LUCA Mining Corp.

Condensed Consolidated Interim Financial Statements

For the three and six months ended
June 30, 2024 and 2023
(Unaudited)

Luca Mining Corp.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three and six months ended June 30, 2024 and 2023

NOTICE OF NO REVIEW BY AUDITOR

The accompanying unaudited condensed consolidated interim financial statements of Luca Mining Corp (the "Company") have been prepared by and are the responsibility of Company's management and approved by the Company's Audit Committee and Board of Directors.

In accordance with National Instrument 51 – 102 Continuous Disclosure Obligations of the Canadian Securities Administrators **WE HEREBY GIVE NOTICE THAT** the condensed consolidated interim financial statements which follow this notice have not been reviewed by an auditor.

Mining Corp.

Condensed consolidated interim statements of financial position

(Unaudited - Expressed in thousands of US dollars)

	Notes	June 30 2024	December 31 2023 *Restated - Note 3*	January 1 2023 *Restated - Note 3*
ASSETS				
Current assets				
Cash		**$ 1,346**	$ 2,058	$ 850
Amounts receivable	4	**8,827**	7,543	9,970
Inventories	5	**7,859**	6,061	6,938
Prepaid expenses and deposits		**3,381**	2,460	2,837
Total current assets		**21,413**	18,122	20,595
Non-current assets				
Property, plant and equipment	6	**43,004**	41,630	34,972
Mineral properties	7	**55,172**	48,304	41,222
Other assets	8	**784**	2,795	1,942
Total assets		**$ 120,373**	$ 110,851	$ 98,731
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	9	**$ 22,105**	$ 24,528	$ 21,577
Current portion of lease liabilities	10	**1,068**	1,172	1,127
Current portion of loans payable	11	**18,398**	23,518	25,255
Current portion of Empress royalty stream	12	**7,690**	7,446	246
Share subscriptions received in advance		**-**	-	6,924
Total current liabilities		**49,261**	56,664	55,129
Non-current liabilities				
Lease liabilities	10	**9,700**	6,224	6,302
Loans payable	11	**-**	-	5,925
Empress royalty stream	12	**-**	-	6,124
Provision for reclamation and rehabilitation	13	**6,560**	6,810	4,295
Total liabilities		**65,521**	69,698	77,775
SHAREHOLDERS' EQUITY				
Share capital	14	**111,745**	107,814	79,537
Reserves	15	**10,260**	9,962	7,564
Accumulated other comprehensive income		**1,576**	2,081	1,445
Deficit		**(68,729)**	(78,704)	(67,590)
Total equity		**54,852**	41,153	20,956
		$ 120,373	$ 110,851	$ 98,731

Nature of operations and going concern (note 1)

Commitments and contingencies (note 25)

Subsequent events (notes 11, 12 and 26)

"David Rhodes"
Director

"Philip Brumit Sr."
Director

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

Mining Corp.

Condensed consolidated interim statements of earnings (loss) and comprehensive earnings (loss)

(Unaudited - Expressed in thousands of US dollars, except share and per share amounts)

		For the three months ended		For the six months ended	
	Notes	**June 30 2024**	June 30 2023	**June 30 2024**	June 30 2023
			Restated - Note 3		*Restated - Note 3*
Revenues		**$ 24,159**	$ 19,382	**$ 46,041**	$ 40,279
Treatment and selling costs		**(5,996)**	(7,226)	**(11,537)**	(14,376)
Net revenue	17	**18,163**	12,156	**34,504**	25,903
Cost of sales	18	**15,496**	12,581	**28,231**	25,421
Mine operating earnings		**2,667**	(425)	**6,273**	482
General and administration	19	**1,823**	1,870	**3,893**	3,230
Share based compensation	15(b)	**100**	369	**202**	728
Foreign exchange loss (gain)		**(2,663)**	722	**(2,442)**	147
Other operating expense (income)		**128**	(54)	**(71)**	(4)
Operating earnings (loss)		**3,279**	(3,332)	**4,691**	(3,619)
Interest and finance costs, net	20	**(692)**	(649)	**(1,345)**	(1,907)
Gain on debt settlement	11	**-**	-	**4,542**	-
Gain on disposal of subsidiary	2	**2,087**	-	**2,087**	-
Change in fair value of financial instruments		**-**	2	**-**	611
Earnings (loss) before income taxes		**$ 4,674**	$ (3,979)	**$ 9,975**	$ (4,915)
Current income tax expense		**-**	-	**-**	-
Deferred income tax expense		**-**	-	**-**	-
Net earnings (loss) for the period		**$ 4,674**	$ (3,979)	**$ 9,975**	$ (4,915)
Other comprehensive earnings (loss), net of tax					
Foreign currency translation differences		**(147)**	806	**(505)**	675
Total comprehensive earnings (loss) for the period		**$ 4,527**	$ (3,173)	**$ 9,470**	$ (4,240)
Earning (loss) per common shares					
Basic	16	**$ 0.03**	$ (0.06)	**$ 0.06**	$ (0.08)
Diluted	16	**$ 0.03**	$ (0.06)	**$ 0.06**	$ (0.08)
Weighted average number of common shares outstanding (000's)					
Basic	16	**165,875**	64,382	**163,730**	64,309
Diluted	16	**166,005**	64,382	**166,860**	64,309

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

Mining Corp.

Condensed consolidated interim statements of changes in equity

(Unaudited - Expressed in thousands of US dollars, except share and per share amounts)

	Notes	Number of common shares	Share capital	Equity settled share-based payments	Warrants	Reserves total	Accumulated deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
Balance, December 31, 2022 (Restated – Note 3)		**34,868,057**	**79,537**	**6,184**	**1,380**	**7,564**	**(67,590)**	**1,445**	**20,956**
Private placement, net of issue cost	14	71,133,000	16,618	-	514	514	-	-	17,132
Shares issued upon settlement of debt	14	35,711,450	10,358	-	-	-	-	-	10,358
Fair value of equity instruments allocated to share capital on expiry or cancellation		-	584	(584)	-	(584)	-	-	-
Share-based compensation	15(b)	-	-	1,000	-	1,000	-	-	1,000
Comprehensive earnings (loss) for the period		-	-	-	-	-	(4,915)	441	(4,474)
Balance, June 30, 2023 (Restated – Note 3)		**141,712,507**	**107,097**	**6,600**	**1,894**	**8,494**	**(72,505)**	**1,886**	**44,972**
Private placement, net of issue cost	14	6,395,137	1,301	-	133	133	-	-	1,434
Fair value of equity instruments allocated to share capital on expiry or cancellation		-	(584)	584	-	584	-	-	-
Share-based compensation	15(b)	-	-	751	-	751	-	-	751
Comprehensive (loss) earnings		-	-	-	-	-	(6,199)	195	(6,004)
Balance, December 31, 2023 (Restated – Note 3)		**148,107,644**	**107,814**	**7,935**	**2,027**	**9,962**	**(78,704)**	**2,081**	**41,153**
Shares issued upon settlement of debt	14	17,750,000	3,566	-	-	-	-	-	3,566
Fair value of options allocated to share capital on exercise	14	22,500	14	(6)	-	(6)	-	-	8
Fair value of warrants allocated to share capital on exercise	14	960,029	351	-	-	-	-	-	351
Share-based compensation	15(b)	-	-	304	-	304	-	-	304
Comprehensive earnings (loss)		-	-	-	-	-	9,975	(505)	9,470
Balance, June 30, 2024		**166,840,173**	**111,745**	**8,233**	**2,027**	**10,260**	**(68,729)**	**1,576**	**54,852**

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

Mining Corp.

