Mining Corp.

Management's Discussion and Analysis

For the three months ended March 31, 2024

Mining Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements of Luca Mining Corp. ("Luca" or the "Company"), for the three months ended March 31, 2024, and the related notes contained therein (the "Financial Statements") which were prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the Company's audited consolidated financial statements for the year ended December 31, 2023. The Company uses certain non-IFRS financial measures in this MD&A as described under "Non-IFRS Measures". Additional information relating to the Company is available on SEDAR at www.sedarplus.ca. All amounts are expressed in thousands of Canadian ("Cnd") dollars except per share amounts, realized prices, tonnes and ounces or unless otherwise stated. Certain amounts shown in this MD&A may not add exactly to total amounts due to rounding differences.

This MD&A contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained therein. All information contained in this MD&A is current and has been approved by the Board of Directors of the Company as of May 29, 2024, unless otherwise stated.

QUALIFIED PERSON

The scientific and technical information contained in this MD&A relating to the Company's mines and mineral projects has been reviewed and approved by Mr. Chris Richings, Vice-President Technical of Luca and a Qualified Person within the meaning of National Instrument 43-101, "Standards for Disclosure of Mineral Projects."

FORWARD-LOOKING STATEMENTS

Certain statements included in this MD&A may contain forward-looking statements that relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. These statements include, but are not limited to, statements concerning: the future cash flows, profitability, financial and operating performance of the Company; estimated future metals prices, cut-off grades, operating costs, capital costs, commodity prices, rates of inflation, metallurgical recoveries, amenability of ore to mining and treatment, environmental considerations and labor availability; the estimation of reserves and resources; expected benefits and outcomes of mine optimization activities; the realization of reserve estimates; timing of technical reports, scoping studies, and preliminary economic assessments; expected content of scoping studies and preliminary economic assessments; anticipated working-capital requirements; capital expenditures; costs and timing of future exploration; requirements for additional capital; government regulation of resource operations; environmental risks; title disputes or claims; limitation of insurance coverage; and the maintenance of permits, licenses and surface rights necessary for the Company's operations.

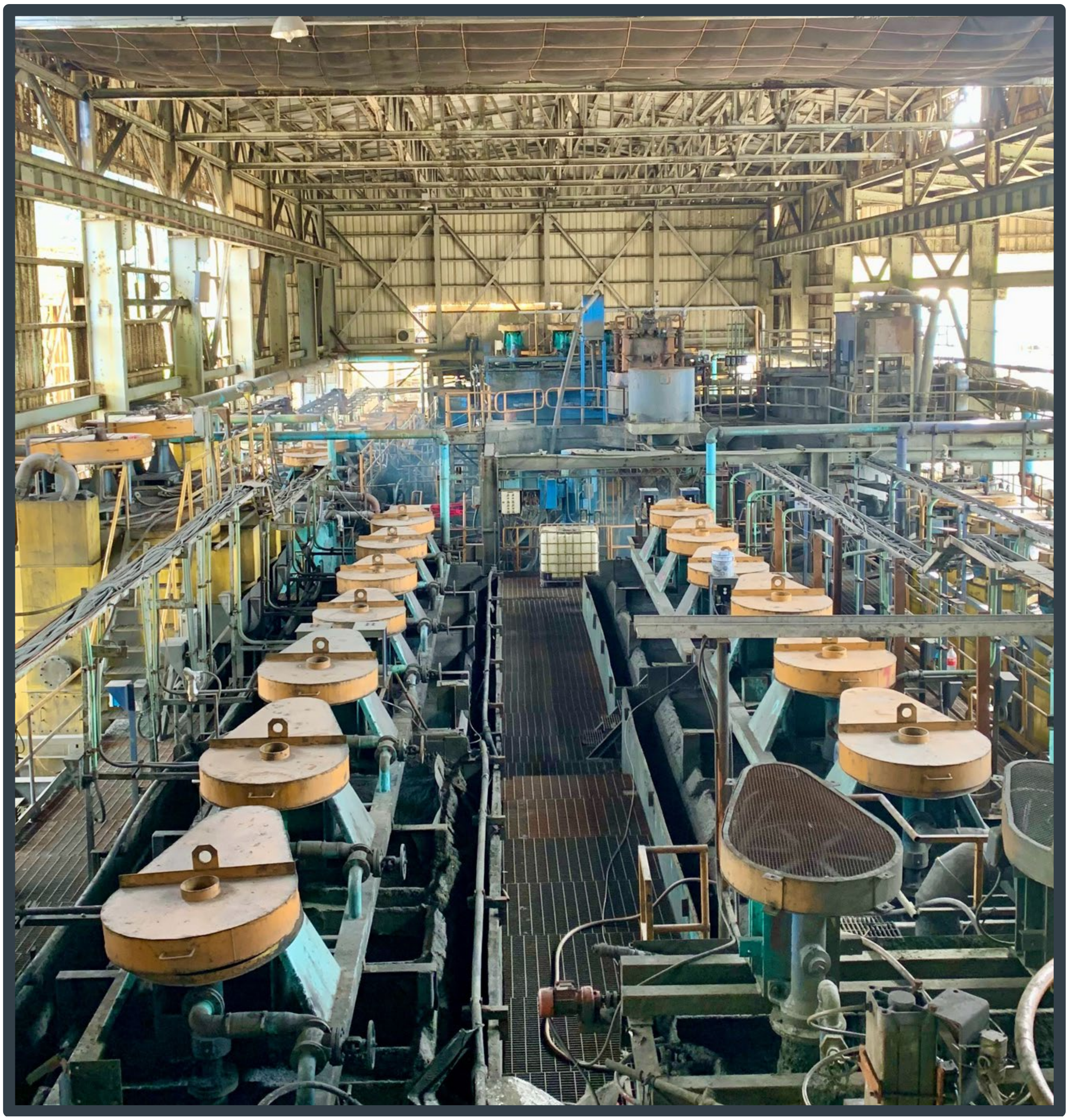
Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "proposes", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to: general business and economic uncertainties; exploration and resource extraction risks; uncertainties relating to permits, licenses and surface rights; the actual results of current exploration, development and mining activities; fluctuations in future metals prices; inherent risks of operating in a foreign jurisdiction; climate-change related risks; changes in capital and operating costs for the Company's properties; foreign exchange risks; changes in mine plan and design and the mining methods employed on the Company's properties; labor risks; lack of access to infrastructure, power and water; changes in labor laws; counterparty risk; volatility in the price of the Company's common shares; security risks; tailings pond risks; the outcome of negotiations; conclusions of economic evaluations and studies; future prices of natural resource based commodities; increased competition in the natural resource industry for properties, equipment and qualified personnel; risks associated with environmental compliance and permitting, including those created by changes in environmental legislation and regulation; natural disasters; the risk of arbitrary changes in law; title risks; and the risk of loss of key personnel.

The forward-looking statements contained herein are based on a number of assumptions that the Company believes are reasonable but may prove to be incorrect. These assumptions include, but are not limited to, assumptions about: no material deterioration in general business and economic conditions; favorable equity and debt capital markets; the ability to raise any necessary additional capital on reasonable terms to advance the production, development and exploration of the Company's properties and assets; future prices of gold, silver, copper, zinc, lead and other metal prices; the timing and results of exploration and drilling programs; the accuracy of any mineral reserve and mineral resource estimates; the geology of Tahuehueto and Campo Morado being as described in the respective technical report for each property; production costs; the accuracy of budgeted exploration, development and construction costs and expenditures; the price of other commodities such as fuel; future currency exchange rates and interest rates; operating conditions being favorable such that the Company is able to operate in a safe, efficient and effective manner; work force continuing to remain healthy in the face of prevailing epidemics, pandemics or other health risks (including COVID-19); political and regulatory stability; the receipt of governmental, regulatory and third party approvals, licenses and permits on favorable terms; obtaining required renewals for existing approvals, licenses and permits on favorable terms; requirements under applicable laws; sustained labor stability; stability in financial and capital goods markets; availability of equipment; positive relations with local groups and the Company's ability to meet its obligations under its agreements with such groups; and satisfying the terms and conditions of any debt obligations of the Company.

The foregoing lists of factors and assumptions are not exhaustive. The reader should also consider carefully the matters discussed under the heading "Risks Factors and Uncertainties" elsewhere in this MD&A. Forward-looking statements contained herein are made as of the date hereof (or as of the date of a document incorporated herein by reference, as applicable). No obligation is undertaken to update publicly or otherwise revise any forward-looking statements or the foregoing lists of factors and assumptions, whether as a result of new information, future events or results or otherwise, except as required by law. Because forward-looking statements are inherently uncertain, readers should not place undue reliance on them. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement.

The forward-looking statements and forward-looking information contained herein are based on information available as of May 29, 2024.



Flotation circuit at Campo Morado

Mining Corp.

TABLE OF CONTENTS

Underground at Campo Morado

OPERATING AND FINANCIAL HIGHLIGHTS

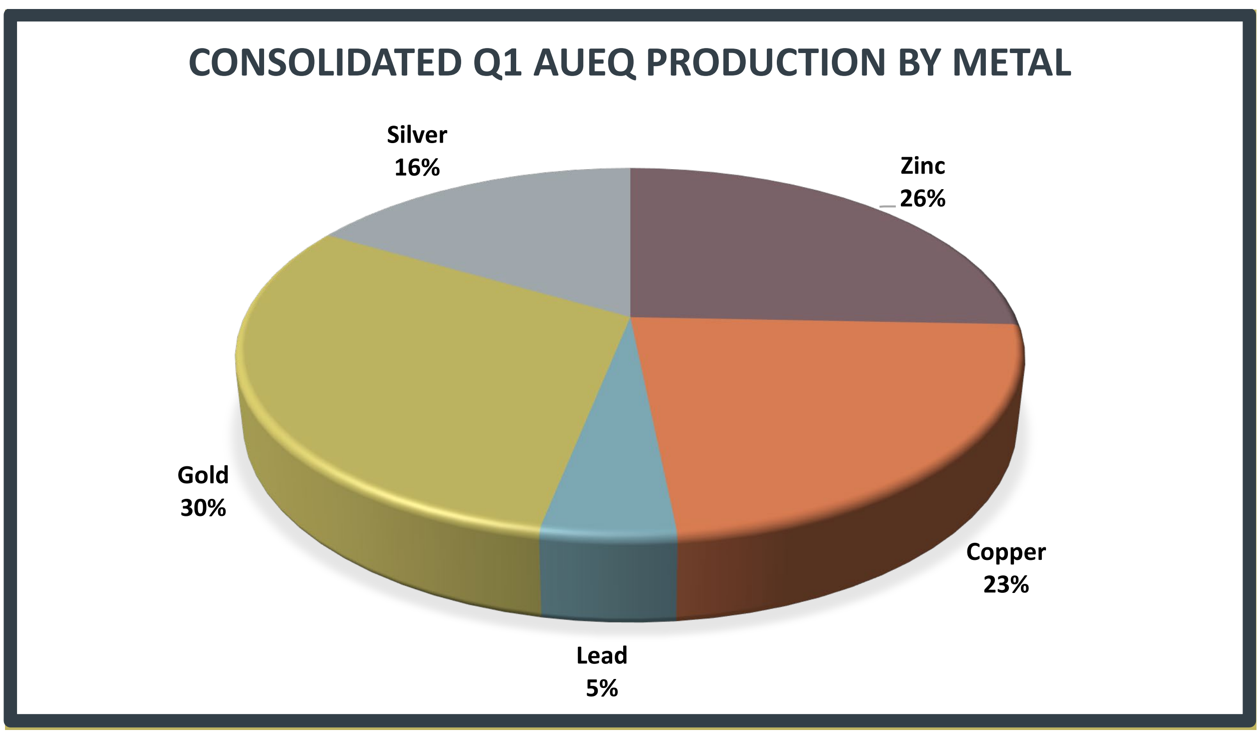
The results outlined below provide a summary of the operating performance of Campo Morado mine and the pre-production results from the Tahuehueto project.

CONSOLIDATED	Three months ended March 31 2024	Three months ended March 31 2023	Change 2024 vs 2023
Operating			
Tonnes milled	**158,424**	**201,237**	**(21%)**
Gold produced (oz)	4,297	2,524	70%
Silver produced (oz)	207,505	184,617	12%
Zinc produced (tonnes)	3,068	4,635	(34%)
Copper produced (tonnes)	791	642	23%
Lead produced (tonnes)	661	834	(21%)
AuEq produced (oz) [(1)]	**14,148**	**16,394**	**(14%)**
Gold sold (oz)	3,579	2,418	48%
Silver sold (oz)	150,092	144,831	4%
Zinc sold (tonnes)	2,066	3,210	(36%)
Copper sold (tonnes)	531	446	19%
Lead sold (tonnes)	177	268	(34%)
AuEq sold (oz) [(1)]	**10,053**	**11,883**	**(15%)**
Cost per tonne ($US) [(5)]	78	60	29%
Cash cost per AuEq ounce ($US) [(1)(2)(5)]	1,325	1,200	10%
AISC per AuEq ounce ($US) [(1)(3)(5)]	1,549	1,342	15%
All-in cost per AuEq ($US) [(1)(3)(5)(8)]	1,584	1,401	13%
Financial	**$**	**$**	
Net Revenue	22,041	18,586	19%
Cost of Sales	17,177	17,358	(1%)
Mine operating earnings	4,864	1,228	296%
Mine operating cashflow before taxes[(7)]	5,447	2,099	160%
Net earnings (loss)	7,313	(1,264)	679%
EBITDA[(4)(5)]	8,578	1,476	481%
Adjusted EBITDA[(4)(5)]	2,214	1,284	72%
Operating cash flow before working capital changes [(5)]	4,037	2,643	53%
Realized gold price per ounce ($US) [(5)(6)]	2,056	1,919	7%
Realized silver price per ounce ($US) [(5)(6)]	22.99	22.88	0%
Realized zinc price per tonne ($US) [(5)(6)]	2,156	2,725	(21%)
Realized copper price per tonne ($US) [(5)(6)]	8,479	8,599	(1%)
Realized lead price per tonne ($US) [(5)(6)]	2,038	2,064	(1%)
Working capital [(5)]	(40,645)	(29,685)	37%
Shareholders			
Earnings (loss) per share – basic and diluted	0.05	(0.04)	(213%)
Operating cash flow before working capital changes per share	0.02	0.07	(71%)
Weighted average number of common shares outstanding	161,566,435	35,456,206	356%

1. Gold equivalents are calculated using an 88.72:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0018:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q1 2024; and 83.71:1 (Ag/Au), 0.0008:1 (Au/Zn), 0.0021:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q1 2023, respectively.
2. Cash cost per gold equivalent ounce includes mining, processing, and direct overhead costs. See Reconciliation to IFRS on page 25.
3. AISC per AuEq oz includes mining, processing, direct overhead, corporate general and administration expenses, reclamation, and sustaining capital on page 25.
4. See Reconciliation of earnings before interest, taxes, depreciation, and amortization on page 22.
5. See "Non-IFRS Financial Measures" on page 21.
6. Based on provisional sales before final price adjustments, treatment, and refining charges.
7. Mine operating cash flow before taxes is calculated by adding back royalties, changes in inventory and depreciation and depletion to mine operating loss. See Reconciliation to IFRS on page 21.
8. All-in cost per AuEq oz includes AISC plus interest paid and loan payments. See page 25.

