LUCA Mining Corp.

Management's Discussion and Analysis

For the year ended December 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 annual audited consolidated financial statements of Luca Mining Corp. ("Luca" or the "Company"), for the year ended December 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"). 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 United States ("US") 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 April 22, 2025, 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. Ramon Mendoza Reyes, P.Eng., a Qualified Person within the meaning of National Instrument 43-101, "Standards for Disclosure of Mineral Projects." The scientific and technical information contained in this MD&A relating to the Company's geology and exploration projects has been reviewed and approved by Mr. Paul Gray, P.Geo., 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 April 22, 2025.

Floatation cells at Tahuehueto

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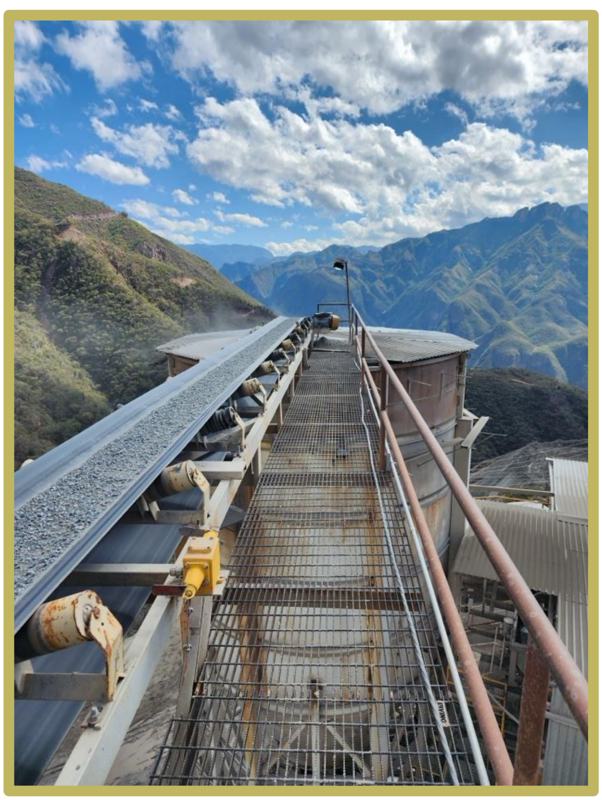

Fine ore bin at Tahuehueto

LUCA Mining Corp.

OPERATING AND FINANCIAL HIGHLIGHTS

The results outlined below provide a summary of the operating performance of Campo Morado mine and the commissioning results from the Tahuehueto mine.

	Three months ended			Year ended		
Consolidated	December 31 2024	December 31 2023	% Change	December 31 2024	December 31 2023	% Change
Operating						
Tonnes mined	213,511	104,326	105%	660,878	532,545	24%
Tonnes milled	208,649	130,210	60%	671,971	665,132	1%
Gold ("Au") ounces produced	7,120	3,155	126%	19,299	11,832	63%
Silver ("Ag") ounces produced	228,317	155,763	47%	782,867	688,126	14%
Zinc ("Zn") produced (lbs)	6,805,533	6,018,969	13%	26,334,814	33,604,853	(22%)
Copper ("Cu") produced (lbs)	2,226,489	1,478,472	51%	7,346,459	5,772,370	27%
Lead ("Pb") produced (lbs)	1,745,645	1,230,654	42%	5,815,382	5,926,945	(2%)
AuEq produced (oz) (1)	**17,404**	**11,808**	**47%**	**57,487**	**55,719**	**3%**
Gold ounces sold	6,612	2,857	131%	16,944	9,951	70%
Silver ounces sold	183,049	112,373	63%	592,528	495,527	20%
Zinc sold (lbs)	4,438,232	4,490,111	(1%)	18,195,425	24,577,629	(26%)
Copper sold (lbs)	1,540,895	1,037,905	48%	5,297,851	3,741,500	42%
Lead sold (lbs)	805,152	393,657	105%	2,072,211	1,768,893	17%
AuEq ounces sold(1)	**13,746**	**8,890**	**55%**	**43,554**	**39,646**	**10%**
Production cost per tonne ($)(5)(9)	93	78	20%	90	66	36%
Cash cost per AuEq ounce ($) (1)(2)(5)	1,436	1,256	14%	1,503	1,251	20%
AISC per AuEq ounce ($) (1)(3)(5)	1,794	1,573	14%	1,827	1,584	15%
All-in cost per AuEq ($) (1)(3)(5)(8)	1,864	1,573	18%	1,872	1,653	13%
Financial	**$**	**$**		**$**	**$**	
Net Revenue	27,975	13,416	109%	80,574	50,593	59%
Cost of Sales	18,826	12,065	56%	63,404	49,504	28%
Mine operating earnings	9,149	1,351	577%	17,170	1,089	1,477%
Mine operating cash flow before taxes(7)	12,531	2,003	526%	22,293	4,074	447%
Net loss	(17,889)	(2,471)	(624%)	(10,423)	(11,114)	6%
Net free cashflow before working capital(10)	3,828	(2,542)	251%	6,553	(11,268)	158%
EBITDA(4)(5)	(14,079)	(1,183)	(1,090%)	(2,591)	(4,925)	47%
Adjusted EBITDA(4)(5)	8,058	(991)	913%	14,094	(3,748)	476%
Realized gold price per ounce ($)(5)(6)	2,671	2,018	32%	2,424	1,957	24%
Realized silver price per ounce ($)(5)(6)	31.39	23.79	32%	28.21	23.36	21%
Realized zinc price per lb ($)(5)(6)	1.38	1.12	23%	1.25	1.14	10%
Realized copper price per lb ($)(5)(6)	4.16	3.78	10%	4.02	3.80	6%
Realized lead price per lb ($)(5)(6)	0.91	0.94	(3%)	0.93	0.95	(2%)
Working capital(5)	(20,968)	(38,542)	(46%)	(20,968)	(38,542)	(46%)
Shareholders						
Loss per share – basic & diluted	(0.09)	(0.02)	(420%)	(0.06)	(0.11)	44%
Weighted Average Shares Outstanding – basic	198,526,057	143,800,213	38%	174,412,147	103,556,634	68%
Weighted Average Shares Outstanding – diluted	227,578,000	143,800,213	58%	199,570,000	103,556,634	93%

1. Gold equivalents ("*AuEq*") are calculated using an 84.96:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0016:1 (Au/Cu) and 0.0003:1 (Au/Pb) ratio for Q4 2024; an 85.07:1 (Ag/Au), 0.0006:1 (Au/Zn), 0.0019:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q4 2023, an 82.59:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0018:1 (Au/Cu) and 0.0004:1 (Au/Pb) ratio for YTD 2024; and an 84.37:1 (Ag/Au), 0.0007:1 (Au/Zn), 0.0020:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for YTD 2023, respectively.
2. Cash cost per gold equivalent ounce includes mining, processing, and direct overhead costs. See Reconciliation to IFRS on page 37.
3. AISC per AuEq oz includes mining, processing, direct overhead, corporate general and administration expenses, reclamation, and sustaining capital on page 37.
4. See Reconciliation of earnings before interest, taxes, depreciation, and amortization on page 36.
5. See "Non-IFRS Financial Measures" on page 34.
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 34.
8. All-in cost per AuEq oz includes AISC plus interest paid and loan payments. See page 37.
9. Production costs include mining, processing, and direct overhead cost at the operation sites. See reconciliation on page 37.
10. Net free cash flow before working is operating cash flow before working capital changes, less capital expenditures. See page 34.

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During the year ended December 31, 2024 the Company achieved positive adjusted EBITDA of $14,094 (2023 – negative adjusted EBITDA $3,748) and positive net free cashflow before working capital items of $6,553 (2023 – negative $11,268). However, net earnings was significantly impacted in the period due to a non-cash accounting adjustment to the Empress Royalty Corp. ("Empress") silver stream (the "Stream"). On August 13, 2024, the Company amended the streaming agreement with Empress (see note 15 in the December 31, 2024 consolidated financial statements of the Company). As a result of this amendment, a portion of the Stream was settled in cash, shares, and refined silver that was not produced at the Tahuehueto mining project which resulting in the Stream no longer qualifying for the own use exemption which had previously allowed the Company to account for the Stream as deferred revenue. The Stream has now been accounted for as a derivative instrument since August 13, 2024. The fair value of the Stream was determined using a discounted cash flow model based on the expected future deliveries of silver to Empress, the future silver price and a discount rate determined using the USD SOFR interest rate and the Company's credit spread. The difference between the fair value of the Stream agreement and the carrying value of the deferred revenue at August 13, 2024 created a cumulative initial non-cash expense of $14,440 charged to the statement of loss and comprehensive loss, resulting in an overall loss for the year ended December 31, 2024 of $10,423. The fair value of the Stream will be re-assessed at each quarter in the future and the resulting gain or loss will be charged to the statement of loss and comprehensive loss.

	Three months ended December 31, 2024			Year ended December 31, 2024		
Quarter Production Summary	**Campo Morado**	**Tahuehueto**	**Consolidated**	**Campo Morado**	**Tahuehueto**	**Consolidated**
Production						
Tonnes milled	141,097	67,552	**208,649**	506,501	165,470	**671,971**
Gold ounces produced	2,002	5,118	7,120	6,795	12,504	19,299
Silver ounces produced	172,642	55,674	228,317	649,579	133,288	782,867
Zinc produced (lbs)	5,291,927	1,513,606	6,805,533	21,887,200	4,447,614	26,334,814
Copper produced (lbs)	1,982,864	243,625	2.226,489	6,788,728	557,731	7,346,459
Lead produced (lbs)	768,445	977,201	1,745,645	3,230,381	2,585,001	5,815,382
AuEq produced (oz) (1)	**10,130**	**7,274**	**17,404**	**39,085**	**18,402**	**57,487**
Sales						
Gold ounces sold	1,183	5,430	6,612	4,209	12,736	16,944
Silver ounces sold	134,312	48,738	183,049	480,283	112,245	592,528
Zinc sold (lbs)	3,666,509	771,723	4,438,232	15,901,113	2,294,312	18,195,425
Copper sold (lbs)	1,540,895	-	1,540,895	5,297,851	-	5,297,851
Lead sold (lbs)	-	805,152	805,152	-	2,072,211	2,072,211
AuEq ounces sold(1)	**7,067**	**6,679**	**13,746**	**27,468**	**16,086**	**43,554**
Cost						
Production cost per tonne ($)(4)(6)	78	126	93	74	139	90
Cash cost per AuEq ounce ($)(1)(2)(4)	1,484	1,369	1,436	1,512	1,482	1,503
AISC per AuEq ounce ($)(1)(3)(4)(5)	1,865	1,560	1,794	1,703	1,731	1,827
All-in cost per AuEq ($) (1)(3)(5)	1,899	1,681	1,864	1,718	1,826	1,872

1. Gold equivalents ("*AuEq*") are calculated using an 84.96:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0016:1 (Au/Cu) and 0.0003:1 (Au/Pb) ratio for Q4 2024; an 85.07:1 (Ag/Au), 0.0006:1 (Au/Zn), 0.0019:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q4 2023, an 82.59:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0018:1 (Au/Cu) and 0.0004:1 (Au/Pb) ratio for YTD 2024; and an 84.37:1 (Ag/Au), 0.0007:1 (Au/Zn), 0.0020:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for YTD 2023, respectively.
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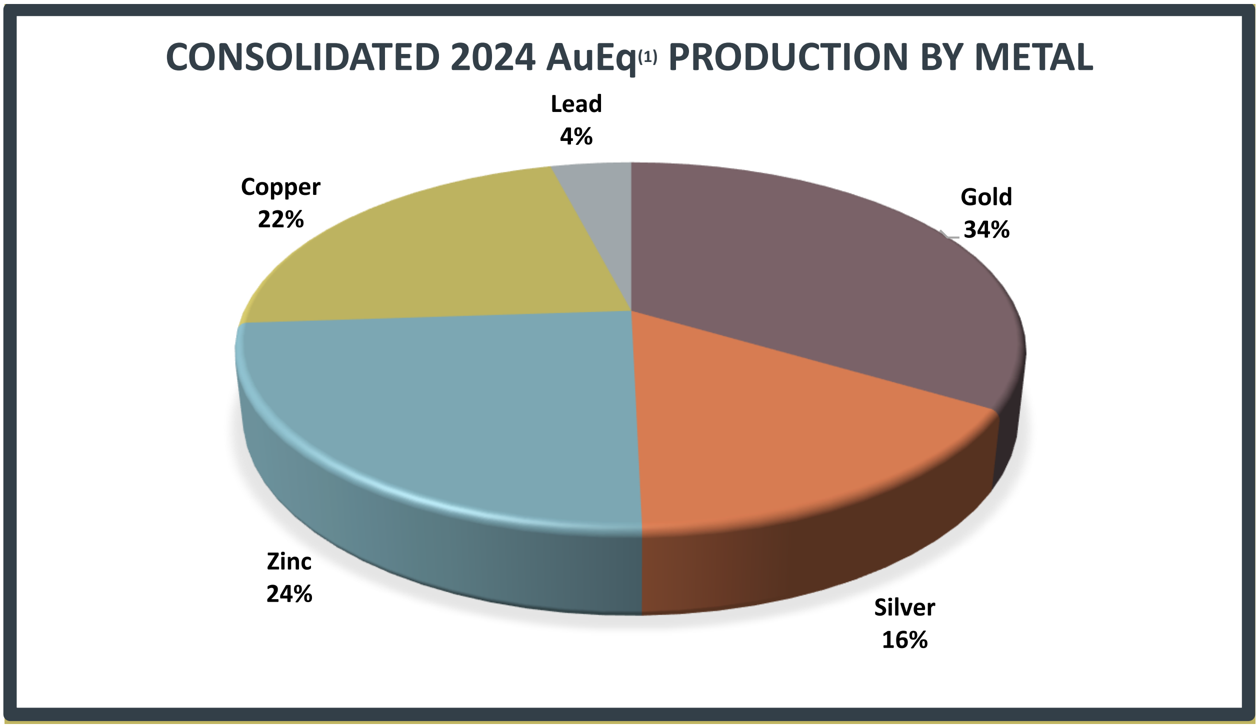
3. AISC per AuEq oz includes mining, processing, direct overhead, corporate general and administration expenses, reclamation, and sustaining capital on page 37.
4. See "Non-IFRS Financial Measures" on page 34.
5. All-in cost per AuEq oz includes AISC plus interest paid and loan payments. See page 37.
6. Production costs include mining, milling, and direct overhead cost at the operation sites. See reconciliation on page 37.

	December 31 2024	December 31 2023
	$	$
Cash	10,207	2,058
Total assets	134,974	110,851
Non-current liabilities	35,361	13,034
Shareholders' equity	47,684	41,153

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

LUCA Mining Corp.



Additions to the Executive Team

Chief Technical Officer

Mr. Ramon Mendoza Reyes, P.Eng., joined the Company as Chief Technical Officer ("CTO") to oversee, manage and execute the Company's technical and growth initiatives. Mr. Mendoza has a successful track of managing a variety of projects in the Mexican mining sector and his expertise will ensure the Company is successful delivering value from its ongoing optimization and expansion efforts. Mr. Mendoza is a member in good standing with the Engineers and Geoscientists of British Columbia and a Qualified Person as definted by NI 43-101 and will serve as Luca's Qualified Person for technical and project related matters.

VP Exploration

Mr. Paul Gray joined as VP Exploration and to lead and direct all exploration activities for the Company. Mr. Gray brings a proven track record of global precious metals and base metals exploration success spanning multiple continents over 30 years. His expertise includes the design, management and execution of multi-million-dollar advanced exploration and resource delineation programs as well as the authorships of numerous National Instrument ("NI") 43-101 Technical Reports. Mr. Gray brings a 'boots on the ground' approach to Luca's exploration team where he will lead and direct all exploration activities. He is a member in good standing with the Engineers and Geoscientists of British Columbia and a Qualified Person as defined by NI 43-101 and will serve as Luca's Qualified Person for exploration related aspects.

VP Corporate Development

Mr. Adam Melnyk, P.Eng. CFA, joined Luca as VP Corporate Development to oversee, manage and execute the Company's business development and business growth initiatives. Adam Melnyk is an experienced mining executive with demonstrated management, leadership, analytical and execution capabilities.

Mr. Melnyk brings over 20 years of mining sector experience to the Company with expertise in strategic business development planning and asset evaluation. The Company is rapidly achieving each of its corporate and operational objectives and it is now setting its sights on opportunities for acquisitions where it can apply its business strategy of Optimize, Explore and Expand.

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 gold, silver, zinc, copper, lead from the Campo Morado Mine and Mill ("Campo Morado"). During 2024, the Company was in the process of commissioning the gold, silver, zinc, copper and lead Tahuehueto Mine and Mill ("Tahuehueto") in the state of Durango; the Company declared commercial production at Tahuehueto on March 31, 2025.

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 on growing its mining business through the advancement of its existing mines and mineral concessions, along with the acquisition and development of additional operations, resources, and reserves. Growth is driven by opportunity rather than geography, with an emphasis on assets where the Company's unique mix of experience—across political, exploration, operational, financial, and community aspects—can create meaningful value.

This expertise plays a key role in identifying and evaluating acquisitions, particularly in situations where a fresh approach or strategic investment can unlock potential. Whether it's optimizing underperforming assets, advancing overlooked exploration potential, or navigating complex regulatory and stakeholder environments, the Company applies a hands-on, solutions-oriented mindset to growth.

Underlying this approach is a commitment to disciplined execution, long-term value creation, and the integration of environmental and social responsibility into every step of the process.

General location Map of the Company's mines

Exploration

Exploration can create significant value by achieving the following three strategic goals:

1. Identify additional high-grade, near-mine mineralization that can be quickly added to the resource/reserve base and mine plans at both Tahuehueto and Campo Morado, directly enhancing cash flow.
2. Expand mineral resources that can allow for increased mine production rate and/or mine life extension
3. Develop the property-scale potential at both Tahuehueto and Campo Morado by designing and testing high-impact exploration target zones farther from the mine sites.

Mining Corp.

Going Concern

For the year ended December 31, 2024, the Company generated mine operating earnings of $17,170, a net loss of $10,423, positive cash flows from operating activities of $6,668 and has an accumulated deficit of $89,127 and current liabilities that exceed its current assets by $20,968. While the Company's financial stability is improving, the working capital deficit gives rise to material uncertainty 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 is focused on improving the Company's liquidity position through consistent generation of positive cash flows from operations. While efforts continue to enhance operational performance and cash generation, management is also actively evaluating financing alternatives, including potential amendments to existing debt arrangements and equity financings, should they become necessary. The Company's ability to continue as a going concern is dependent in the near term on securing sufficient liquidity, and in the longer term, on its success in generating sustainable positive cash flows from operations. Although management believes that available cash, expected operating cash flows, and access to external financing will be sufficient to meet the Company's obligations as they come due, there can be no assurance that additional financing or adequate operating cash flows will be available on acceptable terms or within the required timeframe.

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 uphold high ethical and compliance standards, as well as ensure 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 in pursuit of 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 honor and protect employee safety and the environment every day. 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	Environmental Stewardship	People, Community and Culture	Governance & Ethics
• 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. • Achieved 1,000,000 hours with no LTI's at Campo Morado • Maintain a 5-hectare community landfill site at Tahuehueto. • Maintain 160 km of roads annually, including the main road access to the communities and routes to nearby villages	• 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.	• Assisted local authorities to establish and equip the first school and medical clinic in the Tahuehueto area. • Provide annual vaccination campaigns to the community. • Contributed to enhancing infrastructure including electricity, water supply, and filtration systems in the Tahuehueto communities. • Local hiring and procurement policies to benefit local communities. Campo Morado employs over 200 locals directly and supports local suppliers and contractors. • Tahuehueto mine currently employs approximately 150 people, directly supporting the local community.	• Governance policies in place include 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 one senior director being a Mexican national. • The Company regularly interacts with employees, investors, communities and regulators to understand their concerns and incorporate their feedback in the decisions made.

Mining Corp.