Condensed consolidated interim statements of cash flows

(Unaudited - Expressed in thousands of US dollars)

	Notes	For the three months ended June 30 2024	For the three months ended June 30 2023	For the six months ended June 30 2024	For the six months ended June 30 2023
			Restated– Note3		*Restated– Note3*
Operating activities					
Net earnings (loss) for the period		**$ 4,674**	$ (3,979)	**$ 9,975**	$ (4,915)
Items not involving cash:					
Accretion relating to reclamation and rehabilitation		**170**	145	**332**	268
Depreciation and amortization		**507**	915	**1,101**	1,560
Amortization of right of use assets		**83**	79	**209**	155
Amortization of deferred financing costs		**46**	46	**53**	639
Amortization of deferred revenue	12	**(267)**	-	**(449)**	-
Accretion and change in estimate relating to stream agreement	12	**350**	320	**693**	829
Accretion and interest on lease		**355**	-	**539**	-
Share-based compensation	15 (b)	**126**	522	**271**	889
Accretion and interest on debt	11	**501**	86	**1,337**	373
Gain on settlement of debt	11	**-**	-	**(4,542)**	-
Gain on disposal of subsidiary	2	**(2,087)**	-	**(2,087)**	-
FX (gain) loss for translation to functional currency		**(1,073)**	1,433	**(516)**	1,538
Loss (gain) on modification of loans	11	**(3)**	71	**154**	179
Loss on lease extinguishment		**-**	-	**(9)**	-
Fair value of warrants issued in financing		**-**	3,638	**(120)**	3,868
Changes in non-cash operating working capital:					
Amounts receivable and other assets		**763**	1,109	**677**	2,809
Prepaid expenses and deposits		**827**	341	**(921)**	64
Inventories		**(1,022)**	570	**(1,798)**	1,175
Accounts payable and accrued liabilities		**(3,211)**	1,163	**(4,864)**	(660)
Net cash provided by operating activities		**739**	6,459	**35**	8,771
Investing activities					
Acquisition of property, plant and equipment		**(1,386)**	(4,580)	**(1,633)**	(5,412)
Investment in mineral properties		**(225)**	(167)	**(388)**	(292)
Net cash used in investing activities		**(1,611)**	(4,747)	**(2,021)**	(5,704)
Financing activities					
Shares issued on financing, net of issuance costs		**-**	9,694	**-**	9,694
Share subscriptions received in advance		**-**	(2,568)	**-**	(1,375)
Interest paid on loans payable	11	**(395)**	324	**(875)**	(516)
Proceeds from debt		**-**	-	**2,500**	-
Proceeds from warrants and/or stock options exercised		**351**	-	**351**	-
Proceeds from Empress Royalty stream, net of transaction costs		**-**	(150)	**-**	(150)
Repayment of lease liabilities		**(260)**	(241)	**(649)**	(151)
Net cash (used in) provided by financing activities		**(304)**	7,059	**1,327**	7,502
Effect on cash on foreign exchange		**(50)**	(241)	**(53)**	(217)
Change in cash		**(1,226)**	8,530	**(712)**	10,352
Cash, beginning of period		**2,572**	2,672	**2,058**	850
Cash, end of period		**$ 1,346**	**$** 11,202	**$ 1,346**	**$** 11,202

Supplemental cash flow information (Note 24)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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

The Company is a producer of base and precious metals and is engaged in the acquisition, exploration and development of resource properties in Mexico. The Company is currently producing a zinc and a bulk concentrate, comprised mainly of copper and lead, at the Campo Morado mine and mill ("Campo Morado") located in Guerrero, Mexico. Additionally, the Company is producing zinc and lead concentrates at its Tahuehueto mine and mill ("Tahuehueto") in the state of Durango and is currently upgrading its plant to increase the production output from 500 tonnes per day to 1000 tons per day.

Going concern

These unaudited condensed consolidated Interim financial statements ("Interim Financial Statements") have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the six months ended June 30, 2024, the Company generated mine operating earnings of $6,273, net earnings of $9,975 and positive cash flows from operating activities of $35 and has an accumulated deficit of $68,729 and current liabilities that exceed its current assets by $ 27,848. These factors give rise to material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Management has taken steps to manage the Company's liquidity, including extending payment terms with suppliers. 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 continued generation of positive cash flows from operations. Management is of the opinion that sufficient funds will be obtained from external financing and cashflows 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.

These Interim Financial Statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. BASIS OF PREPARATION

These Interim Financial Statements have been prepared in accordance with International Accounting Standards ("IAS") 34 - Interim Financial Reporting and do not include all of the information required for a full annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2023 (the "Annual Financial Statements").

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

These Interim Financial Statements are presented in United States dollars ("US") and include the accounts of the Company and its wholly owned subsidiaries (Note 3). All intercompany transactions and balances have been eliminated upon consolidation of these subsidiaries.

On May 30, 2024, the Company sold its 99.98% interest in Prestadora de Servicios Arcelia, S.A. de C.V. ("PSA") to arm's length third party in Mexico for $49,999 Mexican Pesos. The results of PSA's operations are reflected in the consolidated financial statements through the date of sale, May 30, 2024.

The Company recorded a gain on the sale of $2,087 in the statement of earnings (loss) and comprehensive earnings (loss). This gain represents the difference between the sale price and the carrying amounts of the assets and liabilities that were derecognized

These Interim Financial Statements were approved by the Company's Board of Directors on August 28, 2024.

3. MATERIAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The material accounting policies applied in these Interim Financial Statements are the same as those applied in the Company's Annual Financial Statements as at and for the year ended December 31, 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, with restatement of comparative periods, where applicable, as described below.

During the second quarter of 2024, the Company changed its presentation currency to the United States dollar ("US") from the Canadian dollar ("CAD"). The Company determined that this change in presentation currency better reflects the Company's current activities, increases the comparability to its peers, and better enhances the relevance of the financial statements to users. The Company applied the change in presentation currency retrospectively and restated the comparative financial information as if the presentation currency had always been US$, in accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Error.

The change in presentation currency has been performed on a retrospective basis with comparative periods translated into US$ as follows:

- Assets and liabilities previously presented in CAD were translated into US using the comparative reporting date exchange rate;
- Equity, including reserves and deficit, were translated using the historical exchange rates; and
- The consolidated statements of loss and comprehensive loss and cash flows were translated using the average foreign exchange rates in effect during that period.

The resulting foreign currency exchange differences were recorded to the foreign currency translation reserve.

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

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

3. MATERIAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (continued)

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.

4. AMOUNTS RECEIVABLE

		June 30 2024		December 31 2023
				(Restated)
Trade receivables	$	2,150	$	562
VAT recoverable		6,572		9,478
Other receivables		855		244
	$	9,577	$	10,284
Less: non-current portion of VAT recoverable		750		2,741
	$	**8,827**	**$**	**7,543**

The Company's trade receivables from concentrate sales are expected to be collected in accordance with the terms of the existing contracts with its customer. No amounts were past due as at June 30, 2024.

At the reporting date, the Company assessed the timing of collection of the total VAT receivable of $7,322 (December 31, 2023 – $12,219) and concluded that $750 (December 31, 2023 – $2,741) of the VAT recoverable is not expected to be collected within the next 12 months, therefore it was classified as non-current other assets.

