

The logo for LUCA Mining Corp. features the letters 'L', 'U', 'C', and 'A' in a stylized, blocky font. The 'L' is yellow, the 'U' is light blue, the 'C' is reddish-brown, and the 'A' is dark blue. The background of the entire page is a photograph of an industrial mining facility at dusk, with various structures, pipes, and tanks illuminated by artificial lights against a colorful sky.

LUCA

Mining Corp.

Management's Discussion and Analysis

For the year ended
December 31, 2025

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, 2025, 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 7, 2026, 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 D. 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.

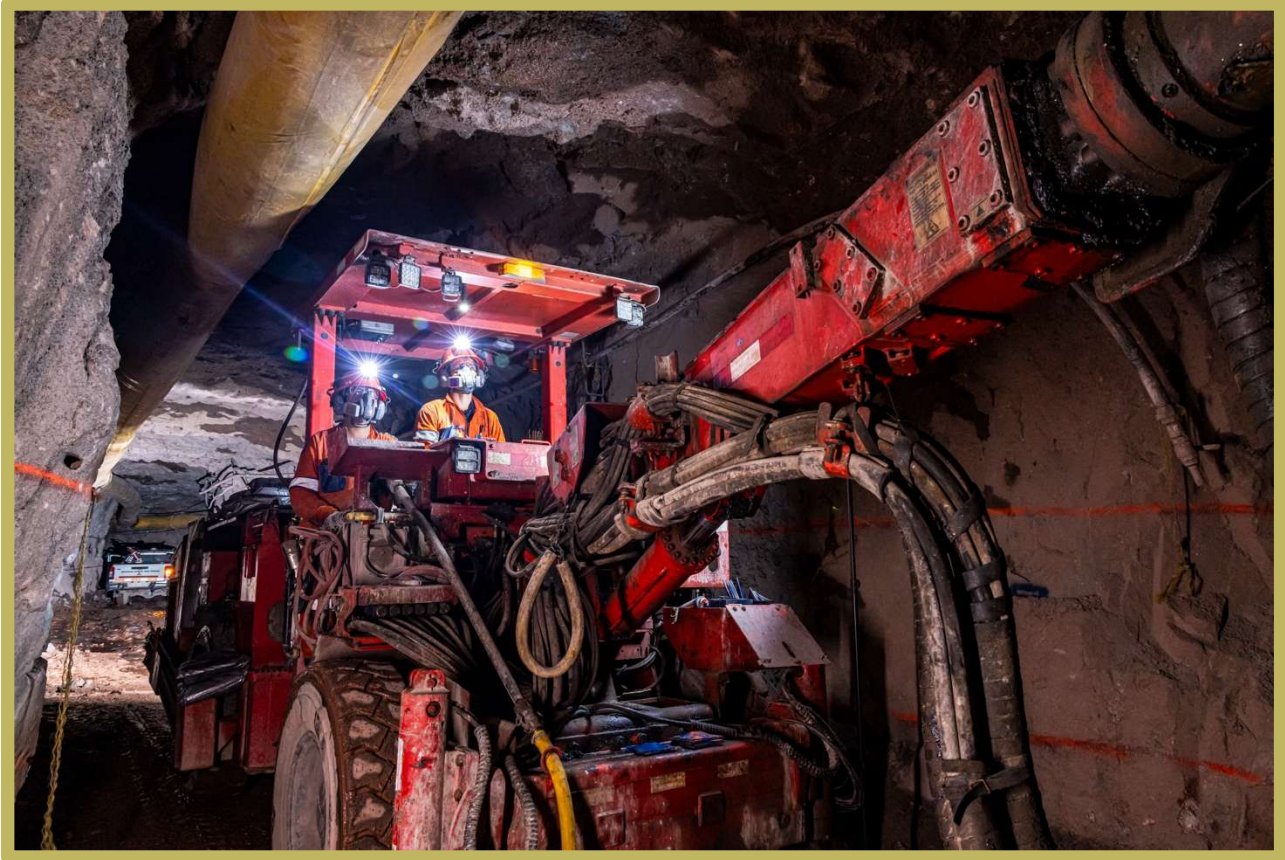
Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "proposes", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, 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; 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 7, 2026.



Underground at Tahuehueto

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CORE BUSINESS & STRATEGY

Luca is a polymetallic producer, producing gold, silver, copper, zinc and lead, and is focused on the operation, development and exploration of mineral resource properties in North America. The Company currently operates two mines in Mexico: the Campo Morado Mine and Mill Complex (“Campo Morado”) in the state of Guerrero and the Tahuehueto Mine and Mill (“Tahuehueto”) in the state of Durango. In early 2024, the Company was in the process of commissioning Tahuehueto and declared commercial production on March 31, 2025.

The Company 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”. 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 overall strategy is to grow its mining business through the advancement of existing mines and mineral concessions, complemented by the acquisition and development of additional operations, resources, and reserves. Growth is driven by opportunity rather than restricted by geography, with a focus on assets where the Company’s unique combination of political, exploration, operational, financial, and community expertise can deliver meaningful value.

This experience is central to identifying and evaluating acquisition opportunities—particularly in cases where a fresh perspective or targeted investment can unlock potential. The Company seeks to create value by optimizing underperforming assets, advancing overlooked exploration opportunities, and successfully navigating complex regulatory and stakeholder environments.

The Company’s approach is underpinned by disciplined execution, a long-term focus on value creation, and the integration of environmental, health & safety and social responsibility into every stage of the process. These primary areas of focus align with our three pillars of value creation:

- Optimization – Enhancing efficiency, productivity, and cost performance at existing operations.
- Exploration – Advancing high-potential targets to grow resources and reserves.
- Expansion – Acquiring and developing assets to broaden the operational portfolio and extend mine life.



General location Map of the Company’s mines

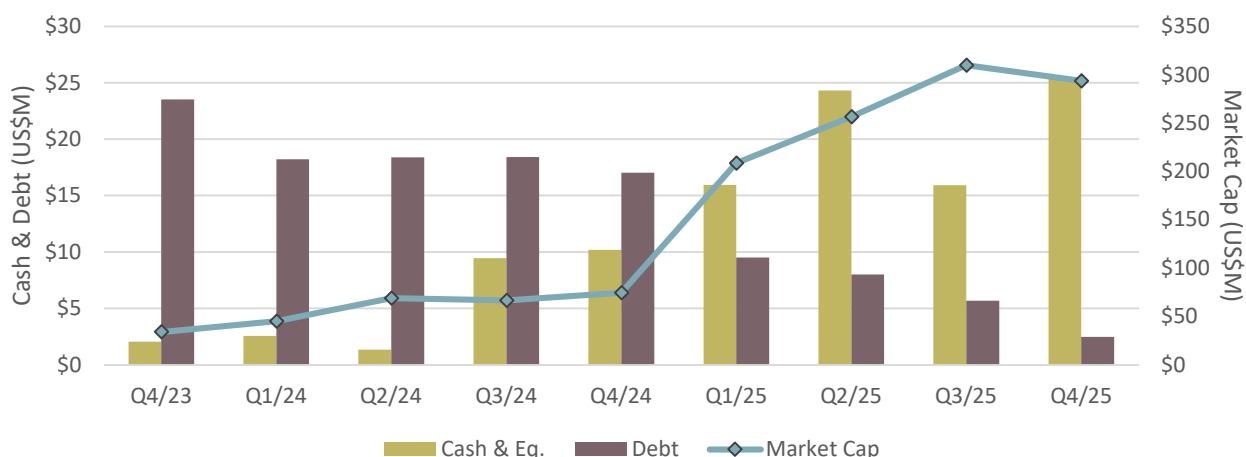
OPERATING AND FINANCIAL HIGHLIGHTS

The year ended December 31, 2025 marked a transformational period for the Company, with significant operational growth, materially higher production levels across both operating mines, stronger revenues driven by higher metal prices, and substantial investments in underground development and exploration designed to support long-term operational performance. 2025 represented a step-change in the scale, financial strength, and operational maturity of the Company.

During the year, the Company also significantly strengthened its balance sheet, reducing loans payable from \$17.0 million at December 31, 2024 to \$3.3 million at December 31, 2025, with further repayments reducing outstanding loans to \$1.7 million as of the date of this MD&A. Together with higher production levels and improved operating cash flow, these developments represent an important milestone in the Company's transition to a stronger and more sustainable financial position.

2025 Highlights

- **Continued emphasis on safe, disciplined operations:** Strong focus on operational discipline during the year, reinforcing supervision visibility, housekeeping standards, and contractor coordination. Corrective actions implemented throughout the year contributed to improved operating stability toward year-end, supporting more consistent underground and plant performance.
- **Transformational Operational Growth:** Tonnes mined and milled increased 53% and 51%, respectively, to 1.01 million tonnes, reflecting higher throughput and improved operational stability across both Campo Morado and Tahuehueto.
- **Strong Multi-Metal Production Growth:** The increase in throughput resulted in significant growth across key metals, including silver production increasing 69%, zinc production increasing 72%, lead production increasing 53%, and copper production increasing 37% compared to 2024.
- **Substantial Increase in Financial Performance:** Revenues increased 103% to \$176.8 million from \$87.3 million in 2024, while Adjusted EBITDA increased 226% to \$46.0 million, compared to \$14.1 million in 2024, driven by higher production levels and significantly stronger realized precious metal prices.
- **Strategic Investment in Mine Development:** Sustaining capital expenditures increased to \$27.3 million as the Company accelerated underground development and exploration programs designed to improve mine sequencing, access higher-grade zones, and support long-term production reliability.
- **Exploration Programs Recommence to Support Resource Growth:** During 2025, the Company recommenced exploration activities across its projects for the first time in more than a decade. To date, approximately 30,140 metres of exploration drilling have been completed, improving geological understanding of the deposits, identifying additional mineralized zones, and supporting potential resource expansion. These exploration programs represent an important step towards unlocking additional value within the Company's asset portfolio and establishing a pipeline of future growth opportunities.
- **Significant Balance Sheet Improvement:** The Company reduced loans payable from \$17.0 million at December 31, 2024 to \$3.3 million at December 31, 2025, representing a reduction of more than 80% during the year. As of the date of this MD&A, outstanding loans payable have been further reduced to \$1.7 million. Further, the Company achieved positive net free cashflow before working capital of \$20.8 million and increased its cash and cash equivalents to \$25.5 million from \$10.2 million in 2024.
- **Increased Equity Participation and Strengthened Liquidity:** The Company received \$20.0 million in proceeds from the exercise of 50,024,980 warrants and 4,932,681 stock options (2024: \$3.4 million), reflecting increased participation by holders as the Company's share price strengthened, further supporting liquidity and balance sheet strength.





Throughout 2025 the Company achieved a significant increase in mining and processing activity across both operations. Tonnes mined increased to 1,013,411 tonnes, representing a 53% increase compared to 2024, while tonnes milled increased 51% to 1,011,781 tonnes. The higher throughput levels reflect improved operational stability and the continued ramp-up of processing capacity across both mines.

The increased processing rates supported strong multi-metal production growth. Silver production increased 69% to 1.33 million ounces, zinc production increased 72% to 45.2 million pounds, lead production increased 53% to 8.9 million pounds, and copper production increased 37% to 10.1 million pounds. Gold production totaled 26,144 ounces, representing a 35% increase over 2024.

Average head grades and recoveries during the year reflected changes in mine sequencing and the increased processing of a broader range of ore sources. Gold and silver grades were lower year-over-year, while base metal grades were generally stable to modestly improved. Metallurgical recoveries were also slightly lower across most metals compared to 2024. Despite these factors, the significant increase in throughput more than offset the impact of lower grades and recoveries, resulting in materially higher overall production levels and demonstrating the strong operating leverage of the Company's assets.

In the second half of 2025, the Company significantly expanded underground development and exploration programs across both operations, improving mine sequencing and advancing access to additional mining areas. Development meters and exploration drilling were increased to access new mining areas, improve operational flexibility, and prepare higher-grade zones for future production. The Company completed a total of 23,153 metres of drilling across its operations, including 15,625 metres at Campo Morado (8,406 metres underground and 7,219 metres surface) and 7,528 metres at Tahuehueto (4,757 metres underground and 2,501 metres surface). These drilling programs strengthen the long-term production profile of the mines and while these activities increased sustaining capital expenditures in the short term, management views these investments as critical to improving operational flexibility and supporting future production reliability.