First Quarter Production Summary	Campo Morado	Tahuehueto	Consolidated
Production			
Tonnes milled	**125,105**	**33,319**	**158,424**
Gold ounces produced	1,929	2,368	4,297
Silver ounces produced	180,108	27,396	207,505
Zinc produced (tonnes)	2,600	468	3,068
Copper produced (tonnes)	748	43	791
Lead produced (tonnes)	410	251	661
AuEq produced (oz) (1)	**10,491**	**3,657**	**14,148**
Sales			
Gold sold (oz)	1,282	2,297	3,579
Silver sold (oz)	130,624	19,468	150,092
Zinc sold (tonnes)	1,853	213	2,066
Copper sold (tonnes)	531	-	531
Lead sold (tonnes)	-	177	177
AuEq ounces sold(1)	**7,108**	**2,945**	**10,053**
Cost			
Production cost per tonne ($US)(4)	66	124	78
Cash cost per AuEq ounce ($US) (1)(2)(4)	1,274	1,469	1,325
AISC per AuEq ounce ($US) (1)(3)(4)	1,325	1,690	1,549
All-in cost per AuEq ($US) (1)(3)(4)(5)	1,325	1,690	1,584

1. Gold equivalents are calculated using an 88.72:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0018:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q1 2024.
2. Cash cost per gold equivalent ounce includes mining, processing, and direct overhead costs. See Reconciliation to IFRS on page 25.
3. AISC per Au/Eq oz includes mining, processing, direct overhead, corporate general and administration expenses, reclamation, and sustaining capital.
4. See "Non-IFRS Financial Measures" on page 21.
5. All-in cost per AuEq oz includes AISC plus interest paid and loan payments. See page 25.



	March 31 2024	December 31 2023
	$	$
Cash	3,485	2,722
Total assets	157,677	147,056
Non-current liabilities	18,396	17,238
Shareholders' equity	68,001	54,877

The above highlights are key measures used by management; however, they should not be the sole measures used in determining the performance of the Company's operations.

(Tailing storage Facility at Campo Morado)

LUCA Mining Corp.

COMPANY HISTORY, OVERVIEW & STRATEGY

Luca is a polymetallic producer focused on the operation, development and exploration of mineral resource properties in North America. The Company currently operates two mines in Mexico. In the state of Guerrero, Luca produces copper, zinc, lead, silver and gold from the Campo Morado Mine and Mill ("Campo Morado") and is in the process of developing the silver, gold, zinc and lead Tahuehueto project in the state of Durango.

The Company was incorporated under the Business Corporations Act of British Columbia in 1986 and is a publicly traded company on the TSX Venture Exchange ("TSX.V") under the symbol "LUCA", quoted on the OTCQX over- the-counter market in the USA under the symbol "LUCMF" and quoted on the Frankfurt Stock Exchange under the symbol "Z68". The Company's head office is located at suite 410 – 1111 Melville Street, Vancouver, British Columbia, Canada, V6E 3V6 and its registered and records offices, is located at Suite 2501 – 550 Burrard Street, Vancouver, British Columbia, Canada, V6B 0A4. Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca and the Company's website www.lucamining.com.

The Company's focus is to develop mining operations within North America through the advancement of its existing mines, mineral concessions and through acquisition and development of additional mining operations and mineral resources and reserves.

General location of the Company's mines

Going Concern

The Company's consolidated 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 three months ended March 31, 2024, the Company generated a mine operating earnings of $4,864, a net earnings of $7,313 and negative cash flows from operating activities of $673, and has an accumulated deficit of $83,777 and current liabilities that exceed its current assets by $40,645 as at March 31, 2024. These factors give rise to material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows from operations and/or from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that cash flows from operations or additional financing will not be available on a timely basis or on terms acceptable to the Company.

Management has taken steps to manage the Company’s liquidity, including extending payment terms with suppliers and settling certain liabilities through the issuance of the Company’s common shares. Management is also in discussions with existing and new lenders about amending existing debt arrangements or obtaining new debt financing and may also consider raising additional equity financing. The continuing operations of the Company are dependent in the near-term on its ability to obtain additional financing and in the longer-term on a combination of additional financing and the generation of cash flows from operations. Management is of the opinion that sufficient funds will be obtained from external financing and cash flows from operations to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing or cash flows from operations will not be available on a timely basis or on terms acceptable to the Company.

The Company has historically funded its acquisition, exploration and development activities through equity financing and debt facilities. The Company may choose to fund additional capital requirements through equity, debt, convertible debentures, or other financings, on an as-needed basis, in order to facilitate growth or fund operations until the Company achieves positive cash flow.

HEALTH & SAFETY, ENVIRONMENTAL, SOCIAL AND GOVERNANCE

As a conscientious mining entity, Luca recognizes the paramount importance of the Health & Safety of our employees and the significance of Environmental, Social, and Governance (ESG) considerations in all aspects of its operations. The Company is dedicated to conducting its activities sustainably, striving to create enduring value for stakeholders while minimizing any negative impact on the environment and society. Embracing responsible mining as both a moral imperative and a strategic necessity, Luca's management is unwavering in its commitment to upholding high ethical and compliance standards, ensuring transparent and integrity-driven operations.

Luca's adherence to world-wide accepted health and safety standards and to ESG principles are not merely a philosophical stance but a practical imperative that underpins its business strategy. It is essential for fostering trust and garnering support from customers, investors, employees, and the communities where it operates. Luca has delineated key focus areas and is actively pursuing concrete actions to achieve and uphold these objectives.

At the heart of Luca Mining Corp.'s endeavors lies the value of family. The Company recognizes that its purpose extends beyond profit; it encompasses producing metals essential for a world grappling with critical issues like climate change, poverty reduction, gender equality, and health and well-being. Luca's commitment to meaningful work resonates deeply with the local families in the communities it operates in, as it strives to empower individuals to achieve their personal and professional aspirations, thereby building a lasting legacy for future generations.

Luca's mission is clear: to build profitable mining operations while creating lasting economic and social benefits for all stakeholders. Central to this mission is the Company's unwavering dedication to honoring and protecting the environment every day, in every way. Luca aims to become the benchmark in sustainable development, passionately fostering economic and social benefits for communities and shareholders alike. Ultimately, the Company seeks to ensure that all of its families can take pride in the impactful work it does.

Health and Safety

- Promote safe and healthy behavior as a core value in the organization’s culture.
- Provide training and information to enable all our people to work safely and competently.
- Promote and enhance employee commitment and accountability.
- Develop and implement effective management systems to identify, minimize and manage health and safety risks in the workplace.
- Provide the resources to achieve a safe and healthy work environment for all of our people.
- Comply with or exceed applicable regulations, laws and international guidelines.

Environmental Stewardship

- Pursue continual improvement in environmental performance.
- Implemented a water re-utilization system in Campo Morado, and the Company plans to also implement the same system at Tahuehueto.
- Actively advancing green energy initiatives, evaluating the benefits of installing solar power at Campo Morado and planning natural gas generator installation at Tahuehueto to cut carbon emissions.
- Tahuehueto is also exploring solar panel installation to reduce reliance on generators for daytime electricity needs.
- Comply with or exceed applicable regulations, laws and international guidelines.

Community

- Assisted local authorities to establish and equip the first school and medical clinic in the Tahuehueto area.
- Contributed to enhancing infrastructure including electricity, water supply, filtration systems and sanitation in the Tahuehueto communities.
- Additional improvements, such as securing a larger generator to supply electricity to more nearby homes at Tahuehueto, are being planned.
- Local hiring and procurement policies to benefit local communities. Campo Morado employs over 200 locals directly and supports local suppliers for contractors.
- Tahuehueto mine currently employs approximately 150 people, directly supporting the local community.

Governance

- Governance policies in place including a Corporate Disclosure policy, Insider Trading policy, Code of Conduct, and a Whistleblower policy.
- The Company’s board is diverse with individuals from varied backgrounds and expertise with 2 of the Company’s senior directors being Mexican nationals.
- The Company regularly interacts with employees, investors, communities and regulators to understand their concerns and incorporate their feedback in the decisions made.

LUCA Mining Corp.

MINING OPERATIONS

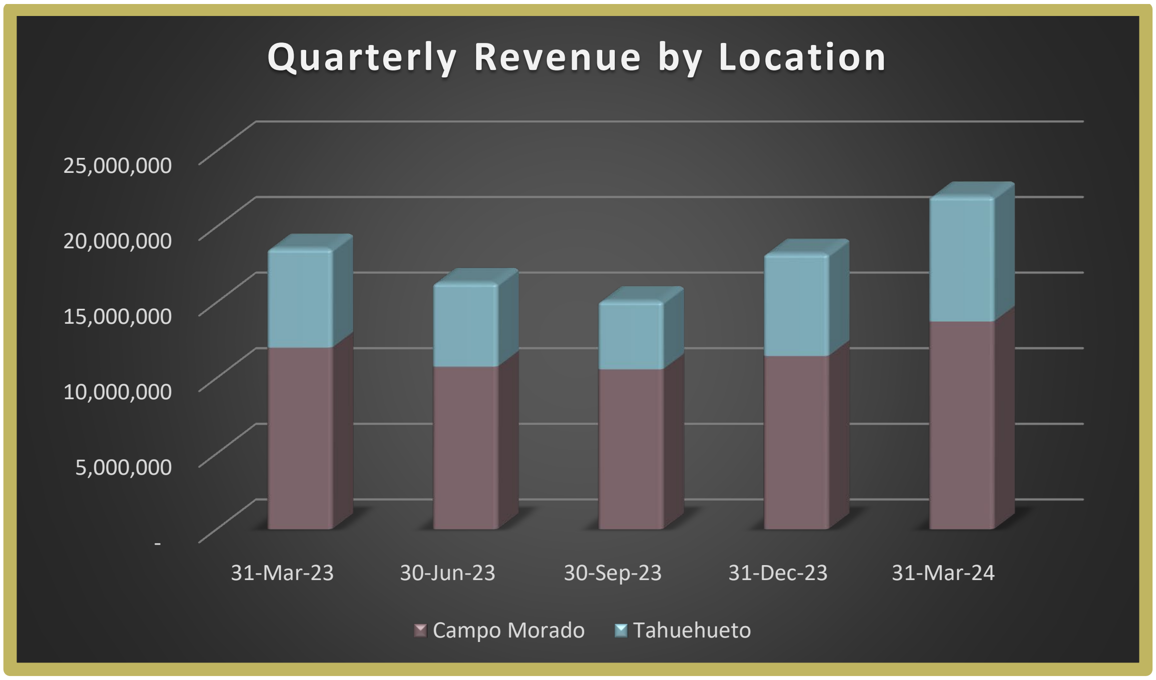
CONSOLIDATED OPERATIONS

The Company operates the Campo Morado mine and Tahuehueto project. Consolidated operating results are as follows:

CONSOLIDATED	Three months ended March 31 2024	December 31 2023	September 30 2023	June 30 2023	March 31 2023	December 31 2022
Production						
Tonnes milled	**158,424**	**130,210**	**147,732**	**185,953**	**201,237**	**209,898**
Head Grade						
Average gold grade (g/t)	1.70	1.40	1.81	1.23	0.89	0.92
Average silver grade (g/t)	95.71	75.63	91.95	75.30	63.37	65.07
Average zinc grade (%)	2.38	2.49	2.61	3.23	2.91	2.73
Average copper grade (%)	0.66	0.64	0.69	0.56	0.52	0.47
Average lead grade (%)	0.77	0.68	0.82	0.71	0.76	0.69
Average gold recovery (%)	49.5	53.8	40.1	36.8	44.1	41.4
Average silver recovery (%)	42.6	49.2	38.7	39.7	45.0	43.8
Average zinc recovery (%)	81.4	84.1	78.6	80.8	79.2	75.7
Average copper recovery (%)	75.3	80.2	63.2	63.6	61.9	61.4
Average lead recovery (%)	54.0	62.6	53.5	49.2	54.5	49.6
Gold produced (oz)	4,297	3,155	3,437	2,716	2,524	2,579
Silver produced (oz)	207,505	155,763	169,163	178,583	184,617	192,310
Zinc produced (tonnes)	3,068	2,730	3,028	4,850	4,635	4,337
Copper produced (tonnes)	791	671	640	666	642	611
Lead produced (tonnes)	661	558	645	652	834	717
AuEq produced (oz) (1)	**14,148**	**11,808**	**12,813**	**14,703**	**16,394**	**15,147**
Sales						
Gold sold (oz)	3,579	2,857	2,476	2,200	2,418	1,420
Silver sold (oz)	150,092	112,373	117,250	121,072	144,831	112,337
Zinc sold (tonnes)	2,066	2,037	2,134	3,767	3,210	3,083
Copper sold (tonnes)	531	471	424	356	446	312
Lead sold (tonnes)	177	179	144	211	268	165
AuEq sold (oz) (1)	**10,053**	**8,890**	**8,593**	**10,280**	**11,883**	**9,161**
Realized gold price per ounce ($US) (5)(6)	2,056	2,018	1,917	1,968	1,919	1,809
Realized silver price per ounce ($US) (5)(6)	22.99	23.79	23.06	23.88	22.88	22.48
Realized zinc price per tonne ($US) (5)(6)	2,156	2,476	2,482	2,372	2,725	3,033
Realized copper price per tonne ($US) (5)(6)	8,479	8,358	8,396	8,180	8,599	8,398
Realized lead price per tonne ($US) (5)(6)	2,038	2,067	2,143	2,120	2,064	2,136
Costs						
Production cost per tonne ($US) (2)(5)	78	78	77	57	62	60
Cash cost per AuEq ounce ($US) (3)(5)	1,325	1,244	1,322	1,404	1,261	1,182
AISC per AuEq ounce ($US) (1)(4)(5)	1,549	1,538	1,497	1,217	1,410	1,297
All-in cost per AuEq ($US) (1)(4)(5)(7)	1,584	1,626	1,841	1,523	1,510	1,623

1. Gold equivalents are calculated using an 88.72:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0018:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q1 2024; 85.07:1 (Ag/Au), 0.0006:1 (Au/Zn), 0.002:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q4, 2023; 81.84:1 (Ag/Au), 0.0006:1 (Au/Zn), 0.002:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q3 2023; 81.80:1 (Ag/Au), 0.0006:1 (Au/Zn), 0.002:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q2 2023; 83.71:1 (Ag/Au), 0.0008:1 (Au/Zn), 0.002:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q1 2023; 84.37:1 (Ag/Au), 0.0007:1 (Au/Zn), 0.002:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q4 2022; 83.02:1 (Ag/Au), 0.0006:1 (Au/Zn), 0.002:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Annual 2023: and 83.49:1 (Ag/Au), 0.0008:1 (Au/Zn), 0.002:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Annual 2022.
2. Production costs include mining, milling, and direct overhead cost at the operation sites. See reconciliation on page 25.
3. Cash cost per gold equivalent ounce includes mining, processing, and direct overhead costs. See reconciliation on page 25.
4. AISC per Au/Eq oz includes mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 25.
5. See "Non-IFRS Financial Measures" on page 21.
6. Based on provisional sales before final price adjustments, treatment, and refining charges.
7. All-in cost per AuEq oz includes AISC plus interest paid and loan payments. See page 25.