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

5. INVENTORIES

	June 30 2024	December 31 2023 (Restated)
Concentrate	$ 2,134	$ 517
Ore stockpiles	1,110	719
Materials and supplies	4,615	4,825
	$ 7,859	**$ 6,061**

During the three and six months ended June 30, 2024, the Company expensed $12,785 and $26,055, respectively of inventories to cost of sales (June 30, 2023, $8,546 and $16,590 respectively).

6. PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment	Land and buildings	Construction in process	Total
COST	**$**	**$**	**$**	**$**
Balance December 31, 2023 – *(Restated)*	17,947	11,067	24,823	53,837
Additions	4,098	85	3,478	7,661
Transfers	513	21,433	(24,588)	(2,642)
Dispositions	-	(227)	(4)	(231)
Foreign currency movement	-	(10)	-	(10)
Balance, June 30, 2024	**22,558**	**32,348**	**3,709**	**58,615**
ACCUMULATED DEPRECIATION				
Balance December 31, 2023 – *(Restated)*	(8,291)	(3,916)	-	(12,207)
Depletion and amortization	(1,509)	(2,055)	-	(3,564)
Dispositions	-	159	-	159
Foreign currency movement	-	1	-	1
Balance, June 30, 2024	**(9,800)**	**(5,811)**	**-**	**(15,611)**
Net book value June 30, 2024	**12,758**	**26,537**	**3,709**	**43,004**

	Machinery and equipment	Land and buildings	Construction in process	Total
COST	*(Restated)* **$**	*(Restated)* **$**	*(Restated)* **$**	*(Restated)* **$**
Balance December 31, 2022	17,387	9,461	15,885	42,733
Additions	530	454	10,301	11,285
Transfers	30	1,333	(1,363)	-
Dispositions	-	(187)	-	(187)
Foreign currency movement	-	6	-	6
Balance, December 31, 2023	**17,947**	**11,067**	**24,823**	**53,837**
ACCUMULATED DEPRECIATION				
Balance December 31, 2022	(5,881)	(1,880)	-	(7,761)
Depletion and amortization	(2,410)	(2,221)	-	(4,631)
Dispositions	-	187	-	187
Foreign currency movement	-	(2)	-	(2)
Balance, December 31, 2023	**(8,291)**	**(3,916)**	**-**	**(12,207)**
Net book value December 31, 2023	**9,656**	**7,151**	**24,823**	**41,630**

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

7. MINERAL PROPERTIES

	Campo Morado Mine	Tahuehueto Mining Project	Total
COST	**$**	**$**	**$**
Balance, December 31, 2023 – *(Restated)*	14,079	35,184	49,263
Additions	-	4,538	4,538
Transfers	1,490	1,152	2,642
Balance, June 30, 2024	**15,569**	**40,874**	**56,443**
ACCUMULATED DEPRECIATION			
Balance, December 31, 2023 – *(Restated)*	(959)	-	(959)
Depletion and amortization	(234)	(78)	(312)
Balance, June 30, 2024	**(1,193)**	**(78)**	**(1,271)**
Net book value June 30, 2024	**14,376**	**40,796**	**55,172**

	Campo Morado Mine	Tahuehueto Mining Project	Total
	(Restated)	*(Restated)*	*(Restated)*
COST	**$**	**$**	**$**
Balance, December 31, 2022	12,985	28,749	41,734
Additions	-	6,186	6,186
Changes in closure and reclamation	1,094	249	1,343
Balance, December 31, 2023	**14,079**	**35,184**	**49,263**
ACCUMULATED DEPRECIATION			
Balance, December 31, 2022	(512)	-	(512)
Depletion and amortization	(447)	-	(447)
Balance, December 31, 2023	**(959)**	**-**	**(959)**
Net book value December 31, 2023	**13,120**	**35,184**	**48,304**

Tahuehueto Mining Project

The Company owns 99% of the Tahuehueto mining project located in the State of Durango, Mexico. The Company has a 30-year surface access rights agreement with the local communities under which the Company is obligated to make annual payments of $46,540, increasing 5% compounded annually. A portion of the Tahuehueto mine is subject to a 1.6% net smelter return royalty ("NSR"). Under IAS 16, the Company capitalizes all direct costs related to the development of the Tahuehueto project to mineral properties or property, plant and equipment, including borrowing costs. For the three and six months ended June 30, 2024, the Company capitalized $512 and $ 1,551 respectively in borrowing costs (June 30, 2023 - $839 and $1,917) associated with the Tahuehueto mining project.

Campo Morado Mine

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

8. OTHER ASSETS

		June 30 2024		December 31 2023
				(Restated)
Deferred financing costs	$	34	$	54
Non-current portion of VAT recoverable		750		2,741
	$	**784**	**$**	**2,795**

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

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		June 30 2024		December 31 2023
				(Restated)
Accounts payable	$	8,466	$	9,244
Tax payable		1,062		1,420
Payroll and benefits accrual		1,842		1,830
Contingent liabilities		3,977		6,820
Royalties and other payables		6,758		5,214
	$	**22,105**	**$**	**24,528**

As at June 30, 2024, the Company has recognized $3,977 of contingent liabilities (December 31, 2023 - $6,820) in relation to litigation, claims and assessments (see Note 25).

10. LEASE LIABILITIES

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

The following outlines the continuity of lease liabilities:

Balance, December 31, 2022 – *(Restated)*	$	**7,429**
Additions		363
Payments		(404)
Interest expense		777
Interest paid		(777)
Foreign currency movement		8
Balance, December 31, 2023 – *(Restated)*	**$**	**7,396**
Additions		3,492
Payments		(362)
Interest expense		539
Interest paid		(287)
Foreign currency movement		(10)
Balance, June 30, 2024	**$**	**10,768**

		June 30 2024		December 31 2023
				(Restated)
Current	$	1,068	$	1,172
Non-current		9,700		6,224
	$	**10,768**	**$**	**7,396**

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

		Amount
2025	$	1,915
2026		1,882
2027		1,885
Thereafter		8,788
Total minimum lease payments		14,470
Present value of minimum lease payments		(3,702)
Lease obligations, June 30, 2024	**$**	**10,768**

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

11. LOANS PAYABLE

	Trafigura (Campo)	Trafigura (Tah)	Breakwater	Escorfin	Accendo	Calu	Total
	$	$	$	$	$	$	$
Balance, December 31, 2023 – *(Restated)*	1,385	12,602	1,653	-	7,878	-	23,518
Additions, net of transaction fees	2,500	-	-	-	-	-	2,500
Interest expense	197	743	83	-	51	-	1,074
Interest payments	(175)	(617)	(83)	-	-	-	(875)
Principal payments	-	-	-	-	-	-	-
Fair value of shares issued in settlement of debt obligations	-	-	-	-	(3,694)	-	(3,694)
Accretion	(14)	(32)	2	-	307	-	263
(Gain)/loss on modification	(2)	160	(4)	-	-	-	154
(Gain)/loss on debt settlement	-	-	-	-	(4,542)	-	(4,542)
Balance, June 30, 2024	**3,891**	**12,856**	**1,651**	**-**	**-**	**-**	**18,398**
Which consists of:							
Current portion of loans	3,891	12,856	1,651	-	-	-	18,398
Non-current portion of loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance, June 30, 2024	**3,891**	**12,856**	**1,651**	**-**	**-**	**-**	**18,398**