Although the Company reported a net loss for the year, this result primarily reflects non-operating and non-cash items. Excluding these factors, underlying operating performance improved substantially year-over-year.

Higher production volumes combined with stronger metal prices resulted in a substantial improvement in financial performance during the year. Revenues increased 103% to \$176.8 million, compared to \$87.3 million in 2024, while Adjusted EBITDA increased to \$46.0 million from \$14.1 million in the prior year. Mine operating earnings increased to \$48.7 million, compared to \$17.2 million in 2024, and mine operating cash flow before taxes increased to \$61.2 million from \$22.3 million in the prior year.

Improved operating performance and stronger cash generation during the year also strengthened the Company's balance sheet, reducing outstanding debt to \$3.3 million at December 31, 2025 from \$17.0 million in the prior year. Cash increased to \$25.5 million at December 31, 2025, compared to \$10.2 million at the end of 2024 and the Company achieved \$20.8 million in net free cash flow before working capital.

The Company also benefited from significantly higher realized precious-metal prices during the year. The realized gold price increased 39% to \$3,380 per ounce, while the realized silver price increased 43% to \$40.27 per ounce.

During the year the Company also refined its operational reporting framework to better reflect the distinct production profiles of its two operating mines. Campo Morado, a polymetallic base-metal operation primarily supported by zinc and copper revenues, is now evaluated using zinc-equivalent metrics, while Tahuehueto continues to present performance on a gold-equivalent basis. Management believes this reporting approach provides a more accurate representation of each mine's economic drivers and improves transparency for investors.

The operational and financial improvements achieved during 2025 demonstrate the successful execution of the Company's strategy to increase production scale, strengthen operating margins, and improve financial flexibility. With significantly higher production levels, expanded underground development programs, and a materially stronger balance sheet, the Company enters 2026 well positioned to continue executing on its operational growth strategy and delivering sustainable long-term value for shareholders.

	December 31 2025	December 31 2024
Cash	\$ 25,515	\$ 10,207
Total assets	184,110	134,974
Total current liabilities	70,607	51,929
Non-current liabilities	54,704	35,361
Shareholders' equity	58,799	47,684



LUCA
Mining Corp.

Consolidated	Three months ended			Year ended		
	December 31 2025	December 31 2024	% Change	December 31 2025	December 31 2024	% Change
Operating						
Tonnes mined	261,873	213,511	23%	1,013,411	660,878	53%
Tonnes milled	260,975	208,649	25%	1,011,781	671,971	51%
Gold ("Au") ounces produced	6,388	7,120	(10%)	26,144	19,299	35%
Silver ("Ag") ounces produced	384,045	228,317	68%	1,326,877	782,867	69%
Lead ("Pb") produced (lbs'000)	2,263	1,746	30%	8,924	5,815	53%
Zinc ("Zn") produced (lbs'000)	11,216	6,806	65%	45,213	26,335	72%
Copper ("Cu") produced (lbs'000)	2,386	2,226	7%	10,080	7,346	37%
Gold ounces sold	5,301	6,612	(20%)	21,456	16,944	27%
Silver ounces sold	300,226	183,049	64%	1,016,772	592,528	72%
Lead sold (lbs'000)	795	805	(1%)	3,370	2,072	63%
Zinc sold (lbs'000)	7,877	4,438	77%	32,880	18,195	81%
Copper sold (lbs'000)	1,524	1,541	(1%)	7,038	5,298	33%
Sustaining Capital (\$)	8,227	1,574	423%	27,270	5,476	398%
Financial						
	\$	\$		\$	\$	
Revenue ⁽⁶⁾	57,921	29,447	97%	176,824	87,259	103%
Cost of Sales ⁽⁶⁾	35,524	20,298	75%	128,075	70,089	83%
Mine operating earnings	22,397	9,149	145%	48,749	17,170	184%
Mine operating cash flow before taxes ⁽²⁾⁽⁴⁾	26,269	12,531	110%	61,222	22,293	175%
Net loss	(6,321)	(1,175)	(438%)	(21,050)	(10,423)	(102%)
Adjusted net earnings (loss) ⁽²⁾	15,033	6,020	150%	24,314	(8,867)	374%
Net free cashflow before working capital ⁽⁵⁾	15,494	7,211	115%	20,800	9,012	131%
EBITDA ⁽¹⁾⁽²⁾	357	2,635	(86%)	(1,627)	(2,591)	37%
Adjusted EBITDA ⁽¹⁾⁽²⁾	23,297	8,058	189%	45,982	14,094	226%
Realized gold price per ounce (\$) ⁽²⁾⁽³⁾	4,116	2,671	54%	3,380	2,424	39%
Realized silver price per ounce (\$) ⁽²⁾⁽³⁾	53.68	31.39	71%	40.27	28.21	43%
Realized lead price per pound (\$) ⁽²⁾⁽³⁾	0.89	0.91	(2%)	0.89	0.93	(5%)
Realized zinc price per pound (\$) ⁽²⁾⁽³⁾	1.43	1.38	3%	1.29	1.25	3%
Realized copper price per pound (\$) ⁽²⁾⁽³⁾	5.01	4.16	20%	4.46	4.02	11%
Working capital ⁽⁵⁾	(10,546)	(20,968)	50%	(10,546)	(20,968)	50%
Shareholders						
Loss per share – basic	(0.01)	(0.01)	(85%)	(0.08)	(0.06)	(19%)
Loss per share – diluted	(0.01)	(0.01)	(79%)	(0.08)	(0.06)	(19%)
Adjusted earnings per share – basic ⁽⁵⁾	0.06	0.04	59%	0.10	(0.05)	287%
Adjusted earnings per share – diluted ⁽⁵⁾	0.05	0.03	92%	0.09	(0.05)	276%
Weighted Average Shares Outstanding - basic (000)	269,118	171,431	57%	255,214	174,412	46%

1. See Reconciliation of earnings before interest, taxes, depreciation, and amortization on page 53.

2. See "Non-IFRS Financial Measures" on page 52.

3. Based on provisional sales before final price adjustments, treatment, and refining charges.

4. Mine operating cash flow before taxes is calculated by adding back royalties, changes in inventory and depreciation and depletion to mine operating earnings. See Reconciliation to IFRS on page 52.

5. Net free cash flow before working is operating cash flow before working capital changes, less capital expenditures. See page 54.

6. Information presented herein for the three months, and year ended December 31, 2024, has been adjusted to reflect the impact of the reclassification of certain transportation cost from revenues to cost of sales. See Note 2 of the consolidated financial statements as of December 31, 2025.

Q4 2025 Highlights

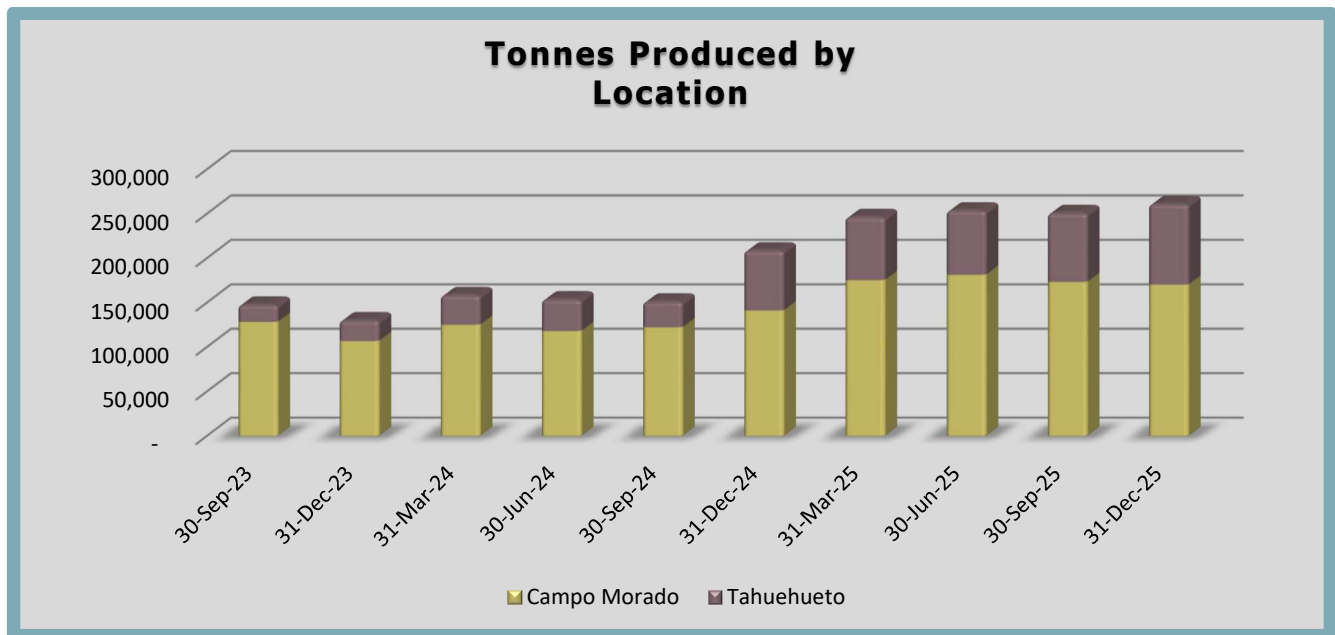
During the fourth quarter of 2025, the Company advanced underground development and exploration programs at both operations to support improved mine sequencing, access to higher-grade stopes, and long-term production reliability. These activities were intentionally accelerated relative to the prior year, resulting in higher sustaining capital and all-in sustaining costs ("AISC") during the period. As these programs progressed and operational benefits began to be realized, costs declined in the quarter. The Company completed 4,817 meters of capitalized underground development at a cost of \$17.0 million and 20,883 meters of exploration drilling totaling \$4.3 million, a substantial increase over the prior year when minimal work was undertaken. These investments position the Company for enhanced production efficiency, operations reliability and stronger margins going forward.

Consolidated production reached materially higher levels year-over-year, driven primarily by increased throughput across both operations, along with improved grades and improved recoveries. Tonnes milled increased 25% to 260,975 tonnes, supporting strong multi-metal output. Gold production totaled 6,388 ounces (-10%), reflecting lower gold contribution at Tahuehueto, while silver production increased significantly to 384,045 ounces (+68%). Base-metal production also strengthened, with 11.2 million lbs of zinc (+65%), 2.39 million lbs of copper (+7%), and 2.26 million lbs of lead (+30%) produced during the quarter.

Revenue for the quarter totaled \$57.9 million, a 97% increase vs. \$29.4 million in Q4 2024, reflecting higher consolidated production, stronger gold and silver prices, and continued operational momentum at both Campo Morado and Tahuehueto. Adjusted EBITDA increased materially to \$23.3 million for Q4 2025, compared to \$8.1 million in the comparative quarter of the prior year. Mine operating earnings increased to \$22.4 million, compared to \$9.1 million in Q4 2024, with mine operating cash flow before taxes rising to \$26.3 million from \$12.5 million. Reported net loss was \$6.3 million, compared to a \$1.1 million loss in the prior year, primarily attributable to non-operating and non-cash items. Excluding these items, underlying operating performance improved substantially year-over-year, notwithstanding royalties, and treatment and refining charges associated with higher production levels.

Key operational highlights included:

- **Development momentum improving operational flexibility:** Underground preparation and development remained active across both Campo Morado and Tahuehueto throughout Q4, supporting improved access to future mining areas and enhancing grade sequencing flexibility. Sustained advance rates and consistent mineral production reduce operational bottlenecks and position both mines for more stable feed and performance continuity entering 2026.
- **Tailings optimization and capacity de-risking:** Both operations advanced tailings capacity optimization initiatives during the quarter, including engineering reviews to maximize available storage and progress on expansion-related permitting and contractor evaluation. These efforts reduce medium-term capacity constraints, strengthen regulatory positioning, and support uninterrupted production continuity as both operations advance toward greater stability and scale.
- **Campo Morado - Reliability stabilization and metallurgical optimization:** Advanced several initiatives to strengthen operational reliability and metallurgical stability. Electrical upgrades and substation rehabilitation improved underground power consistency, while increased pumping capacity reduced water-related disruptions in key mining areas. In the plant, flotation rehabilitation and metallurgical optimization progressed through grind-size adjustments, reagent regime refinement, and improved feed blending controls. The Primary Zn Scavenger Bank was completed and the Primary Zn Bank neared completion by year-end, positioning the operation for improved recovery stability entering 2026.
- **Tahuehueto - Stable throughput and operational improvements:** Tahuehueto delivered consistent throughput and concentrate production through Q4 while continuing underground development. Zinc concentrates grades remained solid for much of the quarter and lead concentrates carried strong precious metal content. Following the transition to La Cantera as the primary underground mining contractor last quarter, equipment availability and operational execution improved, supporting more stable plant feed. In parallel, advancement of the 1,000 kVA substation at N14 strengthened power reliability and operational flexibility heading into 2026.
- **Investment for reliability:** Investment in sustaining capital of \$8.2 million in the quarter (\$27.3 million YTD) to accelerate underground development and drilling, positioning both mines for improved grade access, operating flexibility and production reliability.