Mining Corp.



Production

Three months ended March 31, 2024 (compared to the three months ended March 31, 2023)

In the first quarter, the total production amounted to 14,148 ounces of gold equivalent, which comprise of 4,297 ounces of gold, 207,505 ounces of silver, 3,068 tonnes of zinc, 791 tonnes of copper and 661 tonnes of lead. This represents a 14% decrease in gold equivalent ounces compared to Q1 2023. Out of the total production for Q1, Campo Morado accounted for 10,491 gold equivalent ounces, which is approximately 74% of the total production. Tahuehueto contributed 3,657 ounces of equivalent gold, representing 26% of the total production.

In this quarter, the Company's two plants processed a consolidated 158,424 tonnes of ore with average grades of 1.70 grams per tonne ("g/t") for gold, 95.71 g/t for silver, 2.38%, 0.66% and 0.77% per tonne for zinc, copper, and lead respectively. This represents a 21% decrease in tonnes compared to Q1 2023 of 201,237, but an increase on average grades of 92.51% from 0.89 g/t of gold, 51.03% from 63.37 g/t of silver, 28.76% from 0.52%, 1.55% from 0.76% per tonne for copper and lead respectively and an 18.23% decrease to 2.38% per tonne of zinc. Metallurgical recoveries for gold, zinc and lead increased in the first quarter 2024 compared to the same period of 2023, averaging at 49.5% for gold, 81.4% for zinc, and 75.3% for copper, silver and lead had a slightly decreased in the same comparable period with 42.6% and 54.0% recoveries, this was 12.33%, 2.82% and 21.57%, higher for gold, zinc and copper and 5.47% and 0.90% lower for silver and lead respectively.

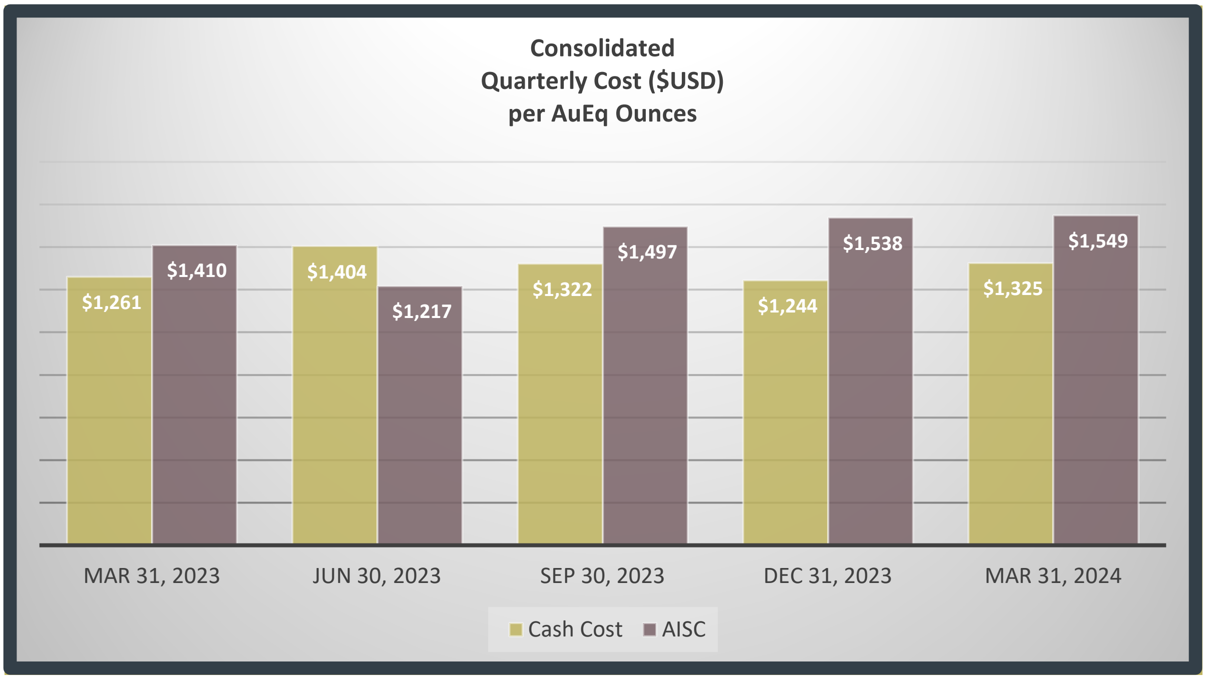
The 14% decrease in consolidated gold equivalent production in Q1 2024 over Q1 2023 is mainly driven by fewer tonnes milled as the Company continued implementing planned improvements at the Campo Morado plant and continued with the construction at Tahuehueto. This reduction in ore throughput was offset in the year by overall increased grades and increased recoveries.

Cash Cost and All-In Sustaining Cost per Ounce (see "Non-IFRS Financial Measures" on page 24)

Three months ended March 31, 2024 (compared to the three months ended March 31, 2023)

Cash cost per AuEq ounce produced for the quarter was US$1,325; this represents an insignificant increase compared to US$1,200 in Q1 2023 due to marginally higher operating costs and 14% lower ounces produced (see "Non-IFRS Financial Measures" on page 24).

All-in Sustaining Cost ("AISC") per AuEq ounce produced in the quarter was US$1,549 compared to US$1,342 from Q1 2023; the 15% increase is primarily attributed to higher cash costs, increased lease payments for capital equipment and higher sustaining capex (see "Non-IFRS Financial Measures" on page 24).



Tahuehueto crushing circuit under construction

Mining Corp.

CAMPO MORADO MINE

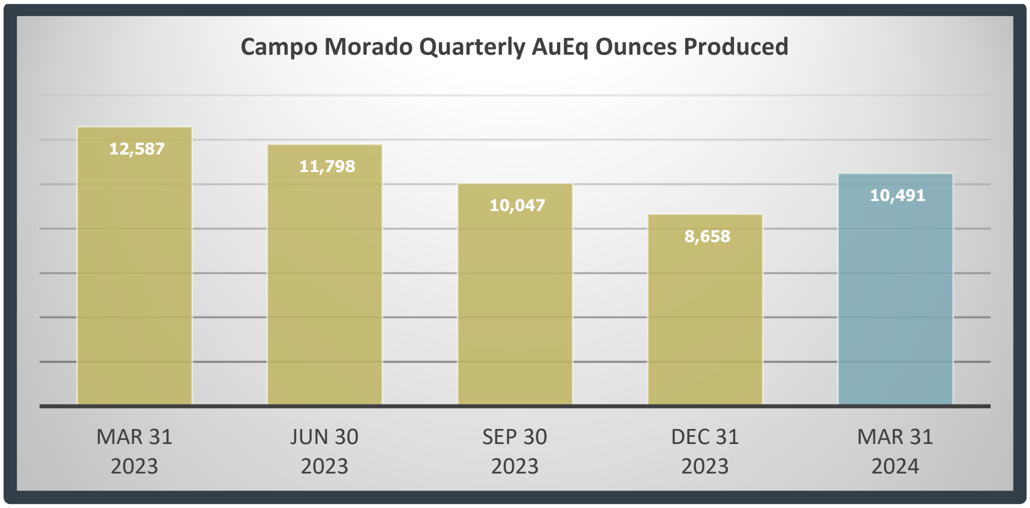
Campo Morado is an underground polymetallic mine located in the state of Guerrero, Mexico, producing zinc, copper, lead, gold and silver. The mine is situated on 12,090 hectares (121 square kilometers), consisting of six mining concessions. The flotation circuit mill at Campo Morado has a capacity of 2,500 tonnes per day as per its nameplate specifications.

OPERATIONS

Operating results for the three months ended March 31, 2024, and 2023, were as follows:

	Three months ended		
	March 31 2024	March 31 2023	Change
Production			
Tonnes milled	125,105	177,293	(29%)
Head Grade			
Average gold grade (g/t)	1.46	0.62	134%
Average silver grade (g/t)	112.69	67.32	67%
Average zinc grade (%)	2.51	2.74	(9%)
Average copper grade (%)	0.79	0.56	40%
Average lead grade (%)	0.71	0.66	9%
Average gold recovery (%)	32.96	19.96	65%
Average silver recovery (%)	39.73	42.57	(7%)
Average zinc recovery (%)	82.91	79.92	4%
Average copper recovery (%)	75.44	61.13	23%
Average lead recovery (%)	45.90	44.80	2%
Gold produced (oz)	1,929	707	173%
Silver produced (oz)	180,108	163,356	10%
Zinc produced (tonnes)	2,600	3,887	(33%)
Copper produced (tonnes)	748	612	22%
Lead produced (tonnes)	410	522	(21%)
AuEq produced (oz) (1)	**10,491**	**12,587**	(17%)
Sales			
Gold sold (oz)	1,282	263	388%
Silver sold (oz)	130,624	126,946	3%
Zinc sold (tonnes)	1,853	2,885	(36%)
Copper sold (tonnes)	531	446	19%
AuEq sold(oz) (1)	**7,108**	**8,671**	(18%)
Realized gold price per ounce ($US) (5)(6)	2,039	1,923	6%
Realized silver price per ounce ($US) (5)(6)	22.95	22.86	0%
Realized zinc price per tonne ($US) (5)(6)	2,402	2,720	(12%)
Realized copper price per tonne ($US) (5)(6)	8,479	8,599	(1%)
Costs			
Production cost per tonne ($US)(2)(5)	66	50	31%
Cash cost per AuEq ounce ($US)(1)(3)(5)	1,274	1,242	3%
AISC per AuEq ounce ($US)(1)(4)(5)	1,325	1,278	4%
All-in cost per AuEq ($US) (1)(4)(5)(7)	1,325	1,278	4%

1. Gold equivalents are calculated using an 88.72:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0018:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q1 2024; and 83.71:1 (Ag/Au), 0.0008:1 (Au/Zn), 0.0021:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q1 2023, respectively.
2. Production costs include mining, milling, and direct overhead at the operation sites See reconciliation on page 25.
3. Cash cost per gold equivalent ounce include mining, processing and direct overhead costs. See reconciliation on page 25.
4. AISC per Au/Eq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation and sustaining capital. See Reconciliation to IFRS on page 25.
5. See "Non-IFRS Financial Measures" on page 21.
6. Based on provisional sales before final price adjustments, treatment, and refining charges.
7. All-in cost per AuEq oz includes AISC plus interest paid and loan payments. See page 25.



Production

Three months ended March 31, 2024 (compared to the three months ended March 31, 2023)

In the first quarter of 2024, the total production of gold equivalent ounces amounted to 10,491, marking a 17% decrease from the 12,587 recorded in the first quarter of 2023. This decrease can be attributed to several factors. First, there was a 29% decline in plant throughput from 177,293 tonnes in Q1 2023 to 125,105 tonnes in Q1 2024 as the Company implemented the CMIP (See "Development" section below) which included a planned reduction in throughput through the plant to approximately 1,600 tonnes per day ("tpd") in order to improve metallurgical recoveries, particularly in gold and copper. Additionally, the Company has experienced issues with its fleet of mobile equipment which has resulted in 15.5 days of downtime in the plant due to mining output being significantly reduced as repairs to the mobile mining equipment took place.

The overall improved recoveries contributed to offsetting the decrease in throughput, with gold recoveries increasing by 65% (from 19.9% to 32.9%), silver recoveries decreasing by 7% (from 42.5% to 39.7%), zinc, copper and lead recoveries increasing 4% (79.9% to 82.9%), 23% (61.1% to 75.4%) and 2% (44.8% to 45.9%), respectively from Q1 2023 to Q1 2024. The decrease in throughput was also offset by improved grades. The gold grade went up by 134% from 0.62 g/t to 1.46 g/t, the silver grade experienced a 67% increase from 67.32 g/t to 112.69 g/t, the copper grade increased 40% from 0.56% to 0.79% and lead grade increased by 9% from 0.66% to 0.71% between Q1 2023 and Q1 2024, offset by slight decreases in zinc of 9%. The Company expects that throughput will increase throughout 2024 and 2025 as the Company completes the CMIP and ramps up production.

Cash Cost and All-In Sustaining Cost per Ounce (see "Non-IFRS Financial Measures" on page 23)

Three months ended March 31, 2024 (compared to the three months ended March 31, 2023)

Production costs increased 31% to US$66 per tonne in the first quarter of 2024 from US$50 per tonne in the same period of 2023, mainly due to a 29% decrease in tonnes milled as the Company kept focused on the CMIP.

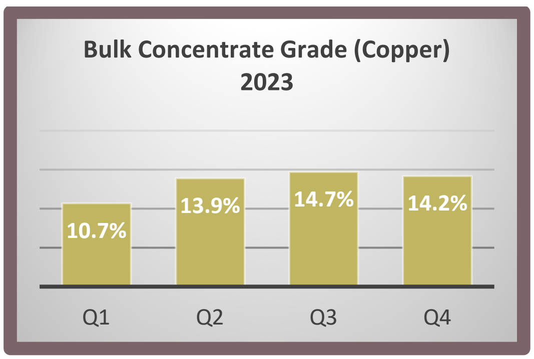
Cash costs per gold equivalent ounce for the three months ended March 31, 2024, increased 3% to US$1,274 compared to the three months ended March 31, 2023, of US$1,242 mainly due to 17% lower gold equivalent ounces produced. AISC increased 4% to US$1,325 per ounce in Q1 2024 from US$1,278 per ounce in Q1 2023, mainly due to a slight increase in cash costs and lease payments for capital equipment as the Company continues to optimize the operations.