MINING OPERATIONS

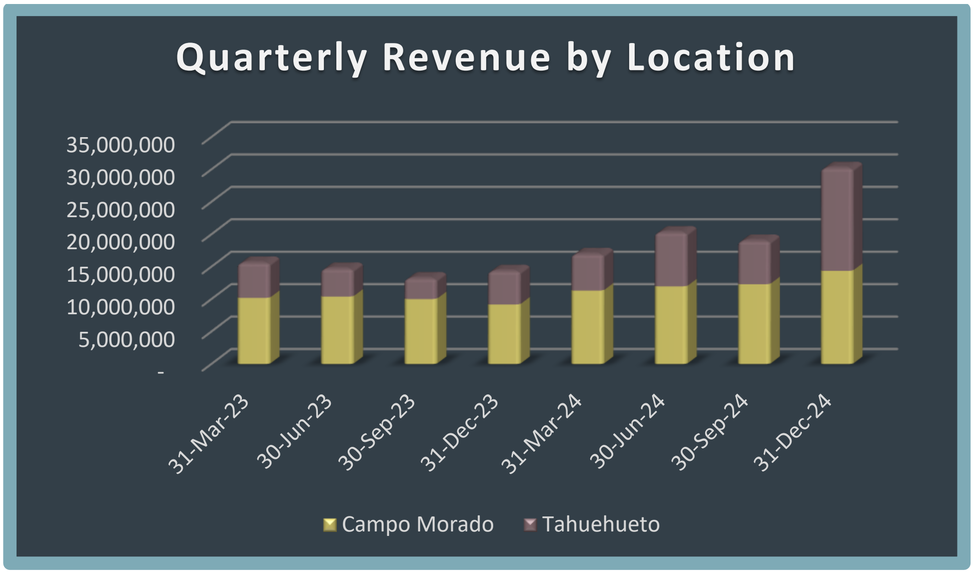
CONSOLIDATED OPERATIONS

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

	Three months ended							
	31-Dec 2024	30-Sep 2024	30-Jun 2024	31-Mar 2024	31-Dec 2023	30-Sep 2023	30-Jun 2023	31-Mar 2023
Production								
Tonnes mined	213,511	153,010	159,096	135,262	104,326	138,123	146,428	143,668
Tonnes milled	208,649	151,221	153,676	158,424	130,210	147,732	185,953	201,237
Average tonnes milled per day(8)	2,426	1,758	1,808	1,864	1,514	1,718	2,188	2,396
Head Grade								
Average gold grade (g/t)	1.88	1.63	1.84	1.70	1.40	1.81	1.23	0.89
Average silver grade (g/t)	74	72	79	96	76	92	75	63
Average zinc grade (%)	1.85	2.18	2.49	2.38	2.49	2.61	3.23	2.91
Average copper grade (%)	0.61	0.69	0.58	0.66	0.64	0.69	0.56	0.52
Average lead grade (%)	0.68	0.66	0.78	0.77	0.68	0.82	0.71	0.76
Recovery								
Average gold recovery (%)	56.3	45.5	46.9	49.5	53.8	40.1	36.8	44.1
Average silver recovery (%)	46.2	45.2	48.0	42.6	49.2	38.7	39.7	45.0
Average zinc recovery (%)	79.8	80.8	81.6	81.4	84.1	78.6	80.8	79.2
Average copper recovery (%)	79.5	78.6	78.8	75.3	80.2	63.2	63.6	61.9
Average lead recovery (%)	55.6	52.3	55.8	54.0	62.6	53.5	49.2	54.5
Gold produced (oz)	7,120	3,604	4,278	4,297	3,155	3,437	2,716	2,524
Silver produced (oz)	228,317	158,778	188,267	207,505	155,763	169,163	178,583	184,617
Zinc produced (lbs)	6,805,533	5,876,385	6,889,575	6,763,320	6,018,969	6,675,763	10,691,403	10,218,717
Copper produced (lbs)	2,226,489	1,817,924	1,557,367	1,744,679	1,478,472	1,410,806	1,467,268	1,415,824
Lead produced (lbs)	1,745,645	1,141,934	1,471,506	1,456,297	1,230,654	1,421,212	1,436,927	1,838,152
AuEq produced (oz)(1)	**17,404**	**11,988**	**13,947**	**14,148**	**11,808**	**12,813**	**14,704**	**16,394**
Sales								
Gold sold (oz)	6,612	3,124	3,629	3,579	2,857	2,476	2,200	2,418
Silver sold (oz)	183,049	127,650	131,736	150,092	112,373	117,250	121,072	144,831
Zinc sold (lbs)	4,438,232	4,837,234	4,364,913	4,555,046	4,490,111	4,705,480	8,304,928	7,077,109
Copper sold (lbs)	1,540,895	1,366,899	1,219,655	1,170,402	1,037,905	934,124	785,772	983,699
Lead sold (lbs)	805,152	340,036	537,648	389,375	393,657	317,774	466,053	591,409
AuEq sold (oz)(1)	**13,746**	**9,569**	**10,186**	**10,053**	**8,890**	**8,593**	**10,280**	**11,883**
Realized gold price per ounce ($)(5)(6)	2,671	2,442	2,315	2,056	2,018	1,917	1,968	1,919
Realized silver price per ounce ($)(5)(6)	31.39	29.36	28.57	22.99	23.79	23.06	23.88	22.88
Realized zinc price per pound ($)(5)(6)	1.38	1.26	1.28	1.09	1.12	1.10	1.08	1.24
Realized copper price per pound ($)(5)(6)	4.16	3.73	4.38	3.80	3.78	2.79	3.69	3.93
Realized lead price per pound ($)(5)(6)	0.91	0.93	0.98	0.92	0.94	0.73	0.96	0.94
Costs								
Production cost per tonne ($)(2)(5)	93	95	93	78	78	73	59	60
Cash cost per AuEq ounce ($)(1)(3)(5)	1,436	1,877	1,490	1,290	1,256	1,305	1,256	1,200
AISC per AuEq ounce ($)(1)(4)(5)	1,794	2,337	1,766	1,499	1,573	1,724	1,743	1,342
All-in cost per AuEq ($)(1)(4)(5)(7)	1,864	2,364	1,763	1,533	1,573	1,908	1,737	1,401
Capital expenditures								
Sustaining ($)	2,653	1,837	1,641	410	151	3,369	4,650	384

1. Gold equivalents are calculated using an 84.96:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0016:1 (Au/Cu) and 0.0003:1 (Au/Pb) ratio for Q4 2024, an 84.15:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0017:1 (Au/Cu) and 0.0004:1 (Au/Pb) ratio for Q3 2024, an 81.00:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0019:1 (Au/Cu) and 0.0004:1 (Au/Pb) ratio for Q2 2024, 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.
2. Production costs include mining, processing, and direct overhead cost at the operation sites. See reconciliation on page 37.
3. Cash cost per gold equivalent ounce includes mining, processing, direct overhead costs and treatment and refining charges. See reconciliation on page 37.
4. AISC per AuEq oz includes mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 37.
5. See "Non-IFRS Financial Measures" on page 34.
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 37.
8. Average tonnes milled per day assumes the actual days in the month less 2 planned monthly down days.

Mining Corp.



Production

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

In the fourth quarter, the total production amounted to 17,404 ounces of gold equivalent, which is comprised of 7,120 ounces of gold, 228,317 ounces of silver, 6,805,533 pounds of zinc, 2,226,489 pounds of copper and 1,745,645 pounds of lead. This represents a 47% increase in gold equivalent ounces compared to Q4 2023. Out of the total production for the three months ended December 31, 2024, Campo Morado accounted for 10,130 gold equivalent ounces, which is approximately 58% of the total production. Tahuehueto contributed 7,274 ounces of equivalent gold, representing 42% of the total production.

In this quarter, the Company's two plants processed a consolidated 208,649 tonnes of ore with average grades of 1.88 grams per tonne ("g/t") for gold, 74 g/t for silver, 1.85%, 0.61% and 0.68% per tonne for zinc, copper, and lead respectively. This represents a 60% increase in tonnes compared to Q4 2023 of 130,210, but a decrease on average grades of silver by 3%, copper and zinc by 5% and 26% respectively, offset by an increase in gold grades of 34% with lead grade remaining unchanged. Metallurgical recoveries for silver, zinc copper and lead decreased in the fourth quarter of 2024 compared to the same period of 2023, averaging at 46.2% for silver, 79.8% for zinc, 79.5% for copper and 55.6% for lead in the same comparable period, representing a 6%, 5%, 1% and 11% decrease, respectively but 56.3% gold recovery or 5% increase.

The 47% increase in consolidated gold equivalent production in Q4 2024 over Q4 2023 is mainly due to the increased production throughput, impacted by the changes in average grades and recoveries of the processed ore for gold, silver, copper, and zinc metals.

During the fourth quarter of 2024, the Company achieved an average processing rate of over 1,640 tonnes per day ("tpd") at Campo Morado. In collaboration with the Luca team, Cominvi, S.A. de C.V. ("Cominvi") successfully ramped up operations, reaching and sustaining a steady throughput of 2,000 tpd in the latter part of the quarter. This milestone marks a significant step in optimizing the Campo Morado mill, ensuring consistent operation at this higher capacity. With the 2,000 tpd threshold now established, the focus has shifted to further enhancing efficiency, ore blending and implementing process improvements to increase throughput to 2,400 tpd in the coming months.

After completion of construction of the plant and the final installation of a third filter press, operations in Q4 at Tahuehueto continue to advance positively as the mine moved closer to full commercial production. With the mill throughput stabilizing at average 785 tpd, the team successfully navigated initial challenges, including the water supply disruption from the third quarter. The milestone of processing 67,552 tonnes of ore during the fourth quarter, despite a planned shutdown, demonstrates the mine's growing efficiency. To further support long-term operational stability, the Company is proactively strengthening its supply chain by constructing a new on-site warehouse, ensuring adequate parts and commodity reserves are available for sustained production at the installed capacity.

Year ended December 31, 2024 (compared to the year ended December 31, 2023)

In the twelve-month period ended December 31, 2024, total production amounted to 57,487 gold equivalent ounces, consisting of 19,299 ounces of gold, 782,867 ounces of silver, 26,334,814 pounds of zinc, 7,346,459 pounds of copper, and 5,815,382 pounds of lead. This represents a 3% increase in gold equivalent ounces compared to the same period in 2023. For the twelve months ended December 31, 2024, Campo Morado accounted for approximately 68% of total production, while Tahuehueto contributed 32% of gold equivalent ounces. During the twelve months ended December 31, 2024, the Company's two plants processed 671,971 tonnes, reflecting a 1.03% increase compared to 665,132 tonnes in 2023. This slight improvement in throughput contributed to a 3.17% increase in consolidated gold equivalent production, with 57,487 ounces produced in 2024 compared to 55,719 ounces in 2023. Higher average gold (37.79%) and silver (5.84%) grades, combined with improved gold (17.17%) and copper (17.31%) recoveries, drove production growth. Gold production increased significantly by 63% to 19,299 ounces, while silver production rose by 14% to 782,867 ounces. However, zinc production declined by 22% to 26,334,814 pounds, and lead production saw a slight decrease of 2% to 5,815,382 pounds. In contrast, copper production experienced a strong 27% increase, reaching 7,346,459 pounds. The increase in total production reflects improved operational efficiencies and higher metal recoveries, despite lower zinc and lead grades.

Cash Cost and All-In Sustaining Cost per AuEq Ounce (see "Non-IFRS Financial Measures" on page 34)

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

For the three months ended December 31, 2024, consolidated production costs increased by 93% compared to the same period in 2023, primarily driven by higher mining activity at both Campo Morado and Tahuehueto. At Campo Morado, mining costs increased 146% due to operational challenges including Cominvi's delays in equipment setup, mechanical issues caused by a rockfall damaging the long-hole drill, and a greater focus on mine preparation relative to ore extraction, with production targets of 2,000 tonnes per day only being met late in the quarter. Milling costs at Campo Morado rose moderately (13%) due to this delayed ramp-up. In contrast, Tahuehueto saw a 302% increase in mining costs, reflecting a 188% rise in tonnes produced and a steady ramp-up towards 1,000 tonnes per day by November. The plant's commissioning of a thickener mechanism and a third tailings filter press enabled full use of both ball mills, increasing processing capacity and leading to a 36% rise in milling costs, due to higher utilization and related consumables such as reagents, mill balls, and diesel. These combined factors contributed to the sharp year-over-year variance in consolidated production costs.

On a per tonne basis, consolidated production cost increased 19% for the three months ended December 31, 2024, to $93 per tonne from $78 per tonne for the same three-month period in 2023, driven primarily by an 83% rise in mining cost per tonne as more resources were invested in preparation work at both mines. However, milling cost per tonne decreased by 26%, and indirect cost per tonne remained steady. These results reflect a strategic investment in long-term operational stability and cost optimization, with the successful achievement of the 2,000 tpd and 800 tpd target at Campo Morado and Tahuehueto, respectively, setting a solid foundation for improved unit economics in the coming quarters.

Consolidated cash costs rose by 69%, from $14.8 million in Q4 2023 to $25.0 million in Q4 2024. This increase closely costs associated with royalties reflecting higher revenue volumes and contractual obligations. The increase in expenses led to a 14% rise in the consolidated cash cost per AuEq ounce, jumping from $1,256/oz to $1,436/oz, despite a 47% increase in gold equivalent ounces produced (from 11,808 oz to 17,404 oz). Campo Morado, in particular, saw its cost per ounce increase to $1,484, up from $1,258, reflecting the compounded effect of lower output and higher unit costs. Tahuehueto maintained a more stable cost per ounce at $1,369 due to its improved throughput, although absolute costs still increased.

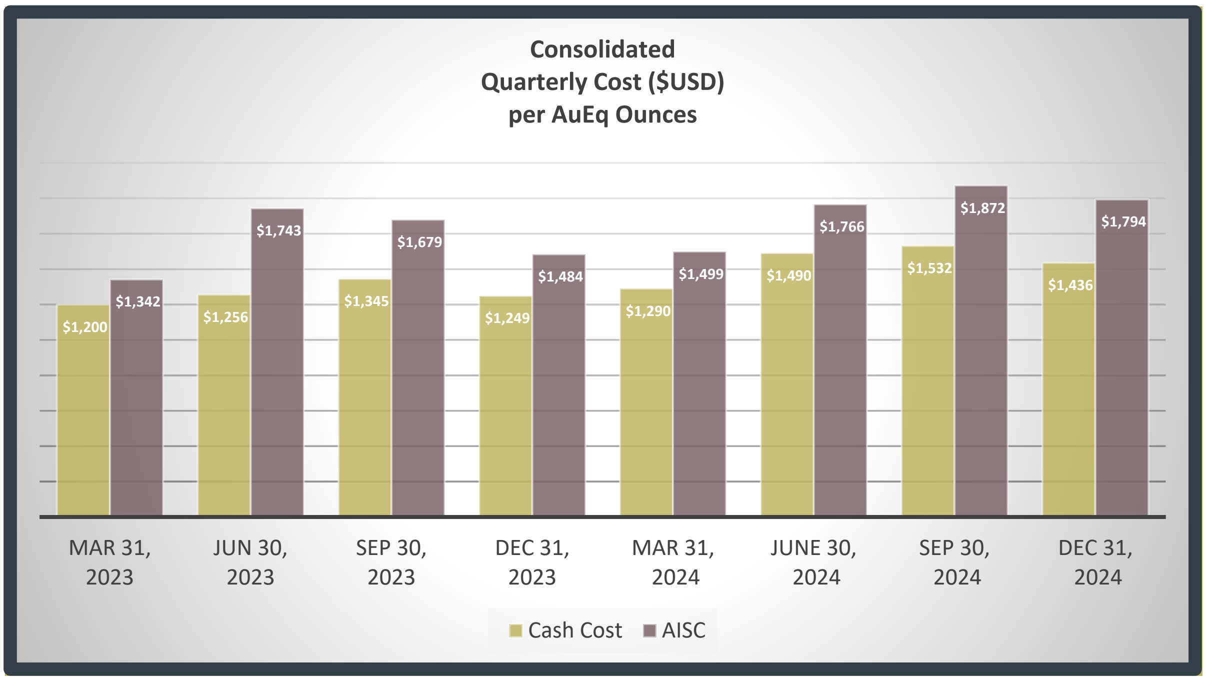
Total consolidated all-in sustaining costs ("AISC") increased 68%, from $18.6 million in Q4 2023 to $31.2 million in Q4 2024. On a per-ounce basis, AISC rose by 14%, from $1,573/oz to $1,794/oz. The rise in cash costs contributed significantly to this variance. At Campo Morado, sustaining capital increased from $250 to $2 million (a 701% increase), while Tahuehueto saw an increase from $383 to $652. An increase of $1,799 mainly on lease Payments at Campo Morado due to additional equipment used to increased production, offset by a decrease of $13,51 on general and administrative expenses, share based payments and reclamation accretion pushed total all-in costs even higher to $31.2 million. On a per-ounce basis, all-in cost rose from $1,573/oz to $1,864/oz, reflecting the Company's transitional challenges during a period of operational ramp-up and strategic contractor shifts. These elevated costs are expected to normalize as the Company continues to stabilize operations and optimize contractor performance.

Year ended December 31, 2024 (compared to the year ended December 31, 2023)

For the year ended December 31, 2024, the consolidated production cost increased significantly to $60.4 million from $44.0 million in 2023, marking a 37% year-over-year rise. This increase was primarily driven by the Company's strategic shift toward contracted mining operations and initiatives under the Campo Morado Improvement Project (CMIP), both of which elevated operating costs. Mining costs increased notably from $16.5 million in 2023 to $28.5 million in 2024, as the shift to third-party mine contractors at both Campo Morado and Tahuehueto introduced higher service rates. Milling costs also rose by $3.5 million, in part due to higher reagent usage under CMIP, which was intended to improve metallurgical recoveries but led to increased cost per tonne during its implementation phase. These factors occurred despite only a modest 1% increase in total tonnes milled, from 665,133 to 671,971, resulting in a significant rise in production cost per tonne from $66 in 2023 to $90 in 2024. Campo Morado, in particular, saw its unit cost increase from $53 to $74 per tonne, reflecting both the higher input costs and operational inefficiencies caused by earlier weather-related disruptions.

As a result of these production-side cost increases, consolidated cash costs rose by 24% year-over-year to $86.4 million in 2024, up from $69.7 million in 2023. Although treatment and selling costs remained stable, and royalties were relatively consistent, the elevated production costs had a direct impact on cost per ounce metrics. Total gold equivalent ounces produced increased by 3% from 55,719 ounces in 2023 to 57,487 ounces in 2024. This increase somewhat offset the higher cost base, but cash cost per gold equivalent ounce still increased by 20%, from $1,251 in 2023 to $1,503 in 2024. Tahuehueto, despite increased throughput, still faced challenges in stabilizing its operations post-construction, while Campo Morado's output was constrained earlier in the year due to weather and contractor-related delays. These combined pressures resulted in raising both per-unit and total operational expenses.

The AISC per gold equivalent ounce also increased meaningfully, rising by 15% to $1,827 in 2024 from $1,584 in the prior year. This was driven by a combination of higher cash costs and increased sustaining capital expenditures, particularly at Campo Morado. Sustaining capital at Campo Morado rose to $3.9 million from $2.3 million in 2023, reflecting significant investment in tailings dam construction as part of long-term site infrastructure development. Although Tahuehueto saw a substantial 61% decline in sustaining capital expenditures—from $6.7 million to $2.6 million—as its construction phase wound down, it was not enough to offset the increase at Campo Morado. General and administrative costs, lease payments, and accretion expenses also rose year-over-year, further contributing to the increase in all-in costs. Overall, the rise in consolidated costs for the year is a continuation of trends observed in the earlier quarters of 2024, reflecting the compounding effect of strategic investments, external operational disruptions, and transitional inefficiencies as the Company undertook projects intended to improve long-term performance.



Underground at Campo Morado

Mining Corp.

CAMPO MORADO MINE

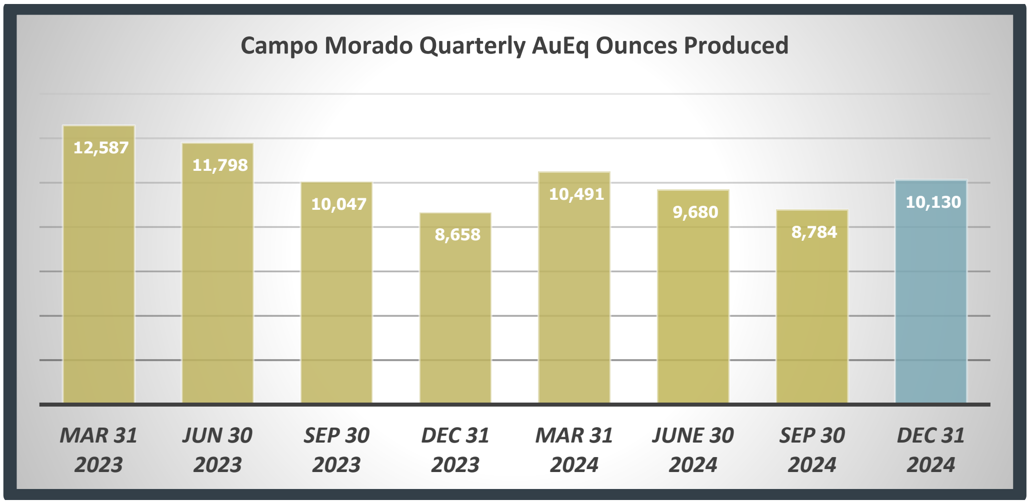
Campo Morado is an underground polymetallic mine located in the state of Guerrero, Mexico, producing concentrates containing gold, silver, zinc, copper and lead. The mine is situated on a property consisting of six mining concessions covering a surface of 12,090 hectares (121 square kilometers). The processing plant at Campo Morado includes a crushing and grinding mill, and a flotation circuit with an installed capacity of approximately 2,400 tonnes per day.