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.

ANNUAL OUTLOOK

2025 Production Guidance

Consolidated

During the year ended December 31, 2025, the Company exceeded its annual revised production guidance (low end) producing 26,144 ounces of gold and 1,326,877 ounces of silver, representing approximately 103% and 112%, respectively. Consolidated base-metal output totaled 45.2 million pounds of zinc, 8.9 million pounds of lead, and 10.1 million pounds of copper, corresponding to 103%, 104%, and 105% of the low end of guidance. Payable metals followed a similar pattern.

Produced Metal				
		2025 Revised Guidance ⁽¹⁾	December 31, 2025	% of 2025 guidance (low end guidance)
Gold production	oz	25,500 – 29,000	26,144	103%
Silver production	oz	1,187,000 – 1,391,000	1,326,877	112%
Lead production	lbs ('000)	8,600 – 10,200	8,924	104%
Zinc production	lbs ('000)	43,800 – 45,000	45,213	103%
Copper production	lbs ('000)	9,600 – 10,800	10,080	105%
Payable Metal				
		2025 Revised Guidance ⁽¹⁾	December 31, 2025	% of 2025 guidance (low end guidance)
Gold production	oz	21,000 - 24,000	21,456	102%
Silver production	oz	899,000 – 1,070,000	1,016,772	113%
Lead production	lbs ('000)	3,000 – 4,000	3,370	112%
Zinc production	lbs ('000)	31,500 – 36,200	32,880	104%
Copper production	lbs ('000)	7,000 – 8,000	7,038	101%

(1) Revised guidance as published in the Company's November 18, 2025, news release. Totals may not sum due to rounding.

Campo Morado

Campo Morado produced 38.7 million pounds of zinc, 4.9 million pounds of lead, 8.9 million pounds of copper, 1,010,710 ounces of silver, and 8,735 ounces of gold during the year ended December 31, 2025, achieving between 98% and 108% of the low end of annual guidance for all metals. Throughput levels remained steady near target rates, while metallurgical optimization initiatives continued to focus on improving recoveries and concentrate quality.

Produced Metal				
		2025 Revised Guidance ⁽¹⁾	December 31, 2025	% of guidance YTD (low end guidance)
Gold production	oz	8,500 – 10,000	8,735	103%
Silver production	oz	940,000 – 1,100,000	1,010,710	108%
Lead production	lbs ('000)	5,000 – 6,000	4,924	98%
Zinc production	lbs ('000)	38,000 – 42,000	38,740	102%
Copper production	lbs ('000)	8,500 – 9,500	8,895	105%

Payable Metal				
		2025 Revised Guidance ⁽¹⁾	December 31, 2025	% of guidance YTD (low end guidance)
Gold production	oz	5,500 – 6,500	5,619	102%
Silver production	oz	680,000 – 800,000	736,775	108%
Lead production	lbs ('000)	-	-	-
Zinc production	lbs ('000)	28,000 – 32,000	29,072	104%
Copper production	lbs ('000)	7,000 – 8,000	7,038	101%

(1) Revised guidance as published in the Company's November 18, 2025, news release. Totals may not sum due to rounding.

While early-year production was affected by lower-than-modeled head grades and variable ore mineralogy, process refinements introduced in the third quarter, particularly adjustments to reagent dosing and concentrate cleaning, yielded improvements in recoveries and concentrate grades resulting in achievement of the lower end of guidance for the year.

Tahuehueto

At Tahuehueto, 2025 production reached 17,410 ounces of gold, 316,166 ounces of silver, 4.0 million pounds of lead, 6.5 million pounds of zinc, and 1.2 million pounds of copper. Output represents between 102 % and 128 % of the low end of annual guidance, with particularly strong performance in silver and copper.

Produced Metal				
		2025 Revised Guidance ⁽¹⁾	December 31, 2025	% of guidance YTD (low end guidance)
Gold production	oz	17,000 – 19,000	17,410	102%
Silver production	oz	247,000 – 291,000	316,166	128%
Lead production	lbs ('000)	3,600 – 4,200	4,000	111%
Zinc production	lbs ('000)	5,800 – 6,500	6,472	112%
Copper production	lbs ('000)	1,000 – 1,500	1,185	119%

Payable Metal				
		2025 Revised Guidance ⁽¹⁾	December 31, 2025	% of guidance YTD (low end guidance)
Gold production	oz	15,500 – 17,500	15,837	102%
Silver production	oz	219,000 – 270,000	279,997	128%
Lead production	lbs ('000)	3,000 – 4,000	3,370	112%
Zinc production	lbs ('000)	3,500 – 4,200	3,808	109%
Copper production	lbs ('000)	-	-	-

(1) Revised guidance as published in the Company's November 18, 2025, news release. Totals may not sum due to rounding.

2025 Budgeted Capital Expenditures and Exploration

Capital investment in 2025 has been primarily directed toward sustaining mine development, plant optimization, and near-mine exploration across both operations. Expenditures during the year totaled \$27.2 million, representing approximately 93% of full-year revised guidance.

Campo Morado			
	2025 Revised Guidance ⁽¹⁾	December 31, 2025⁽²⁾	% of guidance YTD
	\$	\$	
Mine Development - Sustaining	12.2 million	11.4 million	96%
Other Capital - Sustaining	3.7 million	4.5 million	122%
Total Sustaining	15.9 million	15.9 million	102%
Exploration	2.3 million	2.1 million	93%
Total	18.2 million	18.0 million	98%

Tahuehueto			
	2025 Revised Guidance ⁽¹⁾	December 31, 2025⁽²⁾	% of guidance YTD
	\$	\$	
Mine Development - Sustaining	4.2 million	3.6 million	77%
Other Capital - Sustaining	5.2 million	3.7 million	72%
Total Sustaining	9.4 million	7.3 million	74%
Exploration	1.8 million	1.9 million	105%
Total	11.2 million	9.2 million	79%

Consolidated			
	2025 Revised Guidance ⁽¹⁾	December 31, 2025⁽²⁾	% of guidance YTD
	\$	\$	
Mine Development - Sustaining	16.4 million	14.9 million	91%
Other Capital - Sustaining	8.9 million	8.2 million	93%
Total Sustaining	25.3 million	20.1 million	92%
Exploration	4.1 million	4.0 million	98%
Total	29.4 million	27.2 million	93%

(1) Revised guidance as published in the Company's November 18, 2025, news release. Totals may not sum due to rounding

(2) Actual YTD figures are presented on a cash basis

Higher sustaining capital at Campo Morado reflects the advancement of mine development to access new production zones and completion of key plant improvements, including upgrades to the flotation and grinding circuits. At Tahuehueto, capital expenditures have shifted toward plant reliability and infrastructure optimization to support higher throughput and long-term operating stability.

Despite these incremental investments, overall spending remains aligned with the Company's growth and optimization priorities. With major development projects now largely complete and throughput rates improving at both operations, capital intensity is expected to decline in 2026, supporting continued improvement in free cash flow before working capital adjustments. Management continues to target positive free cash flows in 2026 and is also reviewing growth opportunities at both operations which will be based on improving the operations performance and project economics.



Free Cash Flow

The Company initially anticipated generating between \$30 million and \$40 million⁽¹⁾ in Net Free Cash Flow before working capital adjustments for the year. However, following additional capital investments to accelerate mine development and infrastructure upgrades, together with lower-than-expected gold and zinc output during the second and third quarters of 2025 as mining progressed through lower-grade areas, full-year Net Free Cash Flow was revised to be expected between \$5 million and \$10 million. For the year ended December 31, 2025, the Company exceeded the revised guidance and achieved \$20.8 million in Net Free Cash Flow before working capital adjustments.

This measure, which excludes short-term fluctuations in receivables, payables, prepaids, and inventory, provides a clearer view of underlying operational cash flow generation before working capital movements.

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 employees and their families can take pride in the impactful work it does.

Health and Safety	Environmental Stewardship	People, Community and Culture	Governance & Ethics
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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.

CAMPO MORADO MINE

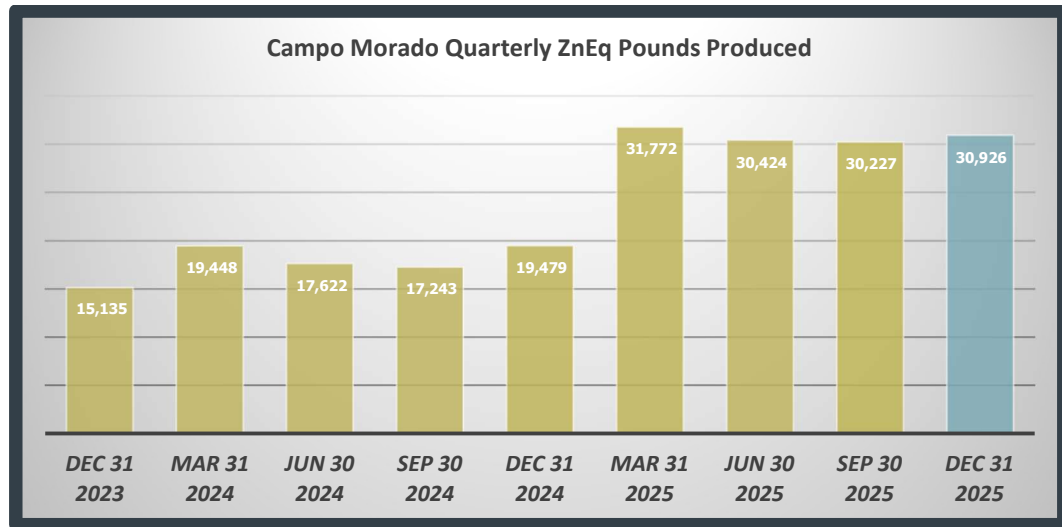
Campo Morado is an underground polymetallic mine located in the state of Guerrero, Mexico, producing concentrates containing gold, silver, zinc, copper and lead. The mine is situated on a property consisting of six mining concessions covering a surface of 12,090 hectares (121 square kilometers). The 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 operating day.