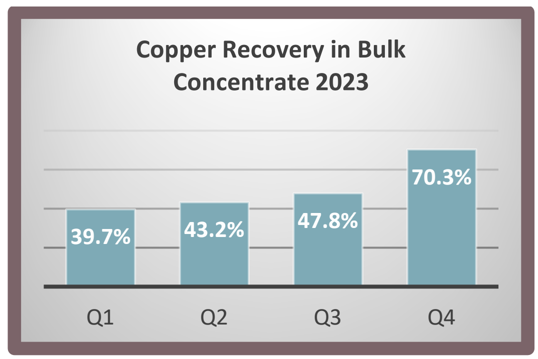
DEVELOPMENT

The Company continues to work on improving the performance of the Campo Morado mine and mill. The Company engaged international engineering consultants, Ausenco México, S. de R.L. de C.V. ("Ausenco"), in the last quarter of 2022 to undertake a detailed review of the Campo Morado processing plant with the goal of improving metallurgical performance. The external review provided the Company's operations with a roadmap to progressively improve recoveries and concentrate grades which has been progressively implemented since Q3 2023 with significant, positive results. These improvements have been achieved by beginning with a geometallurgy program at site which enhanced the Company's understanding of ore zone mineralogy and metallurgical performance in the plant. This initial stage provided the necessary inputs to design a more efficient flowsheet that simplified the milling, flotation and concentration processes.

In July 2023, consultants from Ausenco completed a detailed review of the operational performance at Campo Morado and reconfigured the grinding circuit to optimize grinding performance and hence improve downstream recoveries. The optimum primary grind was re-established at 35 microns, and in both laboratory test work and live plant trials demonstrated substantial increases in metal recoveries. This led to the definition a larger optimization project, including vital Mine-to-Mill elements to provide a consistent plant feed and sustain higher recoveries. Additionally, the project identified a significant opportunity to increase economic results at Campo Morado by producing three separate salable concentrates. To achieve this, an integrated project plan was developed that includes production planning, improvements to the mobile equipment fleet, additional metallurgical testing, reconfiguring some existing plant equipment and modest capital expenditures for modernization.

In the fourth quarter of 2023, the Company, again in conjunction with Ausenco, formally kicked-off the optimization project, internally called the Campo Morado Improvement Project ("CMIP"). The metallurgy program with the external lab (ALS) provided a training opportunity for site metallurgists while at the same time confirming the expected benefits from the project and improving knowledge of the ore body. The metallurgical test work focused on future mining areas to improve both short-range and long-range planning and used to develop an integrated mine-to-mill production plan. In addition, new procedures for ore blending and optimized reagent dosing for improved recoveries were rolled out at site. During this same period some of the phased equipment upgrades for the mine and mill were initiated. The result of these changes includes higher metallurgical recoveries and concentrate grades, particularly for copper in the bulk concentrate where recovery increased from less than 48% at the beginning of the year to over 70% by the end of 2023, a 69% increase.





Currently Campo Morado produces a zinc concentrate, and a mixed (bulk) copper-lead concentrate. The Company is now working to configure the Campo Morado plant to separate the copper and lead from the bulk concentrate into two separate concentrates, with the ultimate goal of producing clean high-grade zinc, copper and lead concentrates, with higher recoveries, more efficient operational processes and higher sales margins. The metallurgical test work to achieve a clean copper-lead separation was done at the ALS laboratories in Canada. A variability test work program using the flowsheet developed by ALS was completed at the site laboratory to validate the robustness of the new flow sheet. Understanding the mineralogy and the mineral associations have been a critical part of the testing and the results have guided modifications to the plant, identifying grinding target size and predicting flotation performance. The separation results in the lab have been positive with improved grades of gold and silver in the copper concentrate. Open circuit, bulk rougher results returned copper recovery of between 80% and 93%. The testing indicates improvements to overall recovery and concentrate grades as high as 28% copper are achievable. The results from the metallurgical testing by ALS confirm the site lab results and consequently, the Company is on track to be producing the three different concentrates of lead, copper and zinc by the second half of 2024.

In addition to improved copper recovery and concentrate grades, the test work has also shown significant improvements in gold recovery of between 35% and 65% in open circuit copper rougher circuit testing, depending on the ore body mineralogy, with the conclusion that increasing copper and lead recovery will increase the recovery of gold and silver as well.

The Company expects to complete the next TSF lift during 2024, adding approximately 15 months to the tailings storage capacity. Storage capacity is increased progressively through the construction of embankment lifts constructed on the downstream side of the existing structure.

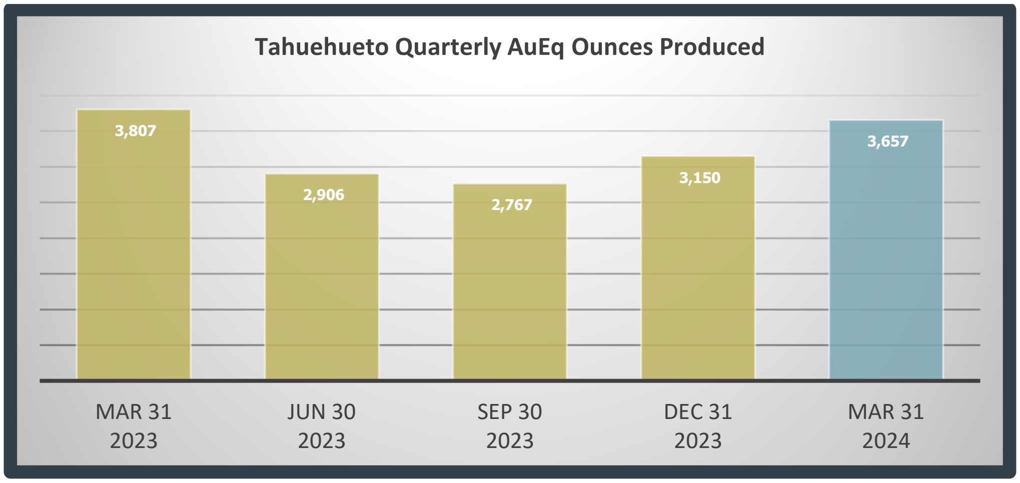
TAHUEHUETO MINE PROJECT

Tahuehueto is a new underground gold mine in northwestern Durango State, Mexico, located within the prolific Sierra Madre Mineral Belt. Currently in the final stages of construction, once construction is complete the nameplate capacity of the plant will be 1,000 tonnes per day.

Operating results for the three months ended March 31, 2024 and 2023 were as follows:

	Three months ended		
	March 31 2024	March 31 2023	Change
Production			
Tonnes milled	33,319	23,944	39%
Head Grade			
Average gold grade (g/t)	2.64	2.84	(7%)
Average silver grade (g/t)	31.95	34.15	(6%)
Average zinc grade (%)	1.90	4.13	(54%)
Average copper grade (%)	0.18	0.15	19%
Average lead grade (%)	0.99	1.52	(35%)
Average gold recovery (%)	83.83	83.16	1%
Average silver recovery (%)	80.05	80.86	(1%)
Average zinc recovery (%)	73.99	75.57	(2%)
Average copper recovery (%)	72.72	84.42	(14%)
Average lead recovery (%)	75.92	85.47	(11%)
Gold produced (oz)	2,368	1,817	30%
Silver produced (oz)	27,396	21,261	29%
Zinc produced (tonnes)	468	748	(37%)
Copper produced (tonnes)	43	30	43%
Lead produced (tonnes)	251	312	(20%)
AuEq produced (oz) (1)	**3,657**	**3,807**	(4%)
Sales			
Gold sold (oz)	2,297	2,155	7%
Silver sold (oz)	19,468	17,886	9%
Zinc sold (tonnes)	213	325	(34%)
Lead sold (tonnes)	177	268	(34%)
AuEq sold(oz)(1)	**2,945**	**3,212**	(8%)
Realized gold price per ounce ($US) (5)(6)	2,066	1,918	8%
Realized silver price per ounce ($US) (5)(6)	23.25	23.03	1%
Realized zinc price per tonne ($US)(5)(6)	2,425	2,774	(13%)
Realized lead price per tonne ($US) (5)(6)	2,038	2,064	(1%)
Costs			
Production cost per tonne ($US)(2)(5)	124	182	(32%)
Cash cost per Au/Eq ounce ($US)(1)(3)(5)	1,469	1,061	38%
AISC per Au/Eq ounce ($US)(1)(4)(5)	1,690	1,101	54%
All-in cost per Au/Eq ($US) (1)(4)(5)(7)	1,690	1,101	54%

1. Gold equivalents are calculated using an 88.72:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0018:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q1 2024; and 83.71:1 (Ag/Au), 0.0008:1 (Au/Zn), 0.0021:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q1 2023, respectively.
2. Production costs include mining, milling, and direct overhead at the operation sites See reconciliation on page 25.
3. Cash cost per gold equivalent ounce include mining, processing and direct overhead costs. See reconciliation on page 25.
4. AISC per Au/Eq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation and sustaining capital. See Reconciliation to IFRS on page 25.
5. See "Non-IFRS Financial Measures" on page 21.
6. Based on provisional sales before final price adjustments, treatment, and refining charges.
7. All-in cost per AuEq oz includes AISC plus interest paid and loan payments. See page 25.



Production

Three months ended March 31, 2024 (compared to the three months ended March 31, 2023)

During the three months ended March 31,2024, the Company produced 3,657 gold equivalent ounces, a 4% decrease compared to 3,807 gold equivalent produced in the first quarter of 2023, consisting of 2,368 ounces of gold (30% increase from 1,817 in Q1 2023), 27,396 ounces of silver (29% increase from 21,261 in Q1 2023), 468 tonnes of zinc (37% decrease from 748 in Q1 2023), 43 tonnes of copper (43% increase from 30 tonnes in Q1 2023) and 251 tonnes of lead (20% decrease from 312 in Q1 2023). Total mineralized material processed amounted to 33,319 tonnes, an increase of 39% over the same quarter prior year of 23,944 tonnes processed.

Gold grades in the fourth quarter averaged 2.64 g/t, 7% lower than 2.84 g/t from the first quarter of 2023, silver grades averaged 31.95 g/t, 6 % lower than 34.15 g/t from same quarter prior year, zinc grades averaged 1.90% copper grade averaged 0.18% and lead grades averaged 0.99%, a 54% decrease, a 19% increase and 35% decrease, respectively compared to Q1, 2023.

Cash Cost and All-In Sustaining Cost per Ounce (see "Non-IFRS Financial Measures" on page 24).

Three months ended March 31, 2024 (compared to the three months ended March 31, 2023)

Cash cost per AuEq ounce produced for the first quarter was US$1,469 or 38% higher than Q1 2023 of US$1,061 mainly due to a 38% increase in mine cost, 30% increase in processing cost and 31% increase in indirect cost.

All-In Sustaining cost for the three months ended March 31, 2024, was US$1,690 compared to US$1,101 in the same period in 2023. The increase in AISC was mainly due to a 702% increase in general and administration, a 100% increase in lease payments and 58% payment expenditures on capital equipment.

DEVELOPMENT

The Company began the construction of the Tahuehueto mine and mill in 2017. The nameplate capacity of the mill will be 1,000 tpd once construction is complete. In the second quarter of 2023, the construction project completed the necessary elements to operate at a rate of 500 tpd, including the first stage of the tailings facility. A second ball mill was installed in the first quarter of 2024. This second ball mill has a larger capacity of approximately 750 tpd giving it an installed grinding capacity of 1,250 tpd. Ancillary equipment (cyclones, pumps etc.) were also installed in the fourth quarter with testing of the second ball mill completed in February 2024.

The two tailings filter presses have been installed on-site, with a maximum capacity of 500 tpd each, which currently run at a sustained combined capacity of approximately 630 tonnes per day. A third filter press of 500 tpd is required to complete construction and run the mill at its full capacity of 1,000 tpd. The third tailings filter press has been secured, undergone inspections and refurbishments, and arrived on site in May 2024. The Company has begun installation and anticipates having this third filter press installed by the third quarter of 2024 with commissioning occurring shortly thereafter.

In order to finalize construction and achieve the 1000 tpd capacity, the Company will also need to replace the tailings thickener mechanism at Tahuehueto. The Company has identified the mechanism which was inspected in Durango, and has now been shipped to site for installation along with new fabricated rakes. These improvements are planned to be installed by the third quarter of 2024.

Mining Corp.

Construction of the second stage of the tailings embankment is complete and secondary diversion channels are being completed. The tailings storage facility at Tahuehueto will have a capacity of approximately 3 years at a run rate of 1,000 tpd.

Upon completion of construction, first phase production levels are expected to reach over 40,000 gold equivalent ounces per year.

As Tahuehueto is still in the development phase, the Company continues to capitalize all direct costs related to the development of the project.

	Three months ended March 31 2023	Year ended December 31 2023
	$	$
Balance, beginning of period	46,725	38,439
Costs incurred:		
Depreciation and amortization	1,685	2,365
General and office expenses (project related)	336	144
Permitting, environmental and community costs	-	154
Salaries and wages	43	300
Share based compensation	28	334
Travel and accommodation	17	55
Loss on extinguished debt	-	247
Interest	1,473	4,766
Changes in closure and reclamation	-	320
Foreign currency movement	908	(399)
Balance, end of period	51,215	46,725

Milling, flotation and concentrate filtration building at Tahuehueto

Mining Corp.

FINANCIAL PERFORMANCE

The Financial Results below include commercial production from the Campo Morado and revenue and associated costs from Tahuehueto during this pre-production period.

	Three months ended		
CONSOLIDATED	March 31 2024	March 31 2023	Change
Financial Results	**$**	**$**	
Revenue			
Gold	7,360	4,639	59%
Silver	3,450	3,312	4%
Zinc	4,968	8,748	(43%)
Copper	4,452	3,870	15%
Lead	360	554	(35%)
Treatment and selling costs	(7,474)	(9,667)	(23%)
Provisional pricing adjustments	8,925	7,130	25%
Net Revenues	**22,041**	**18,586**	19%
Production Costs	16,655	16,410	1%
Royalties	1,149	528	118%
Inventory changes	(1,210)	(451)	168%
Cost of Sales	**17,177**	**17,358**	(1%)
Mine operating cashflow before taxes (7)	**5,447**	**2,099**	160%
Depreciation	583	871	(33%)
Mine operating earnings	**4,864**	**1,228**	296%
General and administration	(2,795)	(1,841)	52%
Share based compensation	(138)	(485)	(72%)
Foreign exchange loss	(375)	777	(148%)
Other operating expenses	(63)	(58)	9%
Interest and finance costs, net	(682)	(1,708)	(60%)
Gain on settlement of debt	6,502	-	100%
Change in fair value of financial instruments	-	823	0%
Net earnings (loss)	**7,313**	**(1,264)**	(679%)
Net earnings (loss) per share – basic and diluted	0.05	(0.04)	(227%)
EBITDA(1)(5)	8,578	1,476	481%
Adjusted EBITDA(2)(5)	2,214	1,284	72%
Cash cost AuEq per ounce ($US)(3)(5)(9)	1,325	1,200	10%
AISC per AuEq ounce ($US)(4)(5)(9)	1,549	1,342	15%
All-in cost per AuEq ($US) (4)(5)(8)(9)	1,584	1,401	13%
Realized gold price per ounce ($US)(5)(6)	2,056	1,919	7%
Realized silver price per ounce ($US)(5)(6)	22.99	22.88	0%
Realized zinc price per tonne ($US)(5)(6)	2,156	2,725	(21%)
Realized copper price per tonne ($US)(5)(6)	8,479	8,599	(1%)
Realized lead price per tonne $US)(5)(6)	2,038	2,064	(1%)

1. See Reconciliation of Earnings before interest, taxes, depreciation, and amortization on page 22.
2. See reconciliation of Adjusted EBITDA on page 22.
3. Cash cost per gold equivalent ounce includes mining, processing, and direct overhead costs. See Reconciliation to IFRS on page 25.
4. AISC per AuEq oz includes mining, processing, direct overhead, corporate general and administration expenses, reclamation and sustaining capital. See reconciliation to IFRS on page 25.
5. See "Non-IFRS Financial Measures" on page 21.
6. Based on provisional sales before final price adjustments, treatment, and refining charges.
7. Mine operating cash flow before taxes is calculated by adding back royalties, changes in inventory and depreciation and depletion to mine operating loss. See Reconciliation to IFRS on page 21.
8. All-in cost per AuEq oz includes AISC plus interest paid and loan payments. See page 25.
9. Gold equivalents are calculated using an 88.72:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0018:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q1 2024; and 83.71:1 (Ag/Au), 0.0008:1 (Au/Zn), 0.0021:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q1 2023, respectively.

