## **Critical Accounting Policies and Estimates**

Zacatecas's accounting policies are described in Notes 2 and 3 of its audited consolidated financial statements for the year ended December 31, 2024.

## **Note Regarding Forward-Looking Statements**

Except for historical information, this MD&A may contain forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward-looking statements.

The factors that could cause actual results to differ materially include, but are not limited to, the following: Zacatecas has no assurance that the licenses will be issued nor if issued, that they will be issued in a timely manner, general economic conditions; changes in financial markets; the impact of exchange rates; political conditions and developments in countries in which the Company operates; changes in the supply, demand and pricing of the metal commodities which the Company hopes to find and successfully mine; changes in regulatory requirements impacting the Company's operations; the sufficiency of current working capital and the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties.

Forward-looking statements are based on a number of material factors and assumptions, including the determination of mineral reserves or resources, if any, the results of exploration and drilling activities, the availability and final receipt of required approvals, licenses and permits, that sufficient working capital is available to complete proposed exploration and drilling activities, that contracted parties provide goods and/or services on the agreed time frames, the equipment necessary for exploration is available as scheduled and does not incur unforeseen break downs, that no labour shortages or delays are incurred and that no unusual geological or technical problems occur. While the Company considers these assumptions may be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in this MD&A.

Although forward-looking statements and information contained in this MD&A are based on the beliefs of Zacatecas management, which we consider to be reasonable, as well as assumptions made by and information currently available to Zacatecas management, there is no assurance that the forward-looking statement or information will prove to be accurate. The forward-looking statements and information contained in this MD&A are subject to current risks, uncertainties and assumptions related to certain factors including, without limitations, obtaining all necessary approvals, feasibility of mine and plant development, exploration and development risks, expenditure and financing requirements, title matters, operating hazards, metal prices, political and economic factors, competitive factors, general economic conditions, relationships with vendors and strategic partners, governmental regulation and supervision, seasonality, technological change, industry practices, and one-time events as well as risks, uncertainties and other factors discussed in our quarterly and annual and interim management's discussion and analysis. Should any one or more of these risks or uncertainties materialize or change, or should any underlying assumptions prove incorrect, actual results and forward-looking statements and information may vary materially from those described herein. Accordingly, readers should not place undue reliance on forward-looking statements and information contained in this MD&A. We undertake no obligation to update forward-looking statements or information except as required by law.