OPERATIONS

Operating results for the three months and the years ended December 31, 2025, and 2024, were as follows:

	Three months ended			Year ended		
	December 31 2025	December 31 2024	% Change	December 31 2025	December 31 2024	% Change
Production						
Tonnes mined	173,345	151,299	15%	707,806	506,936	40%
Tonnes milled	170,238	141,097	21%	700,152	506,501	38%
Average tonnes milled per day ⁽⁷⁾	2,003	1,641	22%	2,053	1,485	38%
<i>Head Grade</i>						
Average gold grade (g/t)	1.53	1.46	5%	1.49	1.46	2%
Average silver grade (g/t)	114.21	94.70	21%	104.36	96.34	8%
Average lead grade (%)	0.80	0.60	34%	0.76	0.66	15%
Average zinc grade (%)	3.19	2.08	54%	3.15	2.38	32%
Average copper grade (%)	0.77	0.81	(5%)	0.78	0.78	(0%)
<i>Recoveries</i>						
Average gold recovery (%)	25.07	30.30	(17%)	26.1	28.60	(9%)
Average silver recovery (%)	44.44	40.19	11%	43.0	41.41	4%
Average lead recovery (%)	42.08	41.08	2%	42.2	43.90	(4%)
Average zinc recovery (%)	77.26	81.94	(6%)	79.7	82.19	(3%)
Average copper recovery (%)	72.37	78.96	(8%)	74.0	77.84	(5%)
Gold produced (oz)	2,103	2,002	5%	8,735	6,795	29%
Silver produced (oz)	277,789	172,642	61%	1,010,710	649,579	56%
Lead produced (lbs'000)	1,271	768	65%	4,924	3,230	52%
Zinc produced (lbs'000)	9,245	5,292	75%	38,740	21,887	77%
Copper produced (lbs'000)	2,083	1,983	5%	8,895	6,789	31%
ZnEq produced (lbs'000)⁽⁴⁾	30,926	19,480	59%	126,086	73,792	71%
Sales						
Gold sold (oz)	1,376	1,183	16%	5,619	4,209	34%
Silver sold (oz)	206,332	134,312	54%	736,775	480,283	53%
Zinc sold (lbs'000)	6,724	3,667	83%	29,072	15,901	83%
Copper sold (lbs'000)	1,524	1,541	(1%)	7,038	5,298	33%
ZnEq sold (lbs'000)⁽⁴⁾	23,755	13,595	75%	90,072	51,859	74%
Realized gold price per ounce (\$) ⁽⁵⁾⁽⁶⁾	4,116	2,671	54%	3,380	2,424	39%
Realized silver price per ounce (\$) ⁽⁵⁾⁽⁶⁾	53.68	31.39	71%	40.27	28.21	43%
Realized zinc price per pound (\$) ⁽⁵⁾⁽⁶⁾	1.43	1.38	2%	1.29	1.25	3%
Realized copper price per pound (\$) ⁽⁵⁾⁽⁶⁾	5.01	4.16	20%	4.46	4.02	11%
Costs						
Direct mining cost per tonne (\$) ⁽²⁾⁽⁵⁾	89	65	(37%)	82	69	(19%)
Cash cost (payable ZnEq, \$/lb) ⁽¹⁾⁽³⁾⁽⁵⁾	1.08	0.97	(11%)	0.99	1.09	9%
AISC per (payable ZnEq, \$/lb) ⁽¹⁾⁽⁴⁾⁽⁵⁾	1.33	1.26	(6%)	1.24	1.24	1%
Capital expenditures						
Sustaining (\$)	4,545	2,001	127%	18,036	3,944	357%

- Zinc equivalents are calculated using an 2,874.63:1 (Zn/Au), 37.4:1 (Zn/Ag), 0.6242:1 (Zn/Pb) and 3.49:1 (Zn/Cu) ratio for Q4 2025; and Zinc equivalents are calculated using an 1,929.22:1 (Zn/Au), 22.6:1 (Zn/Ag), 0.6587:1 (Zn/Pb) and 3.00:1 (Zn/Cu) ratio for Q4 2024; 2,612.74:1 (Zn/Au), 31.1:1 (Zn/Ag), 0.6865:1 (Zn/Pb) and 3.45:1 (Zn/Cu) ratio for YTD 2025; and Zinc equivalents are calculated using an 1,963.53:1 (Zn/Au), 22.5:1 (Zn/Ag), 0.7461:1 (Zn/Pb) and 3.21:1 (Zn/Cu) ratio for YTD 2024, respectively.
- Direct mining costs include mining, processing, and direct overhead at the operation sites See reconciliation on page 55.
- Cash cost per zinc equivalent ounce includes mining, processing, direct overhead costs and treatment and refining charges. See reconciliation on page 55.
- All-In Sustaining Cost (AISC) per ZnEq lbs includes mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation and sustaining capital. See Reconciliation to IFRS on page 55.
- See "Non-IFRS Financial Measures" on page 52.
- Based on provisional sales before final price adjustments, treatment, and refining charges.
- 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, 2025 (compared to the three months ended December 31, 2024)

For the three months ended December 31, 2025, total production at Campo Morado amounted to 30.9 million zinc-equivalent pounds, an increase of 59% compared to 19.5 million pounds in the same period of the prior year. This increase was driven primarily by higher plant throughput and stronger base-metal grades, with 170,238 tonnes milled (+21%) and an average 2,003 tonnes per operating day (+22%). Mill availability and operating discipline supported stable milling rates throughout the quarter, while mine and plant teams continued to refine feed-blend controls and metallurgical practices to maintain circuit stability. Operational initiatives during the quarter included improved ore blending strategies, adjustments to reagent regimes, flotation circuit optimization, and ongoing refurbishment of flotation cell banks to stabilize recovery performance and concentrate quality and plant availability.

Head grades improved compared to the prior-year quarter, including zinc 3.19% (+54%), lead 0.80% (+34%), and silver 114 g/t (+21%), while gold grade increased modestly to 1.53 g/t (+5%). Recoveries were slightly lower as the operation processed a broader range of ore types and higher-iron material, with zinc, copper and gold recoveries declining modestly relative to the prior year. Metallurgical adjustments implemented during the quarter including grind size optimization, reagent dosage adjustments, and flotation circuit improvements supported overall plant stability despite ore variability and mechanical reliability challenges experienced earlier in the quarter.

Metal production increased broadly in line with the higher throughput and improved grades, with zinc production reaching 9.25 million lbs (+75%), lead 1.27 million lbs (+65%), silver 277,789 oz (+61%), copper 2.08 million lbs (+5%), and gold 2,103 oz (+5%) compared to the prior-year quarter. Sales performance reflected these trends, with 23.8 million ZnEq payable pounds sold (+75%). Consistent mine execution, improved plant stability, and strengthened concentrate quality control ensured zinc concentrate met specifications which supported the quarter's gains. Ongoing mine development and blending practices continue to build inventory and improve feed consistency, positioning the operation to sustain throughput and progressively improve metallurgical recoveries as mining sequences normalize.

During the three months ended December 31, 2025, costs reflected the higher production scale and continued sustaining investment to support the operation. Cost of sales increased with higher tonnes milled (170,238, +21%) and ZnEq payable pounds sold (23.8 million, +75%), with direct mining cost per tonne increasing to \$89 (2024: \$65, +37%), reflecting higher milling costs, increased site support and indirect costs as the operation scaled up, and ongoing maintenance and reliability work across the plant. Cash cost per ZnEq payable pound increased slightly to \$1.08 (2024: \$0.97, +11%), reflecting higher treatment and refining charges associated with the increased concentrate volumes, partially offset by operating leverage from higher throughput and by-product credits. AISC increased to \$1.33 (2024: \$1.26, +6%) largely reflecting higher sustaining capital expenditures of \$4.5 million (2024: \$2.0 million) related to underground development, plant equipment refurbishment, and infrastructure upgrades to support stable and reliable operations. These cost dynamics occurred alongside stronger realized prices for gold \$4,116/oz (2024: \$2,671), silver \$53.68/oz (2024: \$31.33), copper \$5.01/lb (2024: \$4.16), and zinc \$1.43/lb (2024: \$1.38) and higher sales volumes (ZnEq payable pounds sold +75%), which together supported improved operating margins despite the continued sustaining investment during the quarter.

Year ended December 31, 2025 (compared to the year ended December 31, 2024)

For the year ended December 31, 2025, total production at Campo Morado reached 126.1 million zinc-equivalent pounds, an increase of 71% compared to 73.8 million pounds in the prior year. The increase reflects a sustained expansion in operating scale through the year as the operation maintained higher throughput levels. Total tonnes milled increased to 700,152 (+38%), while average daily throughput rose to 2,053 tonnes per day (+38%) compared to the prior year. Operational improvements implemented during the year, including ventilation upgrades, plant maintenance initiatives, improved power distribution, and stronger ore inventory management, supported improved plant availability and more consistent operating performance. During the period, tighter feed blending practices and ongoing flotation circuit adjustments further contributed to maintaining stable throughput and concentrate quality.

Over the year, head grades improved relative to the prior year, with zinc averaging 3.15% (+32%), lead 0.76% (+15%), and silver 104.4 g/t (+8%), while gold grades were broadly stable at 1.49 g/t (+2%) and copper grades remained consistent at 0.78%. Recoveries were slightly lower as a wider range of ore types, including higher-iron material, was processed. Average recoveries for the year were 79.7% for zinc (-3%), 74.0% for copper (-5%), 42.2% for lead (-4%), 43.0% for silver (+4%), and 26.1% for gold (-9%). Metallurgical optimization efforts continued throughout the year, including grind size adjustments, reagent dosing improvements, flotation circuit tuning, and ongoing flotation cell refurbishments. Together with geometallurgical guidance and refined blending strategies, these measures helped maintain circuit stability as mine development progressed and additional stopes were incorporated into the mining sequence.

Annual metal production increased in line with the higher throughput and improved grades, with zinc production totaling 38.7 million lbs (+72%), copper 8.9 million lbs (+31%), lead 4.9 million lbs (+53%), silver 1.01 million ounces (+56%), and gold 8,735 ounces (+29%) compared to the prior year. Sales volumes followed the production trend, with ZnEq payable pounds sold reaching 90.1 million (+74%), supported by stronger realized prices across most metals (gold +39%, silver +43%, zinc +3%, copper +11%). Concentrate quality remained within specification throughout the year, supporting consistent shipments and offtake performance.



Conveyor at Campo Morado plant



Cash Cost and All-In Sustaining Cost per ZnEq payable pounds Sold (see "Non-IFRS Financial Measures" on page 53)

Three months ended December 31, 2025 (compared to the three months ended December 31, 2024)

In prior years, the Company calculated Cash Costs and AISC using produced gold ounces as the denominator. Beginning in 2025, the Company has transitioned to using payable gold ounces as the denominator for these metrics to better align its cost reporting with industry peers. However, with Campo Morado's polymetallic nature and the relative contribution of base metals, management believes that presenting production by individual metal primarily zinc, copper, and lead, with zinc-equivalent ("ZnEq") pounds provides a more accurate and transparent measure of operational performance. All comparative figures have been restated accordingly.

For the three months ended December 31, 2025, cost of sales increased 54% to \$19,633 (2024: \$12,786), reflecting the higher operating scale with tonnes milled increasing 21% to 170,238 and ZnEq payable pounds sold increasing 75% to 23.8 million. Within the cost structure, direct mining cost increased to \$15,150 (2024: \$9,145, +66%), consistent with higher mining and milling activity required to sustain the increased plant throughput. The year-over-year increase reflects (i) expanded underground mining activity and associated support services, (ii) higher power and consumable usage at higher milling rates, and (iii) maintenance activities carried out across key plant circuits to support reliability at higher operating levels. Depreciation and share-based compensation totaled \$1,227 (2024: \$1,713, -28%), while royalties increased to \$1,088 (2024: \$623, +75%), broadly reflecting higher metal prices and payable metal sales.

Direct mining cost averaged \$89 per tonne (2024: \$65/t, +37%), with the \$6,005 increase in total direct cost largely attributable to higher milling and site support costs. Mining costs were \$6,906 (2024: \$6,564) as the operation maintained steady underground development and stope production. Milling costs increased to \$5,668 (2024: \$3,608) reflecting higher energy consumption, grinding media usage, and reagent consumption associated with increased throughput. Indirect and site-support costs increased to \$2,674 (2024: \$781) due to expanded maintenance activities, contractor services, and additional site infrastructure support required at higher operating rates. These increases were partially offset by inventory adjustments of \$98 favorable (credit \$98 vs prior-year credit \$1,808) as ore and concentrate inventories normalized through the quarter.

Operationally, the plant maintained relatively stable performance through the quarter, with consistent milling rates near the 2,000 tpd level. Higher throughput naturally increased energy consumption and reagent usage, while maintenance work and reliability initiatives continued across crushing, grinding, and flotation circuits to support steady plant operation and concentrate quality.

Cash cost increased 93% to \$25,555 (2024: \$13,223), driven primarily by higher direct mining costs and treatment and selling costs of \$9,317 (2024: \$3,455, +170%), reflecting significantly higher concentrate sales volumes and associated transportation and treatment charges. Royalties increased to \$1,088 (2024: \$623) in line with higher payable metal sales and stronger realized prices. Despite the higher absolute cost base, cash cost per ZnEq payable pound increased modestly to \$1.08 (2024: \$0.97, +11%), as the higher cost structure was largely offset by the significant increase in sales volumes and improved by-product contributions.

AISC increased 84% to \$31,492 (2024: \$17,083), primarily due to sustaining capital expenditures of \$4,545 (2024: \$2,001) directed toward underground development, plant equipment refurbishment, and infrastructure upgrades required to maintain higher operating rates. Other AISC components remained relatively stable, including corporate G&A allocations and reclamation accretion adjustments. On a unit basis, AISC per ZnEq payable pound sold increased slightly to \$1.33 (2024: \$1.26, +6%), reflecting the higher sustaining capital program.