Revenues

The Company generated revenues of $22,041 net of treatment and refining costs in Q1 2024, which was a 19% increase compared to Q1 2023, mainly due to sales of 3,579 ounces of gold and 150,092 ounces of silver, a 48% and 4% increase respectively. Additionally, the Company sold 2,066 tonnes of zinc at a realized price of $2,156, 531 tonnes of copper at a realized price of $8,479 and 177 tonnes of lead at a realized price of $2,038. During the quarter realized gold and silver price per ounce sold averaged $2,056 and $22.99 a 7% and a 0% increase respectively, compared to $1,919 and $22.88 per ounce in Q1 2023.

Cost of sales

Cost of sales is comprised of production cost, including mining, processing, maintenance and site general administration net of inventory changes, and depreciation and depletion. The Company is currently only depreciating and depleting Campo Morado as Tahuehueto has not yet completed construction and is still in the pre-production stage. Production cost per tonne increased US$18 or 29% to US$78 in the period ended March 31, 2024, from $60 in the same period of 2023, mainly due to 21% decrease in tonnes processed. In addition, Royalties of $658 were charged in relation to the Tahuehueto operations (March 31, 2023 - $nil).

General and administration

General and administrative expenses increased by $954, or 52% for the period ended March 31, 2024, compared to the same period prior year as the Company grew significantly resulting in additions to the executive team and employees in both the Canada and Mexico operations as well as, increased legal and audit fees, insurance, and travel and office expenses.

Share-based compensation

Share-based compensation decreased by $347 or 72% to $138 for the three months ended March 31, 2024, mainly due to 5% decrease in the share price compared to same period last year.

Interest and finance costs

Interest and finance costs decreased by $1,026 or 60% to $682 for the period ended March 31, 2023, compared from $1,708 for the first quarter ended March 31, 2023, as a result of the restructuring debt with Trafigura and Accendo.

LIQUIDITY AND CAPITAL RESOURCES

The Company's ability to generate sufficient amounts of cash, both in the short term and the long term, to maintain existing capacity and to fund ongoing development and exploration, is dependent upon the ability of the Company to generate positive cash flows from operations and/or obtain the financing necessary to generate and sustain profitable operations. Refer to going concern section above.

The Company will evaluate, from time to time, sales of its common shares to improve the Company's liquidity and working capital position. To the extent that cash generated by operations during 2023 is less than anticipated or in the event the Company determines it will undertake other projects that are currently not part of its plans, or if the Company undertakes another acquisition, additional capital may be required. Sources of capital include accessing the private and public capital markets for debt and equity over the next 12 months. Adverse movement in metal prices and unforeseen impacts to the Company's operation may increase the need to raise new external sources of capital, and the inability to access sources of capital could adversely impact the Company's liquidity and require the Company to curtail capital and exploration program and other discretionary expenditures.

	Three months ended		
	March 31 2024	March 31 2023	% Change
Cash Flow	**$**	**$**	
Net cash (used in) provided by operating activities	(673)	3,092	(122%)
Net cash used in investing activities	(650)	(1,291)	(50%)
Net cash provided by financing activities	2,175	442	392%
Effect on cash on foreign exchange	(89)	221	(140%)
Change in cash	763	2,464	(69%)
Cash, beginning of the period	2,722	1,152	136%
Cash, end of the period	3,485	3,616	(4%)

As at March 31, 2024, the Company had cash of $3,485 and negative working capital of $40,645 compared with cash of $2,722 and negative working capital of $50,716 at December 31, 2023.

Operating activities

Cash used in operating activities was $673 during the three months ended March 31, 2024 (March 31, 2023 – cash generated of $3,092). The significant non-cash adjustments to the net earnings of $7,313 in the first quarter of 2023 (March 31, 2023, loss of – $1,264) were accretion, depreciation and amortization of $1,018 (March 31, 2023 – $1,140), share-based compensation of $224 (March 31, 2023 – $496), Empress royalty stream of $462 (March 31, 2023 – $689), accrued interest on debt of $1,362 (March 31, 2023 – 388), gain on settlement of debt of $6,126 (March 31, 2023 – $nil), and a decrease in non-cash working capital of $4,710 (March 31, 2023 – increase of $449). The net change in non-cash working capital was primarily due to a decrease in amounts receivable, prepaid expenses and deposits and inventories offset by an increase in accounts payable and accrued liabilities.

Investing activities

Investing activities used cash of $650 in the three months ended March 31, 2024, compared with the use of cash of $1,291 in the first quarter of 2023. The majority of the cash used in investing activities during the three months ending March 31, 2024, was $430 invested into plant and equipment, and $220 invested in mineral properties.

Financing activities

Cash generated from financing activities for the three months ended March 31, 2024, was $2,175 mainly related to proceeds from Trafigura loan by $3,361, offset by lease and loan payments of $1,186.

On January 11, 2024, the Company received an additional loan from Trafigura for $3,352 (US$2,500) under the Trafi Campo loan agreement, converted $7,777 (US$5,800) of the Trafi Tah loan into a non-interest bearing convertible debenture and concurrently amended the terms of the Trafigura Loans. The Trafi Campo loan's maturity date was extended to June 30, 2025, with repayments of $349 (US$260) plus interest commencing on April 30, 2024. The Trafi Tah loan's maturity date was extended to January 3, 2026, with repayments of $268 (US$200) plus interest commencing on March 31, 2024. After six months, the repayments on the Trafi Tah loan will increase to $463 ($US345) plus interest.

Trafigura has conditionally assigned the convertible debenture to its affiliate Urion Holdings ("Malta") Limited ("Urion"), such assignment to be perfected upon Urion being included in the existing security arrangements between the Company and Trafigura (the "Condition"). The convertible debenture was signed and placed in escrow, to be released once the Condition is met. The convertible debenture will mature in three years from the date it is released from escrow and made effective but may be repaid prior to that date upon providing 60 days written notice and that the Trafigura Loans and the Breakwater Loan have been repaid in full. Trafigura may elect to convert in whole or in part, the convertible debenture principal at any time prior to the maturity date at the conversion price of $0.35 per common share. Any Shares issued under the convertible debenture will be subject to a four month plus one day hold period under applicable Canadian securities laws. The convertible debenture is subject to the receipt of final approval from the TSXV.

Further in January 2024, the Company closed a debt settlement (the " Debt Settlement ") with Latapi Consultores, S.A. de C.V. (" Latapi "), by issuing an aggregate of 17,750,000 Shares to settle outstanding debt of $11,030, comprising of (i) $3,042 of debt that the Latapi and the Company agreed to write off and (ii) $7,988, of debt that was settled in common shares of the Company (the " Shares "), at a price of $0.45 per Share. The Shares were issued to a syndicate of creditors with Latapi acting as agent on behalf of the syndicate to negotiate the terms of the Debt Settlement. The debt was originally owed under a loan facility to Accendo Banco, S.A. and assigned to Latapi acting on behalf of a syndicate of creditors.

NON-IFRS FINANCIAL MEASURES

The Company has disclosed certain non-IFRS financial measures and ratios in this MD&A, as discussed below. These non-IFRS financial measures and non-IFRS ratios are widely reported in the mining industry as benchmarks for performance and are used by Management to monitor and evaluate the Company's operating performance and ability to generate cash. The Company believes that, in addition to financial measures and ratios prepared in accordance with IFRS, certain investors use these non-IFRS financial measures and ratios to evaluate the Company's performance. However, the measures do not have a standardized meaning under IFRS and may not be comparable to similar financial measures disclosed by other companies. Accordingly, non-IFRS financial measures and non-IFRS ratios should not be considered in isolation or as a substitute for measures and ratios of the Company's performance prepared in accordance with IFRS.

Non-IFRS financial measures are defined in National Instrument 52-112 – Non-GAAP and Other Financial Measures Disclosure ("NI 52-122") as a financial measure disclosed that (a) depicts the historical or expected future financial performance, financial position or cash flow of an entity, (b) with respect to its composition, excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in the primary financial statements of the entity, (c) is not disclosed in the financial statements of the entity, and (d) is not a ration, fraction, percentage or similar representation.

A non-IFRS ratio is defined by 52-112 as a financial measure disclosed that (a) is in the form of a ration, fraction, percentage or similar representation, (b) has a non-IFRS financial measure as one or more of its components, and (c) is not disclosed in the financial statements.

Working Capital

Working capital is a non-IFRS measure that is a common measure of liquidity but does not have any standardized meaning. The most directly comparable measure prepared in accordance with IFRS is current assets and net of current liabilities. Working capital is calculated by deducting current liabilities from current assets. Working capital should not be considered in isolation or as a substitute from measures prepared in accordance with IFRS. The measure is intended to assist readers in evaluating our liquidity.

	March31 2024	December 31 2023
	$	$
Current assets	30,635	24,225
Current liabilities	71,280	74,941
Working capital	(40,645)	(50,716)

Mine Operating Cash Flow before Taxes

Mine operating cash flow before taxes is a non-IFRS measure that does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Mine operating cash flow is calculated as revenue minus production costs, transportation and selling costs and inventory changes. Mine operating cash flow is used by management to assess the performance of the mine operations, excluding corporate and exploration activities and is provided to investors as a measure of the Company's operating performance.

	Three months ended	
	March 31 2024	March 31 2023
	$	$
Net revenues	22,041	18,586
Production cost	(16,655)	(16,410)
Royalties	(1,149)	(528)
Inventory changes	1,210	451
Mine operating cash flows before taxes	**5,447**	**2,099**

EBITDA

EBITDA is a non-IFRS financial measure, which excludes the following from net earnings:

- Income tax expense;
- Finance costs;
- Amortization and depletion.

Adjusted EBITDA excludes the following additional items from EBITDA:

- Share based compensation;
- Non-recurring impairments (reversals);
- Loss (gain) on Settlement of debt;
- Significant other non-routine finance items.

Adjusted EBITDA per share is calculated by dividing Adjusted EBITDA by the basic weighted average number of shares outstanding for the period.

Management believes EBITDA is a valuable indicator of the Company's ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations, and fund capital expenditures. Management uses EBITDA for this purpose. EBITDA is also frequently used by investors and analysts for valuation purposes whereby EBITDA is multiplied by a factor or "EBITDA multiple" based on an observed or inferred relationship between EBITDA and market values to determine the approximate total enterprise value of a Company.

EBITDA is intended to provide additional information to investors and analysts. It does not have any standardized definition under IFRS and should not be considered in isolation or as a substitute for measures of operating performance prepared in accordance with IFRS. EBITDA excludes the impact of cash costs of financing activities and taxes, and the effects of changes in operating working capital balances, and therefore is not necessarily indicative of operating profit or cash flow from operations as determined by IFRS. Other companies may calculate EBITDA and Adjusted EBITDA differently.

	Three months ended							
	March 31 2024	December 31 2023	September 30 2023	June 30 2023	March 31 2023	December 31 2022	September 30 2022	June 30 2022
		$	$	$	$	$	$	$
Net earnings (loss) per financial statements	7,313	(3,745)	(4,616)	(5,371)	(1,264)	(3,805)	(5,596)	(2,051)
Depreciation and depletion – cost of sales	583	887	1,038	1,232	871	1,483	339	325
Depreciation and depletion – general and administration	-	123	119	106	103	49	29	31
Interest and finance costs, net	682	661	871	793	1,766	1,070	1,126	1,081
EBITDA	**8,578**	**(2,074)**	**(2,588)**	**(3,240)**	**1,476**	**(1,203)**	**(4,102)**	**(614)**
Share based compensation	138	357	462	703	485	24	6	49
(Gain) loss on debt settlement	(6,502)	40	14	96	(677)	-	-	-
Adjusted EBITDA	**2,214**	**(1,677)**	**(2,112)**	**(2,441)**	**1,284**	**(1,179)**	**(4,096)**	**(565)**

Realized Price per Ounce and Realized Price per Tonne

Realized price per ounce or per tonne are based on provisional prices received from the sales of gold, silver, zinc, copper and lead before price adjustments and treatment and refining charges.

Operating Cash Flow before Working Capital Changes

Operating cash flow before working capital changes per share is a non-IFRS measure that does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Operating cash flow per share is calculated by dividing cash from operating activities by the weighted average shares outstanding. Operating cash flow per share is used by management to assess operating performance on a per share basis, irrespective of working capital changes and is provided to investors as a measure of the Company's operating performance.

	Three months ended	
	March 31 2024	March 31 2023
	$	$
Cash (used in) provided by operating activities per financial statements	(673)	3,092
Net changes in non-cash working capital per financial statements	(4,710)	449
Operating cash flow before working capital changes	**4,037**	**2,643**
Operating cash flow before working capital changes per share	0.02	0.07
Basic weighted average shares outstanding	161,566,435	35,456,206

Cash Cost per AuEq Ounce, All-In Sustaining Cost per AuEq Ounce, All-In Cost per AuEq Ounce and Production Cost per Tonne

Cash costs per gold equivalent oz and production costs per tonne are measures developed by precious metals companies in an effort to provide a comparable standard; however, there can be no assurance that the Company's reporting of these non-IFRS measures and ratios are similar to those reported by other mining companies. Cash costs per gold equivalent ounce and total production cost per tonne are non-IFRS performance measures used by the Company to manage and evaluate operating performance at its operating mining unit, in conjunction with the related IFRS amounts. They are widely reported in the silver mining industry as a benchmark for performance, but do not have a standardized meaning and are disclosed in addition to IFRS measures. Production costs include mining, milling, and direct overhead at the operation sites**.** Cash costs include all direct costs plus royalties and special mining duty. Total production costs include all cash costs plus amortization and depletion, changes in amortization and depletion in finished goods inventory and site share-based compensation. Cash costs per gold equivalent ounce is calculated by dividing cash costs and total production costs by the payable gold equivalent ounces produced. Production costs per tonne are calculated by dividing production costs by the number of processed tonnes. The following tables provide a detailed reconciliation of these measures to the Company's direct production costs, as reported in its consolidated financial statements.