	Trafigura (Campo)	Trafigura (Tah)	Breakwater	Escorfin	Accendo	Calu	Total
	$	$	$	$	$	$	$
	(Restated)	*(Restated)*	*(Restated)*	*(Restated)*	*(Restated)*	*(Restated)*	*(Restated)*
Balance, December 31, 2022	2,193	12,701	2,719	4,001	6,937	2,629	31,180
Additions, net of transaction fees	-	-	-	-	-	-	-
Interest expense	187	1,484	236	58	844	59	2,868
Interest payments	(215)	(1,610)	(269)	-	-	-	(2,094)
Principal payments	(774)	-	(1,034)	-	-	-	(1,808)
Fair value of shares issued in settlement of debt obligations	-	-	-	(4,242)	-	(2,753)	(6,995)
Accretion	(8)	(126)	1	153	97	32	149
(Gain)/loss on modification	2	153	-	-	-	-	155
(Gain)/loss on debt settlement	-	-	-	30	-	33	63
Balance, December 31, 2023	**1,385**	**12,602**	**1,653**	**-**	**7,878**	**-**	**23,518**
Which consists of:							
Current portion of loans	1,385	12,602	1,653	-	**7,878**	-	**23,518**
Non-current portion of loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance, December 31, 2023	**1,385**	**12,602**	**1,653**	**-**	**7,878**	**-**	**23,518**

a) Trafigura (Campo and Tahuehueto)

The Company has had loans outstanding to Trafigura since 2017. As a result of previous non-compliance with the terms and conditions of the Company's loans with Trafigura, on November 12, 2020, the Company agreed to transfer all of its assets in the Campo Morado and Tahuehueto mining projects into a trust, governed by a trustee and a trust agreement (the "Trust"), in order to secure the full repayment of the outstanding loans. When the total debt due to Trafigura is fully repaid, the Trust will be terminated, and all assets held within the Trust will return to the Company.

On January 1, 2023, the Company had two outstanding loans to Trafigura, the Trafigura Campo loan ("Trafi Campo") and the Trafigura Tahuehueto loan ("Trafi Tah") for $2,193 and $12,701 respectively (collectively the "Trafigura Loans"). The Trafi Campo loan bore interest at three-month LIBOR plus 5% and matured on December 31, 2023, and the Trafi Tah loan bore interest at one year LIBOR plus 6% and matures on December 31, 2024.

11. LOANS PAYABLE (continued)

a) Trafigura (Campo and Tahuehueto) (continued)

On June 30, 2023, the Company and Trafigura further amended the outstanding Trafigura Loans to extend the maturities of the Trafi Campo loan to June 2024 and the Trafi Tah loan to December 31, 2024, and the effective interest rates were changed to SOFR plus 5.26% and SOFR plus 6.72%, respectively. Repayments were to be made in 14 equal installments commencing in May 31, 2023 for Trafi Campo and November 2023 for Trafi Tah. The Company assessed the overall impact of the changes and capitalized a loss of $153 to the development project asset for the change in fair value due to the amended terms on the Trafi Tah loan.

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

Trafigura conditionally assigned the convertible debenture to its affiliate Urion Holdings ("Malta") Limited ("Urion"), 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 originally signed and placed in escrow, but was released on August 22, 2024 as the Condition was met. The convertible debenture matures three years from the date it was 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 on August 22, 2024, the Company and Trafigura further amended the outstanding Trafigura Loans to extend the maturities of the Trafi Campo loan to December 2025 and the Trafi Tah loan to July 2026. For Trafi Campo, repayments are to be made in 15 equal installments commencing in October 2024 at $130 and increasing to $300 in January 2025. For Trafi Tah, repayments are to be made 22 installments commencing October 2024 at $200 and increasing to $345 in April 2025.

b) Breakwater Loan Agreement

The Company has a loan outstanding to Breakwater Resources Ltd. ("Breakwater"), a subsidiary of Trafigura Mexico, S.A. de C.V. ("Trafigura") which bears interest at 10% per annum and is repayable in equal monthly installments of $207. On May 1, 2022, the Company and Breakwater amended the terms of the loan agreement to extend the maturity date to December 31, 2023, with a three-month grace period between May and July 2022. Effective June 30, 2023, the Company and Breakwater further amended the agreement to extend the maturity date of the loan to May 2024, with a six-month grace period between December 2022 and May 2023. As a result of the amendment of terms, the Company recognized a gain of $4 on the revaluation of the loan.

On January 11, 2024, the Company and Breakwater agreed to a further extend the maturity date of the loan to June 2025 with repayment to commence in April 2024 with equal monthly principal repayments of $110 plus interest. On August 22, 2024 the Company and Breakwater further extended the maturity date of the loan to December 2025 with repayment to commence in October 2024 with payments initially at $55, increasing to $124 in January 2025.

c) Escorfin

The Company had a loan outstanding with Estrategica Corporativa en Finanzas, S.A.P.I. de C.V. ("Escorfin") which bore interest at 10% per annum. On May 26, 2022, the terms of the loan were amended to extend the maturity date to September 2025 with thirty-six equal principal repayments commencing in October 2023 and interest continuing to accrue at 10% per annum on the outstanding principal balance. On February 28, 2023, the Company settled the outstanding principal and interest of $4,212 by issuing 12,721,310 common shares of the Company. As a result of the amendment and settlement, the Company recognized a loss of $43 in the year ended December 31, 2023, through the statements of loss and comprehensive loss.

11. LOANS PAYABLE (continued)

d) Accendo Loan Facility

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

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

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

e) Calu Loan

The Company had a loan agreement with Calu Opportunity Fund, LP ("Calu") whereby Calu provided the Company with $2,345. The loan was unsecured, had a term of 4 years, bore interest at 13.5% per annum, and was payable in twelve quarterly instalments commencing March 10, 2023.

On August 31, 2022, the Company and Calu agreed to amend the terms of the Calu Loan whereby $144 of interest accrued as of June 30, 2022, was capitalized to the loan principal. Interest thereafter shall continue to accrue interest at a rate of 13.5% per annum with the loan balance payable in thirty-seven monthly blended principal and interest payments commencing December 21, 2022.

In February 2023, the Company and Calu entered into a second amending agreement to remedy the overdue amounts and subsequently settled the full balance of the Calu Loan through the issuance of 8,254,954 shares. As a result of the amendments and settlement, the Company recognized a loss on the fair value of the Calu Loan of $41 in the statement of loss and comprehensive loss in the year ended December 31, 2023.

12. EMPRESS ROYALTY STREAM

On April 14, 2021, the Company entered into a silver stream agreement (the "Stream Agreement") with Empress Royalty Corp. ("Empress") in which Luca will deliver to Empress silver credits purchased from a bullion bank in an amount equivalent to 100% of the first 1,250,000 ounces of payable silver contained within produced lead and zinc concentrates from the Tahuehueto mining project; thereafter, the stream percentage of silver credit delivery will step down to 20% of the payable silver from produced lead and zinc concentrates. All streaming obligations will fully terminate after 10 years. To accommodate the arrangement, Empress has been accepted into the Trust Agreement. Empress, to secure the Stream Agreement advanced a total of $5,000 with a first initial payment of $2,000 received on April 29, 2021, and the remaining $3,000 advance payment received on July 22, 2021. The streaming arrangement is subject to variable consideration and contains a significant financing component. As such, the Company recognizes a financing charge at each reporting period and grosses up the deferred revenue balance to recognize the significant financing element that is part of the arrangement.