OPERATIONS

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

	Three months ended			Year ended		
	December 31 2024	December 31 2023	% Change	December 31 2024	December 31 2023	% Change
Production						
Tonnes mined	151,299	88,531	71%	506,936	461,817	10%
Tonnes milled	141,097	106,765	32%	506,501	579,141	(13%)
Average tonnes milled per day	1,640	1,241	32%	1,485	1,698	(13%)
Head Grade						
Average gold grade (g/t)	1.46	1.02	43%	1.46	1.03	41%
Average silver grade (g/t)	95	85	12%	96	82	18%
Average zinc grade (%)	2.08	2.53	(18%)	2.38	2.78	(14%)
Average copper grade (%)	0.81	0.75	8%	0.78	0.66	19%
Average lead grade (%)	0.60	0.60	1%	0.66	0.65	1%
Recoveries						
Average gold recovery (%)	30.30	33.18	(9%)	28.60	25.41	13%
Average silver recovery (%)	40.19	46.03	(13%)	41.41	40.06	3%
Average zinc recovery (%)	81.94	85.35	(4%)	82.19	80.67	2%
Average copper recovery (%)	78.96	80.13	(1%)	77.84	66.00	18%
Average lead recovery (%)	41.08	54.16	(24%)	43.90	44.85	(2%)
Gold produced (oz)	2,002	1,164	72%	6,795	4,895	39%
Silver produced (oz)	172,642	133,872	29%	649,579	608,233	7%
Zinc produced (lbs)	5,291,927	5,074,841	4%	21,887,200	28,644,925	(24%)
Copper produced (lbs)	1,982,864	1,407,968	41%	6,788,728	5,527,511	23%
Lead produced (lbs)	768,445	761,657	1%	3,230,381	3,749,915	(14%)
AuEq produced (oz) (1)	**10,130**	**8,658**	**17%**	**39,085**	**43,089**	**(9%)**
Sales						
Gold sold (oz)	1,183	726	63%	4,209	2,671	58%
Silver sold (oz)	134,312	94,222	43%	480,283	434,181	11%
Zinc sold (lbs)	3,666,509	4,033,978	(9%)	15,901,113	22,342,765	(29%)
Copper sold (lbs)	1,540,895	1,037,905	48%	5,297,851	3,741,500	42%
Lead sold (lbs)	-	-	-	-	-	-
AuEq sold (oz) (1)	**7,067**	**6,093**	**16%**	**27,468**	**29,323**	**(6%)**
Realized gold price per ounce ($)(5)(6)	2,668	2,013	32%	2,360	1,951	21%
Realized silver price per ounce ($)(5)(6)	31.33	23.82	32%	28.03	23.35	20%
Realized zinc price per pound ($)(5)(6)	1.38	1.12	23%	1.25	1.14	10%
Realized copper price per pound ($)(5)(6)	4.16	3.78	10%	4.02	3.80	6%
Costs						
Production cost per tonne ($)(2)(5)	78	64	20%	74	53	40%
Cash cost per AuEq ounce ($)(1)(3)(5)	1,484	1,258	18%	1,512	1,243	22%
AISC per AuEq ounce ($)(1)(4)(5)	1,865	1,379	35%	1,703	1,330	28%
All-in cost per AuEq ($)(1)(5)(7)	1,899	1,379	38%	1,718	1,353	27%
Capital expenditures						
Sustaining ($)	2,001	250	701%	3,944	2,322	70%

1. Gold equivalents ("*AuEq*") are calculated using an 84.96:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0016:1 (Au/Cu) and 0.0003:1 (Au/Pb) ratio for Q4 2024; an 85.07:1 (Ag/Au), 0.0006:1 (Au/Zn), 0.0019:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q4 2023, an 82.59:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0018:1 (Au/Cu) and 0.0004:1 (Au/Pb) ratio for YTD 2024; and an 84.37:1 (Ag/Au), 0.0007:1 (Au/Zn), 0.0020:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for YTD 2023, respectively.
2. Production costs include mining, processing, and direct overhead at the operation sites See reconciliation on page 37.
3. Cash cost per gold equivalent ounce includes mining, processing, direct overhead costs and treatment and refining charges. See reconciliation on page 37.
4. AISC per AuEq oz includes mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation and sustaining capital. See Reconciliation to IFRS on page 37.
5. See "Non-IFRS Financial Measures" on page 34.
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 37.
8. Average tonnes milled per day assumes the actual days in the month less 2 days for planned preventative maintenance.



Production

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

In the fourth quarter of 2024, the total production of gold equivalent ounces amounted to 10,130, reflecting a 17% increase compared to the 8,658 recorded in the third quarter of 2023. This increase was driven by improved head grades and higher plant throughput. The Company processed 141,097 tonnes in Q4 2024, a 32% increase from 106,765 tonnes in Q4 2023. The higher throughput was supported by increased operational efficiency and enhanced equipment availability at the Campo Morado site. Additionally, improvements in metallurgical recoveries, particularly for copper and silver, contributed to the overall production growth.

Despite an 18% decrease in zinc grades (from 2.53% to 2.08%) and a 9% decline in gold recoveries (30.3% from 33.18%), the Company benefited from stronger gold (1.46 g/t from 1.02 g/t, +43%) and silver (95 g/t from 85 g/t, +12%) head grades. Moreover, copper recoveries remained stable at 78.96%, while silver recovery declined slightly (40.2% from 46.0%).

The production of key metals also improved, with gold production increasing 72% to 2,002 ounces, silver rising 29% to 172,642 ounces, and copper production surging 41% to 1,982,864 pounds. Adding to this improved production is a more modest 4% growth in zinc production (5.29 million lbs) and a 1% increase in lead output (768,445 lbs). The improved operational performance reflects the Company's continued efforts to optimize its mining and milling operations while navigating ongoing recovery challenges.

During the fourth quarter of 2024, the Company achieved an average processing rate of over 1,640 tonnes per day ("tpd"). In collaboration with the Luca team, Cominvi, S.A. de C.V. ("Cominvi") successfully ramped up operations, reaching and sustaining a steady throughput of 2,000 tpd in the latter part of the quarter. This milestone marks a significant step in optimizing the Campo Morado mill, ensuring consistent operation at this higher capacity. With the 2,000 tpd threshold now established, the focus has shifted to further enhancing efficiency and implementing process improvements to increase throughput to 2,400 tpd in the coming months.

Year ended December 31, 2024 (compared to the year ended December 31, 2023)

For the year ended December 31, 2024, the Company reported a total production of 39,085 gold equivalent ounces, which represents a 9% decline compared to 43,089 ounces in 2023. This drop in AuEq production was primarily due to a 13% decrease in tonnes milled, falling from 579,141 tonnes in 2023 to 506,501 tonnes in 2024. Despite the reduction in milling, the Company benefited from improved head grades and better metallurgical recoveries, which contributed positively to the overall production outcome.

Notably, gold grades saw a significant improvement, increasing by 41% from 1.03 g/t in 2023 to 1.46 g/t in 2024. Similarly, the silver grade improved by 18%, rising from 82 g/t to 96 g/t, and the copper grade saw a 19% increase, moving from 0.66% to 0.78%. These higher grades were key factors in offsetting the challenges posed by the lower tonnage processed. In terms of recovery rates, the Company achieved substantial gains, especially for gold, where recovery improved by 13% (from 25.4% to 28.6%), and copper, with a remarkable 18% increase in recovery (from 66.0% to 77.8%). However, the recovery rate for lead slightly declined by 2%, falling from 44.9% to 43.9%.

Regarding metal production, the Company saw solid gains in gold, with output rising by 39% from 4,895 ounces in 2023 to 6,795 ounces in 2024. Silver production grew by 7%, from 608,233 ounces to 649,579 ounces, while copper production jumped by 23%, increasing from 5,527,511 pounds to 6,788,728 pounds. On the other hand, zinc production experienced a notable drop of 24%, decreasing from

28,644,925 pounds in 2023 to 21,887,200 pounds in 2024. Similarly, lead production fell by 14%, from 3,749,915 pounds to 3,230,381 pounds.

Although the overall production of gold equivalent ounces declined, the year-over-year improvements in head grades and metallurgical recoveries highlight the Company's continued efforts to optimize operations and enhance efficiency in mining and milling processes.

Cash Cost and All-In Sustaining Cost per Ounce (see "Non-IFRS Financial Measures" on page 34)

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

For the three months ended December 31, 2024, Campo Morado's production cost increased by 59% or $4.1 million compared to the same period in 2023, primarily reflecting the planned ramp-up in activity that culminated in achieving the targeted 2,000 tonnes per day by mid-December. Mining costs rose by $3.9 million (146%) as the operation focused heavily on mine development and preparation work to support future production, positioning the site for more stable and efficient output moving forward. Despite early-quarter challenges such as delays in equipment setup by Cominvi and mechanical issues due to a rockfall, the steady increase in tonnage mined (up 71%) and milled (up 32%) demonstrated clear progress toward operational goals. Milling costs rose modestly by 13%, while indirect costs decreased by 23%, reflecting improved efficiency in support services as the operation scaled up.

On a per tonne basis, production cost increased 20% for the three months ended December 31, 2024, from $64 to $78 per tonne, driven primarily by an 86% rise in mining cost per tonne as more resources were invested in preparation work early in the quarter. However, milling cost per tonne decreased by 15%, and indirect cost per tonne improved by 42%, highlighting efficiency gains in processing and overhead management. These results reflect a strategic investment in long-term operational stability and cost optimization, with the successful achievement of the 2,000 tpd target setting a solid foundation for improved unit economics in the coming quarters.

As a result of higher unit costs, cash costs per gold equivalent ounce increased by 18%, from $1,256 to $1,436. While total tonnes milled increased by 32%, gold equivalent ounces produced only increased by 17%. Contributing to the higher cash cost was an increase in royalty expense (up 151%) due to higher sales volume and metal prices. Inventory changes also reversed significantly, from a $591 credit in Q4 2023 to $1.8 million of additions in Q4 2024, which reflects higher work-in-progress levels and less efficient inventory turnover during the quarter.

The AISC increased significantly by 58%, from $11.9 million in Q4 2023 to $18.9 million in Q4 2024, mainly due to higher cash costs and a 701% increase in sustaining capital expenditures, to $2.0 million. These capital investments primarily related to tailings dam work, a critical infrastructure requirement for continued operations. On a per ounce basis, AISC increased by 35%, from $1,379 to $1,865 per gold equivalent ounce. Total all-in cost, which includes loan payments and interest, increased by 61% to $19.2 million, with per-ounce costs rising by 38%, from $1,379 to $1,899. While general and administrative costs increased by 66%, the Company also incurred lease payments from investments in operational support assets. These elevated cost levels underscore the operational headwinds faced in the quarter but also reflect infrastructure and contractor transitions aimed at improving future performance.

Year ended December 31, 2024 (compared to the year ended December 31, 2023)

For the year ended December 31, 2024, consolidated production costs increased by 22%, or $6.7 million, to $37.4 million, compared to $30.7 million in 2023. This increase was primarily driven by a planned shift in operational focus and weather-related challenges at Campo Morado, where production cost per tonne rose from $53 to $74. While the site experienced a 13% decrease in tonnes milled due to two significant storms that suspended operations for 12 days, and delays in contractor mobilization caused by damaged infrastructure, the Company prioritized mine development and long-term operational readiness. Increased reliance on third-party mining services and higher input costs also contributed to the 51% and 8% year-over-year increases in mining and milling costs per tonne, respectively. These costs reflect the strategic investments made to ensure operational resilience and set the groundwork for improved productivity moving forward.

Total cash costs rose 10% year-over-year, from $53.6 million to $59.1 million, while cash cost per gold equivalent ounce increased by 22% to $1,512, largely due to a 9% decline in gold equivalent ounces produced. Similarly, AISC rose 16%, or $9.2 million, to $66.6 million, driven by higher production costs, a 106% increase in general and administrative expenses, and expanded sustaining capital investment aimed at supporting operational scalability. AISC per ounce rose 28%, from $1,330 to $1,703. Importantly, these figures also reflect a year of transition and build-up. By the end of Q4, Campo Morado successfully achieved its target throughput of 2,000 tonnes per day—an important milestone that positions the operation for enhanced efficiency and stronger cost performance in 2025. The Company remains focused on optimizing its cost structure while building toward sustained, long-term growth.

DEVELOPMENT

Mining Operations

In September 2024 the Company engaged a renowned Mexican mining contractor which completed the mobilization of crews and mining equipment in October 2024. By year-end the mine throughput has been stabilized, frequently exceeding the 2,000 tonnes per day ("tpd") levels. The increased development rates have successfully provided access and preparation of several production areas, enabling the extraction of mineralized material from the different geological domains, which facilitates an adequate blend of plant-feed material.

Just prior to the date of this MD&A, the Company achieved a significant safety milestone at its Campo Morado mine in Guerrero State, Mexico—surpassing one million hours worked without a lost-time injury ("LTI"). This achievement highlights the Company's strong commitment to health, safety, and operational discipline across its operations.

Maintaining a safe and efficient workplace remains a core component of the Company's operational and sustainability strategy. The Company continues to invest in robust safety programs, including comprehensive training, strict procedural compliance, and the implementation of advanced monitoring systems to safeguard the well-being of its workforce. This milestone is a clear reflection of the effectiveness of these measures and the deeply embedded safety culture that defines the Company's approach to responsible mining.

Improvement Project

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 the overall metallurgical performance. The external review provided the Company's operations with a roadmap to improve recoveries and concentrate grades which has been progressively implemented since Q3 2023 with positive results to date. 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 industrial 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 initiated the optimization project, internally called the Campo Morado Incremental Improvement Project ("CMIIP"). The metallurgy program with the external lab, ALS Global ("ALS") provided training for site metallurgists while at the same time confirming the expected benefits from the project and improving knowledge of the ore body. The metallurgical testwork focused on future mining areas to improve both short-term and long-term planning and was utilized towards development of an integrated mine-to-mill production plan. Moreover, new procedures for ore blending and optimized reagent dosing for improved recoveries were implemented at site. Commiserate with this work, 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 2023 to over 70% by the end of the same year, 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 of cleaner high-grade zinc, copper and lead concentrates; more importantly, with higher recoveries and more efficient operational processes, the sales margins are increased. All bench-level metallurgical testwork to achieve a clean copper-lead separation was carried out at the ALS laboratories in Canada. A variability testwork 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, identification of grinding target size and prediction of 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 CMIP has already delivered significant financial benefits to the Campo Morado operation with only minor adjustments to the process plant. Copper recovery to the bulk concentrate reached 77.8% in 2024 compared to 66.0% during 2023. Figure 1 below shows copper recovery and Figure 2 shows bulk concentrate copper grade over the last two years. This program has resulted in an estimated 10% increase of revenue per milled tonne over the same period year-on-year assuming constant metals prices.

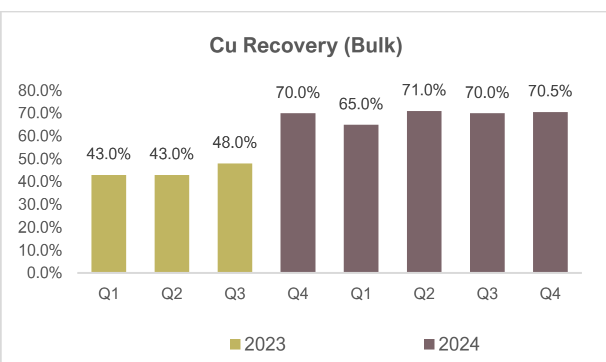


Figure 1

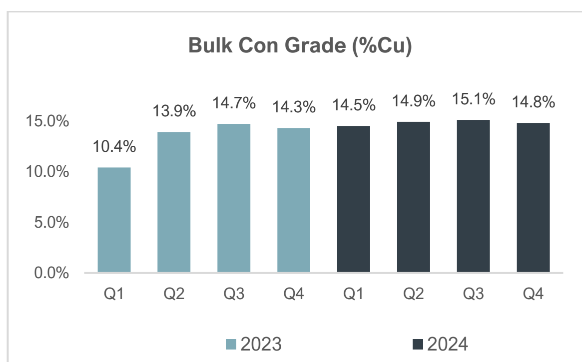


Figure 2

Work has begun on Stage 3 of the CMIP project which consists of modest but important modifications to the processing plant, including:

- Revised metallurgical sampling systems.
- Modernization of reagent dosing systems.
- New flotation cell air flow monitoring and control.
- Installation of next generation pH/ORP probes.
- New bulk rougher concentrate surge tank.
- Modifications to the bulk regrind circuit to operate with 2-stage regrinding.

Completion of Stage 3 will increase the degree of liberation of the copper and lead minerals, allowing for collection in two separate concentrates through a sequential flotation process. In conjunction with the refurbishment of equipment and a new mine-to-mill strategy, it is anticipated that the CMIP will deliver more robust revenues for the Campo Morado operation. The Company expects to test the copper-lead separation process during Q2 and Q3 of 2025, with project completion by Q4 2025.

Tailing storage capacity is increased progressively through the construction of embankment lifts constructed on the downstream side of the existing structure. The Company expects to complete the stage-5 lift of the Naranjo Alto tailings storage facility (NATSF) in Q1 of 2025. Stage-6 which targets an elevation of 1,300 mas is planned to commence construction in March of 2025 and is scheduled for completion on Q2 of 2025. Once stage-6 is completed, the NATSF will provide a storage capacity sufficient for approximately 1.5 years of operation at a nominal rate of 2,000 tpd. The Company has started the engineering studies and design work to extend the operational life of the NATSF beyond stage-6. It is expected that reaching the ultimate elevation of 1,332 mas of downstream construction, the NATSF will have a capacity of 8-9 Mt of tailings.

SAG mill at Campo Morado

Mining Corp.

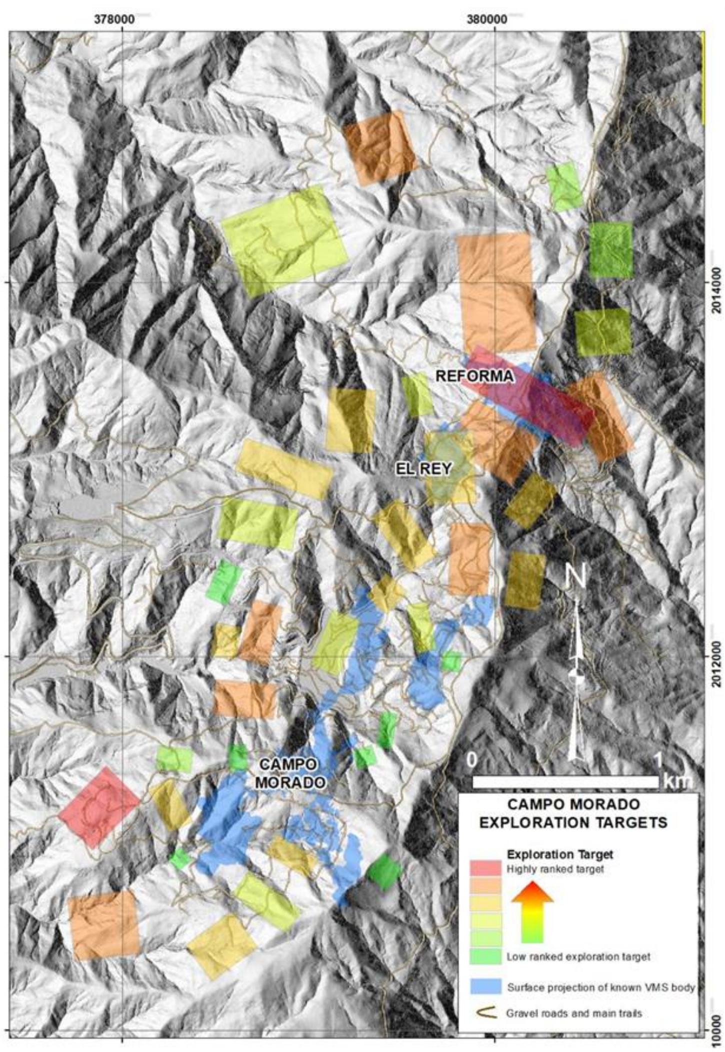
Exploration

In January 2025, the Company commenced an exploration drilling campaign at Campo Morado. The property hosts several polymetallic massive sulphide deposits containing zinc, copper, gold, silver, and lead mineralization within a highly prospective land package totaling over 121 square kilometers within the Guerrero Gold Belt. The current drill campaign represents the first meaningful exploration program carried out at Campo Morado since 2014 and is designed to target the addition of mineral resources for the near and medium term mine plan.

The Company plans up to 5,000 metres of underground diamond drilling from approximately 25 holes during this first phase of exploration activities. This program's primary target is the definition of additional mineral resources from under-drilled zones proximal to existing underground production areas as well as the identification of mineralization within previously untested areas with high potential for the discovery and development of new mineral resources. A surface drill program has commenced this quarter that will test portions of the concessions away from of the current mine workings to begin developing the resource potential across other, less explored parts of the property.

Previous exploration at Campo Morado has produced an extensive set of high-quality, proprietary geological data, including over 600,000 meters of underground and surface drilling data, property wide geological/structural maps, approximately 30,000 geochemical soil sample data, as well as several airborne and ground-based geophysical survey datasets, including from gravity, electromagnetics, and induced polarization surveys. Analyses of these geophysical survey datasets, particularly gravity, resulted directly in the original discovery and initial definition of mineral resources on the property and will continue to guide all exploration initiatives; moreover, this large geophysical dataset is currently being compiled, cleaned and reinterpreted by the Company to prioritize the greater than 38 exploration targets identified to date across the property (See below exploration target map). Production from Campo Morado has been exclusively from five deposits; G9, El Largo, Reforma, Naranjo and El Rey.