Campo Morado continued to operate at a higher production scale during the quarter, resulting in higher total operating costs but maintaining competitive unit cost performance. Increased throughput and higher sales volumes supported strong operating leverage, while sustaining investments and reliability initiatives increased AISC in the period as the operation continued strengthening plant and underground infrastructure to support consistent production going forward.

Year ended December 31, 2025 (compared to the year ended December 31, 2024)

For the year ended December 31, 2025, operating costs at Campo Morado increased as the operation transitioned to a higher and more consistent production scale. Total direct mining costs increased to \$57.7 million (2024: \$35.1 million, +65%), while direct mining cost per tonne increased to \$82 (2024: \$69 per tonne, +19%), reflecting the higher operating intensity required to sustain increased mining and processing activity. The increase in costs primarily reflects higher underground mining activity, increased plant throughput, and the associated rise in variable operating inputs including energy, grinding media, flotation reagents, and maintenance materials required to support stable operations at higher utilization levels.

Cost increases were driven across mining, milling, and site support activities. Mining costs increased to \$28.9 million (2024: \$17.6 million, +65%), reflecting increased underground development, additional production headings, and longer haul distances as new mining areas were opened to sustain mill feed. Milling costs increased to \$20.7 million (2024: \$15.0 million, +38%), primarily due to higher power consumption, grinding media usage, and reagent consumption associated with the higher tonnes processed through the flotation circuit. Indirect site costs increased to \$8.8 million (2024: \$4.9 million, +77%), reflecting expanded maintenance programs, spare parts consumption, and contractor support required to sustain plant reliability. During the year, the operation completed a series of reliability improvements across the processing plant—including electrical upgrades, ventilation improvements, and control system enhancements—together with flotation circuit adjustments and improved ore-blend management. These initiatives supported more consistent plant performance but also required increased maintenance activity and plant support services as throughput levels increased.

Despite the increase in total operating costs associated with the larger operating scale, unit costs improved due to strong operating leverage. Total cash costs increased to \$89.5 million (2024: \$56.7 million, +58%), primarily reflecting higher direct mining costs and treatment and selling costs of \$28.3 million (2024: \$20.0 million, +42%) associated with increased concentrate sales volumes. However, cash cost per payable ZnEq pound decreased to \$0.99 (2024: \$1.09, -9%), reflecting higher throughput, improved plant utilization, and stronger by-product credits from copper, silver, and gold production. The increase in payable metal production and concentrate sales allowed fixed and semi-fixed operating costs to be distributed across a larger payable metal base, partially offsetting the higher absolute operating costs and resulting in improved unit cost performance.

All-in sustaining cost (AISC) remained broadly stable on a unit basis despite a significant increase in sustaining investments during the year. AISC per payable ZnEq pound was \$1.24 (2024: \$1.24), while sustaining capital increased to \$18.0 million (2024: \$3.9 million, +357%) as the Company accelerated underground development and plant reliability initiatives to support stable operations at higher throughput levels. Sustaining expenditures were primarily directed toward underground development to access new mineralized zones, plant equipment refurbishment, upgrades to pumping and electrical infrastructure, flotation circuit improvements, and mobile equipment replacements required to maintain plant availability and support the increased production scale. While sustaining investments increased significantly year-over-year, the higher production volumes and improved operating leverage allowed the operation to maintain stable AISC on a unit basis.

Overall, Campo Morado operated at a significantly higher and more consistent production scale during the year, resulting in higher absolute operating costs across mining, milling, and site support activities. However, the increase in throughput and payable metal production improved operating leverage, allowing unit costs to remain competitive despite higher sustaining capital investments and the increased operating intensity required to support the expanded production base.



Geological engineer, Krizia Roman Bustillos, underground at Campo Morado

DEVELOPMENT

Mining Operations

During the fourth quarter of 2025, Campo Morado achieved an average processing rate of 2,003 tonnes per operating day ("tpd") at 94.1% mill availability, reflecting successful continuity in the operation of the underground mine and the processing plant. Production of precious metals during the fourth quarter was the second best of the year with 2,103 ounces of gold and 277,723 ounces of silver recovered in concentrates.

Increased levels of development and stope preparation during 2025 have also enabled the Company to consistently produce from different mineralized zones, thereby enhancing its ability to optimize ore blending strategies. An adequate blending practice supports improved plant feed stability, metal recoveries and operational continuity.

Campo Morado Improvement Project

The Company continues to work to improve the Campo Morado mill's performance. The Company engaged international engineering consultant Ausenco México ("Ausenco") in the last quarter of 2022 to undertake a detailed review of the Campo Morado processing plant to improve 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 the 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.

Currently, Campo Morado produces a zinc concentrate and a bulk copper-lead concentrate. The Company is now working to refurbish the Campo Morado plant to improve metallurgical recoveries with the ultimate goal of producing cleaner, higher-grade zinc and copper concentrates. Higher recoveries and more efficient operational processes increase sales margins. Bench-level metallurgical testwork to investigate the copper-lead separation was carried out at the ALS laboratories in Canada. A variability testwork program using the flowsheet developed by ALS is underway at the site laboratory to validate the new flowsheet's robustness. Understanding the mineralogy and mineral associations has been a critical part of the testing, and the results have guided modifications to the plant, the identification of the grinding target size, and the prediction of flotation performance. The results in the Campo Morado laboratory have been positive with improved grades of gold and silver in the copper concentrate.

With the objective of increasing revenues, propelled by historically-high precious metals prices, in Q4-2025 the mine extracted ore with higher precious metal grades, which typically brings ore with higher lead grades, slightly impacting the copper recovery to the bulk concentrate but resulting in significant increases in silver grades in the concentrates and substantial year over year and quarter over quarter increases in silver production

Work continues on Stage 3 of the CMIP project, which consists of essential modifications to the processing plant, including:

- Revised metallurgical sampling systems.
- Rebuild of certain flotation cell banks and modernization of their agitation systems.
- Automation of the reagent dosing systems.
- New flotation cell air flow monitoring and control.
- Installation of next-generation pH/ORP probes.
- Construction of a new bulk rougher concentrate surge tank.
- Modifications to the bulk regrind circuit to operate with 2-stage regrinding.
- Modernization of the feeding mechanisms of the three existing thickener tanks.
- Construction of a 4th thickening tank to have the ability to filter the lead concentrate.

Completion of Stage 3 will increase the liberation of base metals, improving metallurgical recoveries. In conjunction with the refurbishment of equipment and the implementation of a new mine-to-mill strategy, it is anticipated that the CMIP 3 will deliver more robust revenues for the Campo Morado operation.

The Company continued with Stage 4 of the CMIP. Known as CMIP 4.0, this study, initiated at a conceptual level, aims to investigate which technologies are amenable to Campo Morado mineralogy to increase the metallurgical recovery of base and precious metals. Representative samples of three flotation tailings were sent to the independent lab to carry out what is known as the Orientation Test-work, which assesses the amenability of pyritic material to ultra-fine regrinding and cyanidation leaching for the recovery of gold and silver.

EXPLORATION

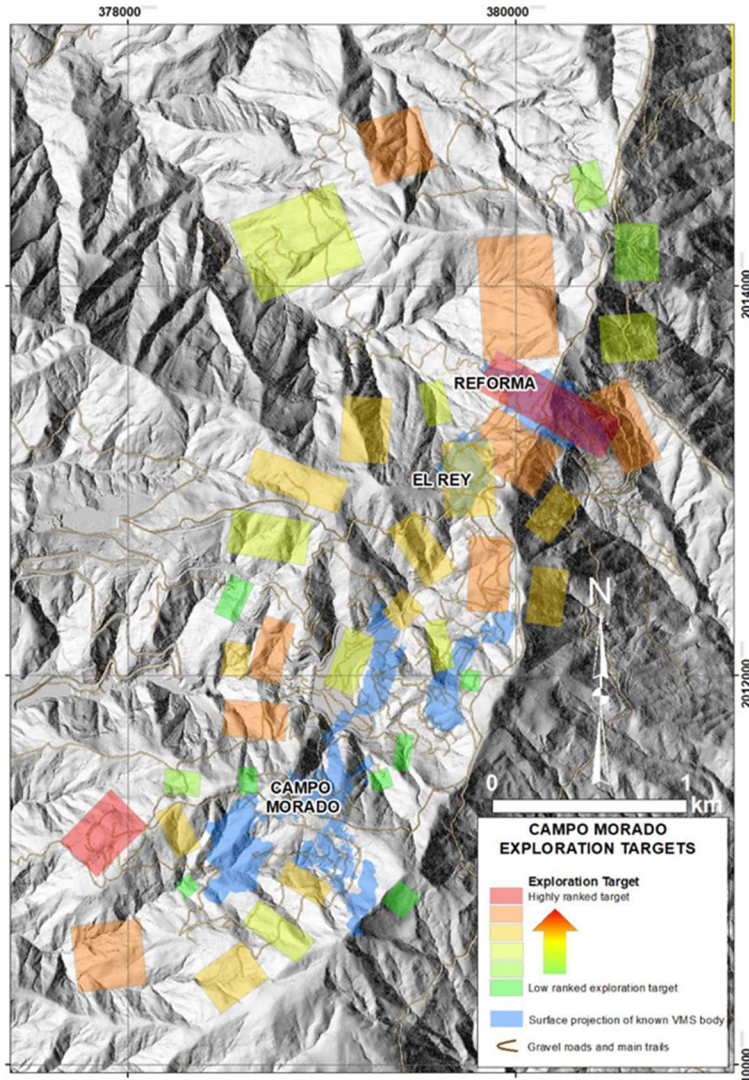
In January 2025, the Company commenced an exploration drilling campaign at Campo Morado. The property hosts several polymetallic massive sulphide deposits containing zinc, copper, gold, silver, and lead mineralization within a highly prospective land package totaling over 121 square kilometers within 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 drilled 8,406 metres of underground diamond drilling from 36 holes during 2025 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 consisting of 7,220 metres from 26 drillholes was also completed in 2025. This 2025 surface drilling tested portions of the property away from of the current mine workings towards development of the greater resource potential across the entirety of Luca's concessions that make up the Campo Morado 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 mapping, approximately 30,000 geochemical soil sample data, as well as several airborne and ground-based geophysical survey datasets, inclusive of gravity, electromagnetics, and induced polarization surveys. Analyses of these geophysical survey datasets, particularly gravity, directly resulted 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 at Campo Morado has been exclusively from three main deposits; G9, Southwest, and El Largo.



Exploration geologists at Campo Morado inspecting drill core



The strategic objectives for the current, 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 to allow for increased mine production rates and/or mine life extension, and; 3) develop the mineral resource potential across the larger Campo Morado property through the advancement of defined exploration targets distal to 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.

Highlighted below are the Diamond Drill Assay Results from six out of seven 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.

Of the next seven (7) drillholes of the 2025 Campo Morado underground diamond drilling program, five (5) (CMUG-25-08 through CMUG-25-012 inclusive) targeted an under-drilled area within the C127 Zone of the G9 Deposit – an area of active mine development; CMUG-25-08 was drilled roughly north and CMUG-25-010 through CMUG-25-012 inclusive, were drilled generally north-northeast from a single drill station within the C127 Zone of the G9 Deposit; Drillhole CMUG-25-13 was a vertical hole in the Southwest Zone designed to test mineralization continuity below current mining levels. The mineralization identified in these drillholes can be quickly integrated into the near-term and medium-term Campo Morado mine plan. Results from these holes are presented in in the table below:

Hole ID	From	To	Interval*	Au g/t	Ag g/t	Cu %	Pb %	Zn %	AuEq**
CMUG-25-004	NSV								
CMUG-25-008	NSV								
CMUG-25-009	13.6	17.6	4.1	0.57	61.53	1.63	0.26	1.17	3.52
and	35.1	37.3	2.1	0.34	49.16	1.46	0.09	0.35	2.63
including	36.9	37.3	0.4	0.60	215.00	7.50	0.33	1.25	11.70
and	48.3	56.0	7.8	0.64	58.68	0.70	0.35	2.07	2.91
CMUG-25-010	14.5	17.0	2.6	0.30	100.73	2.25	0.10	0.23	4.03
and	59.6	65.1	5.5	0.71	63.35	0.85	0.37	1.92	3.14
and	73.6	75.7	2.1	0.41	36.79	0.45	0.48	4.42	2.98
CMUG-25-011	18.3	20.4	2.2	0.26	23.67	0.49	0.08	4.27	2.57
and	25.8	29.3	3.5	0.71	56.02	1.09	0.24	7.74	5.29
CMUG-25-012	5.3	8.6	3.3	2.14	105.45	0.77	0.71	2.22	5.19
including	5.3	6.1	0.8	8.04	270.00	0.58	2.23	6.64	14.79
and	69.9	70.9	1.0	0.63	47.70	0.48	1.14	3.36	3.14
and	76.8	80.2	3.5	3.31	136.19	0.31	1.13	2.73	6.52
including	76.8	92.6	15.8	2.21	109.36	0.29	0.81	2.38	4.87
and including	86.0	92.6	6.6	3.31	177.51	0.50	1.33	4.12	7.76
or including	86.0	86.3	0.3	2.05	184.90	0.72	1.28	9.34	8.62
and including	88.8	92.6	3.8	5.44	287.83	0.78	2.19	6.44	12.54
CMUG-25-013	2.5	7.1	4.6	0.22	38.34	1.26	0.14	1.16	2.46
including	2.5	5.0	2.5	0.35	64.82	2.12	0.26	1.60	4.01
and	228.4	232.2	3.9	0.14	34.80	2.06	0.04	0.32	2.86

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

** AuEq equation is: $AuEq = Au + (Ag * 0.0124) + (Cu * 1.0572) + (Pb * 0.2203) + (Zn * 0.3469)$, at \$2,488.14 US\$/oz Au, 30.79 US\$/oz Ag, 3.84 US\$/lb Cu, 0.80 US\$/lb Pb and 1.26 US\$/lb Zn, respectively.