All-in Sustaining Costs ("AISC") is a non-IFRS performance measure and was calculated based on guidance provided by the World Gold Council ("WGC"). WGC is not a regulatory industry organization and does not have the authority to develop accounting standards for disclosure requirements. Other mining companies may calculate AISC differently as a result of differences in underlying accounting principles and policies applied, as well as differences in definitions of sustaining capital expenditures. AISC is a more comprehensive measure than cash cost per ounce and is useful for investors and management to assess the Company's operating performance by providing greater visibility, comparability and representation of the total costs associated with producing gold equivalent ounces from its current operations, in conjunction with related IFRS amounts. AISC helps investors to assess costs against peers in the industry and helps management assess the performance of its mine.

AISC includes total production costs (IFRS measure) incurred at the Company's mining operation, which forms the basis of the Company's total cash costs. Additionally, the Company includes sustaining capital expenditures, corporate general and administrative expenses, operating lease payments and reclamation cost accretion. The Company believes this measure represents the total sustainable costs of producing silver and gold concentrate from current operations and provides additional information of the Company's operational performance and ability to generate cash flows. As the measure seeks to reflect the full cost of gold equivalent ounces from the zinc and lead concentrate production from current operations, new projects capital at current operation is not included. Certain other cash expenditures, including share-based payments, tax payments, dividends and financing costs are also not included.

The following tables provide detailed reconciliations of these measures to cost of sales, as reported in notes to our consolidated financial statements.

		For the three months ended March 31, 2024			For the three months ended March 31, 2023		
		Campo Morado	Tahuehueto(5)	Consolidated	Campo Morado	Tahuehueto(5)	Consolidated
Cost of sales		**11,592**	**5,585**	**17,177**	**12,991**	**4,367**	**17,358**
Inventory changes		574	636	1,210	451	-	451
Royalties		(491)	(658)	(1,149)	(528)	-	(528)
Depreciation		(583)	-	(583)	(871)	-	(871)
Production cost (4)		**11,092**	**5,563**	**16,655**	**12,043**	**4,367**	**16,410**
Add:							
Treatment and selling costs		6,448	1,026	7,474	8,572	1,095	9,667
Royalties		491	658	1,149	528	-	528
Total cash cost(2)		**18,031**	**7,247**	**25,278**	**21,143**	**5,462**	**26,605**
General and administrative - corporate		214	465	2,795	234	58	1,841
SBC Compensation		-	-	138	-	-	496
Lease payments		83	394	477	-	-	122
Accretion relating to reclamation and rehabilitation		-	-	219	-	-	166
Sustaining capital expenditures		421	230	651	372	146	518
Total All-in sustaining cost(3)		**18,749**	**8,336**	**29,558**	**21,749**	**5,666**	**29,748**
Interest paid		-	-	661	-	-	1,136
All-in cost(3)		**18,749**	**8,336**	**30,219**	**21,749**	**5,666**	**30,884**
Tonnes milled	D	125,105	33,319	158,424	177,293	23,944	201,237
Gold equivalent ounces produced(1)	E	10,491	3,657	14,148	12,587	3,807	16,394
USD$(6)							
Production cost (4)	A	**8,224**	**4,124**	**12,348**	**8,908**	**3,230**	**12,138**
Total cash cost(2)	B	**13,368**	**5,373**	**18,741**	**15,638**	**4,040**	**19,678**
Total All-in sustaining cost(3)	C	**13,901**	**6,180**	**21,914**	**16,087**	**4,191**	**22,003**
Production cost per tonne(4)	A/D	**66**	**124**	**78**	**50**	**182**	**60**
Cash cost per AuEq ounce produced(2)	B/E	**1,274**	**1,469**	**1,325**	**1,242**	**1,061**	**1,200**
All-in sustaining cost per AuEq ounce produced(3)	C/E	**1,325**	**1,690**	**1,549**	**1,278**	**1,101**	**1,342**
Interest paid		-	-	35	-	-	59
All-in cost per AuEq ounce produced(1)(3)		**1,325**	**1,690**	**1,584**	**1,278**	**1,101**	**1,401**
Mining cost per tonne		26	47	31	22	48	25
Milling cost per tonne		32	58	37	22	67	27
Indirect cost per tonne		8	19	10	7	20	8
Production cost per tonne(4)		**66**	**124**	**78**	**50**	**135**	**60**
Mining		3,305	1,569	4,874	3,860	1,138	4,998
Milling		3,949	1,930	5,879	3,886	1,614	5,500
Indirect		970	625	1,595	1,162	478	1,640
Production Cost(4)		**8,224**	**4,124**	**12,348**	**8,908**	**3,230**	**12,138**

1. Gold equivalents are calculated using an 88.72:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0018:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q1 2024; 83.71:1 (Ag/Au), 0.0008:1 (Au/Zn), 0.0021:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q1 2023, respectively.
2. Cash cost per gold equivalent ounce includes mining, processing, and direct overhead costs.
3. AISC per AuEq oz includes mining, processing, direct overhead, corporate general and administration expenses, reclamation and sustaining capital.
4. Production costs include mining, milling, and direct overhead at the operation sites.
5. Tahuehueto is currently pre-production as construction of the plant to 1,000 tonnes per day is ongoing.
6. 1.3488 and 1.3520 average FX rate for Q1 2024 and Q1 2023, respectively, used to translate CAD$ to USD$.

Mining Corp.

The following table is a summary of these measures to cost of sales by quarter and year to date.

		Consolidated three months ended				
		March 31 2024	December 31 2023	September 30 2023	June 30 2023	March 31 2023
Cost of sales		**17,177**	**16,803**	**15,851**	**16,793**	**17,358**
Inventory changes		1,210	(1,064)	1,039	(809)	451
Royalties		(1,149)	(963)	(631)	(424)	(528)
Depreciation		(583)	(887)	(1,038)	(1,232)	(871)
Production cost [4]		**16,655**	**13,889**	**15,221**	**14,328**	**16,410**
Add:						
Treatment and selling costs		7,474	6,112	7,500	9,706	9,667
Royalties		1,149	963	631	424	528
Total cash cost[2]		**25,278**	**20,964**	**23,352**	**24,458**	**26,605**
General and administrative - corporate		2,795	2,400	2,020	2,411	1,841
SBC Compensation		138	357	462	692	496
Lease payments		477	500	493	364	120
Accretion relating to reclamation and rehabilitation		219	300	35	196	166
Sustaining capital expenditures		651	206	2,729	541	518
Total All-in sustaining cost[3]		**29,558**	**24,727**	**29,091**	**28,662**	**29,746**
Loan payments		-	487	1,458	696	-
Interest paid		661	936	1,085	717	1,136
All-in cost [3]		**30,219**	**26,150**	**31,634**	**30,075**	**30,882**
Tonnes milled	**D**	158,424	130,211	147,732	185,953	201,237
Gold equivalent ounces produced[1]	**E**	14,148	11,808	12,813	14,703	16,394
USD$[5]						
Production cost [4]	**A**	**12,348**	**10,200**	**11,349**	**10,666**	**12,138**
Total cash cost[2]	**B**	**18,741**	**15,395**	**17,411**	**18,207**	**19,678**
Total All-in sustaining cost[3]	**C**	**21,914**	**18,159**	**21,690**	**21,337**	**22,003**
Production cost per tonne[4]	**A/D**	**78**	**78**	**77**	**57**	**60**
Cash cost per AuEq ounce produced[2]	**B/E**	**1,325**	**1,304**	**1,359**	**1,238**	**1,200**
All-in sustaining cost per AuEq ounce produced[1][3]	**C/E**	**1,549**	**1,538**	**1,693**	**1,451**	**1,342**
Loan payments		-	30	85	35	-
Interest paid		35	58	63	36	59
All-in cost per AuEq ounce produced[1][3]		**1,584**	**1,626**	**1,841**	**1,523**	**1,401**
Mining cost per tonne		31	27	27	21	25
Milling cost per tonne		37	37	34	27	27
Indirect cost per tonne		10	14	16	9	8
Production cost per tonne[4]		**78**	**78**	**77**	**57**	**60**
Mining		4,874	3,478	4,042	3,864	4,998
Milling		5,879	4,846	4,986	4,955	5,500
Indirect		1,595	1,876	2,321	1,847	1,640
Production Cost[4]		**12,348**	**10,200**	**11,349**	**10,666**	**12,138**

1. Gold equivalents are calculated using an 88.72:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0018:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q1 2024; 85.07:1 (Ag/Au), 0.0006:1 (Au/Zn), 0.002:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q4, 2023; 81.84:1 (Ag/Au), 0.0006:1 (Au/Zn), 0.002:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q3 2023; 81.80:1 (Ag/Au), 0.0006:1 (Au/Zn), 0.002:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q2 2023; 83.71:1 (Ag/Au), 0.0008:1 (Au/Zn), 0.002:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q1 2023; 84.37:1 (Ag/Au), 0.0007:1 (Au/Zn), 0.002:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q4 2022; 83.02:1 (Ag/Au), 0.0006:1 (Au/Zn), 0.002:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Annual 2023: and 83.49:1 (Ag/Au), 0.0008:1 (Au/Zn), 0.002:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Annual 2022.
2. Cash cost per gold equivalent ounce includes mining, processing, and direct overhead costs.
3. AISC per AuEq oz includes mining, processing, direct overhead, corporate general and administration expenses, reclamation, and sustaining capital.
4. Production costs include mining, milling, and direct overhead at the operation sites.
5. 1.3488, 1.3617, 1.3412, 1.3433 and 1.3520 average FX rate for Q1 2024, Q1, Q2, Q3 and Q4 2023, respectively, used to translate CAD$ to USD$.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the eight most recent quarters:

	2024	2023				2022		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	$	$	$	$	$	$	$	$
Net revenue	22,041	18,253	15,115	16,321	18,586	17,731	14,840	13,909
Production costs	16,655	(13,892)	(15,220)	(14,328)	(16,410)	(16,972)	(12,502)	(11,496)
Royalties	1,149	(963)	(631)	(424)	(528)	(512)	(532)	(410)
Inventory changes	(1,210)	(1,063)	1,039	(809)	(451)	(66)	(306)	255
Mine operating cashflows before taxes	**5,447**	**2,335**	**303**	**760**	**2,099**	**181**	**1,500**	**2,258**
Depreciation	583	(887)	(1,038)	(1,232)	(871)	(1,483)	(339)	(325)
Mine operating earnings (loss)	4,864	1,448	(735)	(472)	1,228	(1,302)	1,161	1,933
Net earnings (loss)	7,313	(3,745)	(4,616)	(5,371)	(1,264)	(3,805)	(5,596)	(2,051)
EBITDA	8,578	(2,074)	(2,588)	(3,240)	1,476	(1,203)	(4,037)	(535)
Adjusted EBITDA	2,214	(2,638)	(2,244)	(2,744)	1,961	(1,179)	(4,031)	(486)
Basic and diluted earnings (loss) per share	0.05	(0.02)	(0.03)	(0.06)	(0.04)	(0.12)	(0.16)	(0.06)
Weighted Average number of common shares outstanding	161,566,435	143,800,213	142,886,622	92,844,777	35,456,206	34,868,057	34,777,210	33,522,960

The Company generated revenues of $22,041 net of treatment and refining costs in Q1 2024, which was a 19% increase compared to Q1 2023, mainly due to sales of 3,579 ounces of gold and 150,092 ounces of silver a 48% and 4% increase respectively. Additionally, the Company sold 2,066 tonnes of zinc at a realized price of $2,156, 531 tonnes of copper at a realized price of $8,479 and 177 tonnes of lead at a realized price of $2,038. During the quarter realized gold and silver price per ounce sold averaged $2,056 and $22.99 a 7% and a 0% increase respectively, compared to $1,916 and 22.88 per ounce in Q1 2023.

The Company generated revenues of $18,253 net of treatment and refining costs in Q4 2023, which was a 21% increase compared to Q3 2023, mainly due to sales of 2,857 ounces of gold and 112,374 ounces of silver a 15% increase and a 4% decrease respectively. Additionally, the Company sold 2,037 tonnes of zinc at a realized price of $2,476, 471 tonnes of copper at a realized price of $8,358 and 179 tonnes of lead at a realized price of $2,093. During the quarter realized gold and silver price per ounce sold averaged $2,018 and $23.37 an 5% and a 1% increase respectively, compared to $1,917 and 23.06 per ounce in Q3 2023.

The Company generated revenues of $15,115 net of treatment and refining costs, during the three months ended September 30, 2023, a 7% decrease compared to the three months ended June 30, 2023, from the sales of 2,476 ounces of gold at a realized price of $1,917 and 117,250 ounces of silver at a realized price of $23.37 a 13% increase and 3% decrease in ounces respectively, as compared to Q2 2023. In addition, the Company sold 2,134 tonnes of zinc at a realized price of $2,482, 424 tonnes of copper at a realized price of $8,396 and 144 tonnes of lead at a realized price of $2,143.

In the second quarter of 2023, the Company sold 2,200 ounces of gold at a realized price of $1,968 per ounce and 121,072 ounces of silver at realized price of $23.88 per ounce, resulting in revenues of $19,143 net of treatment and refining cost. A decrease of 9% and 16% in ounces of gold and silver sold respectively from Q1 2023. In addition, the Company sold 3,767 tonnes of zinc at a realized price of $2,372, 356 tonnes of copper at a realized price of $8,180 and 211 tonnes of lead at a realized price of $2,120 in Q2 2023. The Company generated $472 of mine operating losses in the second quarter of 2023 compared with $1,228 in income in the first quarter of 2023.

Revenue increased by 5% in the first quarter of 2023 to $18,586 compared to $17,731 in Q4 2022 due primarily to higher gold (70%) and silver (28%) ounces sold to 2,418 and 144,831 respectively. Sales of zinc, copper, and lead tonnes were 3210, 446, and 268 respectively, in Q4 2023, an increase of 4%, 43% and 62%, respectively over the Q4 2022 tonnes. The Company generated a mine operating profit in Q1 2024 of $1,228, a swing of 194% over Q4 2022 mine operating loss of $1,302 due primarily to the increase in ounces sold.