Figure 2 – Campo Morado Exploration Targets



The strategic objectives for this, and all future drill programs, are to 1) identify additional near-mine mineralization that can be quickly developed and added to the resource/reserve base and mine plan at Campo Morado; 2) Expand mineral resources that can allow for increased mine production rate and/or mine life extension, and; 3) develop the mineral resource potential across the entire Campo Morado property by defining and testing high-impact exploration targets farther from the mine site.

The first seven (7) drillholes of the 2025 program targeted an under drilled area within the Area 9 Zone – an area of active mine development; CMUG-25-01 through CMUG-25-05 were drilled generally west from a single drill station within Area 9 Zone of the G9 Deposit, and Drillholes CMUG-25-06 and CMUG-25-07 were drilled generally east from a single drill station in Area 9. These two drill stations are located approximately 340m from each other and the drillholes were focused on testing an area interpreted to contain extensions to previously defined massive sulphide mineralization. This high-priority area, which can be quickly integrated into the Campo Morado resource/reserve base and mine plan, proved to host appreciable widths of mineralization above mine-cutoff grades.

To date, 14 underground diamond drillholes have been completed for over 2,000 m as part of the current exploration campaign which has a primary objective to define mineable resources in close proximity to existing mine workings as well as within zones interpreted to host extensions of the mineralization as defined from the extensive historic drilling database this property offers. It is anticipated that these drillholes will inform a planned updated Mineral Resource Estimate at Campo Morado and will combine to add mineralized economic material into the near-term and medium-term Campo Morado Mine Plan.

Table 1: Highlighted Diamond Drill Assay Results from Drillholes CMUG-25-01, CMUG-25-02, CMUG-25-03, CMUG-25-05, CMUG-25-06 and CMUG-25-07.

Hole ID	From	To	Interval*	Au g/t	Ag g/t	Cu %	Pb %	Zn %
CMUG-25-01	25.7	36.9	11.2	0.27	10.38	0.21	0.16	2.35
	75.1	80.7	**5.6**	**2.30**	**149.86**	**0.56**	**0.74**	**3.71**
	85.8	96.9	11.1	0.24	23.21	0.92	0.03	0.98
Including	90.7	96.3	**5.5**	**0.28**	**28.07**	**1.43**	**0.03**	**1.26**
CMUG-25-02	2.7	8.7	6.0	1.04	30.10	0.23	0.19	0.93
Including	3.3	6.5	3.2	1.26	37.90	0.30	0.32	0.90
CMUG-25-03	36.3	39.5	3.2	0.10	6.30	0.39	0.02	2.12
	75.4	77.7	2.2	0.09	6.23	0.76	0.03	1.87
	79.1	82.4	3.3	0.27	9.19	0.83	0.02	1.81
CMUG-25-05	79.5	83.2	3.8	0.18	15.36	0.31	0.09	1.84
CMUG-25-06	17.8	20.1	2.3	0.27	21.32	0.68	0.07	2.16
	48.0	51.2	3.2	0.65	31.79	0.85	0.03	0.12
	90.0	112.5	22.5	0.20	7.55	0.55	0.03	2.95
including	91.3	97.6	**6.3**	**0.19**	**7.12**	**0.80**	**0.01**	**5.10**
that includes	92.8	95.5	**2.7**	**0.10**	**10.70**	**1.46**	**0.01**	**8.58**
and including	98.2	101.1	**2.9**	**0.10**	**7.62**	**1.00**	**0.09**	**5.79**
that includes	99.6	101.1	**1.4**	**0.12**	**13.50**	**1.91**	**0.17**	**11.02**
CMUG-25-07	12.9	19.3	6.4	0.67	32.55	0.72	0.08	2.96
	21.2	30.3	9.1	0.49	19.69	0.70	0.12	2.97
	42.0	46.6	**4.6**	**0.59**	**50.44**	**1.21**	**0.21**	**1.05**
	54.6	55.9	1.3	0.59	32.94	0.92	0.36	0.57
	72.6	74.4	1.8	0.44	25.95	0.98	0.01	0.03
	87.6	99.5	**11.9**	**0.13**	**7.61**	**0.77**	**0.07**	**4.78**
including	88.8	90.8	**2.0**	**0.12**	**13.87**	**1.57**	**0.07**	**12.02**
and including	97.1	99.5	**2.3**	**0.05**	**8.28**	**1.77**	**0.03**	**5.74**
	101.0	111.3	10.3	0.16	6.78	0.87	0.11	2.18

*True widths are estimated to be >90% of drilled intervals.

Luca's inaugural surface drill program is now underway and will be run in parallel with the on-going underground exploration program at Campo Morado. A Phase 1 program is planned to consist of 2,500m of diamond drilling focused on definition and expansion of the Reforma and El Rey Deposits (located approximately one kilometer north and east of the main Campo Morado Mine). These deposits host mineral resources (See the 2018 Campo Morado Technical Report dated March 30, 2018 filed on SEDAR+) which have not been assessed in any way in over 14 years. Of the thirty-eight priority targets that have been identified, including Reforma and El Rey, several have seen historic exploration including diamond drilling; however, the majority remain undrilled. Considering the fertile geologic settling of the large Campo Morado concessions, each of these targets has the potential to host economic massive sulphide mineralization and Luca intends to prioritize and systematically explore the larger Campo Morado concession package in the coming months.

Of particular interest with respect to Reforma and El Rey is the elevated precious metal content that has been identified at both targets. \ Luca believes the potential precious metal endowment of these, and other related zones can add significant value to the mineral resources and mine reserves.

Underground drill at Campo Morado

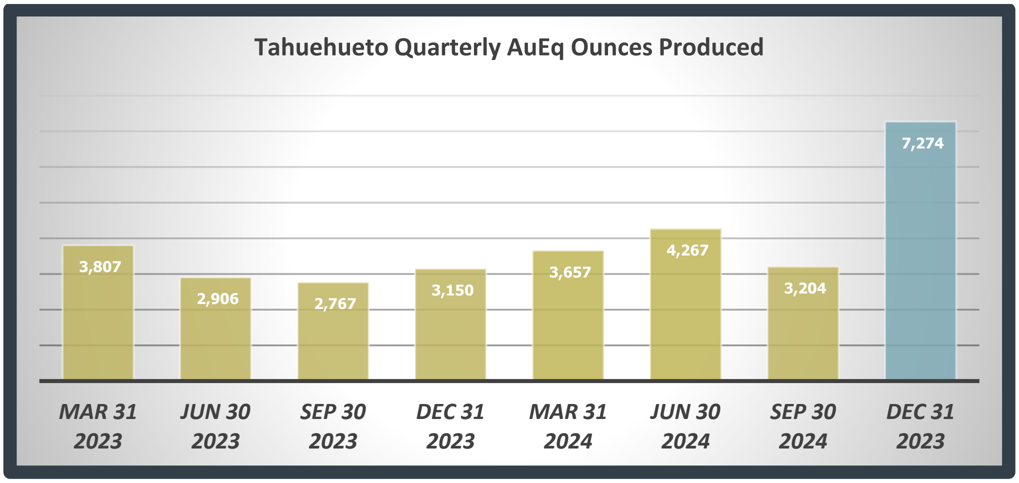
TAHUEHUETO MINE PROJECT

Tahuehueto is a new underground gold and silver mine located in northwestern Durango State, Mexico, within the prolific Sierra Madre Mineral Belt. Construction of the plant, with an installed capacity of 1,000 tonnes per day, has been completed. The Company finalized commissioning and officially declared commercial production in excess of 800 tpd on March 31, 2025.

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

	Three months ended			Year ended		
	December 31 2024	December 31 2023	% Change	December 31 2024	December 31 2023	% Change
Production						
Tonnes mined	62,212	15,795	294%	153,942	70,728	118%
Tonnes milled	67,552	23,446	188%	165,470	85,992	92%
Average tonnes milled per day(8)	786	273	188%	485	252	92%
Head Grade						
Average gold grade (g/t)	2.78	3.13	(11%)	2.74	2.99	(8%)
Average silver grade (g/t)	30	34	(13%)	29	35	(15%)
Average zinc grade (%)	1.39	2.35	(41%)	1.62	3.32	(51%)
Average copper grade (%)	0.19	0.17	15%	0.19	0.16	21%
Average lead grade (%)	0.85	1.08	(21%)	0.91	1.35	(33%)
Recoveries						
Average gold recovery (%)	84.88	84.46	0%	85.24	83.78	2%
Average silver recovery (%)	86.32	84.83	2%	84.92	83.75	1%
Average zinc recovery (%)	73.24	77.74	(6%)	75.10	78.79	(5%)
Average copper recovery (%)	84.18	80.84	4%	81.53	83.16	(2%)
Average lead recovery (%)	76.94	83.78	(8%)	78.01	85.19	(8%)
Gold produced (oz)	5,118	1,991	157%	12,504	6,937	80%
Silver produced (oz)	55,674	21,891	154%	133,288	79,893	67%
Zinc produced (lbs)	1,513,606	944,128	60%	4,447,614	4,959,928	(10%)
Copper produced (lbs)	243,625	70,503	246%	557,731	244,859	128%
Lead produced (lbs)	977,201	468,997	108%	2,585,001	2,177,030	19%
AuEq (oz)	**7,274**	**3,150**	131%	**18,402**	**9,480**	94%
Sales						
Gold sold (oz)	5,430	2,130	155%	12,736	7,280	75%
Silver sold (oz)	48,738	18,151	169%	112,245	61,346	83%
Zinc sold (lbs)	771,723	456,133	69%	2,294,312	2,234,863	3%
Copper sold (lbs)	0	0	100%	0	0	100%
Lead sold (lbs)	805,152	393,657	105%	2,072,211	1,768,893	17%
AuEq sold (oz)	**6,679**	**2,797**	**139%**	**16,086**	**10,322**	**56%**
Realized gold price per ounce ($)(5)(6)	2,672	2,019	32%	2,446	1,959	25%
Realized silver price per ounce ($)(5)(6)	31.57	23.66	33%	29.02	23.43	24%
Realized zinc price per pound ($)(5)(6)	1.39	1.13	23%	1.27	1.15	10%
Realized lead price per pound ($)(5)(6)	0.91	0.94	(3%)	0.93	0.95	(2%)
Costs						
Production cost per tonne ($)(2)(5)	126	138	(9%)	139	155	(10%)
Cash cost per AuEq ounce ($)(1)(3)(5)	1,369	1,249	10%	1,482	1,276	16%
AISC per AuEq ounce ($)(1) (4)(5)	1,560	1,352	15%	1,731	1,872	(8%)
All-in cost per AuEq ($)(1)(5)	1,681	1,352	24%	1,826	2,082	(12%)
Capital expenditures						
Sustaining ($)	652	383	70%	2,597	6,714	(61%)

1. Gold equivalents ("*AuEq*") are calculated using an 84.96:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0016:1 (Au/Cu) and 0.0003:1 (Au/Pb) ratio for Q4 2024; an 85.07:1 (Ag/Au), 0.0006:1 (Au/Zn), 0.0019:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q4 2023, an 82.59:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0018:1 (Au/Cu) and 0.0004:1 (Au/Pb) ratio for YTD 2024; and an 84.37:1 (Ag/Au), 0.0007:1 (Au/Zn), 0.0020:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for YTD 2023, respectively.
2. Production costs include mining, processing, and direct overhead at the operation sites See reconciliation on page 37.
3. Cash cost per gold equivalent ounce includes mining, processing, direct overhead costs and treatment and refining charges. See reconciliation on page 37.
4. AISC per AuEq oz includes mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation and sustaining capital. See Reconciliation to IFRS on page 37.
5. See "Non-IFRS Financial Measures" on page 34.
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 37.
8. Average tonnes milled per day assumes the actual days in the month less 2 days for planned preventive maintenance.



Production

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

In the three months ended December 31, 2024, the Company reported significant increases in production. Tonnes mined rose by 294%, from 15,795 tonnes in Q4 2023 to 62,212 tonnes in Q4 2024, and tonnes milled grew by 188%, from 23,446 tonnes to 67,552 tonnes. The average tonnes milled per day also surged by 188%, highlighting improved operational efficiency. Despite this, head grades for gold, silver, zinc and lead decreased, with gold grade falling by 11%, silver grade by 13%, zinc grade by 41% and lead by 21%.

Recovery rates showed mixed results. Gold recovery remained unchanged, while silver recovery improved by 2%. Copper recovery increased by 4%, but zinc recovery and lead recovery declined by 6% and 8%, respectively. These changes in recovery impacted the production of key metals but were generally offset by the higher throughput and operational improvements.

Overall, production saw substantial growth, with gold production increasing by 157% to 5,118 ounces, silver production rising by 154% to 55,674 ounces, and copper production jumping by 246% to 243,625 pounds. Zinc and lead production also increased by 60% and 108%, respectively. Overall gold equivalent production (AuEq) grew by 131%, indicating strong performance in the quarter despite the lower grades and recovery fluctuations.

After completion of construction of the plant and the final installation of a third filter press, operations at Tahuehueto continued to advance positively as the mine moved closer to full commercial production. With the mill throughput stabilizing at average 786 tpd, the team has successfully navigated initial challenges, including the water supply disruption from last quarter. The milestone of processing 67,552 tonnes of ore during the fourth quarter, despite a planned shutdown, demonstrates the mine's growing efficiency. To further support long-term operational stability, the Company is proactively strengthening its supply chain by constructing a new on-site warehouse, ensuring adequate parts and commodity reserves are available for sustained production at the installed capacity.

Year ended December 31, 2024 (compared to the year ended December 31, 2023)

For the year ended December 31, 2024, the Company saw significant increases in production compared to 2023. Tonnes mined rose by 118%, from 70,728 tonnes in 2023 to 153,942 tonnes in 2024, and tonnes milled increased by 92%, from 85,992 tonnes to 165,470 tonnes. This resulted in a 92% rise in average tonnes milled per day, moving from 252 tonnes in 2023 to 485 tonnes in 2024, demonstrating improved operational efficiency and processing capacity.

However, there were declines in head grades for most metals. The gold grade decreased by 8%, from 2.99 g/t to 2.74 g/t, and the silver grade fell by 15%, from 35 g/t to 29 g/t. Similarly, the zinc grade saw a significant decline of 51%, from 3.32% to 1.62%, while lead grade decreased by 33%, from 1.35% to 0.91%. On the positive side, the copper grade increased by 21%, from 0.16% to 0.19%. Despite these grade reductions, the Company achieved improvements in recoveries, particularly for gold and silver, which rose by 2% and 1%, respectively.

The production of key metals showed impressive growth in 2024. Gold production increased by 80%, from 6,937 ounces to 12,504 ounces, and silver production grew by 67%, from 79,893 ounces to 133,288 ounces. Copper production surged by 128%, from 244,859 pounds to 557,731 pounds, while lead production increased by 19%, from 2,177,030 pounds to 2,585,001 pounds. In contrast, zinc production decreased by 10%, from 4,959,928 pounds to 4,447,614 pounds. Overall, gold equivalent production grew by 94%, from 9,480 ounces to 18,402 ounces, highlighting strong performance despite the challenges in grades and recoveries.

Cash Cost and All-In Sustaining Cost per Ounce (see "Non-IFRS Financial Measures" on page 34).

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

For the three months ended December 31, 2024, production costs at Tahuehueto increased by 164%, or $5.3 million, to $8.5 million compared to $3.2 million in the same period of 2023. This increase was directly tied to the successful ramp-up of operations, with tonnes mined and milled growing 294% and 188%, respectively, as the mine achieved stable throughput in excess of 800 tonnes per day by November. The installation of a thickener mechanism and a third tailings filter press during the quarter enabled full use of both ball mills, which significantly improved plant capacity and drove higher throughput. The increased production volume resulted in greater usage of consumables—such as reagents, mill balls, and diesel—needed to support sustained plant performance at 82% utilization, aligning with the Company's growth objectives.

On a per tonne basis, total production cost decreased by 9%, from $138 to $126 per tonne, highlighting greater economies of scale from the increased output. Mining cost per tonne increased by 40%, reflecting the early-stage intensity of ramp-up activities and development work. However, this was offset by a 53% decrease in milling cost per tonne and a 100% increase in indirect cost per tonne, the latter driven by one-time support costs as operations stabilized. These results reflect a strong operational turnaround at Tahuehueto, with infrastructure and processing enhancements paving the way for higher throughput and continued cost optimization in upcoming quarters.

For the three months ended December 31, 2024, cash cost per gold equivalent ounce at Tahuehueto increased by 10% to $1,369, up from $1,249 in the prior-year period. This variance reflects higher overall costs tied to the ramp-up to commercial production, as tonnes milled surged 188%, requiring increased inputs such as diesel, grinding media, and reagents to support daily throughput of 786 tonnes. On a per-ounce basis, however, stronger production helped dilute unit costs. While head grades for gold, silver, and zinc declined by 11%, 13%, and 41% respectively, recoveries remained stable or improved—gold and silver recoveries held strong at 84.88% and 86.32%, respectively, while copper recoveries improved by 4%. Despite lower grades, these steady recoveries and improved volume efficiency enabled the operation to deliver 131% more gold equivalent ounces year-over-year, helping to absorb cost increases and maintain competitive unit economics.

All-in sustaining cost per gold equivalent ounce increased 15% to $1,560, compared to $1,352 in Q4 2023. The increase was largely tied to higher sustaining capital investments and an increase in royalty payments, which scaled with production. Despite these increases, the operation delivered strong results, with gold and silver production increasing 157% and 154%, respectively. Enhanced throughput and steady plant utilization—reaching 82%—enabled Tahuehueto to absorb volume-driven increases in energy and consumable usage while continuing to invest in long-term reliability. The solid per-ounce cost profile highlights the effectiveness of the ramp-up strategy and positions the operation well for continued cost efficiency as throughput stabilizes.

Year ended December 31, 2024 (compared to the year ended December 31, 2023)

For the year ended December 31, 2024, production costs increased by 73% to $23.0 million, up from $13.3 million in the prior-year period. This increase is largely a result of the successful ramp-up at Tahuehueto, where tonnes milled rose 92% to 165,470, and mining activities surged by 118% year-over-year. The operation reached a key milestone in November, achieving a consistent throughput in excess of 800 tonnes per day, supported by the installation of a thickener mechanism and third tailings filter press, which enabled the use of both ball mills and improved plant stability. While costs increased due to higher consumables such as diesel, reagents, and grinding media, the impact was offset by economies of scale, which brought production cost per tonne down by 10% to $139.

Cash costs increased by 69% to $27.3 million for the year ended December 31, 2024, compared to the same period prior year, primarily due to higher mining and processing volumes as the Tahuehueto mine ramped up operations. The significant 92% increase in tonnes milled required higher usage of key inputs such as reagents, grinding media, and diesel, especially after plant throughput reached in excess of 800 tonnes per day in November. Despite a strong recovery in gold (85.24%) and silver (84.92%), lower average grades for both—gold at 2.74 g/t (down 8%) and silver at 29.39 g/t (down 15%)—meant more material needed to be processed to produce the same amount of metal. This caused the cash cost per AuEq ounce to increase by 16% to $1,482. Treatment and selling costs also contributed to the increase but remained in line with the production scale-up and still reflected early-stage ramp-up dynamics.

On a per-ounce basis, AISC decreased by 7% to $1,731 per AuEq ounce, underscoring the operational leverage achieved through higher throughput. While sustaining capital investments dropped by 61% year-over-year, cost pressure from higher mining and milling activity was mitigated by improved cost per tonne and operational efficiency. The ability to spread fixed costs like maintenance, personnel, and site services over a much larger tonnage helped cushion the impact of weaker feed grades and rising consumable costs. Overall, the improvement in unit AISC reflects the benefits of scale and stabilization at Tahuehueto as the operation moves closer to full design capacity.

DEVELOPMENT

Construction Completed

The Company completed the construction of the Tahuehueto Gold-Silver Mine in July, 2024 (see news release dated July 25, 2024, "Luca Mining Completes Construction of Tahuehueto Gold Mine").

By year-end the underground mine comprises of three production levels, mining mineralized material from the Creston and the Perdido veins.

The processing plant now operates a crushing circuit, two ball mills and a differential flotation circuit with an installed capacity of 1,000 tonne per day (tpd). Three tailings filter presses have been installed on-site, with a total maximum capacity of approximately 1,250 tpd.

The project was completed within budget and has been producing on a pre-production basis.

Additionally, construction of a critical spare-parts warehouse is ongoing, further de-risking the operation.

At year end, the Company continues capitalizing all direct costs related to the development of the project until commercial production is achieved.

	Year ended December 31 2024	Year ended December 31 2023
	$	$
Balance, beginning of period	35,184	28,749
Costs incurred:		
Depreciation and amortization	2,568	1,753
General and office expenses (project related)	324	121
Permitting, environmental and community costs	-	115
Salaries and wages	41	223
Share based compensation	33	247
Travel and accommodation	22	41
Loss on extinguished debt	159	184
Interest	1,390	3,514
Changes in closure and reclamation	-	237
Balance, end of period	**39,721**	**35,184**

Exploration

Tahuehueto is a large epithermal gold-silver vein system with associated breccias additionally hosting lead-zinc-copper sulphides. The property comprises approximately 75 square kilometres (7,492 hectares) located in the state of Durango in north-central Mexico within the Sierra Madre mineral belt.