Effective January 5, 2023, the Company entered into an amended Stream Agreement with Empress whereby the silver delivery obligations between October 1, 2022 and June 30, 2023 were deferred (the "Deferral Period") and the maturity of the Stream Agreement was extended by nine months, commensurate with the Deferral Period for cash consideration of $150 paid on June 30, 2023.

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

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

12. EMPRESS ROYALTY STREAM (continued)

Additionally, commencing on October 31, 2024, the Company will deliver a total of 65,471.43 ounces over twelve equal monthly installments.

Further, the Company delivered to Empress on August 16, 2024, 5,454.50 ounces of refined silver valued at $150. The Company has also committed to delivering and additional $300 of refined silver by August 31, 2024.

Further, within fourteen days from the earlier of August 31, 2024, or the date on which the Company completes its next equity financing the Company will issue to Empress the equivalent of $150 in common shares of the Company, subject to TSXV approval. The issue price will be determined based on the closing price of the Company's common shares on August 31, 2024, or the price per common share for the equity financing.

Balance, December 31, 2022 – *(Restated)*	$	**6,370**
Amortization of deferred revenue		(150)
Cash disbursement, net of transaction fees		(263)
Change in estimate		1,292
Accretion on streaming arrangements		197
Balance, December 31, 2023 – *(Restated)*	**$**	**7,446**
Amortization of deferred revenue		(449)
Change in estimate		5
Accretion on streaming arrangements		688
Balance, June 30, 2024	**$**	**7,690**

13. PROVISION FOR RECLAMATION AND REHABILITATION

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

		Campo Morado		Tahuehueto		Total
Balance, December 31, 202*2* - *(Restated)*	**$**	**2,472**	**$**	**1,823**	**$**	**4,295**
Accretion		283		233		516
Changes in estimate		1,094		249		1,343
Effect of change in foreign exchange rates		377		279		656
Balance, December 31, 2023 - *(Restated)*	**$**	**4,226**	**$**	**2,584**	**$**	**6,810**
Accretion		210		122		332
Changes in estimate		-		-		-
Effect of change in foreign exchange rates		(366)		(216)		(582)
Balance, June 30, 2024	**$**	**4,070**	**$**	**2,490**	**$**	**6,560**

		Campo Morado		Tahuehueto
Anticipated settlement date		2044		2035
Undiscounted uninflated estimated cash flow (000's)	$	9,885	$	4,132
Estimated life of mine (years)		20		11
Discount rate (%)		9.6		9.6
Inflation rate (%)		5.00		5.00

14. SHARE CAPITAL

a) Authorized share capital

The authorized share capital of the Company is as follows:
i. unlimited voting common shares without par value
ii. unlimited preferred shares without par value

b) Equity offerings

During the six months ended June 30, 2024, the Company issued common shares as follows:

i. On December 6, 2023, the Company agreed to settle the outstanding Loan Facility's principal and interest of $8,236 (CAD$11,030) in relation to Accendo's Loan Facility that was assigned to Latapi Consultores, S.A. de C.V. by the Company issuing 17,750,000 common shares of the Company at $0.21 (CAD$0.45) per share to Latapi. The transaction closed on January 23, 2024, with the issuance of the common shares. A gain of $4,542 (CAD$6,126) was realized on settlement based on the closing bid price of the shares issued on settlement.
ii. During the period ended June 30, 2024, the Company issued 960,029 common shares for gross proceeds of $351 (CAD$480) in connection with warrants exercised. The Company also issued 22,500 common shares for gross proceeds of $7 (CAD$10) in connection with stock options exercised.

During the year ended December 31, 2023, the Company issued common shares as follows:

i. On January 3, 2023, the Company entered into a debt settlement agreement with an arms' length mining contractor (the "Creditor") to settle $892 (CAD$1,176) which is owing to the Creditor as a result of underground mine development work. The Company and the Creditor have agreed that the issuance to the Creditor of 735,186 common shares of the Company at a deemed price of $1.19(CAD $1.60) per common share will extinguish and settle the debt and the fair value, net of share issue costs of $5 (CAD$7) has been recorded as share capital. A gain/loss of $640(CAD$860) was realized on settlement based on the closing bid price of the shares issued on settlement.

ii. On February 28, 2023, the Company entered into a series of debt settlement agreements in respect of $7,016 (CAD$9,439) of loan debts owed to various creditors (the "Debt Settlements"). Pursuant to the Debt Settlements, the Company issued an aggregate of 20,976,264 shares at a deemed price of $0.33(CAD$0.45) per share. In connection with the Debt Settlements, the Company incurred $154(CAD$208) of transaction fees and the fair value of the shares, net of transaction fees of $6,839 (CAD$9,231) has been allocated to share capital.

iii. On April 25, 2023, the Company closed the first tranche of its non-brokered private placement (the "Private Placement"). The Company has sold 52,412,064 units of the Company (each, a "Unit") at a price of $0.26 (CAD$0.35) per Unit for gross proceeds of $13,466 (CAD$18,344). Each Unit consists of one common share in the Company and one half of one share purchase warrant (each whole, a "Warrant") entitling the holder to purchase an additional common share at a price of CAD$0.50 per common share until April 25, 2025.

On June 2, 2023, the Company closed the second tranche of the Private Placement under the same terms and sold 6,889,462 Units at a price of $0.26 (CAD$0.35) per Unit for gross proceeds of $1,795 (CAD$2,411). Warrants issued in the second tranche entitle the holder to purchase an additional common share at a price of CAD$0.50 per common share until June 2, 2025.

On June 25, 2023, the Company closed the third and final tranche of the Private Placement under the same terms and sold 11,831,474 Units at a price of $0.27 (CAD$0.35) per Unit for gross proceeds of $3,146 (CAD$4,141). Warrants issued in the second tranche entitle the holder to purchase an additional common share at a price of CAD$0.50 per common share until June 25, 2025.

In connection with the Private Placement, related parties to the Company acquired 14,937,830 Units for an aggregate purchase price of $3,864 (CAD$5,228). Additionally, the Company incurred $1,615 (CAD$2,185) of share issue costs consisting of finders' fees of $886 (CAD$1,198), issuance of 3,423,556 finders' warrants with a fair value of $514 (CAD$680), and legal fees and other transaction costs of $227 (CAD$307). The entirety of the fair value net of share issuance costs have been allocated to share capital with $514 (CAD$680) for the finders' warrants being allocated to other reserves.

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

14. SHARE CAPITAL (continued)

b) Equity offerings (continued)

iv. On June 2, 2023, the Company agreed to settle an amount of $3,647 (CAD$4,900) advanced in relation to a standby guarantee under the Company's proposed but no longer proceeding Rights Offering. Pursuant to the debt settlement, the Company agreed to issue 14,000,000 Units, having the identical terms as the Private Placement Units as consideration. In connection with the settlement, the Company incurred $262 (CAD$352) of transaction fees.

v. On December 18, 2023, the Company completed a private placement and sold 5,714,286 Units at a price of $0.26 (CAD$0.35) per Unit for gross proceeds of $1,494 (CAD$2,000). Each Unit consists of one common share in the Company and one half of one share purchase warrant entitling the holder to purchase an additional common share at a price of CAD$0.50 per common share until December 18, 2025. In connection with the private placement, the Company issued 680,851 finders' warrants with a fair value of $120 (CAD$160) allocated to other reserves.