On July 7, 2025, Luca released the next batch of underground drill results from Campo Morado, including results from the first surface drillhole at the Reforma Deposit; highlights included:

- Surface drillhole CM-RF-25-001 intercepts 15.1m of 11.9 *AuEq*** (5.35 g/t gold, 187.50 g/t silver, 0.31% copper, 8.39% zinc and 2.75% lead) at the Reforma Deposit
- Underground drillhole CMUG-25-015 returns assays including 4.5m of 12.2 g/t *AuEq*** (4.5m of 0.36 g/t gold, 161 g/t silver, 7.16% copper, 1.82% zinc and 0.12% lead) within a wider 11m of 7.6 g/t *AuEq* (0.32 g/t gold, 99 g/t silver, 4.20% copper, 1.63% zinc and 0.19% lead)
- 22 underground drillholes completed to date as part of a 5,000m Phase 1 program targeting near-mine resource expansion
- Unrealized mineral potential continues to be identified in underexplored zones – results to inform updated mineral resource and mine plans
- Surface drilling continues at Reforma and El Rey with 5 drillholes completed to date at the Reforma Deposit – first exploration of these deposits since 2010

Surface drillhole CM-RF-25-001 was collared within the central part of the Reforma deposit, intersecting 15.05m of 11.9 *AuEq* (5.35 g/t gold, 188 g/t silver, 0.31% copper, 8.39% zinc and 2.75% lead) within a larger 21.52m of 9.53 *AuEq* (4.24 g/t gold, 159 g/t silver, 0.38% copper, 6.24% zinc and 2.05% lead). As the inaugural surface drillhole for Luca, it was designed to confirm the size, tenor, and grade of precious and base metals historically reported at the Reforma deposit and will help guide future exploration of untested gold-rich targets north of the high-grade G9 deposit and other currently producing areas on the Campo Morado property.

Underground drillholes CMUG-25-14 through CMUG-25-16 targeted an untested area adjacent to the SW Zone. Drillhole CMUG-25-014 was drilled vertically to test priority gaps below the SW Zone, intersecting a mineralized zone that returned 1.6 m of 3.06 g/t *AuEq* (0.89 g/t gold, 60 g/t silver, 0.48% copper, 1.92% zinc and 0.37% lead) within a broader massive sulphide interval that began at the drill collar located immediately next to the current mine workings. Drillholes CMUG-25-015 and CMUG-25-016 targeted an undrilled area between the SW and C277 production zones and returned mineralized intervals of 10.96m grading 7.57 g/t *AuEq* (0.32 g/t gold, 99 g/t silver, 4.20% copper, 1.63% zinc and 0.19% lead) from 0.0m, and 30.81m grading 1.59 g/t *AuEq* (0.19 g/t gold, 22 g/t silver, 0.18% copper, 2.34% zinc and 0.14% lead) from 104.5m depth. Drillhole CMUG-25-018 was collared in the Largo Zone and drilled to test for continuity of mineralization between the Largo Zone and anomalous areas to the west identified from historical drilling.

Highlighted Diamond Drill Assay Results from UG Drillholes CMUG-25-14 through CMUG-25-18 and Surface Drillhole CM-RF-25-001 are presented in the table below.

Hole ID	From (m)	To (m)	Interval (m) *	Au g/t	Ag g/t	Cu %	Pb %	Zn %	AuEq**
CMUG-25-014	0.0	1.6	1.6	0.89	59.60	0.48	0.37	1.92	3.06
CMUG-25-015	0.0	11.0	11.0	0.32	99.14	4.20	0.19	1.63	7.57
	Including								
	0.0	4.5	4.5	0.36	160.66	7.16	0.12	1.82	12.21
	And								
	7.4	9.6	2.2	0.46	50.18	1.42	0.50	2.64	4.00
	201.5	202.9	1.4	0.20	28.30	0.27	0.03	2.37	1.78
	259.3	261.6	2.2	0.20	29.74	0.47	0.02	2.84	2.21
CMUG-25-016	48.8	56.3	7.5	0.19	24.62	0.21	0.25	1.88	1.52
	104.5	135.3	30.8	0.19	22.45	0.18	0.14	2.34	1.59
	144.5	150.7	6.1	0.17	25.80	0.19	0.13	1.92	1.47
	Including								
	146.0	150.7	4.6	0.19	28.92	0.22	0.14	2.26	1.70
	281.4	286.2	4.8	0.20	21.43	0.48	0.03	1.24	1.54
CMUG-25-018	100.6	101.5	0.9	0.11	32.60	0.99	0.08	0.30	1.91
	160.9	163.2	2.3	0.49	52.55	0.65	0.58	0.16	2.19
	Including								
	160.9	161.3	0.5	1.56	143.90	1.84	1.25	0.04	6.06
	247.3	253.7	6.4	0.72	48.47	0.54	0.23	1.12	2.49
	Including								
	249.4	251.5	2.2	1.09	75.72	0.93	0.32	1.50	3.86
CMRF-25-001	231.5	232.9	1.4	1.02	14.72	0.87	0.01	0.23	2.41
	244.0	248.3	4.3	0.22	22.03	0.55	0.17	2.21	2.05
	248.3	269.9	21.5	4.24	158.50	0.38	2.05	6.24	9.53
	Including								
	254.8	269.9	15.1	5.35	187.48	0.31	2.75	8.39	11.90
	Including								
	262.8	269.9	7.1	7.07	238.20	0.29	4.02	9.55	14.99
	Including								
	266.9	269.9	3.0	9.68	277.08	0.36	2.82	8.59	17.50

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

** AuEq equation is: $AuEq = Au + (Ag * 0.0124) + (Cu * 1.2787) + (Pb * 0.2740) + (Zn * 0.3653)$, at \$2,250 US\$/oz Au, 28 US\$/oz Ag, 4.20 US\$/lb Cu, 0.90 US\$/lb Pb and 1.20 US\$/lb Zn, respectively.

On August 27, 2025, six surface drillholes at the Reforma Deposit and five underground drillholes from the ongoing exploration programs were released; highlights from this news release included:

- Surface drillhole CMRF25-07 intercepts 37.2m of 13.85 AuEq** (5.87 g/t gold, 367.50 g/t silver, 0.53% copper, 5.54% zinc and 2.57% lead) including 6.2m of 43.77 g/t AuEq (20.81 g/t gold, 1,484.20 g/t silver, 0.82% copper, 5.98% zinc and 4.58% lead)
- Underground drillhole CMUG-25-022 returns assays including 5.5 m of 15.2/t AuEq (5.5m of 3.20 g/t gold, 252.6 g/t silver, 2.19% copper, 12.79% zinc and 5.10% lead) from an unmined area within 20 metres of current underground workings

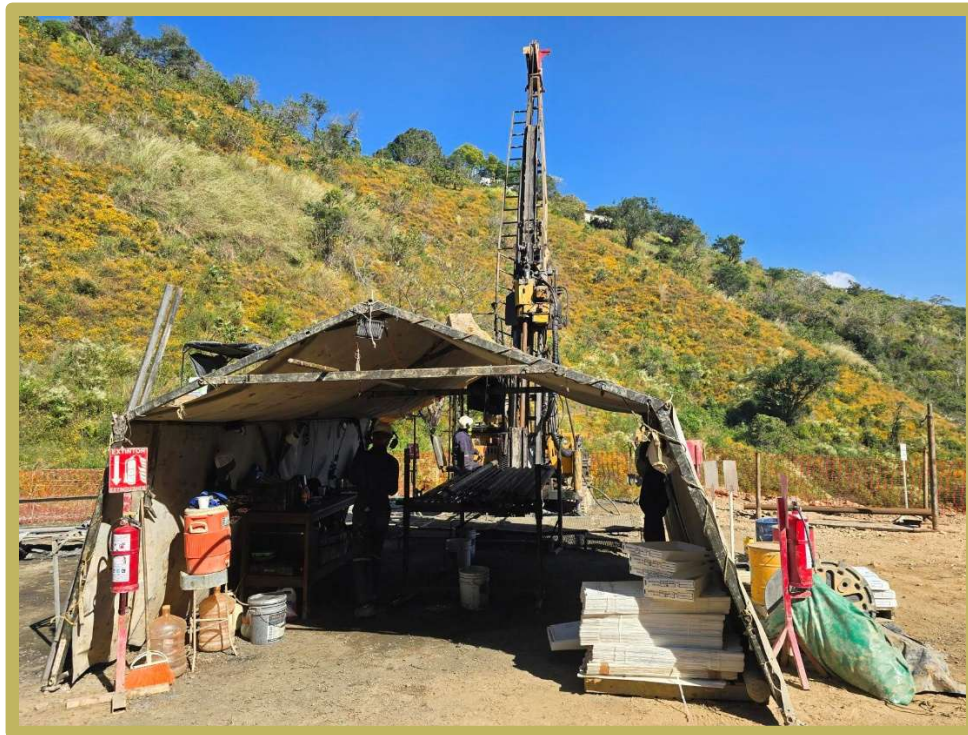
Surface drillholes CMRF-25-02 through CMRF-25-07 were all collared within the Reforma Deposit, and intersected appreciable intervals of massive sulphide mineralization including:

- 6.2m of 43.77 g/t *AuEq* (20.81 g/t gold, 1,484.20 g/t silver, 0.82% copper, 5.98% zinc and 4.58% lead) from 237.0m within a broader interval of 37.2m of 13.85 *AuEq* (5.87 g/t gold, 367.50 g/t silver, 0.53% copper, 5.54% zinc and 2.57% lead) from 211.2m in hole CMRF-25-07
- 9.9m of 28.32 *AuEq* (11.61 g/t Au, 783.90 g/t Ag, 3.51% Cu, 4.56% Zn and 2.91% Pb) from 218.6m within a broader interval of 39.0m of 10.05 *AuEq* (4.09 g/t gold, 304.90 g/t silver, 0.96% copper, 1.27% zinc and 1.74% lead) from 191.6m in hole CMRF-25-06
- 5.0m of 9.13 g/t *AuEq* (3.56 g/t gold, 196.28 g/t silver, 0.70% copper, 4.43% zinc and 2.24% lead) from 285.5m in hole CMRF-25-03
- 3.9m of 19.78 *AuEq* (11.23 g/t gold, 342.28 g/t silver, 0.36% copper, 3.95% zinc and 7.55% lead) from 273.8m within a larger 7.45m of 12.59 *AuEq* (6.91 g/t gold, 228.06 g/t silver, 0.37% copper, 2.29% zinc and 4.75% lead) in hole CMRF-25-02

These surface holes were drilled across the Reforma Deposit to confirm the size, tenor and grade of precious and base metals historically reported as well as to better define the deposit and test the expansion potential of the Reforma massive sulphide mineralization. Of note is the fact that these holes have returned grades equal to or exceeding historically reported intervals and importantly over larger widths than the geologic model predicted.