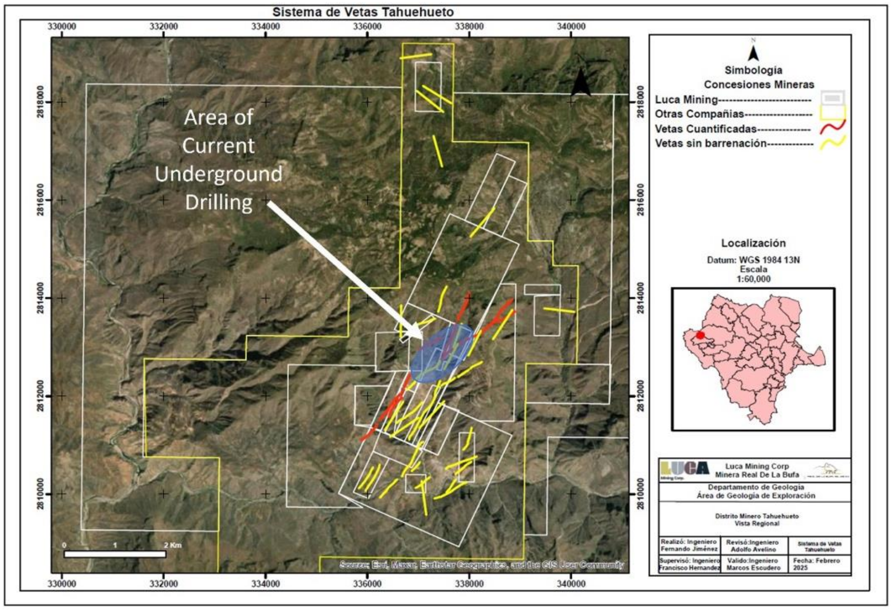
Tahuehueto, has significant exploration potential. It is estimated that less than 10% of the concession area has been adequately explored.

Tahuehueto is comparable in concession area size and epithermal mineralization style to the Tayoltita mine of the San Dimas district to the south. It is estimated that the San Dimas district has produced over 11 million ounces of gold to date (Source: Technical Report on Mineral Resource and Reserve Update December 2020, First Majestic Silver Corp.).

In October 2024 the Company commenced an underground exploration drilling campaign at the Tahuehueto gold mine. This campaign represents the first significant exploration drill program on the property in over 10 years. The Company expects the current campaign to include up to 5,000 metres of diamond core drilling in 26 holes from underground over the next 4-6 months. The drill plan takes advantage of recently developed underground areas to potentially expand the mineral resource through the additions of economic mineralization along the modeled veins and interpreted vein extensions.

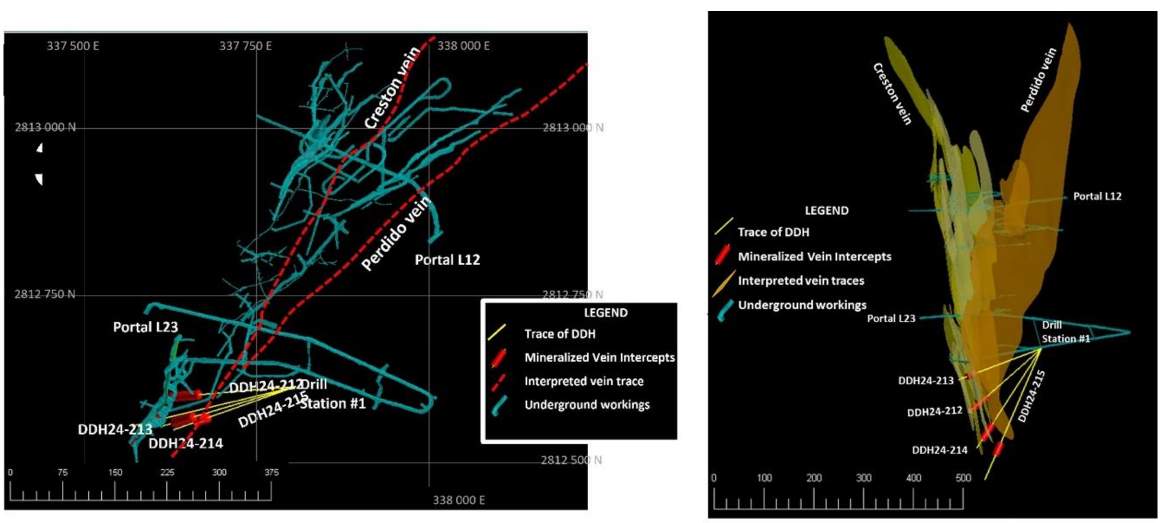
Mineralization is open along strike and at depth for most of the modeled resource area and the objective of the current campaign will be a combination of infill and step-out drilling to determine the vertical and lateral extent of mineralization as well as to identify mineralized brecciated zones within the epithermal vein system.

In addition to the four veins that comprise the mineralized resource, there are at least 14 additional prospective veins or splays documented within the greater concession area that have potential to host additional epithermal mineralization. In some cases, these prospective targets may represent extensions or continuations of the currently defined Mineral Resource. The Company estimates that there are more than 11 km of prospective vein structures (measured along strike), compared to the currently defined 4.5 km of known mineralized veins.



As at February 29, 2025, 11 holes have been completed for over 2,550m as part of the current exploration campaign which has a primary objective to determine both vertical and lateral extents of known mineralization within the Creston and Perdido vein systems that are: a) proximal to current mine workings and b) interpreted to host un-tested extensions of the mineralized structures. Through these efforts, it is anticipated that the Mineral Resource can be expanded - thereby adding mineable reserves into the near-term and medium term Tahuehueto Mine Plan. All 11 holes completed thus far have intersected mineralization along the Creston and Perdido vein structures from previously undrilled portions of the deposit, demonstrating the continuity of these veins.

Drillhole DDH24-213 targeted a previously untested zone, approximately 20m below the active mine workings of Level 23, and intersected a new high-grade brecciated zone within the El Creston vein system that returned 7.9m of 2.59 g/t Au, 68.41 g/t Ag, 0.68% Cu, 2.32% Pb, and 2.73% Zn within a larger 22.3m zone of 1.47 g/t Au, 41.88 g/t Ag, 0.44% Cu, 1.46% Pb, and 2.34% Zn from 201.2m . Figure 1 presents the location of the drillholes and Tables 1 and 2 provides drill details.



Plan View

Cross-Section

Figure 1 – Location of Drill Holes

The results from the four drill holes have achieved the following exploration objectives:

1. To demonstrate the continuity of known mineralized veins in untested areas outside of the resource envelope, where the veins are expected to continue;

2. To successfully discovered a new, high-grade breccia zone immediately beneath current mine workings, based on a predictive structural model for Tahuehueto. The Tahuehueto mineralizing system is a multi-stage mineralizing event, with the last stage of mineralization interpreted to represent high grade gold-silver breccia zones. The discovery of this new high-grade breccia zone also acts as an important "proof of concept" that will allow our exploration team to fully delineate and to make additional new discoveries of this style of higher-grade gold-silver mineralization; and,
3. To demonstrate that systematic drilling efforts can result in meaningful additions to the Mineral Resources at Tahuehueto.

Drillholes DDH24-212 through DDH24-215 have successfully established the continuity of the Creston Mineralized Vein Structure within previously untested areas, to greater than 60m below Level 23. Next steps in the execution of the 2025 Tahuehueto Exploration program include the additional underground drilling of areas interpreted as open extensions of the Creston Vein to the northeast of current mine workings and importantly surface drilling in and around the Santiago Vein, located ~950m from the eastern extent of the existing Tahuehueto mine development. The Santiago Vein is considered to offer excellent potential for expansion and mineral resource development as it remains open along strike and to depth. Recent surface mapping at Santiago has identified the potential for higher grade brecciated zones within the limitedly tested deposit.

Table 1: Highlighted Diamond Drill Assay Results from DDH24-212 through DDH24-215

Hole	From (m)	To (m)	Interval (m)*	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Au Eq**
DDH24-212	219.1	220.9	1.8	0.95	59.82	1.11	0.22	0.17	3.23
DDH24-213	201.2	223.4	22.3	1.47	41.88	0.44	1.46	2.34	3.75
including	213.3	221.2	**7.9**	**2.59**	**68.41**	**0.68**	**2.32**	**2.73**	**5.87**
DDH24-214	8.0	8.9	0.9	0.09	17.60	0.21	0.94	4.02	2.19
and	210.9	213.2	2.3	2.37	3.07	0.00	0.12	0.30	2.54
and	214.1	221.2	7.2	0.37	40.97	0.26	1.80	0.93	2.02
DDH24-215	11.5	13.1	1.7	0.09	22.17	0.29	2.09	2.05	2.00

True widths are estimated to be 85% of drilled intervals
*** AuEq equation is: AuEq = Au + (Ag*0.0128) + (Cu%*1.2799) + (Pb%*0.2737) + (Zn%*0.3359)- $2,250 US$/oz Au, 28 US$/oz Ag, 9,260 US$/Tonne Cu, 1,980 US$/Tonne Pb and 2,430 US$/Tonne Zn, respectively.*

Drilling at Tahuehueto

Mining Corp.

FINANCIAL PERFORMANCE

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

CONSOLIDATED	Three Months Ended December 31, 2024	Three Months Ended December 31, 2023	% Change	Year Ended December 31, 2024	Year Ended December 31, 2023	% Change
Financial Results						
Revenue	**37,747**	**17,410**	117%	**105,634**	**75,161**	**41%**
Gold	18,381	5,720	221%	41,797	19,430	115%
Silver	6,037	2,674	126%	17,010	11,577	47%
Zinc	6,543	5,043	30%	23,177	28,025	(17%)
Copper	6,787	3,928	73%	21,682	14,216	53%
Lead	768	369	108%	1,969	1,680	17%
Income from stream	(842)	53	(1,691%)	-	189	0%
Treatment and selling costs	(4,466)	(4,470)	(1%)	(23,518)	(24,443)	(4%)
Provisional pricing adjustments	(5,232)	99	(5,385%)	(1,542)	(80)	1,828%
Net Revenues	**27,975**	**13,416**	**109%**	**80,574**	**50,593**	**59%**
Production Costs	19,475	10,112	93%	60,419	43,968	37%
Royalties	1,048	247	324%	2,446	1,278	91%
Empress stream	(2,119)	463	(558%)	-	643	0%
Inventory changes	(2,960)	591	(601%)	(4,584)	630	(828%)
Cost of Sales	**18,826**	**12,065**	**56%**	**63,404**	**49,504**	**28%**
Mine operating cashflow before taxes	**12,531**	**2,003**	**526%**	**22,293**	**4,074**	**447%**
Depreciation and depletion	3,382	652	419%	5,123	2,985	72%
Mine operating earnings	**9,149**	**1,351**	**577%**	**17,170**	**1,089**	**1,477%**
General and administration	(1,361)	(1,864)	(27%)	(7,548)	(6,694)	13%
SBC compensation	(1,015)	(189)	437%	(2,192)	(1,174)	87%
Foreign exchange (loss) gain	(1,772)	(1,228)	44%	689	(1,856)	(137%)
Other operating expenses	(1,682)	29	(5,900%)	(1,796)	(56)	(3,107%)
Interest and finance costs, net	(416)	(567)	(27%)	(2,583)	(3,031)	(15%)
Loss on revaluation of derivative liability	(14,440)	-	100%	(14,440)	-	100%
(Loss) gain on debt modification and settlement	(5,988)	(3)	(199,500%)	(1,446)	(3)	(48,100%)
Gain on disposal of subsidiary	-	-	0%	2,087	-	100%
Change in fair value of financial instruments	(364)	-	100%	(364)	611	100%
Current income tax	-	-	0%	-	-	0%
Deferred income tax	-	-	0%	-	-	0%
Net loss	**(17,889)**	**(2,471)**	**618%**	**(10,423)**	**(11,114)**	**(6%)**
Loss per share - basic and diluted	(0.09)	(0.02)	0%	(0.10)	(0.11)	54%
EBITDA(1) (5)	$(14,079)	$(1,183)	(1,090%)	$(2,591)	$(4,925)	47%
Adjusted EBITDA (2) (5)	$8,058	$(991)	913%	$14,094	$(3,748)	476%
Cash cost Au/Eq per ounce (1)(3)(5)	$1,436	$1,256	14%	$1,503	$1,251	20%
AISC cost per Au/Eq ounce (1)(4)(5)	$1,794	$1,573	14%	$1,827	$1,584	15%
All-in cost per Au/Eq ($)(1)(5)	$1,864	$1,573	18%	$1,872	$1,653	15%
Realized gold price per ounce ($)(5)(6)	$2,671	$2,018	32%	$2,424	$1,957	24%
Realized silver price per ounce ($)(5)(6)	$31.39	$23.79	32%	$28.21	$23.36	21%
Realized zinc price per tonne ($)(5)(6)	$1.38	$1.12	23%	$1.25	$1.14	10%
Realized copper price per tonne($)(5)(6)	$4.16	$3.78	10%	$4.02	$3.80	6%
Realized lead price per tonne ($)(5)(6)	$0.91	$0.94	(3%)	$0.93	$0.95	(2%)

1. See Reconciliation of earnings before interest, taxes, depreciation, and amortization on page 36.
2. See reconciliation of Adjusted EBITDA on page 36.
3. Cash cost per gold equivalent ounce includes mining, processing, and direct overhead costs. See Reconciliation to IFRS on page 37.
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 37.
5. See "Non-IFRS Financial Measures" on page 34.
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 37.
8. All-in cost per AuEq oz includes AISC plus interest paid and loan payments. See page 37.
9. Net free cash flow before working is operating cash flow before working capital changes, less capital expenditures. See page 34.

Mining Corp.

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

Revenues

For the three months ended December 31, 2024, net revenues totaled $27,975, reflecting a significant increase of $14,560 or 109% compared to $13,416 for the same period in 2023. This surge was driven primarily by an increase in both sales volumes and metal prices. Gold sales rose by 131% to 6,612 ounces (from 2,857 ounces in the previous period), and silver sales jumped by 63% to 183,049 ounces (from 112,373 ounces). Copper sales saw a notable increase of 48%, rising to 1,540,895 pounds (from 1,037,905 pounds), while lead sales rose by 105% to 805,152 pounds (from 393,657 pounds). Zinc sold remained relatively flat, with a slight 1% decrease (from 4,490,111 pounds to 4,438,232 pounds), though still contributing to the overall growth.

In addition to higher sales volumes, realized prices for all key metals improved significantly during the quarter. The realized gold price per ounce increased by 32%, reaching $2,671 (from $2,018 in Q4 2023), while the silver price rose by 32% to $31.39 per ounce (from $23.79 per ounce). The zinc price saw a 23% increase, reaching $1.38 per pound (from $1.12), and the copper price also improved by a notable 10%, rising to $4.16 per pound (from $3.78). The lead price, however, decreased slightly by 3%, falling to $0.91 per pound (from $0.94). This improvement in metal prices, coupled with the higher sales volumes, had a significant positive impact on revenues.

Provisional pricing adjustments also contributed negatively to revenues, with a decrease of $5,232 compared to a smaller impact of $99 in Q4 2023. This adjustment reflected unfavorable impact of final settlements from prior periods to the overall revenue growth for the fourth quarter.

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. For the three months ended December 31, 2024, the cost of sales increased significantly, primarily due to higher production costs. The production cost per tonne increased by $15 or 19%, rising to $93 in Q4 2024, compared to $78 in the same period of 2023. This rise was primarily driven by higher operating costs associated with increased mining and processing activities at Campo Morado, as well as ramp-up costs associated with Tahuehueto, which is still in its production scaling phase. The ramp-up at Tahuehueto resulted in a higher share of fixed costs being allocated to a lower volume of output, contributing to the increase in cost per tonne. Additionally, the increase in depreciation and depletion of Campo Morado assets, as the mine continues to be fully depreciated and depleted, contributed to the higher cost structure. Despite these cost pressures, the Company's production and processing efficiency improvements helped to manage the impact on unit costs, particularly as higher throughput and recovery rates were achieved.

General and administration

For the three months ended December 31, 2024, general and administrative expenses decreased by $504, or 27% compared to the three months ended December 31, 2024. This decrease is due to $447 decrease in corporate and administration fees, $243 decrease in legal and professional fees as majority of fees were paid in prior quarters, offset by $186 increase in office and other administrative expenses.

Share-based compensation

For the three months ended December 31, 2024, share-based compensation expense increased by $826, or 437%, compared to the same period in 2023. The increase is driven by the timing of stock option grants and the corresponding vesting periods. During the third and fourth quarter of 2024, the Company granted 9,259,833 stock options, with 47% of their fair value vesting. In comparison, the Company granted 135,000 stock options during the same period in 2023, where 37% of their fair value vested.

Interest and finance costs

For the three months ended December 31, 2024, interest and finance costs decreased by 27% to $416, from $567 in the same period of 2023. This decrease was primarily due to the modification of the empress stream resulted in a reduction of accretion of streaming by 166% and amortization of deferred cost by 290%, offset with higher interest expenses from additional borrowings with Trafigura at the Tahuehueto project, which contributed to a 85% rise in interest expense. Additionally, the accretion of a convertible debenture, which was issued during the period, added $111 in costs, and accretion on right-of-use (ROU) assets rose by $83.

Year ended December 31, 2024 (compared to the year ended December 31, 2023)

Revenues

For the year ended December 31, 2024, consolidated revenues amounted to $80,574, net of metal deductions, treatment and refining charges, and provisional pricing adjustments, reflecting a significant increase of 59% compared to $50,593 in 2023. This growth was driven by higher sales volumes across key metals, particularly a notable 115% increase in gold sales, which rose to $41,797 from $19,430. Silver sales also saw a robust increase of 47%, reaching $17,010 from $11,577. Copper sales increased by 53%, totaling $21,682 compared to $14,216 in the prior year. While zinc sales declined by 17% to $23,177 from $28,025, and lead sales increased by 17%, rising to $1,969 from $1,680, the overall sales growth was largely driven by the strong performance in gold, silver, and copper. Provisional pricing adjustments also had a negative impact on revenues, contributing $1,542, compared to a negative impact of $80 in 2023, marking a significant change of 1,828%. Treatment and selling costs were slightly lower, decreasing by 4% to $23,518, compared to $24,443 in 2023.

Along with higher sales volumes, prices for key metals also improved during the year. The average realized price for gold rose by 24% to $2,424 per ounce, from $1,957 in 2023, while silver prices increased by 21% to $28.21 per ounce from $23.36 per ounce. Zinc prices saw a 10% increase, rising to $1.25 per pound from $1.14 per pound, and copper prices grew by 6%, reaching $4.02 per pound from $3.80 per pound.

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. Production cost per tonne increased $24 or 36% to $90 in the period ended December 31, 2024, from $66 in the same period of 2023, mainly driven by the Company's strategic shift toward contracted mining operations and initiatives under the Campo Morado Improvement Project (CMIP), both of which elevated operating costs. Meanwhile, at Tahuehueto the increase is largely a result of the successful ramp-up where tonnes milled increased 92% to 165,470, and mining activities surged by 118% year-over-year. The operation reached a key milestone in November, achieving a consistent throughput in excess of 800 tonnes per day, which also increased diesel, reagents, and grinding media consumptions. Depreciation increased because Tahuehueto started recognizing depreciation in the fourth quarter for a total of $1,670.

General and administration

General and administrative expenses increased by $854, or 13% for the year ended December 31, 2024, compared to the same period the previous year. This increase is due to $283 increase in consulting fees and director fees as the Company grew significantly resulting in additions to the executive team and employees in both the Canada and Mexico operations; $259 in professional fees due to success fees paid in relation to ENESTAS offset by legal fees reduction at the corporate office, $367 increase in corporate and admin expenses for insurance and success fees in relation to VAT recovery.

Share-based compensation

For the year ended December 31, 2024, share-based compensation increased by $1,018, or 87%, compared to the same period in 2023. Consistent with the three-month results, this increase is due to the timing of option grants and their respective vesting period. In the year ended December 31, 2024, 10,059,833 stock options were granted, with 49% of their fair value vesting. By contrast, we granted 6,052,778 stock options during the same period in 2023, with 64% of their fair value vested. Additionally, during the year ended December 31, 2024, a total of 9,367,027 options partially vested, compared to 3,083,635 options partially vested during the corresponding period in 2023.

Interest and finance costs

For the year ended December 31, 2024, interest and finance costs decreased by 15% to $2,583, from $3,031 in the same period of 2023. This decrease was primarily due to the reduction of accretion of streaming by 46% and amortization of deferred cost by 95% because of the he modification of the empress stream offset with higher interest expenses from additional borrowings with Trafigura at the Tahuehueto project, the accretion of a convertible debenture issued during the fourth quarter, added $111 in costs, and accretion on right-of-use (ROU) assets rose by $83.

Gain on disposal of a Company

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. This transaction generated a gain of $2,087 recognized in the income statement in the year ended December 31, 2024, (Year ended December 31, 2023, $nil). This gain represents the difference between the sale price and the carrying amounts of the assets and liabilities that were derecognized.

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.