15. RESERVES

a) Warrants

The following summarizes the continuity of common share purchase warrants:

	June 30,2024		December 31,2023	
	Number outstanding	Weighted average exercise price CAD$	Number outstanding	Weighted average exercise price CAD$
Outstanding, beginning of the year	50,614,949	0.60	6,169,330	2.55
Issued	-	-	49,097,191	0.50
Exercised	(960,029)	0.50	-	-
Expired	(895,486)	4.40	(4,651,572)	2.16
Outstanding, end of the period	**48,759,434**	**0.53**	**50,614,949**	**0.60**

As at June 30, 2024, the following common share purchase warrants were outstanding:

Expiry date	Exercise price CAD$	Warrants outstanding	Remaining life (years)
April 25, 2025	0.50	27,975,688	0.82
June 2, 2025	0.50	10,832,896	0.92
June 23, 2025	0.50	250,000	0.98
June 26, 2025	0.50	5,971,435	0.99
June 30, 2025	2.80	622,272	1.00
December 18, 2025	0.50	2,857,143	1.47
June 5, 2026	0.50	250,000	1.93
	0.53	**48,759,434**	**0.91**

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

	June-30 2024	December 31 2023
Risk-free interest rate	Nil	3.86%
Expected life of options (years)	Nil	2.0 years
Expected annualized volatility	Nil	93%
Expected dividend yield	Nil	Nil

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

15. RESERVES (continued)

b) Stock Options

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

Under the Plan, the exercise price of each stock option may be issued at a maximum of a 25% discount to the market price of the Company's common shares on the date of grant, or such higher price as determined by the Board of Directors. The stock options can be granted for a maximum term of 10 years with vesting terms determined by the Board of Directors. No individual may be granted options exceeding 5% and no consultant or individual employed to provide "investor relations activities" may be granted options exceeding 2% of the Company's common shares outstanding in any 12-month period. As at June 30, 2024 and December 31, 2023, the Company has not issued any RSUs, DSUs or PSUs under the Plan.

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

	June 30,2024		December 31,2023	
	Number of options	**Weighted average exercise price CAD$**	Number of options	Weighted average exercise price CAD$
Outstanding, beginning of the year	6,661,320	0.46	1,226,042	0.57
Granted	800,000	0.38	6,052,778	0.45
Exercised	(22,500)	0.46	-	-
Cancelled	(166,250)	0.46	(305,000)	0.46
Expired	-	-	(312,500)	0.73
Outstanding, end of the period	**7,272,570**	**0.45**	**6,661,320**	**0.46**

The following table summarizes the information about stock options outstanding as at June 30, 2024:

Expiry date	**Options outstanding**	**Weighted average exercise price CAD$**	**Remaining contractual life (years)**	**Options exercisable**
January 29, 2025	25,000	0.50	0.58	25,000
February 10, 2025	100,000	0.40	0.62	100,000
August 6, 2025	12,500	0.50	1.10	6,250
December 5, 2025	112,500	0.72	1.43	112,500
February 25, 2026	635,417	0.50	1.66	423,611
May 1, 2026	200,000	0.45	1.84	200,000
May 11, 2026	9,375	0.50	1.86	9,375
May 19, 2026	62,500	0.50	1.88	62,500
August 9, 2026	12,500	0.50	2.11	12,500
April 25, 2028	527,778	0.45	3.82	527,778
June 7, 2028	4,550,000	0.455	3.94	1,516,667
September 17, 2028	135,000	0.35	4.22	45,000
October 4, 2028	290,000	0.35	4.27	290,000
January 1, 2029	200,000	0.35	4.51	200,000
February 6, 2029	200,000	0.35	4.61	200,000
March 31, 2029	200,000	0.37	4.75	200,000
	7,272,570	**0.45**	**3.62**	**3,931,181**

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

15. RESERVES (continued)

b) Stock options (continued)

The Company uses the fair value method of accounting for all share-based payments to directors, officers, employees, and others providing similar services. During the three and six months ended June 30, 2024, an amount of $126 and $272 was expensed as share-based payments, respectively (June 30, 2023 - $514 and $881). Included in share-based payments are amounts expensed through administrative personnel of $100 and $202 (June 30, 2023 - $369 and $728), mine operations of $10 and $27 (June 30, 2023 - $73 and $73) and business promotion of $16 and $42 (June 30, 2023 - $72 and $80). Additionally, during the three and six months ended June 30, 2024, $13 and $33, respectively (June 30, 2023 - $112 and $112) was capitalized to the Tahuehueto mineral property asset. The portion of share-based compensation recorded is commensurate with the vesting terms of the options. The fair value of options granted during the period carry an exercise price of $0.35.

During the three and six months ended June 30, 2024, the Company granted a total of 800,000 options (June 30, 2023 – 5,597,778) with a weighted average fair value of $0.38 (June 30, 2023 – $0.45).

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

	June 30 2024	December 31 2023
Risk-free interest rate	4.81%	3.75%
Expected life of options (years)	4.25 years	5.0 years
Expected annualized volatility	90%	110%
Expected dividend yield	Nil	Nil

16. EARNING (LOSS) PER SHARE

	Three months ended June 30 2024	Three months ended June 30 2023	Six months ended June 30 2024	Six months ended June 30 2023
Basic:		*(Restated)*		*(Restated)*
Net earnings (loss) for the period	$ 4,674	$ (3,979)	$ 9,975	$ (4,915)
Weighted average number of shares(000's)	165,875	64,382	163,730	64,309
Earnings (loss) per share-basic	**$ 0.03**	**$ (0.06)**	**$ 0.06**	**$ (0.08)**

	Three months ended June 30 2024	Three months ended June 30 2023	Six months ended June 30 2024	Six months ended June 30 2023
Diluted:		*(Restated)*		*(Restated)*
Net earnings (loss) for the period	$ 4,674	$ (3,979)	$ 9,975	$ (4,915)
Diluted earnings (loss) for the period	$ 4,674	$ (3,979)	$ 9,975	$ (4,915)
Weighted average number of shares(000's)	165,875	64,382	163,730	64,309
Incremental shares from dilutive potential shares(000's)	130	-	130	-
Weighted average diluted number of shares(000's)	166,005	64,382	163,860	64,309
Earnings (loss) per share-diluted	**$ 0.03**	**$ (0.06)**	**$ 0.06**	**$ (0.08)**

All of the outstanding warrants and options are anti-dilutive for the three and six months ended June 30, 2024 and 2023.

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

17. NET REVENUE

The Company is principally engaged in the business of producing a bulk (copper and zinc), lead and zinc concentrates in Mexico. The disaggregated revenue information for the three and six months ended June 30, 2024 and 2023, is as follows:

		Three months ended				Six months ended		
		June 30 2024		June 30 2023		June 30 2024		June 30 2023
				(Restated)				*(Restated)*
Bulk concentrate	$	9,254	$	5,235	$	18,183	$	11,309
Lead concentrate		7,216		3,889		12,851		8,527
Zinc concentrate		8,258		10,391		15,006		20,783
Provisional pricing adjustments		(515)		(133)		(214)		(133)
Incom/(expense) from stream		438		-		707		(207)
Treatment and selling costs		(6,488)		(7,226)		(12,029)		(14,376)
		18,163	**$**	**12,156**		**34,504**	**$**	**25,903**

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

18. COST OF SALES

		Three months ended				Six months ended		
		June 30 2024		June 30 2023		June 30 2024		June 30 2023
				(Restated)				*(Restated)*
Production Costs	$	14,289	$	10,921	$	26,637	$	23,060
Royalties		1,988		316		2,840		707
Inventory changes		(1,454)		428		(2,351)		94
Depreciation		673		916		1,105		1,560
	$	**15,496**	**$**	**12,581**	**$**	**28,231**	**$**	**25,421**