The following is a summary of the Company's production information for the eight most recent quarters:

	2024	2023				2022		
PRODUCTION	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
Processed tonnes	158,424	130,211	147,732	185,953	201,237	209,899	206,320	194,516
Campo Morado	125,105	106,765	128,287	166,796	177,293	186,028	194,690	189,194
Tahuehueto	33,319	23,446	19,445	19,157	23,944	23,871	11,629	5,322
Gold Ounces	4,297	3,155	3,437	2,716	2,524	2,579	1,564	1,003
Campo Morado	1,929	1,163	1,869	1,155	707	931	1,143	1,003
Tahuehueto	2,368	1,992	1,568	1,561	1,817	1,648	421	-
Gold Grade	1.70	1.40	1.81	1.23	0.89	0.92	0.84	0.86
Campo Morado	1.46	1.02	1.62	1.03	0.62	0.73	0.82	0.88
Tahuehueto	2.64	3.13	3.05	2.97	2.84	2.42	1.18	-
Gold Recovery	49.52	53.80	40.09	36.80	44.08	41.44	28.07	18.66
Campo Morado	32.96	33.18	28.03	20.82	19.96	21.32	22.28	18.66
Tahuehueto	83.83	84.46	82.28	85.21	83.16	88.75	95.90	
Silver Ounces	207,504	155,763	169,162	178,583	184,617	192,310	181,395	175,084
Campo Morado	180,108	133,872	152,213	158,792	163,356	175,747	172,436	170,864
Tahuehueto	27,396	21,891	16,949	19,791	21,261	16562	8,959	4,220
Silver Grade	95.71	75.63	91.95	75.30	63.37	65.07	66.94	82.61
Campo Morado	112.69	84.72	100.91	79.70	67.32	70.06	68.97	83.85
Tahuehueto	31.95	34.24	32.79	37.01	34.15	26.19	32.97	38.39
Silver Recovery	42.56	49.19	38.74	39.67	45.03	43.79	40.85	33.89
Campo Morado	39.73	46.03	36.57	37.15	42.57	41.94	39.94	33.50
Tahuehueto	80.05	84.83	82.69	86.83	80.86	82.41	72.67	64.25
Zinc tonnes	3,068	2,730	3,028	4,850	4,635	4,337	4,844	4,173
Campo Morado	2,600	2,302	2,519	4,285	3,887	3,790	4,611	4,074
Tahuehueto	468	428	509	564	748	547	232	99
Zinc Grade	2.38	2.49	2.61	3.23	2.91	2.73	3.07	2.99
Campo Morado	2.51	2.53	2.51	3.19	2.74	2.72	3.11	3.01
Tahuehueto	1.90	2.35	3.27	3.54	4.13	2.83	2.38	2.49
Zinc Recovery	81.42	84.06	78.56	80.75	79.19	75.65	76.53	71.65
Campo Morado	82.91	85.35	78.27	80.45	79.92	74.92	76.18	71.57
Tahuehueto	73.99	77.74	80.04	83.16	75.57	81.18	84.10	74.83
Copper tonnes	791	671	640	666	642	611	849	475
Campo Morado	748	639	616	640	612	586	834	468
Tahuehueto	43	32	23	25	30	25	15	7
Copper Grade	0.66	0.64	0.69	0.56	0.52	0.47	0.64	0.50
Campo Morado	0.79	0.75	0.77	0.61	0.56	0.52	0.66	0.51
Tahuehueto	0.18	0.17	0.14	0.16	0.15	0.13	0.16	0.18
Copper Recovery	75.29	80.16	63.18	63.62	61.93	61.44	64.69	49.07
Campo Morado	75.44	80.13	62.60	63.00	61.13	60.81	64.46	48.81
Tahuehueto	72.72	80.84	83.58	84.32	84.42	80.66	80.42	75.67
Lead tonnes	661	558	645	652	834	717	577	561
Campo Morado	410	345	424	410	522	501	491	524
Tahuehueto	251	213	221	242	312	216	86	37
Lead Grade	0.77	0.68	0.82	0.71	0.76	0.69	0.60	0.74
Campo Morado	0.71	0.60	0.74	0.63	0.66	0.64	0.58	0.74
Tahuehueto	0.99	1.08	1.34	1.46	1.52	1.08	0.97	0.93
Lead Recovery	54.00	62.59	53.52	49.18	54.49	49.59	46.73	38.77
Campo Morado	45.90	54.16	44.92	39.17	44.80	42.13	43.74	37.5
Tahuehueto	75.92	83.78	84.59	86.68	85.47	84.08	76.61	74.70

LUCA Mining Corp.

OTHER FINANCIAL INFORMATION

SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

The common shares, warrants and stock options outstanding are as follows:

	March 31, 2023			May 29, 2024		
	#	Weighted average exercise price	Weighted average life (years)	#	Weighted average exercise price	Weighted average life (years)
Common shares	161,566,435			161,566,435		
Warrants	50,614,949	0.60	1.10	49,813,926	0.54	1.00
Stock options	7,061,320	0.45	3.89	7,095,070	0.47	3.76
Fully diluted						

MANAGEMENT OF CAPITAL

The Company considers the items included in the consolidated statement of shareholder's equity as capital. The Company's objectives when managing capital are:

- To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, to support continued evaluation and maintenance at the Company's existing properties, and to acquire, explore, and develop other precious and base metal deposits.
- To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk and loss of principal; and
- To obtain the necessary financing to complete mine refurbishment and exploration and development of its properties, when it is required.

The properties in which the Company currently holds interests in are in the production, pre-production and exploration stages and the Company is dependent on external financing to fund its activities in order to carry out planned activities and pay for administrative costs. Management reviews its capital management approach on an ongoing basis and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets, and believes that this approach, given the relative size of the Company, is reasonable.

In order to maintain or adjust the capital structure, the Company may issue new equity, incur additional debt, option its exploration and evaluation assets for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of certain assets. When applicable, the Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends.

The Company is not subject to externally imposed capital requirement.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Compensation of key management personnel

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

	Three months ended	
	March 31 2024	March 31 2023
	$	$
Salaries, bonus and benefits	310	385
Consulting fees	271	312
Share-based compensation	149	15
Total	**730**	**712**

Related party balances

As at March 31, 2024, directors and officers or their related companies were owed $129 (December 31, 2023 - $393) included in accounts payable and accrued liabilities mainly in respect to directors' fees payable and reimbursement of labour obligations. These amounts are unsecured, non-interest bearing and have no specific terms of settlement.

Estrategica Corporativa en Finanzas, S.A.P.I de C.V. ("Escorfin")

Escorfin is a private equity fund to which the Company had a long-term loan obligation of $5,419 (US$4,001) at December 31, 2022 (note 12). The Company and Escorfin have directors in common. On February 28, 2023, the principal and interest owning of $5,725 (US$4,242) was settled with the issuance of 12,721,310 common shares of the Company. During the three months ended March 31, 2024, the Company incurred interest of $nil (March 31, 2023 - $206).

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

The Company has a service agreement with Bursametrica whereby the financial institution provides foreign exchange services primarily for the exchange of funds denominated in US dollars for funds denominated in the Mexican Peso. A director of the Company was deemed to have economic influence in the financial institution. During the three months ended March 31, 2024, the amount exchanged for currency denominated in the Mexican Peso at exchange rates at the time of the conversion was $nil (March 31, 2023 - $7,718 (US$5.71 million)).

Cozen O'Connor LLP ("Cozen")

Cozen O'Connor is an Amlaw 100 international law firm to which the Company has legal services. A director of the Company was deemed to have economic influence in the law firm. During the three months ended March 31, 2024, the Company incurred legal expenses of $86 (March 31, 2023 - $105).

CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

a) Commitments

As at March 31, 2024, the Company had no commitments which are expected to be expended within one year.

b) Contingencies

As at March 31, 2024, the Company has estimated an accrual of $9,391 (December 31, 2023- $9,020) in contingent liabilities, mainly as follows:

Servicio de Administracion Tributaria Vs Minas de Campo S.A. de C.V

During the 2019 fiscal year, the Servicio de Administracion Tributaria (SAT) performed an audit on the Company's subsidiary, Minas de Campo Morado, S. A. de C. V. ("MCM"), in relation to value added tax ("VAT") and Impuesto Sobre la Renta ("ISR") claimed for the years 2014 and 2015. As a result of the audit, the SAT determined a difference in taxes payable of approximately $1,825 (MXN$16 million) and possible reduction of accumulated tax losses for $10,090 (MXN$104 million), which the Company is challenging through a legal process. As at March 31, 2024, MCM has non-capital losses available for future periods in excess of the claimed amount, thus no additional accrual has been recorded on a contingent basis.

During the 3 months ended March 31, 2023, the Mexican court issued a favorable resolution to MCM for 90% of the 2014 and 2015 tax credits because all the expenses deducted were in line with the income tax regulations. MCM will go to a second legal action to get the remining 10% of the credits.

Servicio de Administracion Tributaria Vs Prestadora de Servicios Arcelia, S.A. de C.V.

During the 2015 fiscal year, the Servicio de Administracion Tributaria (SAT) performed an audit on the Company's subsidiary, Prestadora de Servicios Arcelia, S. A. de C. V. (PSA), in relation to value added tax ("VAT") and Impuesto Empresarial Tasa Unica ("IETU") claimed. As a result of the audit, the SAT determined a difference in taxes payable of approximately $2,399 (MXN$34 million).

Reynaldo D. Mac Allister Vs Minas de Campo Morado, S.A. de C.V. and Prestadora de Servicios Arcelia, S.A. de C.V.

In July of 2013, Reynaldo D. Mac Allister ("Reynaldo") commenced a legal procedure against Minas de Campo Morado, S.A. de C.V. and Prestadora de Servicios Arcelia, S.A. de C.V. claiming Reynaldo was dismissed without cause. Reynaldo is suing for damages caused by the dismissal and other related labour obligations owing to him for a total amount of approximately $133 (MXN$1.7 million).

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

In March 2020, the Company terminated its business relationship with Size Solutions S.A. de C.V. ("Size"), a payroll service provider for Minas de Campo Morado, S.A. de C.V., and corporate offices in Mexico City. The Company received notice from Size of outstanding amounts payable by the Company as at December 31, 2019 in the amount of $4,970 (MXN$62.0 million).

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Fair value measurement and valuation techniques

Financial instruments included in the consolidated statements of financial position are measured either at fair value or amortized cost. Estimated fair values for financial instruments are designed to approximate amounts for which the instruments could be exchanged in an arm's-length transaction between knowledgeable and willing parties.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (interest rate, yield curves), or inputs that are derived principally from or corroborated observable market data or other means.
- Level 3 inputs are unobservable (supported by little or no market activity).

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

Financial asset or liability	Methods and assumptions used to estimate fair value
Trade receivables	Trade receivables arising from the sales of metal concentrates are subject to provisional pricing, and the final selling price is adjusted at the end of a quotational period. These are marked to market at each reporting date based on the forward price corresponding to the expected settlement date.

The carrying value of cash, accounts payable and accrued liabilities, loans payable and other receivables, all of which are carried at amortized cost, approximate their fair value given their short-term nature. Trade receivables and related derivatives and advance payment are classified within Level 2 of the fair value hierarchy.

March 31, 2024	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Carrying value approximates Fair Value
	$	$	$	$	$	$
Financial assets measured at Fair Value						
Trade receivables from sale of concentrate	2,157	-	2,157	-	2,157	-
	2,157	**-**	**2,157**	**-**	**2,157**	**-**
Financial assets not measured at Fair Value						
Cash	-	3,485	3,485	-	-	3,485
Other receivables	-	10,318	10,318	-	-	10,318
	-	**13,803**	**13,803**	**-**	**-**	**13,803**
Financial liabilities not measured at Fair Value						
Accounts payable and accrued liabilities	-	(35,186)	(35,186)	-	-	(35,186)
Loans payable	-	(24,664)	(24,664)	-	-	(24,664)
	-	**(59,850)**	**(59,850)**	**-**	**-**	**(59,850)**

December 31, 2023	Fair value through profit or loss	Amortized cost	Total	Level1	Level2	Carrying value approximates Fair Value
	$	$	$	$	$	$
Financial assets measured at Fair Value						
Trade receivables from sale of concentrate	743		743		743	-
	743	**-**	**743**	**-**	**743**	**-**
Financial assets not measured at Fair Value						
Cash	-	2,722	2,722	-	-	2,722
Other receivables	-	9,490	9,490	-	-	9,490
	-	**12,212**	**12,212**	**-**	**-**	**12,212**
Financial liabilities not measured at Fair Value						
Accounts payable and accrued liabilities	-	(32,437)	(32,437)	-	-	(32,437)
Loans payable	-	(31,105)	(31,105)	-	-	(31,105)
	-	**(63,542)**	**(63,542)**	**-**	**-**	**(63,542)**

During the three months ended March 31, 2024 and 2023, there were no transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy.

LUCA Mining Corp.

RISKS AND UNCERTAINTIES

The Company is exposed to many risks in conducting its business, including but not limited to: metal price risk as the Company derives its revenue from the sale of zinc, copper, lead, silver and gold; trading and credit risk in the normal course of dealing with other companies; foreign exchange risk as the Company operates in Mexico that utilize the Mexican Peso; risks relating to cyber security; the inherent risk of uncertainties in estimating mineral reserves and mineral resources; political, economic and social risks related to conducting business in jurisdictions such as Canada, and Mexico; environmental and permitting regulation; risks related to its relations with employees and local communities where the Company operates. The risks set out below are not the only risks the Company faces. Risks and uncertainties not currently known to the Company or that are currently deemed to be immaterial may also materially and adversely affect the Company's business, financial condition, financial performance and prospects. Certain of these risks are described below and are more fully described in the Company's consolidated financial statements for the year ended December 31, 2023 (available on SEDAR+ at www.sedarplus.ca). Readers are encouraged to refer to these documents for a more detailed description of some of the risks and uncertainties inherent to the Company's business.

Financial risk management

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include fluctuations in metal prices, exchange risk, credit risk, interest rate risk, and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Commodity price risk

Zinc, copper, lead, gold and silver prices have historically fluctuated significantly and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production, short-term changes in supply and demand due to speculative hedging activities and certain other factors. The ability of the Company to develop its mineral properties and exploration and evaluation assets is highly correlated to the market prices of zinc, copper, lead, gold and silver. If metal prices decline for a prolonged period below the anticipated cost of production of the Company's mine, it may not be economically feasible to continue production.

The following table summarizes the effect on provisionally priced sales and accounts receivables of a 10% change in metal prices from the realized prices used at March 31, 2024:

Metal	Change	Effect on Sales $
Gold	+/- 10%	345
Silver	+/- 10%	736
Zinc	+/- 10%	187
Copper	+/- 10%	130
Lead	+/- 10%	14

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and amounts receivable. The Company deposits its cash and cash equivalents with high credit quality major Canadian and Mexican financial institutions as determined by ratings agencies. Trade accounts receivable from concentrate sales are held with large international metals trading companies.