	Years Ended		
	December 31, 2024	December 31, 2023	% Change
Cash Flow	$	$	
Cash provided by operating activities	6,668	907	635%
Cash used in investing activities	(5,476)	(9,415)	(42%)
Cash provided by financing activities	7,579	9,779	(22%)
Effect of exchange rate changes on cash	(622)	(63)	887%
Change in cash	8,149	1,208	575%
Cash, beginning of the year	2,058	850	142%
Cash, end of the year	10,207	2,058	396%

As at December 31, 2024, the Company had cash of $10,207 and negative working capital of $20,968 compared with cash of $2,058 and negative working capital of $38,542 at December 31, 2023.

Operating activities

Cash provided by operating activities was $6,668 during the year ended December 31, 2024 (December 31, 2023 – cash generated of $907). The significant non-cash adjustments to the net loss of $10,423 in the year ended December 31, 2024 (December 31, 2023, loss of – $11,114) were accretion, depreciation and amortization of $8,276 (December 31, 2023– $5,766), share-based compensation of $2,613 (December 31, 2023– $1,504), Loss on revaluation of derivative liability of $14,440 (December 31, 2023 – $nil) gain on disposal of subsidiary of $2,087 (December 31, 2023 – $nil), gain on settlement of debt of $4,542 (December 31, 2023 – $nil), Loss on modification of loans of $5,988 (December 31, 2023 – $256) loss on change in fair value of derivatives of $364 (December 31, 2023 – $nil), and a decrease in non-cash working capital of $7,819 (December 31, 2023 – increase of $2,760). The net change in non-cash working capital was primarily due to an increase in amounts receivable, and a decrease in prepaid expenses and deposits, accounts payable and accrued liabilities and inventories.

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

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

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

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

The Company recognized the difference, amounting $14,440, between the initial recognition of the fair value of the Stream Agreement under IFRS 9 and the carrying value of the deferred revenue at August 13, 2024 in the statement of loss and comprehensive loss.

Investing activities

Investing activities used cash of $5,476 in the year ended December 31,2024, compared with the use of cash of $9,415 in the comparable 2023 period. Most of the cash used in investing activities during the year ended December 31,2024, was $4,464 invested into plant and equipment, and $1,012 invested in mineral properties.

Financing activities

Cash generated from financing activities for the year ended December 31,2024, was $7,579 (2023 – $9,779) mainly related to proceeds from a life offering and private placement of $7,801 (2023 -$15,012 net), a loan of $2,500 (2023 - $nil) and proceeds from warrants and/or stock options exercised of $3,363 (2023 - $nil), offset by lease and loan payments of $6,095 (2023 - $5,083).

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 is met. The convertible debenture matures 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 TSX-V.

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. For Trafi Tah, repayments are to be made 22 installments commencing October 2024 at $200 and increasing to $345 in April 2025.

Concurrently with the Trafi Tah and Trafi Campo amendments, 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.

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) CAD$7,988, of debt that was settled in common shares of the Company (the " Shares "), at a price of CAD$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.

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

On January 07, 2025, the Company, along with an arm's-length third-party, Jaluca Limited (" **Jaluca** "), reached an agreement with Urion to repurchase 100% of Luca's $5,800 Convertible Debenture (Note 13(a)) held by Urion. Luca and Jaluca purchased 43% and 57% of the Convertible Debenture, respectively. Upon closing of the transaction, Luca immediately canceled its portion of the Convertible Debenture and Jaluca converted its purchased share of the Convertible Debenture at the Convertible Debenture's exercise price of $0.35 for a total of 13,566,771 shares extinguishing the debt.

ANNUAL OUTLOOK

2025 Production and Free Cash Flow[2] Guidance Highlights

For the year ahead, the Company anticipates producing between 85,000 and 100,000 gold equivalent ounces with payable ounces ranging between 65,000 and 80,000. Free cash flow before working capital adjustments is anticipated to be between $30 million and $40 million.

Mining Corp.

Produced Metal		Campo Morado	Tahuehueto	Consolidated
Gold production	oz	11,000 – 13,000	22,000 – 26,000	33,000 – 39,000
Silver production	oz	997,000 – 1,173,000	247,000 – 291,000	1,244,000 – 1,464,000
Lead production	lbs	5,000 – 6,000	3,600 – 4,200	8,600 – 10,200
Zinc production	lbs	40,000 – 47,000	6,000 – 7,000	46,000 – 54,000
Copper production	lbs	8,000 – 9,000	1,400 – 1,700	9,400 – 10,700
Gold Equivalent production[1]	**oz**	**54,000 – 64,000**	**31,000 – 36,000**	**85,000 – 100,000**

Payable Metal		Campo Morado	Tahuehueto	Consolidated
Gold production	oz	7,000 – 9,000	20,000 – 25,000	27,000 – 34,000
Silver production	oz	722,000 – 889,000	219,000 – 270,000	941,000 – 1,159,000
Lead production	lbs	-	3,000 - 4,000	3,000 – 4,000
Zinc production	lbs	32,000 – 40,000	4000 - 5000	36,000 – 45,000
Copper production	lbs	6,000 – 7,000	-	6,000 – 7,000
Gold Equivalent payable[1]	**oz**	**40,000 – 49,000**	**25,000 – 31,000**	**65,000 – 80,000**

Operations

At Campo Morado, efforts will continue to ramp up operations with the goal of achieving a consistent and sustainable mill feed while targeting an increase in throughput above 2,000 tonnes per day towards the end of 2025. Optimization work remains ongoing to improve metal recoveries and maintain grade consistency, including refining grinding techniques and reagent dosing. Additionally, the development of a third lead concentrate is expected to enhance payability of precious metals with improved concentrate grades. The Company has also outlined plans for a minimum 5,000-metre exploration program, which aims to expand mineral resources and sustain long-term production.

At Tahuehueto, our processing plant has an installed capacity of 1,000 tpd, with demonstrated instantaneous production rates of up to 1,200 tpd. As operations transition into commercial production, plant availability is currently at 82%, reflecting the typical phased approach to ramp-up as operations stabilize. This results in an average processing rate of 820 tpd, with a clear plan to systematically increase availability to 85%-90% as the plant continues to perform well. Our focus remains on optimizing efficiencies to enhance long-term reliability and maximize throughput. The Company is prioritizing infrastructure enhancements, including the construction of a spare parts warehouse to minimize downtime and improve operational resilience. Increasing mill throughput remains a key objective, alongside continued exploration efforts to assess both near-mine and regional targets within the property's extensive epithermal vein system.

Free Cash Flow

The Company anticipates generating between $30 million and $40 million in free cash flow[2] before working capital adjustments for the year, reflecting the strength of its core mining operations. This metric, which excludes short-term fluctuations in receivables, payables, prepaids and inventory, provides a clear measure of the Company's ability to generate cash from operations net of capital expenditures. Strong free cash flow[2] supports key initiatives, including debt repayment, reinvestment in growth opportunities, and potential shareholder returns. The Company's anticipated cash generation underscores its operational efficiency and financial resilience as it continues to execute its long-term strategy.

2025 Budgeted Capital Expenditures and Exploration

		Mine Development - Sustaining[2]	Other Capital - Sustaining[2]	Total Sustaining[2]	Exploration	Total
Campo Morado	$	10 million	3 million	13 million	1.3 million	14.3 million
Tahuehueto	$	6.5 million	4 million	10.5 million	2.6 million	13.1 million
Consolidated	$	16.5 million	7 million	23.5 million	3.9 million	27.4 million

In 2025, Luca plans to invest a total of $27.4 million into its projects, $23.5 million in sustaining capital expenditures and $3.9 million in exploration across its two operating mines. These expenditures are expected to be fully funded through operational cash flow.

At Campo Morado, a total of $13 million will be allocated to capital projects, with the primary investment being the development mine workings estimated at $10 million. Additional funds will support mine infrastructure, equipment acquisitions, and improvements to the processing plant and tailings storage facility. The exploration program will include 5,000 metres of drilling for $1.3 million, marking the first such initiative in several years. This campaign will focus on increasing high-grade resources near existing operations while also evaluating regional targets for future development.

At Tahuehueto, planned capital expenditures amount to $10.5 million, with $6.5 million allocated to mine workings. Additional investments will be directed toward infrastructure upgrades, plant enhancements, and camp improvements. The 2025 exploration program for $2.6 million is expected to involve 5,000 metres of drilling, primarily targeting resource expansion and mine life extension. Luca may extend exploration efforts to assess regional targets across the broader property.

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.

	December 31 2024	December 31 2023
	$	$
Current assets	30,961	18,122
Current liabilities	51,929	56,664
Working capital	**(20,968)**	**(38,542)**

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							
	Dec 31 2024	Sep 30 2024	Jun 30 2024	Mar 31 2024	Dec 31 2023	Sep 30 2023	Jun 30 2023	Mar 31 2023
	$	$	$	$	$	$	$	$
Net revenues	27,975	18,095	18,163	16,341	13,416	11,275	12,156	13,747
Production cost	19,475	14,307	14,289	12,348	10,112	10,796	10,921	12,139
Royalties	(1,071)	541	1,988	852	710	504	316	391
Inventory changes	(2,960)	727	(1,454)	(897)	591	(55)	428	(334)
Mine operating cash flows before taxes	**12,531**	**2,520**	**3,340**	**4,038**	**2,003**	**30**	**491**	**1,551**

	Cumulative as at the end of each period							
	Dec 31 2024	Sep 30 2024	Jun 30 2024	Mar 31 2024	Dec 31 2023	Sep 30 2023	Jun 30 2023	Mar 31 2023
	$	$	$	$	$	$	$	$
Net revenues	80,574	52,599	34,504	16,341	50,593	37,178	25,903	13,747
Production cost	60,419	40,944	26,637	12,348	43,968	33,856	23,060	12,139
Royalties	2,446	1,398	2,840	852	1,921	1,211	707	391
Inventory changes	(4,584)	(1,624)	(2,351)	(897)	630	39	94	(334)
Mine operating cash flows before taxes	**22,293**	**11,881**	**7,378**	**4,038**	**4,074**	**2,072**	**2,042**	**1,551**

Net Free Cashflow Before Working Capital

Net free cash flow before working capital adjustments is a non-IFRS liquidity measure that reflects operating cash flows before changes in working capital, less capital expenditures. Management uses this measure as a key indicator of the Company's underlying liquidity, as it provides a clearer view of cash generated from core operations, excluding short-term fluctuations in working capital. This metric is used alongside related IFRS amounts when assessing available cash for decision-making purposes, including dividends and discretionary investments. It also assists management, the Board of Directors, and investors in evaluating the Company's ability to generate sustainable liquidity from operating activities.

	Three months ended							
CONSOLIDATED	Dec 31 2024	Sep 30 2024	Jun 30 2024	Mar 31 2024	Dec 31 2023	Sep 30 2023	Jun 30 2023	Mar 31 2023
	$	$	$	$	$	$	$	$
Cash (used in) provided by operating activities per financial statements	5,490	1,143	739	(704)	(6,243)	(2,500)	6,459	2,312
Net changes in non-cash working capital per financial statements	88	1,456	(2,643)	(4,262)	(3,850)	1,195	3,183	205
Operating cash flow before working capital changes	5,402	(313)	3,382	3,558	(2,393)	(3,695)	3,276	2,107
Property, plant and equipment	(1,574)	(1,257)	(1,386)	(247)	(20)	(3,008)	(4,580)	(832)
Mineral Properties	-	(624)	(225)	(163)	(129)	(554)	(167)	(125)
Net free cash flow before working capital changes	**3,829**	**(2,195)**	**1,772**	**3,148**	**(2,542)**	**(7,257)**	**(1,471)**	**1,150**
Net free cash flow before working capital changes per share ($)	0.02	(0.01)	0.01	0.02	(0.02)	(0.05)	(0.02)	0.03
Basic weighted average shares outstanding ('000)	198,526	171,431	165,875	161,566	148,108	141,713	64,382	35,456

	Cumulative for the period ended							
CONSOLIDATED	Dec 31 2024	Sep 30 2024	Jun 30 2024	Mar 31 2024	Dec 31 2023	Sep 30 2023	Jun 30 2023	Mar 31 2023
	$	$	$	$	$	$	$	$
Cash (used in) provided by operating activities per financial statements	6,668	1,178	35	(704)	907	6,271	8,771	2,312
Net changes in non-cash working capital per financial statements	(5,361)	(5,449)	(6,906)	(4,262)	2,760	4,583	3,388	205
Operating cash flow before working capital changes	12,030	6,628	6,941	3,558	(1,853)	1,688	5,383	2,107
Property, plant and equipment	(4,464)	(2,890)	(1,633)	(247)	(8,440)	(8,420)	(5,412)	(832)
Mineral Properties	(1,012)	(1,012)	(388)	(163)	(975)	(846)	(292)	(125)
Net free cash flow before working capital changes	**6,553**	**2,725**	**4,920**	**3,148**	**(11,268)**	**(7,578)**	**(321)**	**1,150**
Net free cash flow before working capital changes per share ($)	0.04	0.02	0.03	0.02	(0.11)	(0.08)	(0.00)	0.03
Basic weighted average shares outstanding ('000)	174,412	166,316	163,730	161,566	103,557	90,394	64,309	35,456

EBITDA

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

- 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							
	Dec 31 2024	Sep 30 2024	Jun 30 2024	Mar 31 2024	Dec 31 2023	Sep 30 2023	Jun 30 2023	Mar 31 2023
	$	$	$	$	$	$	$	$
Net gain (loss) per financial statements	(17,889)	(2,509)	4,674	5,301	(2,471)	(3,727)	(3,979)	(936)
Depreciation and depletion – cost of sales	3,382	636	673	432	652	773	916	644
Depreciation and depletion – general and administration	12	-	114	-	69	-	-	103
Interest and finance costs (income), net	416	822	692	653	567	557	649	1,258
EBITDA	**(14,079)**	**(1,051)**	**6,153**	**6,386**	**(1,183)**	**(2,397)**	**(2,414)**	**1,069**
Share based compensation	1,015	975	100	102	189	257	369	359
Loss (gain) on derivatives	14,440	-	-		-	-	-	
Gain on settlement of debt and modification of loans	5,988	-	-	(4,542)	3	-	-	-
Gain on disposition of subsidiary	-	-	(2,087)	-	-	-	-	-
Change in fair value of financial instruments	364	-	-	-	-	-	-	-
Other non-operating expenses	330	-	-	-	-	-	-	-
Adjusted EBITDA	**8,058**	**(76)**	**4,166**	**1,946**	**(991)**	**(2,140)**	**(2,045)**	**1,428**

	For the period ended							
	Dec 31 2024	Sep 30 2024	Jun 30 2024	Mar 31 2024	Dec 31 2023	Sep 30 2023	Jun 30 2023	Mar 31 2023
	$	$	$	$	$	$	$	$
Net gain (loss) per financial statements	(10,423)	7,466	9,975	5,301	(11,114)	(8,642)	(4,915)	(936)
Depreciation and depletion – cost of sales	5,123	1,741	1,105	432	2,985	2,333	1,560	644
Depreciation and depletion – general and administration	126	-	-	-	173	103	-	103
Interest and finance costs (income), net	2,583	2,167	1,345	653	3,031	2,464	1,907	1,258
EBITDA	**(2,591)**	**11,374**	**12,425**	**6,386**	**(4,925)**	**(3,742)**	**(1,448)**	**1,069**
Share based compensation	2,192	1,177	202	102	1,174	985	728	359
Loss (gain) on derivatives	14,440	-	-	-	-	-	-	-
Gain on settlement of debt and modification of loans	1,446	(4,542)	(4,542)	(4,542)	3	-	-	-
Gain on disposition of subsidiary	(2,087)	(2,087)	(2,087)	-	-	-	-	-
Change in fair value of financial instruments	364	-	-	-	-	-	-	-
Other non-operating expenses	330	-	-	-	-	-	-	-
Adjusted EBITDA	**14,094**	**5,922**	**5,998**	**1,946**	**(3,748)**	**(2,757)**	**(720)**	**1,428**

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. It also excludes income from streaming.

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 December 31, 2024			For the three months ended December 31, 2023		
		Campo Morado	Tahuehueto[5]	Consolidated	Campo Morado	Tahuehueto[5]	Consolidated
Cost of sales		**11,481**	**7,346**	**18,827**	**8,370**	**3,695**	**12,065**
Royalties		(623)	(425)	(1,048)	(248)	1	(247)
Empress streaming		-	2,119	2,119	-	(463)	(463)
Inventory changes		1,808	1,152	2,960	(591)	-	(591)
Depreciation		(1,713)	(1,670)	(3,383)	(652)	-	(652)
Production cost [4]		**10,953**	**8,522**	**19,475**	**6,879**	**3,233**	**10,112**
Add:							
Treatment and selling costs		3,455	1,011	4,466	3,769	701	4,470
Royalties		623	425	1,048	248	(1)	247
Total cash cost[2]		**15,031**	**9,958**	**24,989**	**10,896**	**3,933**	**14,829**
General and administrative - corporate		487	375	1,347	294	129	1,862
SBC Compensation		-	-	484	-	-	941
Lease payments		1,287	309	1,596	217	(420)	(203)
Accretion relating to reclamation and rehabilitation		85	52	137	283	233	516
Sustaining capital expenditures		2,001	652	2,653	250	383	633
Total All-in sustaining cost[3]		**18,891**	**11,346**	**31,220**	**11,940**	**4,258**	**18,578**
Loan payments		260	400	660	-	-	-
Interest paid		88	478	566	-	-	-
Total All-in cost [3]		**19,239**	**12,224**	**32,446**	**11,940**	**4,258**	**18,578**
Tonnes milled	**D**	141,097	67,552	208,649	106,765	23,446	130,211
Gold equivalent ounces produced[1]	**E**	10,130	7,274	17,404	8,658	3,150	11,808
Production cost [4]	**A**	**10,953**	**8,522**	**19,475**	**6,879**	**3,233**	**10,112**
Total cash cost[2]	**B**	**15,031**	**9,958**	**24,989**	**10,896**	**3,933**	**14,829**
Total All-in sustaining cost[3]	**C**	**18,891**	**11,346**	**31,220**	**11,940**	**4,258**	**18,578**
Production cost per tonne[4]	**A/D**	**78**	**126**	**93**	**64**	**138**	**78**
Cash cost per AuEq ounce produced[2]	**B/E**	**1,484**	**1,369**	**1,436**	**1,258**	**1,249**	**1,256**
All-in sustaining cost per AuEq ounce produced[3]	**C/E**	**1,865**	**1,560**	**1,794**	**1,379**	**1,352**	**1,573**
Loan payments		26	55	38	-	-	-
Interest paid		9	66	33	-	-	-
All-in cost per AuEq ounce produced[3]		**1,899**	**1,681**	**1,864**	**1,379**	**1,352**	**1,573**
Mining cost per tonne		47	73	55	25	52	30
Milling cost per tonne		26	37	29	30	78	39
Indirect cost per tonne		6	16	9	10	8	9
Production cost per tonne[4]		**78**	**126**	**93**	**64**	**138**	**78**
Mining		6,564	4,927	11,491	2,668	1,225	3,893
Milling		3,608	2,482	6,090	3,197	1,827	5,024
Indirect		781	1,113	1,894	1,015	181	1,196
Production Cost		**10,953**	**8,522**	**19,475**	**6,880**	**3,233**	**10,113**

1. Gold equivalents are calculated using an 84.96:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0016:1 (Au/Cu) and 0.0003:1 (Au/Pb) ratio for Q4 2024; 85.07:1 (Ag/Au), 0.0006:1 (Au/Zn), 0.0002:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for Q4 2023.
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 was in the commissioning phase and had not reached commercial production at December 31, 2024.