19. GENERAL AND ADMINISTRATION

		Three months ended				Six months ended		
		June 30 2024		June 30 2023		June 30 2024		June 30 2023
				(Restated)				*(Restated)*
Salaries and employee benefits	$	1,046	$	845	$	1,985	$	1,572
Professional fees		135		253		336		422
Corporate and administration		559		693		1,363		1,081
Depreciation and amortization		83		79		209		155
	$	**1,823**	**$**	**1,870**	**$**	**3,893**	**$**	**3,230**

20. INTEREST AND FINANCE (INCOME) COSTS

		Three months ended				Six months ended		
		June 30 2024		June 30 2023		June 30 2024		June 30 2023
				(Restated)				*(Restated)*
Interest	$	132	$	76	$	273	$	329
Amortization of deferred finance costs		47		94		53		641
Accretion on streaming arrangements		348		320		691		622
Accretion of provision for site reclamation and closure		161		146		323		268
(Gain)/loss on modification of loans		(1)		7		(5)		32
Bank fees, penalties, and other		5		6		10		15
	$	**692**	**$**	**649**	**$**	**1,345**	**$**	**1,907**

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

21. RELATED PARTIES

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

a) *Compensation of key management personnel*

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

	Three months ended		Six months ended	
	June 30 2024	June 30 2023	June 30 2024	June 30 2023
		(Restated)		*(Restated)*
Salaries, bonus and benefits	$ 291	$ 341	$ 520	$ 625
Consulting fees	163	154	364	385
Share-based compensation	88	416	198	427
	$ 542	**$ 911**	**$ 1,082**	**$ 1,437**

b) *Related party balances*

As at June 30, 2024, directors and officers or their related companies were owed $82 (December 31, 2023 - $297) 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.

c) *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 $4,001 at December 31, 2022 (note 11). The Company and Escorfin have directors in common. On February 28, 2023, the principal and interest owning of $4,242 was settled with the issuance of 12,721,310 common shares of the Company. During the three and six months ended June 30, 2024, the Company incurred interest of $nil and $nil (June 30, 2023 - $nil and $153).

d) *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 and six months ended June 30, 2024, the amount exchanged for currency denominated in the Mexican Peso at exchange rates at the time of the conversion was $nil and $615, respectively (June 30, 2023 - $4,014 and $9,723). As at June 30, 2024, the amount owed to Bursametrica was $nil (December 31, 2023 - $nil).

e) *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 and six months ended June 30, 2024, the Company incurred legal expenses of $nil and $56, respectively (June 30, 2023 - $154 and $224).

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

22. SEGMENTED INFORMATION

The Company is engaged in mining, exploration, and development of mineral properties in Mexico with a corporate head office based out of Canada and Mexico and two reportable operating segments. The Company's operating segments are based on internal management reports that are reviewed by the Company's executives in assessing performance. Mining operations consists of the Campo Morado mine, which is currently operational and producing, and Tahuehueto mining project currently in a ramp-up stage.

June 30, 2024	Total assets	Total liabilities	Capital expenditures
Campo Morado	$ 35,758	$ 20,301	$ 1,533
Tahuehueto	83,359	32,768	10,662
Corporate	1,256	12,452	4
Consolidated	**$ 120,373**	**$ 65,521**	**$ 12,199**

December 31, 2023 - *(Restated)*	Total assets	Total liabilities	Capital expenditures
Campo Morado	$ 33,378	$ 19,243	$ 2,509
Tahuehueto	77,011	36,924	14,678
Corporate	462	13,531	284
Consolidated	**$ 110,851**	**$ 69,698**	**$ 17,471**

Three months ended June 30, 2024	Campo Morado	Tahuehueto	Corporate	Total
Revenue, net	$ 10,397	$ 7,766	$ -	$ 18,163
Cost of sales before depreciation and depletion	(8,886)	(5,937)	-	(14,823)
Depreciation and depletion in cost of sales	(673)	-	-	(673)
Mine operating earnings	**$ 838**	**$ 1,829**	**$ -**	**$ 2,667**
General and administration	(545)	(489)	(789)	(1,823)
Share based compensation	-	-	(100)	(100)
Foreign exchange (loss) gain	832	783	1,048	2,663
Other operating expenses (income)	1,735	61	(1,924)	(128)
Operating earnings (loss)	**$ 2,860**	**$ 2,184**	**$ (1,765)**	**$ 3,279**
Interest and finance costs, net	(204)	(63)	(425)	(692)
Gain on disposal of subsidiary	-	-	2,087	2,087
Segmented earnings (loss) before income tax	**$ 2,656**	**$ 2,121**	**$ (103)**	**$ 4,674**

Three months ended June 30, 2023 - *(Restated)*	Campo Morado	Tahuehueto	Corporate	Total
Revenue, net	$ 8,016	$ 4,140	$ -	$ 12,156
Cost of sales before depreciation and depletion	(8,628)	(3,038)	-	(11,666)
Depreciation and depletion in cost of sales	(915)	-	-	(915)
Mine operating earnings (loss)	**$ (1,527)**	**$ 1,102**	**$ -**	**$ (425)**
General and administration	(230)	(201)	(1,439)	(1,870)
Share based compensation	-	-	(369)	(369)
Foreign exchange (loss) gain	(345)	(119)	(258)	(722)
Other operating expenses (income)	48	(564)	570	54
Operating earnings (loss)	**$ (2,054)**	**$ 218**	**$ (1,496)**	**$ (3,332)**
Interest and finance costs, net	(95)	(61)	(493)	(649)
Change in fair value of financial instruments	-	-	2	2
Segmented earnings (loss) before income tax	**$ (2,149)**	**$ 157**	**$ (1,987)**	**$ (3,979)**

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

22. SEGMENTED INFORMATION (continued)

Six months ended June 30, 2024		**Campo Morado**		**Tahuehueto**		**Corporate**		**Total**
Revenue, net	$	20,590	$	13,914	$	-	$	34,504
Cost of sales before depreciation and depletion		(17,049)		(10,077)		-		(27,126)
Depreciation and depletion in cost of sales		(1,105)		-		-		(1,105)
Mine operating earnings	**$**	**2,436**	**$**	**3,837**	**$**	**-**	**$**	**6,273**
General and administration		(768)		(778)		(2,347)		(3,893)
Share based compensation		-		-		(202)		(202)
Foreign exchange (loss) gain		637		1,019		786		2,442
Other operating expenses (income)		2,478		(824)		(1,583)		71
Operating earnings (loss)	**$**	**4,783**	**$**	**3,254**	**$**	**(3,346)**	**$**	**4,691**
Interest and finance costs, net		(391)		(126)		(828)		(1,345)
Gain on debt settlement		-		2,305		2,237		4,542
Gain on disposal of subsidiary		-		-		2,087		2,087
Segmented earnings before income tax	**$**	**4,392**	**$**	**5,433**	**$**	**150**	**$**	**9,975**

Six months ended June 30, 2023 - *(Restated)*		**Campo Morado**		**Tahuehueto**		**Corporate**		**Total**
Revenue, net	$	16,911	$	8,992	$	-	$	25,903
Cost of sales before depreciation and depletion		(17,593)		(6,268)		-		(23,861)
Depreciation and depletion in cost of sales		(1,560)		-		-		(1,560)
Mine operating earnings (loss)	**$**	**(2,242)**	**$**	**2,724**	**$**	**-**	**$**	**482**
General and administration		(402)		(244)		(2,584)		(3,230)
Share based compensation		-		-		(728)		(728)
Foreign exchange (loss) gain		(572)		524		(99)		(147)
Other operating expenses (income)		(42)		(500)		546		4
Operating earnings (loss)	**$**	**(3,258)**	**$**	**2,504**	**$**	**(2,865)**	**$**	**(3,619)**
Interest and finance costs, net		(268)		(119)		(1,520)		1,907
Change in fair value of financial instruments		-		-		611		611
Segmented earnings (loss) before income tax	**$**	**(3,526)**	**$**	**2,385**	**$**	**(3,774)**	**$**	**(4,915)**

23. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Fair value hierarchy

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

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

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

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

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

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.