As of	March 31 2024	December 31 2023
	$	$
Cash	3,485	2,722
Trade receivables	2,157	743
VAT recoverable	8,996	8,838
Other receivables	1,322	652
	15,960	12,955

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives.

The Company enters into contracts that give rise to commitments in the normal course of business. The following table summarizes the remaining contractual maturities of the Company's financial liabilities, operating and capital commitments, shown in contractual undiscounted cash flows, including interest, at March 31, 2024:

	Expected payments, by year, as at March 31, 2024			
	Less than 1 year	**1 -3 years**	**After 5 years**	**Total**
	$	**$**	**$**	**$**
Accounts payable and accrued liabilities	35,186	-	-	35,186
Lease liabilities	1,120	8,336	4,490	13,946
Empress Royalty streaming	10,310	-	-	10,310
Loans payable	24,664	-	-	24,664
Provision for reclamation and rehabilitation	-	-	9,570	9,570
Total contractual obligations	**55,353**	**14,178**	**14,060**	**93,676**

Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At March 31, 2024 and December 31, 2023, the Company's loans payable are at fixed and floating rates and the Company has not entered into any financial derivatives or other financial instruments to hedge against this risk. The Company's loans bear interest at variable and fixed rates. Interest risk exposure is in relation to variable interest rates and a variation of 1% on the interest rate would change net loss by approximately $166 (March 31, 2023 – $199).

The Company's cash is mainly held in bank accounts at Canadian and Mexican chartered banks. The interest rate risks on cash and cash equivalents are not considered significant.

Foreign currency risk

Currency risk is the risk that foreign exchange rates will fluctuate significantly from expectations. The Company reports its financial statements in Canadian dollars; however, it operates in Mexico which utilized both the Mexican Peso ("MXN") and the US Dollar ("USD") and Canada which utilized the Canadian dollar ("CAD") (collectively "Local Currencies"). Consequently, the financial results of the Company's operations as reported in Canadian dollars are subject to changes in the value of the Canadian dollar relative to the Local Currencies. Since a significant portion of the Company's operating costs and capital spending are in Local Currencies, the Company is negatively impacted by strengthening local currencies relative to the Canadian dollar and positively impacted by the inverse.

The Canadian dollar equivalents of financial assets and liabilities denominated in currencies other than the Canadian dollar as at March 31, 2024, are as follows:

	March 31, 2024		**December 31, 2023**	
Denominated (000's)	US Dollars	Mexican Peso	US Dollars	Mexican Peso
	$	$	$	$
Financial assets, foreign currency	6,568	166,086	2,149	227,382
Financial liabilities, foreign currency	(32,306)	(285,608)	(64,092)	(793,391)
Net financial assets (liabilities)	**(25,738)**	**(119,522)**	**(61,943)**	**(566,009)**

Of the financial assets listed above, US$2,248 (December 31, 2023 – US$880) represents cash held in US dollars and MXN$4,754 (December 31, 2023 - MXN$6,284) represents cash held in Mexican pesos. The remaining cash balance is held in Canadian dollars.

The Company is primarily exposed to fluctuations in the value of CAD against USD and USD against MXN. With all other variables held constant, a 10% change in CAD against USD or USD against MXN would result in the following impact on the Company's net loss for the period:

Currency	Change	Effect $
US dollars	+/- 10%	4,377
Mexican pesos	+/- 10%	2,331

Risks Relating to the Company's Business Operations

The business, financial condition, actual results of operations and prospects of the Company could also be materially and adversely affected by the following risks:

- estimates of mineral resources and mineral reserves are based on interpretation and assumptions, which are inherently imprecise;
- there is no guarantee that the Company or its subsidiaries will obtain the licenses and permits necessary to conduct business, the failure of which may result in an impairment or loss in the Company's mineral properties;
- surface rights for the Company's mineral properties are not guaranteed;
- most exploration projects do not result in commercially mineable deposits;
- the Company's principal properties are located in Mexico;
- economic and political instability may affect the Company's business;
- the relative strength and stability of future metal markets are difficult to predict, and the Company's liquidity and long-term ability to raise necessary capital may be affected by market volatilities;
- community relations may affect the Company's business, including its interest in Campo Morado and Tahuehueto;
- emerging climate change regulations could result in significant costs and climate change may result in physical risks to a mining company's operations;
- the Company has a history of losses and values attributed to the Company's assets may not be realizable;
- the Company has historically had negative cash flows;
- uncertainties and risks relating to the operation of the Campo Morado and Tahuehueto;
- capital requirements for Tahuehueto and Campo Morado contemplated in the technical reports titled "NI 43-101 Technical Report, Preliminary Feasibility Study, Altaley Mining Corporation, Tahuehueto Project, Durango, Mexico", with an effective date of February 3, 2022 (the "**PFS**"), and "Campo Morado Project, Guerrero State, Mexico, Technical Report on Preliminary Economic Assessment", with an effective date of March 30, 2018 (the "**PEA**"), are subject to volatility and uncertainty;
- mineral projects, such as Campo Morado and Tahuehueto, are uncertain and it is possible that actual capital and operating costs and economic returns will differ significantly from those estimated for project production;
- the Company has declared commercial production mining at Campo Morado without the benefit of a feasibility study of mineral reserves demonstrating economic and technical viability;
- the mining methods utilized as the basis for the economic analysis in the PFS and PEA differ from the mining methods currently employed by the Company at the Tahuehueto and Campo Morado projects, and therefore the plan, design and financial results from Tahuehueto and Camp Morado may not be consistent with the PFS and PEA, respectively;
- the continued operation of Campo Morado and Tahuehueto may be adversely impacted by a lack of access to a skilled workforce;
- labor risks;
- the continued operation of Campo Morado and Tahuehueto may be adversely impacted by lack of access and availability of infrastructure, power, water and other critical inputs;
- risks related to amendments to the Mexican federal labor law on labor subcontracting;
- risks related to the Company's decision to participate in the development, exploration, processing and production of Campo Morado and Tahuehueto;
- the Company may encounter certain transportation and refining risks that could have a negative impact on its operations;
- the Company's mineral properties are subject to title risk and any challenge to the title to any of such properties may have a negative impact on the Company;
- risks related to potential Indigenous rights claims made against the Company's mineral properties and the complex nature of such claims;
- any challenge to the title to Campo Morado and Tahuehueto may have a negative impact on the Company;

- title to the properties in which the Company has an interest that are not registered in the name of the Company may result in potential title disputes, which may have a negative impact on the Company;
- the Company has a significant shareholder that may be able to exert influence over the direction of the Company's business;
- the price of the Common Shares is volatile;
- there is no assurance of a sufficient liquid trading market for the Company's Common Shares in the future;
- most of the Company's mineral assets and certain directors and officers of the Company are located outside of Canada;
- the Company has outstanding common share equivalents which, if exercised, could cause dilution to existing shareholders;
- the Company has not paid dividends and may not pay dividends in the immediate future;
- risks related to the highly competitive nature of the mineral exploration industry;
- environmental regulations are becoming more onerous to comply with, and the cost of compliance with environmental regulations and changes in such regulations may reduce the profitability of the Company's operations at Campo Morado and Tahuehueto;
- risks relating to tailings storage facilities and the loss of permits for such facilities;
- the Company may experience difficulties managing and integrating acquisitions;
- the Company or its subsidiaries may be subject to litigation, the disposition of which could negatively affect the Company's profits to varying degrees;
- if the Company is unable to hire, train, deploy and manage qualified personnel in a timely manner, particularly in Mexico, its ability to manage and grow its business will be impaired;
- cyber security risks may impact the Company's business;
- risks related to natural disasters;
- the Company may face equipment shortages, access restrictions and a lack of infrastructure;
- the Company is dependent on its key personnel, none of whom are insured by the Company;
- foreign currency fluctuations and inflationary pressures may have a negative impact on the Company's financial position and results;
- conflicts of interest may arise among the Company's directors as a result of their involvement with other natural resource companies;
- the Company may be subject to reputational risk;
- mining operations generally involve a high degree of risk and potential liability and insurance coverage may not cover all potential risks associated with the Company's operations;
- metal prices and marketability fluctuate and any decline in metal prices may have a negative effect on the Company;
- risks related to amendments to the Mexican Federal Mining Law;
- the environment in which the Company operates may not adhere to international standards with respect to security and human rights;
- risks related to the Company being subject to anti-corruption laws;
- the Company may be required by human rights laws to take actions that delay the advancement of its projects;
- the Company's activities within Mexico are subject to extensive laws and regulations governed by Mexican regulators;
- risks related to Mexican foreign investment and income tax laws applying to the Company; and
- any enforcement proceedings under Canada's Extractive Sector Transparency Measures Act against the Company could adversely affect the Company.

Mining Corp.

MATERIAL ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The material accounting policies applied in the Company's condensed consolidated interim financial statements for the three months ended March 31, 2024 are the same as those applied in the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2023, except as described below.

In preparing these Interim Financial Statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the Annual Financial Statements for the year ended December 31, 2023 and should be read in conjunction with the Company's Annual Financial Statements for the year ended December 31, 2023.

The accounting policies below have been applied consistently to all years presented and by all subsidiaries in the group except for new accounting standards adopted during the year, which were adopted either on a prospective basis or on a modified retrospective basis, without restatement of comparative periods as described below.

a. Adoption of new accounting standards, interpretation or amendments

Classification of liabilities as current or non-current (amendments to IAS 1)

The amendments to IAS 1, clarifies the presentation of liabilities. The Classification of liabilities as current or non-current is based on contractual rights that are in existence at the end of the reporting period and is affected by expectations about whether an entity will exercise its right to defer settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months. The amendment also introduces a definition of 'settlement' to make clear that settlement refer to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendment issued in October 2022 also clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments were applied effective January 1, 2024 and did not have a material impact on the Company.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. A seller- lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application.
The amendments were applied effective January 1, 2024 and did not have a material impact on the Company

b. New accounting standards issued but not yet effective.

At the date of authorization of these Interim Financial Statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective.

Lack of Exchangeability (Amendments to IAS 21)

The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. In addition, the amendments require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025, although earlier application is permitted. This amendment is not expected to have a material impact on the Company's consolidated financial statements.

Presentation and Disclosure in Financial Statements (IFRS 18)

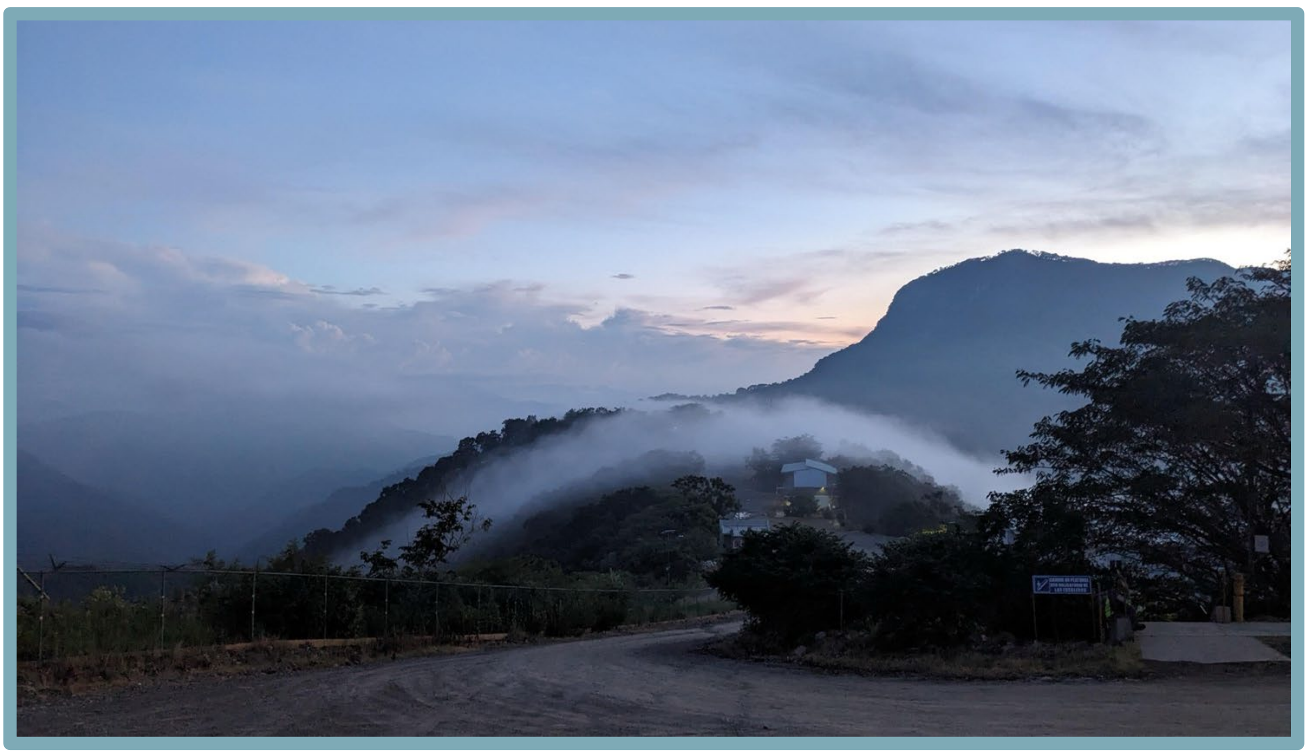
In April 2024, the IASB released IFRS 18 Presentation and Disclosure in financial Statements. IFRS 18 replaces *IAS 1 Presentation of Financial Statements* while carrying forward many of the requirements in IAS 1. IFRS 18 introduces new requirements to: i) present specified categories and defined subtotals in the statement of earnings or loss, ii) provide disclosures on management-defined performance measures ("MPMs") in the nates to the financial statements, iii) improve aggregation and disaggregation. Some of the requirements in IAS 1 are moved to *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* and *IFRS 7 Financial Instruments: Disclosures*. The IASB also made minor amendments to *IAS 7 Statement of Cash Flows* and *IAS 33 Earnings per Share* in connection with the new standard. IFRS 18 requires retrospective application with specific transition provisions. The Company is required to apply IFRS 18 for annual reporting periods beginning on or after January 1, 2027 with early adoption permitted. The Company is currently evaluating the impact of IFRS 18 on its financial statements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Information provided in this MD&A, including the consolidated financial statements, is the responsibility of management. In the preparation of the consolidated financial statements, estimates are sometimes necessary to make a determination of future value or certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying consolidated financial statements. Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

MANAGEMENT'S REPORT ON DISCLOSURE CONTROLS AND PROCEDURES

Management of the Company has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.



Morning mist at Campo Morado