		For the year ended December 31, 2024			For the year ended December 31, 2023		
		Campo Morado	Tahuehueto[5]	Consolidated	Campo Morado	Tahuehueto[5]	Consolidated
Cost of sales		**40,193**	**23,212**	**63,405**	**36,072**	**13,432**	**49,504**
Royalties		(1,686)	(760)	(2,446)	(1,244)	(34)	(1,278)
Empress streaming		-	-	-	-	(643)	(643)
Inventory changes		2,412	2,172	4,584	(1,180)	550	(630)
Depreciation		(3,454)	(1,670)	(5,124)	(2,985)	-	(2,985)
Production cost [4]		**37,465**	**22,954**	**60,419**	**30,663**	**13,305**	**43,968**
Add:							
Treatment and selling costs		19,964	3,554	23,518	21,660	2,783	24,443
Royalties		1,686	760	2,446	1,244	34	1,278
Total cash cost[2]		**59,115**	**27,268**	**86,383**	**53,567**	**16,122**	**69,689**
General and administrative - corporate		1,737	973	7,534	901	497	6,694
SBC Compensation		-	-	1,661	-	-	1,926
Lease payments		1,392	791	2,302	254	81	404
Accretion relating to reclamation and rehabilitation		375	229	604	283	233	516
Sustaining capital expenditures		3,944	2,597	6,541	2,322	6,714	9,036
Total All-in sustaining cost[3]		**66,563**	**31,858**	**105,039**	**57,327**	**23,647**	**88,265**
Loan payments		260	400	770	774	1,034	1,808
Interest paid		333	1,348	1,835	215	1,610	2,040
All-in cost per AuEq ounce produced[3]		**67,156**	**33,606**	**107,644**	**58,316**	**26,291**	**92,113**
Tonnes milled	**D**	506,501	165,470	671,971	579,141	85,992	665,133
Gold equivalent ounces produced[1]	**E**	39,085	18,402	57,487	43,089	12,630	55,719
Production cost [4]	**A**	**37,465**	**22,954**	**60,419**	**30,663**	**13,305**	**43,968**
Total cash cost[2]	**B**	**59,115**	**27,268**	**86,383**	**53,567**	**16,122**	**69,689**
Total All-in sustaining cost[3]	**C**	**66,563**	**31,858**	**105,039**	**57,327**	**23,647**	**88,265**
Production cost per tonne[4]	**A/D**	**74**	**139**	**90**	**53**	**155**	**66**
Cash cost per AuEq ounce produced[2]	**B/E**	**1,512**	**1,482**	**1,503**	**1,243**	**1,276**	**1,251**
All-in sustaining cost per AuEq ounce produced[3]	**C/E**	**1,703**	**1,731**	**1,827**	**1,330**	**1,872**	**1,584**
Loan payments		7	22	13	18	82	32
Interest paid		9	73	32	5	127	37
All-in cost per AuEq ounce produced[3]		**1,718**	**1,826**	**1,872**	**1,353**	**2,082**	**1,653**
Mining cost per tonne		35	66	42	20	56	25
Milling cost per tonne		30	53	35	24	74	30
Indirect cost per tonne		10	19	12	9	25	11
Production cost per tonne[4]		**74**	**139**	**90**	**53**	**155**	**66**
Mining		17,559	10,955	28,514	11,649	4,822	16,471
Milling		14,972	8,776	23,748	13,852	6,376	20,228
Indirect		4,934	3,223	8,157	5,162	2,107	7,269
Production Cost		**37,465**	**22,954**	**60,419**	**30,663**	**13,305**	**43,968**

1. Gold equivalents are calculated using an 84.46:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0019:1 (Au/Cu) and 0.0004:1 (Au/Pb) ratio for YTD 2024; and an 83.02:1 (Ag/Au), 0.0006:1 (Au/Zn), 0.0020:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for YTD 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 was in the commissioning phase and had not reached commercial production at December 31, 2024.

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

		Consolidated three months ended								Consolidated year ended	
		Dec 31, 2024	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2024	Dec 31, 2023
Cost of sales		**18,827**	**16,347**	**15,496**	**12,735**	**12,065**	**12,018**	**12,581**	**12,840**	**63,405**	**49,504**
Royalties		(1,048)	(541)	(493)	(364)	(247)	(324)	(316)	(391)	(2,446)	(1,278)
Empress streaming		2,119	(136)	(1,496)	(487)	(463)	(180)	-	-	-	(643)
Inventory changes		2,960	(727)	1,454	897	(591)	55	(428)	334	4,584	(630)
Depreciation		(3,383)	(636)	(673)	(432)	(652)	(773)	(916)	(644)	(5,124)	(2,985)
Production cost [4]		**19,475**	**14,307**	**14,288**	**12,349**	**10,112**	**10,796**	**10,921**	**12,139**	**60,419**	**43,968**
Add:											
Treatment and selling costs		4,466	7,515	5,996	5,541	4,470	5,597	7,226	7,150	23,518	24,443
Royalties		1,048	541	493	364	247	324	316	391	2,446	1,278
Empress streaming		-	136	-	-	-	-	-	-	-	-
Total cash cost[2]		**24,989**	**22,499**	**20,777**	**18,254**	**14,829**	**16,717**	**18,463**	**19,680**	**86,383**	**69,689**
General and administrative - corporate		1,347	2,294	1,823	2,070	1,862	1,602	1,870	1,360	7,548	6,694
SBC Compensation		484	975	100	102	941	257	369	359	1,661	1,926
Lease payments		1,596	278	126	205	-203	414	124	90	2,302	404
Accretion relating to reclamation and rehabilitation		137	135	170	162	516	-268	146	122	604	516
Sustaining capital expenditures		2,653	1,837	1,641	410	633	3,369	4,650	384	6,541	9,036
Total All-in sustaining cost[3]		**31,220**	**28,018**	**24,637**	**21,203**	**18,578**	**22,091**	**25,622**	**21,996**	**105,039**	**88,265**
Loan payments		660	-	-	-	-	1,498	310	-	770	1,808
Interest paid		566	323	386	490	-	854	971	840	1,835	2,040
All-in cost per AuEq ounce produced[3]		**32,446**	**28,341**	**25,023**	**21,693**	**18,578**	**24,443**	**26,903**	**22,836**	**107,644**	**92,113**
Tonnes milled	**D**	208,649	151,221	153,676	158,424	130,211	147,732	185,953	201,237	671,971	665,133
Gold equivalent ounces produced[1]	**E**	17,404	11,988	13,947	14,148	11,808	12,813	14,704	16,394	57,487	55,719
										-	-
Production cost [4]	**A**	**19,475**	**14,307**	**14,288**	**12,349**	**10,112**	**10,796**	**10,921**	**12,139**	**60,419**	**43,968**
Total cash cost[2]	**B**	**24,989**	**22,499**	**20,777**	**18,254**	**14,829**	**16,717**	**18,463**	**19,680**	**86,383**	**69,689**
Total All-in sustaining cost[3]	**C**	**31,120**	**28,018**	**24,637**	**21,203**	**18,578**	**22,091**	**25,622**	**21,996**	**105,039**	**88,265**
Production cost per tonne[4]	**A/D**	**93**	**95**	**93**	**78**	**78**	**73**	**59**	**60**	**90**	**66**
Cash cost per AuEq ounce produced[2]	**B/E**	**1,436**	**1,877**	**1,490**	**1,290**	**1,256**	**1,305**	**1,256**	**1,200**	**1,503**	**1,251**
All-in sustaining cost per AuEq ounce produced[3]	**C/E**	**1,794**	**2,337**	**1,766**	**1,499**	**1,573**	**1,724**	**1,743**	**1,342**	**1,827**	**1,584**
Loan payments		38		-	-	-	117	17	-	13	32
Interest paid		33	27	(3)	35	-	67	(22)	59	32	37
All-in cost per AuEq ounce produced[3]		**1,864**	**2,364**	**1,763**	**1,533**	**1,573**	**1,908**	**1,737**	**1,401**	**1,872**	**1,653**
Mining cost per tonne		55	43	36	31	30	29	18	25	42	25
Milling cost per tonne		29	35	42	37	39	34	25	27	35	30
Indirect cost per tonne		9	16	14	10	9	10	16	8	12	11
Production cost per tonne[4]		**93**	**95**	**93**	**78**	**78**	**73**	**59**	**60**	**90**	**66**
										0	0
Mining		11,491	6,561	5,587	4,875	3,893	4,232	3,348	4,998	28,514	16,471
Milling		6,090	5,253	6,526	5,879	5,024	5,027	4,677	5,500	23,748	20,228
Indirect		1,894	2,493	2,175	1,595	1,196	1,537	2,896	1,641	8,157	7,269
Production Cost		**19,475**	**14,307**	**14,288**	**12,349**	**10,113**	**10,796**	**10,921**	**12,139**	**60,419**	**43,968**

1. Gold equivalents are calculated using an 84.96:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0016:1 (Au/Cu) and 0.0003:1 (Au/Pb) ratio for Q4 2024, an 84.15:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0017:1 (Au/Cu) and 0.0004:1 (Au/Pb) ratio for Q3 2024, an 81.00:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0019:1 (Au/Cu) and 0.0004:1 (Au/Pb) ratio for Q2 2024, 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, an 84.46:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0019:1 (Au/Cu) and 0.0004:1 (Au/Pb) ratio for YTD 2024; and an 83.02:1 (Ag/Au), 0.0006:1 (Au/Zn), 0.0020:1 (Au/Cu) and 0.0005:1 (Au/Pb) ratio for YTD 2023.
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.

Mining Corp.

SUMMARY OF QUARTERLY RESULTS

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

	2024				2023			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	$	$	$	$	$	$	$	$
Net revenue	27,975	18,095	18,163	16,341	13,416	11,275	12,156	13,747
Production costs	(19,475)	(14,307)	(14,289)	(12,348)	(10,112)	(10,796)	(10,921)	(12,139)
Royalties	(1,049)	(541)	(493)	(364)	(247)	(324)	391	(391)
Empress streaming	2,119	(136)	(1,495)	(488)	(463)	(180)	(707)	-
Inventory changes	2,960	(727)	1,454	897	(591)	55	(428)	334
Mine operating cashflows before taxes	**12,531**	**2,384**	**3,340**	**4,038**	**2,003**	**30**	**491**	**1,551**
Depreciation	(3,382)	(636)	(673)	(432)	(652)	(773)	(916)	(644)
Mine operating income (loss)	9,149	1,748	2,667	3,606	1,351	(743)	(425)	907
Net (loss) income	(17,889)	(2,509)	4,674	5,301	(2,471)	(3,727)	(3,979)	(936)
Net free cashflow before working capital	3,828	(2,195)	1,772	3,148	(2,542)	(7,257)	(1,471)	1,150
EBITDA	(14,079)	(1,051)	6,153	6,386	(1,183)	(2,397)	(2,414)	1,069
Adjusted EBITDA	8,058	(76)	4,166	1,946	(991)	(2,140)	(2,045)	1,428
Basic and diluted (loss) gain loss per share	(0.09)	(0.01)	0.03	0.03	(0.02)	(0.03)	(0.06)	(0.04)
Weighted Average shares outstanding ('000)	198,526	171,431	165,875	161,566	148,108	141,713	64,382	35,456

For the three months ended December 31, 2024, revenues totaled $27,975, reflecting a significant increase of $14,559 or 109% compared to $13,416 for the same period in 2023. This surge was driven primarily by an increase in both sales volumes and metal prices. Gold sales rose by 131% to 6,612 ounces (from 2,857 ounces in the previous period), and silver sales jumped by 63% to 183,049 ounces (from 112,373 ounces). Copper sales saw a notable increase of 48%, rising to 1,540,895 pounds (from 1,037,905 pounds), while lead sales rose by 105% to 805,152 pounds (from 393,657 pounds). Zinc sold remained relatively flat, with a slight 1% decrease (from 4,490,111 pounds to 4,438,232 pounds), though still contributing to the overall growth.

In addition to higher sales volumes, realized prices for all key metals improved significantly during the quarter. The realized gold price per ounce increased by 32%, reaching $2,671.41 (from $2,018.05 in Q4 2023), while the silver price rose by 32% to $31.39 per ounce (from $23.79 per ounce). The zinc price saw a 23% increase, reaching $1.38 per pound (from $1.12), and the copper price also improved by a notable 10%, rising to $4.16 per pound (from $3.78). The lead price, however, decreased slightly by 3%, falling to $0.91 per pound (from $0.94). This improvement in metal prices, coupled with the higher sales volumes, had a significant positive impact on revenues.

Provisional pricing adjustments also contributed negatively to revenues, with a decrease of $5,232 compared to a smaller impact of $54 in Q4 2023. This adjustment reflected disavowable impact of final settlements from prior periods to the overall revenue growth for the fourth quarter.

For the three months ended September 30, 2024, revenues totaled $18,095, net of metal deductions, treatment and refining charges, and provisional pricing adjustments, representing an increase of $6,820 or 60%, compared to $11,275 in the same period of 2023. This growth was primarily driven by higher sales volumes across key metals, particularly a 61% increase in gold sold to 3,124 ounces (from 2,476 ounces in the prior period) and a 9% increase in silver sold to 127,650 ounces (from 117,250 ounces). Copper sold also experienced strong growth, with copper sold increasing by 46% to 1,366,899 pounds (from 934,124 pounds) and lead sold rising by 7% to 340,036 pounds (from 317,774 pounds). Zinc sold increased by 15%.

For the quarter ended June 30, 2024, revenues totaled $18,163, net of metal deductions, treatment and refining charges, and provisional pricing adjustments, representing an increase of $6,007 or 49%, compared to $12,156 in the same period of 2023. This growth was primarily driven by higher sales volumes across key metals, particularly a 65% increase in gold sold to 3,629 ounces (from 2,200 ounces in the prior period) and a 9% increase in silver sold to 131,736 ounces (from 121,072 ounces).

Copper and lead sold also experienced strong growth, with copper sold increasing by 55% to 553 tonnes (from 356 tonnes) and lead sold rising by 15% to 244 tonnes (from 211 tonnes). However, zinc sold declined by 47% to 1,980 tonnes, compared to 3,767 tonnes in the prior year period. Despite this decline in zinc sold, the overall increase in metals sold was driven by the sale of other metals, particularly gold and silver.

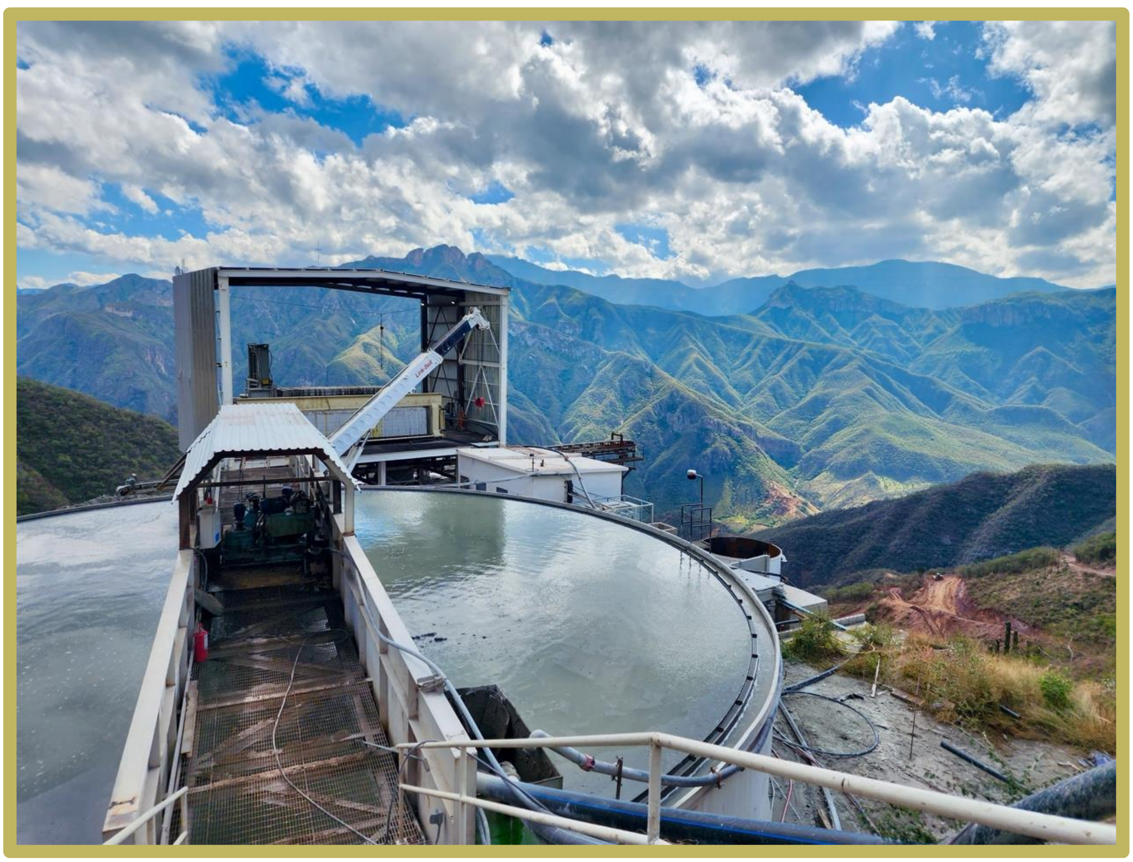
The Company generated revenues of $16,341 net of treatment and refining costs in Q1 2024, which was a 19% increase compared to Q1 2023, mainly due to sales of 3,579 ounces of gold and 150,092 ounces of silver a 48% and 4% increase respectively. Additionally, the Company sold 2,066 tonnes of zinc at a realized price of $2,405, 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.

The Company generated revenues of $13,416 net of treatment and refining costs in Q4 2023, which was a 19% increase compared to Q3 2023, mainly due to sales of 2,857 ounces of gold and 112,373 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 $23.79 a 5% and a 3% increase respectively, compared to $1,917 and 23.06 per ounce in Q3 2023.

The Company generated revenues of $11,270 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 $23.06 a 3% decrease 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 $12,158 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 $423 of mine operating losses in the second quarter of 2023 compared with $907 in income in the first quarter of 2023.

Revenue increased by 5% in the first quarter of 2023 to $13,747 compared to $13,057 in Q4 2022 due primarily to higher gold (70%) and silver (29%) ounces sold to 2,418 and 144,831 respectively. Sales of zinc, copper, and lead tonnes were 3,210, 446, and 268 respectively, in Q1 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 $907, a swing of 195% over Q4 2022 mine operating loss of $959 due primarily to the increase in ounces sold.



Thickener tank at the Tahuehueto plant

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

	2024				2023			
PRODUCTION	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Processed tonnes	**208,649**	**151,221**	**153,676**	**158,424**	**130,210**	**147,732**	**185,953**	**201,237**
Campo Morado	141,097	122,195	118,104	125,105	106,765	128,287	166,796	177,293
Tahuehueto	67,552	29,027	35,572	33,319	23,446	19,445	19,157	23,944
Gold Ounces	**7,120**	**3,604**	**4,278**	**4,297**	**3,155**	**3,437**	**2,716**	**2,524**
Campo Morado	2,002	1,347	1,517	1,929	1,164	1,869	1,155	707
Tahuehueto	5,118	2,258	2,761	2,368	1,991	1,568	1,561	1,817
Gold Grade	**1.88**	**1.63**	**1.84**	**1.70**	**1.40**	**1.81**	**1.23**	**0.89**
Campo Morado	1.46	1.35	1.58	1.46	1.02	1.62	1.03	0.62
Tahuehueto	2.78	2.79	2.74	2.64	3.13	3.05	2.97	2.84
Gold Recovery	**56.34**	**45.53**	**46.94**	**49.52**	**53.80**	**40.09**	**36.80**	**44.08**
Campo Morado	30.30	25.35	25.36	32.96	33.18	28.03	20.82	19.96
Tahuehueto	84.88	86.72	88.16	83.83	84.46	82.28	85.21	83.16
Silver Ounces	**228,317**	**158,778**	**188,267**	**207,504**	**155,763**	**169,162**	**178,583**	**184,617**
Campo Morado	172,642	138,065	158,762	180,108	133,872	152,213	158,792	163,356
Tahuehueto	55,674	20,713	29,505	27,396	21,891	16,949	19,791	21,261
Silver Grade	**74**	**72**	**79**	**96**	**76**	**92**	**75**	**63**
Campo Morado	95	83	94	113	85	101	80	67
Tahuehueto	30	26	30	32	34	33	37	34
Silver Recovery	**46.21**	**45.22**	**47.95**	**42.56**	**49.19**	**38.74**	**39.67**	**45.03**
Campo Morado	40.19	42.19	44.26	39.73	46.03	36.57	37.15	42.57
Tahuehueto	86.32	86.79	87.01	80.05	84.83	82.69	86.83	80.86
Zinc Pounds Produced	**6,805,533**	**5,876,385**	**6,889,575**	**6,763,320**	**6,018,969**	**6,675,763**	**10,691,403**	**10,218,717**
Campo Morado	5,291,927	5,162,000	5,701,467	5,731,806	5,074,841	5,552,531	9,447,680	8,569,872
Tahuehueto	1,513,606	714,385	1,188,109	1,031,514	944,128	1,123,232	1,243,723	1,648,845
Zinc Grade	**1.85**	**2.18**	**2.49**	**2.38**	**2.49**	**2.61**	**3.23**	**2.91**
Campo Morado	2.08	2.36	2.65	2.51	2.53	2.51	3.19	2.74
Tahuehueto	1.39	1.44	1.95	1.90	2.35	3.27	3.54	4.13
Zinc Recovery	**79.83**	**80.77**	**81.63**	**81.42**	**84.06**	**78.56**	**80.75**	**79.18**
Campo Morado	81.94	81.26	82.54	82.91	85.35	78.27	80.45	79.92
Tahuehueto	73.24	77.41	77.50	73.99	77.74	80.04	83.16	75.57
Copper Pounds Produced	**2,226,489**	**1,817,924**	**1,557,367**	**1,744,679**	**1,478,472**	**1,410,806**	**1,467,268**	**1,415,824**
Campo Morado	1,982,864	1,714,874	1,441,433	1,649,557	1,407,968	1,359,019	1,411,178	1,349,345
Tahuehueto	243,625	103,050	115,934	95,122	70,503	51,787	56,090	66,479
Copper Grade	**0.61**	**0.69**	**0.58**	**0.66**	**0.64**	**0.69**	**0.56**	**0.52**
Campo Morado	0.81	0.81	0.70	0.79	0.75	0.77	0.61	0.56
Tahuehueto	0.19	0.19	0.18	0.18	0.17	0.14	0.16	0.15
Copper Recovery	**79.49**	**78.64**	**78.83**	**75.29**	**80.16**	**63.18**	**63.62**	**61.93**
Campo Morado	78.96	78.35	78.55	75.44	80.13	62.60	63.00	61.13
Tahuehueto	84.18	83.70	82.36	72.72	80.84	83.58	84.32	84.42
Lead Pounds Produced	**1,745,645**	**1,141,934**	**1,471,506**	**1,456,297**	**1,230,654**	**1,421,212**	**1,436,927**	**1,838,152**
Campo Morado	768,445	736,470	821,723	903,744	761,657	934,117	903,205	1,150,937
Tahuehueto	977,201	405,464	649,783	552,553	468,997	487,095	533,722	687,215
Lead Grade	**0.68**	**0.66**	**0.78**	**0.77**	**0.68**	**0.82**	**0.71**	**0.76**
Campo Morado	0.60	0.62	0.71	0.71	0.60	0.74	0.63	0.66
Tahuehueto	0.85	0.81	1.00	0.99	1.08	1.34	1.46	1.52
Lead Recovery	**55.58**	**52.25**	**55.79**	**54.00**	**62.59**	**53.52**	**49.18**	**54.49**
Campo Morado	41.08	44.20	44.37	45.90	54.16	44.92	39.17	44.80
Tahuehueto	76.94	78.07	82.73	75.92	83.78	84.59	86.68	85.47

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:

	December 31, 2024			April 22, 2024		
	Number of units	Weighted average exercise Price (1)	Weighted average life (years)	Number of units	Weighted average exercise Price (1)	Weighted average life (years)
Common shares	200,304,100			246,876,319		
Warrants	54,947,535	0.55	0.61	22,980,252	0.60	0.48
Stock options	15,260,249	0.51	3.91	15,072,084	0.54	3.87
Restricted share units	1,300,000	-	-	1,300,000	-	-
Convertible debenture[2]	13,566,771	0.35	-	-	-	-
Fully diluted	**251,914,728**			**286,228,655**		

1. Amounts are in CAD.
2. The convertible debenture was partially repurchased and partially converted on January 7, 2025, at an exercise price of $0.35, resulting in the issuance of 13,566,771 shares. Refer to Note 30 – Subsequent Events in the Consolidated Financial Statements for the year ended December 31, 2024.