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

23. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (continued)

June 30, 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	$ 2,150	$ -	$ 2,150	$ -	$ 2,150	$ -
	$ 2,150	**$ -**	**$ 2,150**	**$ -**	**$ 2,150**	**$ -**
Financial assets not measured at Fair Value						
Cash	$ -	$ 1,346	$ 1,346	$ -	$ -	$ 1,346
Other receivables	-	6,677	6,677	-	-	6,677
	$ -	**$ 8,023**	**$ 8,023**	**$ -**	**$ -**	**$ 8,023**
Financial liabilities not measured at Fair Value						
Accounts payable and accrued liabilities	$ -	$ (22,105)	$ (22,105)	$ -	$ -	$ (22,105)
Loans payable	-	(18,398)	(18,398)	-	-	(18,398)
	$ -	**$ (40,503)**	**$ (40,503)**	**$ -**	**$ -**	**$ (40,503)**

December 31, 2023 - *(Restated)*	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	$ 562	$ -	$ 562	$ -	$ 562	$ -
	$ 562	**$ -**	**$ 562**	**$ -**	**$ 562**	**$ -**
Financial assets not measured at Fair Value						
Cash	$ -	$ 2,058	$ 2,058	$ -	$ -	$ 2,058
Other receivables	-	6,981	6,981	-	-	6,981
	$ -	**$ 9,039**	**$ 9,039**	**$ -**	**$ -**	**$ 9,039**
Financial liabilities not measured at Fair Value						
Accounts payable and accrued liabilities	$ -	$ (24,528)	$ (24,528)	$ -	$ -	$ (24,528)
Loans payable	-	(23,518)	(23,518)	-	-	(23,518)
	$ -	**$ (48,046)**	**$ (48,046)**	**$ -**	**$ -**	**$ (48,046)**

During the three and six months ended June 30, 2024 and 2023, there were no transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy.

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

24. SUPPLEMENTAL CASHFLOW INFORMATION

The changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes for the periods as set out below are as follows:

		Loans		Leases		Empress royalty streaming
As at December 31, 2022 - *Restated*	**$**	**31,180**	**$**	**7,429**	**$**	**6,370**
Additions (disposal)		-		363		-
Interest paid		(2,094)		(777)		-
Interest expense		2,868		777		-
Accretion		149		-		197
Payments		(1,808)		(404)		(263)
Amortization of deferred revenue		-		-		(150)
Foreign exchange		-		8		-
Loss on settlement of debt		63		-		-
Loss on modification		155		-		-
Fair value of shares issued in debt settlement		(6,995)		-		1,292
As at December 31, 2023 - *Restated*	**$**	**23,518**	**$**	**7,396**	**$**	**7,446**
Additions (disposal)		2,500		3,492		-
Interest paid		(875)		(287)		-
Interest expense		1,074		539		-
Accretion		263		-		688
Payments		-		(362)		-
Amortization of deferred revenue		-		-		(449)
Foreign exchange		-		(10)		-
Gain on settlement of debt		(4,542)		-		-
Loss on modification		154		-		-
Fair value of shares issued in debt settlement		(3,694)		-		5
As at June 30, 2024	**$**	**18,398**	**$**	**10,768**	**$**	**7,690**

The significant non-cash financing and investing transactions during the three and six months ended June 30, 2024 and 2023, are as follows:

	Three months ended		Six months ended	
	June 30 2024	June 30 2023	June 30 2024	June 30 2023
	$	$	$	$
Closure and reclamation provision	-	-	-	-
Share based compensation capitalized	13	111	33	111
Depreciation Capitalized	902	258	1,977	504
Right of use depreciation capitalized	324	173	590	358
Shares issued on settlement of debt	-	-	3,694	7,005

25. COMMITMENTS AND CONTINGENCIES

a) Commitments

As of June 30, 2024, the Company has commitments of $3,568 of contracted mining services which are expected to be expended within one year (note 26).

b) Contingencies

In the normal course of business, the Company is aware of certain claims and potential claims. The outcome of these claims and potential claims is not determinable at this time, although the Company does not believe these claims and potential claims will have a material adverse effect on the Company's results of operations or financial position.

As at June 30, 2024, the Company has estimated an accrual of $3,977 (December 31, 2023 - $6,820) in contingent liabilities, mainly as follows:

Servicio de Administracion Tributaria Vs Minas de Campo Morado, 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 $870 (MXN$16,000) and possible reduction of accumulated tax losses for $5,660 (MXN$104,000), which the Company is challenging through a legal process. As at December 31, 2023, Minas de Campo Morado, S.A. de C.V. 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.

For the six months ending June 30, 2024, the Mexican court issued a favorable resolution granting MCM 90% of the 2014 and 2015 tax credits, affirming that the deducted expenses complied with income tax regulations. On May 2024, MCM filed an appeal to seek the remaining 10% of the tax credit. This appeal was accepted, leading the upper court to instruct the tax court to issue a new judgment. As of the date of these financial statements, the company is still awaiting the tax court's new resolution.

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 $82 (MXN$1,500).

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 $3,374 (MXN$62,000).

26. SUBSEQUENT EVENTS

Stock Options

Subsequent to June 30, 2024, the Company granted 1,500,000 stock options pursuant to its omnibus incentive award plan. These options carry an exercise price of $0.358 and have a lifespan of 5 years.

On August 15, 2024, the Company granted an aggregate of 4,508,833 incentive stock options ("Options") and 800,000 Restricted Share Units ("RSUs") to certain officers and directors in accordance with Luca's omnibus equity incentive plan. The Options are exercisable at a price of $0.55 and will expire five years from the date of their issuance. The Options will vest as follows: (i) 33% on August 15, 2024; (ii) 33% February 15, 2025; and (iii) the balance on August 15, 2025. The RSUs will vest on August 15, 2025. The grant of the Options and RSUs are subject to approval by the TSX Venture Exchange.

26. SUBSEQUENT EVENTS (continued)

Warrants

During July and August 2024, the Company issued 4,726,908 common shares for gross proceeds of $1,725 (CAD$ 2,361) through the exercise of 4,681,908 share purchase warrants and 45,000 stock options. Additionally, on July 26, 2024, the Company recognized the expiry of 45,000 options.

Commitments

On August 6, 2024, the company engaged Cominvi, S.A. de C.V. ("Cominvi") to carry out core mining operations at the Campo Morado copper-zinc-gold mine. On the same day, an advance payment of $1,160 and an insurance fee of $88 were made to Cominvi. The remaining advance of $2,320 will be disbursed in two equal installments scheduled for October 2024 and December 2024.