Underground drillholes CMUG-25-17 confirmed mineralization close to the 856 Zone of the Southwest Zone while CMUG-25-19 through CMUG-25-21 confirmed continuity of mineralization between the Largo Zone and anomalous mineralization to the west identified from historical drilling. Drillhole CMUG-25-22 confirmed the extension potential of the Bajo zone mineralization, intersecting mineralization above mine cutoff grades, including 5.5 m of 15.2/t *AuEq* (5.5m of 3.20 g/t gold, 252.6 g/t silver, 2.19% copper, 5.10% zinc and 12.79% lead) from 158.0m (downhole) in an unmined area within 20 metres of current underground workings.

Highlighted Diamond Drill Assay Results from UG Drillholes CMUG-25-17, CMUG-25-19 through CMUG-25-22 and Surface Drillholes CMRF-25-through CMRF-25-07.



Exploration Drill Platform at Campo Morado

Hole ID	From (m)	To (m)	Interval * (m)	Au g/t	Ag g/t	Cu%	Pb%	Zn%	AuEq**	Logged Recovery (%)
CMUG25-017	9.3	10.3	1.0	0.62	158.00	2.75	1.00	3.85	7.79	>90%
CMUG-25-019	232.3	248.7	16.4	0.62	45.95	0.34	0.31	0.97	2.06	>90%
	Including									
CMUG-25-020	232.3	242.9	10.6	0.74	52.85	0.38	0.37	1.08	2.38	>90%
	Including									
CMUG-25-020	231.6	238.5	7.0	0.73	52.56	0.36	0.24	0.92	2.23	>90%
	Including									
CMUG25-021	235.5	238.5	3.0	0.91	63.30	0.50	0.24	1.22	2.85	>90%
	Including									
CMUG25-021	329.3	330.9	1.6	1.23	36.60	0.07	0.53	0.02	1.93	>90%
	340.3	344.4	4.2	0.59	34.17	0.42	0.18	0.53	1.79	>90%
	379.1	380.2	1.0	0.59	38.20	0.44	0.23	0.02	1.70	>90%
CMUG25-022	151.5	178.9	27.4	1.15	91.21	0.78	1.36	4.27	5.22	>90%
	Including									
	158.0	174.7	16.6	1.51	131.40	1.14	2.14	6.55	7.58	>90%
	Including									
	158.0	163.6	5.5	3.20	252.59	2.19	5.10	12.79	15.22	>90%
	181.9	210.1	28.3	0.15	13.13	0.25	0.14	1.89	1.36	>90%
	Including									
	187.5	205.5	18.0	0.15	15.51	0.31	0.15	2.41	1.65	>90%
	238.5	259.5	21.0	0.08	11.03	0.38	0.14	2.00	1.47	>90%
	Including									
	246.5	256.5	10.1	0.10	16.98	0.64	0.16	3.41	2.42	>90%
CMRF25-02	271.5	278.9	7.5	6.91	228.06	0.37	2.29	4.75	12.59	99
	Including									
	273.8	277.7	3.9	11.23	342.28	0.36	3.95	7.55	19.78	98
CMRF25-03	284.6	293.1	8.5	2.38	138.52	0.69	1.43	2.93	6.45	98
	Including									
	285.5	293.1	7.6	2.65	146.76	0.59	1.59	3.24	6.85	97
	Including									
	285.5	290.5	5.0	3.56	196.28	0.70	2.24	4.43	9.13	98

Hole ID	From (m)	To (m)	Interval * (m)	Au g/t	Ag g/t	Cu%	Pb%	Zn%	AuEq**	Logged Recovery (%)
CMRF25-04	131.2	132.6	1.4	3.89	277.00	0.36	6.90	23.55	18.29	74
	132.6		167.6		35.0		Very Low Core Recovery			7-21%
	167.8	170.8	3.0	0.13	328.00	0.08	0.37	0.07	4.44	33
CMRF25-05	134.4	193.4	59.0	0.78	44.30	0.88	0.30	1.67	3.15	97
	Including									
	134.4	155.5	21.1	0.72	32.89	1.30	0.06	0.49	2.99	93
	Including									
	134.4	147.3	12.9	0.87	39.75	1.43	0.06	0.57	3.42	91
	Including									
	134.4	143.5	9.1	0.93	45.29	1.71	0.08	0.68	3.95	99
	and									
	163.6	171.4	7.9	0.08	19.70	0.55	0.08	2.11	1.82	100
	and									
	171.4	193.4	22.0	1.34	74.71	0.59	0.71	3.14	4.37	100
	Including									
173.5	180.7	7.2	2.12	100.40	0.53	0.97	4.22	5.85	99	
and										
184.7	190.7	6.0	1.41	77.47	0.59	0.91	2.74	4.38	100	
CMRF25-06	173.2	181.5	8.3	0.18	27.80	0.70	0.07	1.08	1.83	76
	Including									
	173.2	179.0	5.8	0.24	34.70	0.83	0.09	1.28	2.23	75
	Including									
	173.2	176.8	3.2	0.34	48.20	1.05	0.13	1.34	2.81	77
	191.6	230.6	39.0	4.09	304.90	0.96	1.74	1.27	10.05	44
	Including									
	191.6	195.6	4.0	4.48	141.00	0.08	3.16	0.15	7.26	41
	and									
	197.6	216.8	19.2	1.28	181.20	0.10	1.34	0.13	4.08	17
	and									
	218.6	228.5	9.9	11.61	783.90	3.51	2.91	4.56	28.32	100
and										
230.0	230.6	0.5	2.33	101.30	0.18	0.81	1.74	4.68	100	

Hole ID	From (m)	To (m)	Interval * (m)	Au g/t	Ag g/t	Cu%	Pb%	Zn%	AuEq**	Logged Recovery (%)
CMRF25-07	185.4	250.1	64.7	3.41	224.30	0.48	1.61	4.29	8.82	95
	Including									
	185.4	211.2	25.9	0.09	30.30	0.43	0.32	2.70	2.09	100
	Including									
	185.4	198.3	13.0	0.10	22.60	0.48	0.18	1.00	1.41	100
	and									
	198.3	211.2	12.9	0.09	38.00	0.39	0.46	4.41	2.80	100
	and									
	211.2	248.4	37.2	5.87	367.50	0.53	2.57	5.54	13.85	91
	Including									
	232.7	248.4	15.7	12.41	777.10	0.65	3.40	5.83	25.97	97
	Including									
	237.0	243.2	6.2	20.81	1,484.20	0.82	4.58	5.98	43.77	93

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

** AuEq equation is: $AuEq = Au + (Ag * 0.0124) + (Cu \% * 1.2787) + (Pb \% * 0.2740) + (Zn \% * 0.3653)$, at \$2,250 US\$/oz Au, 28 US\$/oz Ag, 4.20 US\$/lb Cu, 0.90 US\$/lb Pb and 1.20 US\$/lb Zn, respectively.

On October 16, four surface drillholes at the Reforma Deposit and the two underground drillholes were news released, highlights included:

- Surface drillhole CMRF-25-10 intercepts 13.0 metres ("m") of 11.4 g/t AuEq** (4.96 g/t gold, 237.09 g/t silver, 0.66% copper, 3.00% zinc and 1.30% lead), including 3.7m of 21.3 g/t AuEq (8.19 g/t gold, 578.08 g/t silver, 0.48% copper, 5.60% zinc and 2.83% lead)
- Surface drillhole CMRF-25-11 intercepts 24.6 m of 6.0 g/t AuEq** (2.25 g/t gold, 74.54 g/t silver, 0.86% copper, 2.39% zinc and 0.49% lead), including 11.6m of 8.6 g/t AuEq (3.45 g/t gold, 113.29 g/t silver, 0.94% copper, 3.65% zinc and 0.83% lead)
- Underground drillhole CMUG-25-023 returns assays including 2.6 m of 1.84 g/t gold, 103.76 g/t silver, 2.02% copper, 0.07% zinc and 0.13% lead from an unmined area within 20 metres of current underground workings

Highlighted Diamond Drill Assay Results from UG Drillholes CMUG-25-23 through CMUG-25-24 and Surface Drillholes CMRF-25-08 through CMRF-25-11.

Hole ID	From	To	Interval	Au g/t	Ag g/t	Cu%	Pb%	Zn%	AuEq g/t	Core Recovery %***
CMUG-25-023	18.8	25.5	6.7	0.96	82.11	2.19	0.10	0.10	-	>90
	Including									
	18.8	21.4	2.6	1.84	103.76	2.02	0.13	0.07	-	>90
	and									
	22.6	25.5	2.9	0.52	96.54	3.22	0.12	0.15	-	>90
	Including									
	22.6	23.0	0.3	2.92	173.50	4.40	0.30	0.02	-	>90
CMUG-25-024	142.9	145.6	2.7	0.22	26.61	1.35	0.10	5.26	-	>90
	and									
	148.0	149.9	1.9	0.28	23.81	0.78	0.05	5.28	-	>90
	235.3	238.5	3.2	0.67	55.79	0.49	0.33	4.16	-	>90
CMRF-25-08	181.4	183.4	2.0	3.03	865.00	0.21	0.66	0.11	16.91	39

Hole ID	From	To	Interval	Au g/t	Ag g/t	Cu%	Pb%	Zn%	AuEq g/t	Core Recovery %***
CMRF-25-09	174.4	182.3	7.9	0.08	31.47	0.81	0.23	1.69	2.70	100
	Including									
	179.3	182.3	3.1	0.18	32.37	1.43	0.06	0.80	3.33	100
	190.1	194.3	4.2	0.08	46.67	2.05	0.01	0.40	4.23	100
	205.9	218.5	12.7	0.97	59.65	0.77	0.35	1.97	4.12	89
	Including									
	211.8	217.8	6.0	1.39	65.27	0.76	0.49	2.17	4.74	100
CMRF-25-10	Including									
	124.4	145.6	21.2	3.53	160.69	0.55	0.94	2.26	8.20	98
	124.4	126.8	2.5	2.46	69.03	0.70	0.44	1.86	5.62	96
	and									
	130.2	143.2	13.0	4.96	237.09	0.66	1.30	3.00	11.43	99
	Including									
CMRF-25-11	139.5	143.2	3.7	8.19	578.08	0.48	2.83	5.60	21.29	100
	and									
	144.8	145.6	0.8	4.13	141.00	0.87	2.11	4.31	10.31	97
	98.1	106.0	7.9	0.56	189.41	0.00	0.04	0.06	3.51	100
	Including									
CMRF-25-11	99.4	104.7	5.3	0.57	239.91	0.00	0.05	0.07	4.31	100
	165.8	190.4	24.6	2.25	74.54	0.86	0.49	2.39	6.01	100
	Including									
	167.1	178.6	11.6	3.45	113.29	0.94	0.83	3.65	8.62	100

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

** The Gold equivalent calculation is: $AuEq = Au + (Ag * 0.0124) + (Cu * 1.2787) + (Pb * 0.2740) + (Zn * 0.3653)$, at \$2,250 US\$/oz Au, 28 US\$/oz Ag, 4.20 US\$/lb Cu, 0.90 US\$/lb Pb and 1.20 US\$/lb Zn, respectively. Additionally, the AuEq calculation combines gold, zinc, silver, copper, and lead, net of assumed metallurgical recoveries using deposit-average recovery value assumptions in a bulk floatation scenario provided by Ausenco PTY Ltd. (70% for zinc, 55% for gold, 68% for silver, 68% for copper, and 60% for lead).

*** Core recovery at Reforma was an issue historically reported at Reforma and has continued to be a technical drilling challenge in 2025 drilling.

TAHUEHUETO MINE

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

Tahuehueto's silver production is subject to an agreement with Empress Royalty Corp. ("Empress") entered into on April 14, 2021 (the "Stream ") under which Empress receives silver credits equal to 100% of the first 1,250,000 ounces of payable silver contained within produced lead and zinc concentrates from the Tahuehueto mining project. Luca receives 20% of the silver price for all ounces delivered under the Stream.