MANAGEMENT OF CAPITAL

The Company considers the items included in the consolidated statements of changes in equity as capital. The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company manages the capital structure and makes adjustments to it in light of changes in economics conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, convertible debentures, asset acquisitions or return capital to shareholders. As at December 31, 2024, the Company is not subject to externally imposed capital requirements

OFF BALANCE SHEET ARRANGEMENTS

On August 6, 2024, the Company engaged 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. As of December 31, 2024, the Company has paid $2,000 towards the Advance Payments and has further commitments of $1,000 for the last advance payment and $345 for contracted mining services which are expected to be expended within one year.

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		Years ended	
	December 31 2024	December 31 2024	December 31 2024	December 31 2024
	$	$	$	$
Salaries, bonus and benefits	358	249	1,163	1,142
Consulting fees	286	223	777	829
Share-based compensation	1,250	210	2,117	893
Total	**1,894**	**682**	**4,057**	**2,864**

Related party balances

As at December 31, 2024, directors and officers or their related companies were owed $127 (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.

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. 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 year ended December 31, 2024, the Company incurred interest of $nil (December 31, 2023 - $934).

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 nine months ended September 30, 2023, the amount exchanged for currency denominated in the Mexican Peso at exchange rates at the time of the conversion was $nil and $615, respectively (September 30, 2023 - $5,089 and $14,812). As at December 31, 2024, the amount owed to Bursametrica was $nil (December 31, 2023 - $nil).

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 year ended December 31, 2024, the Company incurred legal expenses of $298 (December 31, 2023 - $347).

CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

a) Commitments

On August 6, 2024, the Company entered into a two-year agreement with Cominvi, S.A. de C.V. ("Cominvi") to carry out core mining operations at the Campo Morado copper-zinc-gold mine (the "Mining Contract"). As part of the Mining Contract, the Company must make advance payments to Cominvi of $3,000 plus Mexican Value Added Tax (the "Advance Payments") by December 2024.

As of December 31, 2024, the Company has paid $2,000 towards the Advance Payments and has further commitments of $15 for contracted mining services which are expected to be expended within one year.

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 December 31, 2024, the Company has estimated an accrual of $3,717 (December 31, 2023 - $6,820) 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 $810 (MXN$16,000) and possible reduction of accumulated tax losses for $5,290 (MXN$104,000), which the Company is challenging through a legal process. As at December 31, 2024, 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 year ended December 31, 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.

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. ("MCM"), and corporate offices in Mexico City. The Company received notice from Size of outstanding amounts payable by the Company and filed a claim against MCM in the amount of $3,152 (MXN$62,000) which was approved by the court. In August 2024, MCM filed an appeal against the court's decision, which has been accepted by the higher courts and is pending resolution.

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.
Derivative Liability	The fair value of the derivative liability arising from a convertible debenture used to cancel debt, is measured using a partial differential equation approach.
Stream Agreement	The fair value of the Stream Agreement is determined based on a discounted cash flow model using the assumptions outlined in Note 15 to the December 31, 2024 consolidated financial statements of the Company.

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

During the year ended December 31, 2024, there were no transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy.

December 31, 2024	**Fair value through profit or loss**	**Amortized cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Carrying value approximates Fair Value**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Financial assets measured at Fair Value							
Trade receivables from sale of concentrate	1,005	-	1,005	-	1,005	-	-
	1,005	**-**	**1,005**	**-**	**1,005**	**-**	**-**
Financial assets not measured at Fair Value							
Cash and cash equivalents	-	10,207	10,207	-	-	-	10,207
Other receivables	-	6,632	6,632	-	-	-	6,632
	-	**16,839**	**16,839**	**-**	**-**	**-**	**16,839**
Financial liabilities not measured at Fair Value							
Amounts payable and accrued liabilities	-	(24,715)	(24,715)	-	-	-	(24,715)
Derivative from convertible debenture	(4,975)	-	(4,975)	-	(4,975)	-	
Derivative liability from stream agreement	(22,804)		(22,804)		-	(22,804)	
Loans payable	-	(17,037)	(17,037)	-	-	-	(17,037)
	(27,779)	**(41,752)**	**(69,531)**	**-**	**(4,975)**	**(22,804)**	**(41,752)**

December 31, 2023 - *(Restated Note 3(s))*	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Level 3	Carrying value approximates Fair Value
	$	**$**	**$**	**$**	**$**	**$**	**$**
Financial assets measured at Fair Value							
Trade receivables from sale of concentrate	562	-	562	-	562	-	-
	562	**-**	**562**	**-**	**562**	**-**	**-**
Financial assets not measured at Fair Value							
Cash and cash equivalents	-	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							
Amounts payable and accrued liabilities	-	(24,528)	(24,528)	-	-	-	(24,528)
Loans payable	-	(23,518)	(23,518)	-	-	-	(23,518)
	-	**(48,046)**	**(48,046)**	**-**	**-**	**-**	**(48,046)**

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

Gold, silver, zinc, copper and lead 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 December 31, 2024:

Metal	Change	Effect on Sales $
Gold	+/- 10%	756
Silver	+/- 10%	1,955
Zinc	+/- 10%	698
Copper	+/- 10%	421
Lead	+/- 10%	41

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	December 31 2024	December 31 2023
	$	$
Cash	10,207	2,058
Trade receivables	770	562
Other receivables	267	244
Other assets	116	-
	11,360	**2,864**

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, as at December 31, 2024:

	Expected payments, by year, as at December 31, 2024			
	Less than 1 year	1 -3 years	After 5 years	Total
	$	$	$	$
Accounts payable and accrued liabilities	24,715	-	-	24,715
Lease liabilities	2,747	9,258	3,317	15,322
Royalty streaming	5,840	15,695	1,269	22,804
Loans payable	14,603	2,434	-	17,037
Provision for reclamation and rehabilitation	-	-	6,749	6,749
Total contractual obligations	**47,905**	**27,387**	**11,335**	**86,627**

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.

As at December 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 $98 (December 31, 2023 – $139).

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 US 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 US dollars are subject to changes in the value of the US 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 US dollar and positively impacted by the inverse.

The US dollar equivalents of financial assets and liabilities denominated in currencies other than the US dollar as at December 3!, 2024, are as follows:

	December 31, 2024		December 31, 2023	
Denominated (000's)	CAD Dollars	Mexican Peso	CAD Dollars	Mexican Peso
	$	$	$	$
Financial assets, foreign currency	3,304	144,984	1,407	227,382
Financial liabilities, foreign currency	(1,575)	(482,509)	(831)	(793,391)
Net financial assets (liabilities)	**1,729**	**(337,525)**	**576**	**(566,009)**

Of the financial assets listed above, CAD$3,244 (2023 – CAD$1,071) represents cash held in CAD dollars and MXN$4,305 (2023 - MXN$6,284) represents cash held in Mexican pesos. The remaining cash balance is held in US Dollars.

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

Currency	Change	Effect $
CAD dollars	+/- 10%	109
Mexican pesos	+/- 10%	1,496

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.

CHANGES IN ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Adoption of new accounting standards, interpretation or amendments in the period

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.

Critical accounting estimates

The preparation of financial statements requires the Company to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management's judgment relate to the determination of mineralized reserves and resources, plant and equipment lives, estimating the fair values of financial instruments and derivatives, impairment of non-current assets, reclamation and rehabilitation provisions, recognition of deferred tax assets, and assumptions used in determining the fair value of share-based compensation.

<u>Going Concern</u>

The Company's consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

<u>Determination of mineral reserves and resources</u>

Judgments about the amount of product that can be economically and legally extracted from the Company's properties are made by management using a range of geological, technical and economic factors, history of conversion of mineral deposits to proven and probable reserves as well as data regarding quantities, grades, production techniques, recovery rates, production costs, commodity prices and exchange rates. This process may require complex and difficult geological judgments to interpret the data. The Company uses qualified persons (as defined by the Canadian Securities Administrator's National Instrument 43-101) to compile this data.

Estimating the quantity and/or grade of reserves and resources requires the size, shape and depth of ore bodies or fields to be determined by analyzing geological data such as drilling samples. Following this, the quantity of ore that can be extracted in an economical manner is calculated using data regarding the life of mine plans and forecast sales prices (based on current and long-term historical average price trends). Changes in estimates can be the result of estimated future production differing from previous forecasts of future production, expansion of mineable ore through exploration activities, differences between estimated and actual costs of mining and differences in the commodity price used in the estimation of mineable ore.

The economic assumptions used to estimate mineralized material may change from period to period and additional geological data is generated during the course of operations, which may change management's judgments surrounding reserves and resources. Any changes in management's judgements may impact the carrying value of mineral properties, plant and equipment, reclamation and rehabilitation provisions, recognition of deferred income tax amounts and depreciation.

The Company's management reviews the carrying values of its mining properties on a regular basis to determine whether any write-downs are necessary. The recovery of amounts recorded for mining properties depends on confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof. Management relies on life-of-mine ("LOM") plans in its assessments of economic recoverability and probability of future economic benefit. LOM plans provide an economic model to support the economic extraction of reserves and resources. A long-term LOM plan and supporting geological model identifies the drilling and related development work required to expand or further define the existing ore body.

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Commencement of Depreciation and Depletion of Fixed Assets and Mineral Properties

Once a mine reaches the operating levels intended by management, depreciation of capitalized costs begins. Significant judgement is required to determine when certain of the Company's assets reach this level. Management considers several factors including: completion of a reasonable period of commissioning; consistent operating results achieved at a pre-determined level of design capacity and indications exist that this level will continue; mineral recoveries at or near expected levels; and the transfer of operations from development personnel to operational personnel has been completed.

Estimation of the amount and timing of reclamation and rehabilitation costs

The Company has obligations for decommissioning, restoring and other similar activities related to its mining properties. The future obligations for mine closure activities are estimated by the Company using mine closure plans or other similar studies which outline the requirements that will be carried out to meet the obligations.

Because the obligations are dependent on the laws and regulations of the countries in which the mines operate, the requirements could change as a result of amendments in the laws and regulations relating to environmental protection and other legislation affecting resource companies. As the estimate of the obligations is based on future expectations, a number of estimates and assumptions are made by management in the determination of closure provisions, including the future costs, the period over which they will be incurred, and the appropriate discount rate to be used.

Deferred Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and losses carried forward. Future tax assets and liabilities are measured using substantively enacted or enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the substantive enactment date. Future tax assets are recognized to the extent that they are considered more likely than not to be realized. Judgement is required in determining the recognition and measurement of deferred income tax assets and liabilities on the balance sheet. In the normal course of business, the Company is subject to assessment by taxation authorities in various jurisdictions. These authorities may have different interpretations of tax legislation or tax agreements than those applied by the Company in computing current and deferred income taxes. These different interpretations may alter the timing or amounts of taxable income or deductions.

Final taxes payable and receivable are dependent on many factors, including outcomes of tax litigation and resolution of disputes.
The resolution of these uncertainties may result in adjustments to the Company's tax assets and liabilities. Management assesses the likelihood and timing of taxable earnings in future periods in recognizing deferred income tax assets. Estimates of future taxable income is based on forecasted cash flows using life of mine projections and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred income tax assets recorded at the balance sheet date could be impacted. In addition, future changes to tax laws could limit the ability of the Company to obtain tax deductions in future periods from deferred income tax assets.

Valuation of inventory

Consumable parts and supplies, ore stockpiles and concentrates are valued at the lower of cost and net realizable value. Estimates in the carrying values of inventories arise due to the nature of the valuation of ore stockpiles and concentrates based on an appropriate allocation of direct mining costs, direct labour and material costs, mine site overhead and depletion and amortization.

Share-based compensation

Determining the fair value of stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of equity. The fair value of the RSUs is determined based on the market price of the Company's common stock on the grant date.

Functional currency

The functional currency for the Company and its subsidiaries is the currency of the primary economic environment in which each operates. The determination of functional currency may require certain judgements to determine the primary economic environment. The Company reconsiders the functional currency used when there is a change in the events and conditions which determined the primary economic environment.

Revenue recognition

The Company's sales of metal in concentrates allow for price adjustments based on the market price at the end of the relevant quotational period ("QP") stipulated in the contract. These are referred to as provisional pricing arrangements and are such that the selling price for metal in concentrate is based on the prevailing spot price on a specified future date. At each balance sheet date, the Company estimates the value of the trade receivable using forward metal prices.

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Adjustments to the sale price occurs based on movements in quoted market prices up to the end of the QP. The period between provisional invoicing and the end of the QP is generally between one and three months. Any future changes over the QP are embedded within the provisionally priced trade receivables and are, therefore, within the scope of IFRS 9 and not within the scope of IFRS 15. As such, the provisional price adjustments are accounted for as derivatives and presented as revenue separately in Note 20 of these consolidated financial statements.

Streaming arrangements

To qualify for the own use exemption, a contract to buy or sell a non-financial item needs to be entered into and continue to be held to receive or deliver that non-financial item in accordance with the Company's expected purchase, sale or usage requirements. The Company previously made significant judgments and historically, the Company considered its precious metal streaming arrangement as commodity arrangement in which the fair value of the stream was recorded as deferred revenue until the payable silver is delivered in line with the terms of the agreement. On August 13, 2024, the Company amended the Stream Agreement with Empress (as defined in Note 15). As a result of this amendment, a portion of the Stream Agreement was settled in cash, shares, and refined silver that was not produced at the Tahuehueto mining project. As a result, Management has determined that the Streaming Agreement no longer qualifies for the own use exemption and determined that the Streaming Agreement is in the scope of IFRS 9 from August 13, 2024. The Streaming Agreement meets the definition of a derivative instrument and has been classified as a financial instrument at FVTPL.

Significant judgments applied to the valuation of the Stream Agreement included the forecasted silver delivery schedule, the discount rate, and the determination of the future silver price to apply to the valuation. The valuation of the Stream Agreement is sensitive to changes in these variables.

Depreciation and amortization rates

Depreciation and amortization expenses are allocated based on assumed asset lives and depreciation and amortization rates. Should the asset life or depreciation rate differ from the initial estimate, an adjustment would be made in the consolidated statement of loss prospectively. A change in the mineral reserve estimate for assets depreciated using the units of production method would impact depreciation expense prospectively.

Value-added tax ("VAT") receivable

Timing of collection of VAT receivables is uncertain as VAT refund procedures require a significant amount of information and follow-up. The Company assesses the recoverability of the VAT receivable and its classification as current or non- current at each reporting date. This is impacted by several factors, including the status of discussions with the tax authorities, and current interpretation of relevant tax legislation. Changes in these estimates can materially affect the amount recognized as VAT receivable and the classification and could result in an increase in other expenses recognized.

Leases

Primarily judgements include whether a lease conveys the right to use a specific asset, whether the Company obtains substantially all of the economic benefits from the use of the asset, whether the Company has the right to direct the use of the asset, evaluating the appropriate discount rate to use to discount the lease liability for each lease or groups of assets, and to determine the lease term where a contract includes renewal options. Significant estimates, assumptions and judgements over these factors would affect the present value of the lease liabilities, as well as the associated amount of the ROU asset.

Business Combinations

On the acquisition of a business, the acquisition method of accounting is used, whereby the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities (identifiable net assets) on the basis of fair value at the date of acquisition. When the cost of acquisition exceeds the fair values attributable to the Company's share of identifiable net assets, the difference is treated as purchased goodwill, which is not amortized but is reviewed for impairment annually or more frequently where there is an indication of impairment. If the fair value attributable to the Company's share of the identifiable net assets exceeds the cost of acquisition, the difference is immediately recognized in profit or loss. Incremental costs related to acquisitions are expensed as incurred.

Determination of the fair value of assets acquired and liabilities assumed and the resulting goodwill, if any, requires that management make estimates based on the information provided by the acquiree. Changes to the provisional values of assets acquired and liabilities assumed, deferred income taxes and resulting goodwill, if any, will be adjusted when the final measurements are determined (within one year of acquisition date).

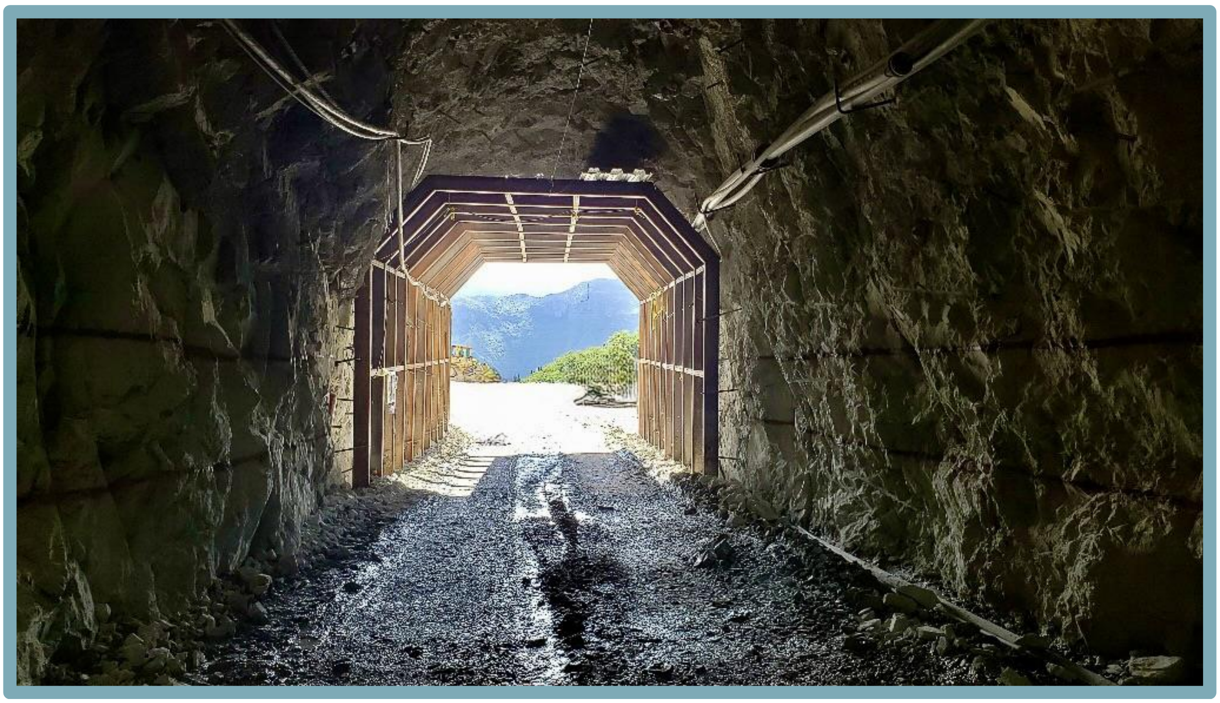
When purchase consideration is contingent on future events, the initial cost of the acquisition recorded includes an estimate of the fair value of the contingent amounts expected to be payable in the future. When the fair value of contingent consideration as at the date of acquisition is finalized, before the end of the 12 months measurement period, the adjustment is allocated to the identifiable assets acquired and liabilities assumed. Changes to the estimated fair value of contingent consideration subsequent to the acquisition date are recorded in profit or loss.

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.



Mine portal at Tahuehueto