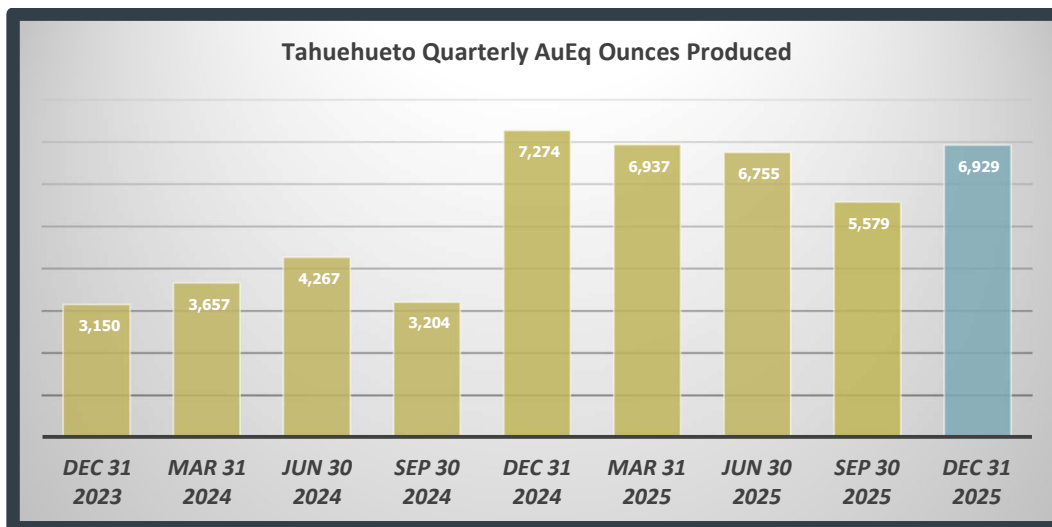
As at December 31, 2025, Luca is required to deliver 100% of the next 837,247 ounces of payable silver produced in order to meet the initial 1,250,000 ounce commitment, following which the Stream amount decreases to 20% of Tahuehueto's silver production. All Stream obligations to Empress fully terminate in March 2033.

OPERATIONS

Operating results for the three months and year ended December 31, 2025, and 2024 were as follows:

	Three months ended			Year ended		
	December 31 2025	December 31 2024	% Change	December 31 2025	December 31 2024	% Change
Production						
Tonnes mined	88,528	62,212	42%	305,605	153,942	99%
Tonnes milled	90,737	67,552	34%	311,629	165,470	88%
Average tonnes milled per day	1,134	786	44%	914	485	88%
Head Grade						
Average gold grade (g/t)	1.87	2.78	(33%)	2.10	2.74	(23%)
Average silver grade (g/t)	45.23	29.70	52%	37.74	29.39	28%
Average lead grade (%)	0.66	0.85	(22%)	0.78	0.91	(14%)
Average zinc grade (%)	1.47	1.39	6%	1.40	1.62	(14%)
Average copper grade (%)	0.19	0.19	(1%)	0.21	0.19	11%
Recoveries						
Average gold recovery (%)	78.67	84.88	(7%)	82.82	85.24	(3%)
Average silver recovery (%)	80.54	86.32	(7%)	83.61	84.92	(2%)
Average lead recovery (%)	74.87	76.94	(3%)	74.59	78.01	(4%)
Average zinc recovery (%)	66.83	73.24	(9%)	67.44	75.10	(10%)
Average copper recovery (%)	78.60	84.18	(7%)	82.77	81.53	2%
Gold produced (oz)	4,285	5,118	(16%)	17,410	12,504	39%
Silver produced (oz)	106,256	55,674	91%	316,166	133,288	137%
Lead produced (lbs'000)	992	977	2%	4,000	2,585	55%
Zinc produced (lbs'000)	1,971	1,514	30%	6,472	4,448	46%
Copper produced (lbs'000)	303	24	24%	1,185	558	113%
AuEq produced (oz)⁽¹⁾	6,929	7,274	(5%)	26,200	18,402	42%
Sales						
Gold sold (oz)	3,926	5,430	(28%)	15,837	12,736	24%
Silver sold (oz)	93,895	48,738	93%	279,997	112,245	149%
Lead produced (lbs'000)	795	805	(1%)	3,370	2,072	63%
Zinc produced (lbs'000)	1,153	772	49%	3,808	2,294	66%
AuEq sold (oz)⁽¹⁾	5,719	6,679	(14%)	21,453	16,086	33%
Realized gold price per ounce (\$) ⁽⁵⁾⁽⁶⁾	4,116	2,671	54%	3,380	2,424	39%
Realized silver price per ounce (\$) ⁽⁵⁾⁽⁶⁾	53.68	31.39	71%	40.27	28.21	43%
Realized lead price per pound (\$) ⁽⁵⁾⁽⁶⁾	0.89	0.91	(2%)	0.89	0.93	(5%)
Realized zinc price per pound (\$) ⁽⁵⁾⁽⁶⁾	1.43	1.38	3%	1.29	1.27	3%
Costs						
Direct mining cost per tonne (\$) ⁽²⁾⁽⁵⁾	116	109	(6%)	128	126	(2%)
Cash cost per AuEq ounce sold (\$) ⁽¹⁾⁽³⁾⁽⁵⁾	2,197	1,318	(67%)	2,176	1,560	(39%)
AISC per AuEq ounce sold (\$) ⁽¹⁾⁽⁴⁾⁽⁵⁾	3,201	1,526	(110%)	2,832	1,845	(53%)
Capital expenditures						
Sustaining (\$)	3,659	652	461%	9,194	2,597	254%

- Gold equivalents are calculated using a 76.66:1 (Ag/Au), 0.0003:1 (Au/Zn), 0.0012:1 (Au/Cu) and 0.0002:1 (Au/Pb) ratio for Q4 2025; and Gold equivalents are calculated using an 85.11:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0016:1 (Au/Cu) and 0.0003:1 (Au/Pb) ratio for Q4 2024; an 83.93:1 (Ag/Au), 0.0004:1 (Au/Zn), 0.0013:1 (Au/Cu) and 0.0003:1 (Au/Pb) ratio for YTD 2025; and an 85.93:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0017:1 (Au/Cu) and 0.0004:1 (Au/Pb) ratio for YTD 2024, respectively.
- Direct mining costs include mining, processing, and direct overhead at the operation sites See reconciliation on page 55.
- Cash cost per gold equivalent ounce includes mining, processing, direct overhead costs and treatment and refining charges. See reconciliation on page 55.
- 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 55.
- See "Non-IFRS Financial Measures" on page 52.
- Based on provisional sales before final price adjustments, treatment, and refining charges.
- Average tonnes milled per operating day assumes the actual days in the month less 2 days for planned preventive maintenance.



Production

Three months ended December 31, 2025 (compared to the three months ended December 31, 2024)

For the three months ended December 31, 2025, production at Tahuehueto demonstrated sustained consistent operations, with higher mining and milling activity compared to the same period in 2024. Tonnes mined increased to 88,528 tonnes (2024: 62,212 tonnes, +42%), while tonnes milled increased to 90,737 tonnes (2024: 67,552 tonnes, +34%), corresponding to an average milling rate of 1,134 tonnes per day (2024: 786 tpd, +44%). The increase in throughput was supported by expanded underground development and improved access to additional mining areas, which increased feed availability to the processing plant and supported higher milling rates during the quarter.

Head grades during the quarter reflected the evolving ore blend as development advanced into additional mining areas. Gold grade averaged 1.87 g/t (2024: 2.78 g/t, -33%), while silver grade increased to 45.23 g/t (2024: 29.70 g/t, +52%). Base metal grades were mixed, with lead grade averaging 0.66% (2024: 0.85%, -22%), zinc grade increasing to 1.47% (2024: 1.39%, +6%), and copper grade remaining broadly unchanged at 0.19% (2024: 0.19%).

Metallurgical recoveries declined across several metals during the quarter as the plant processed variable ore blends associated with the development of new mining areas. Gold recovery averaged 78.7% (2024: 84.9%, -7%), silver recovery averaged 80.5% (2024: 86.3%, -7%), and zinc recovery averaged 66.8% (2024: 73.2%, -9%), reflecting ongoing adjustments to flotation conditions and reagent regimes to manage changing ore characteristics.

Metal production reflected the combined impact of higher throughput and lower gold grades. Gold production totaled 4,285 ounces (2024: 5,118 ounces, -16%), while silver production increased to 106,256 ounces (2024: 55,674 ounces, +91%). Base metal production also increased with lead production of 992 thousand pounds, zinc production of 1.97 million pounds, and copper production of 303 thousand pounds. On a gold-equivalent basis, AuEq production totaled 6,929 ounces (2024: 7,274 ounces, -5%).

Sales during the quarter reflected production trends, with gold sales of 3,926 ounces (2024: 5,430 ounces, -28%) and AuEq ounces sold totaling 5,719 ounces (2024: 6,679 ounces, -14%), while silver sales increased significantly to 93,895 ounces (2024: 48,738 ounces, +93%). Operational performance during the quarter was influenced by ore sequencing and blending constraints as new mining areas were developed, together with ongoing metallurgical adjustments to optimize flotation performance. These initiatives, together with continued underground development, are expected to support improved feed consistency and metallurgical performance as the operation continues progressing toward more stable production levels.

Year ended December 31, 2025 (compared to the year ended December 31, 2024)

For the year ended December 31, 2025, production at Tahuehueto reflected significant progress through the ramp-up phase of the operation, with materially higher mining and milling activity compared to 2024. Tonnes mined increased to 305,605 tonnes (2024: 153,942 tonnes, +99%), while tonnes milled increased to 311,629 tonnes (2024: 165,470 tonnes, +88%), corresponding to an average milling rate of 914 tonnes per day (2024: 485 tonnes per day, +88%). The increase in throughput reflects expanded underground development, improved access to additional mining areas, and the rapid scaling of underground mining activity during the year. The addition of La Cantera Desarrollos Mineros SA de CV ("La Cantera") as dedicated underground mining contractor during the year improved development productivity, cycle times, and stope preparation, supporting increased feed availability to the processing plant and enabling the operation to progressively ramp throughput during the period. Production performance during the year was also influenced by ore sequencing and blending constraints as new mining areas were developed, together with temporary operational constraints including limited explosive supply and equipment availability in certain periods.

Head grades during the year reflected evolving ore characteristics as mining advanced into additional areas of the deposit. Gold grade averaged 2.10 g/t (2024: 2.74 g/t, -23%), while silver grade increased to 37.74 g/t (2024: 29.39 g/t, +28%). Base metal grades were mixed, with lead grade averaging 0.78% (2024: 0.91%, -14%), zinc grade averaging 1.40% (2024: 1.62%, -14%), and copper grade increasing to 0.21% (2024: 0.19%, +11%).

Metallurgical recoveries declined modestly across several metals as the plant processed a broader range of ore types associated with new mining areas. Gold recovery averaged 82.8% (2024: 85.2%, -3%), silver recovery averaged 83.6% (2024: 84.9%, -2%), lead recovery averaged 74.6% (2024: 78.0%, -4%), and zinc recovery averaged 67.4% (2024: 75.1%, -10%), reflecting ongoing adjustments to flotation conditions and reagent regimes required to manage changing ore characteristics during the ramp-up, and increased throughput.

Metal production increased significantly during the year as a result of the higher throughput achieved during the ramp-up. Gold production increased to 17,410 ounces (2024: 12,504 ounces, +39%), while silver production increased to 316,166 ounces (2024: 133,288 ounces, +137%). Base metal production also increased materially, with lead production of 4.0 million pounds, zinc production of 6.5 million pounds, and copper production of 1.2 million pounds, reflecting the expanded mining activity and higher plant throughput achieved during the year. On a gold-equivalent basis, AuEq production increased to 26,200 ounces (2024: 18,402 ounces, +42%).

Sales performance reflected the increase in production, with gold sales of 15,837 ounces (2024: 12,736 ounces, +24%), silver sales of 279,996 ounces (2024: 112,245 ounces, +149%), and AuEq ounces sold totaling 21,453 ounces (2024: 16,086 ounces, +33%). Revenue from precious metals also benefited from significantly stronger realized prices during the year, with gold prices averaging \$3,379 per ounce (2024: \$2,446 per ounce, +38%) and silver prices averaging \$40.27 per ounce (2024: \$29.02 per ounce, +39%), while realized zinc prices averaged \$1.29 per pound (2024: \$1.27 per pound, +2%) and lead prices averaged \$0.89 per pound (2024: \$0.93 per pound, -5%).

Cash Cost and All-In Sustaining Cost per AuEq Ounce Sold (see "Non-IFRS Financial Measures" on page 43).

Three months ended December 31, 2025 (compared to the three months ended December 31, 2024)

In prior years, the Company calculated Cash Costs and All-In Sustaining Costs ("AISC") using produced gold ounces as the denominator. Beginning in 2025, the Company has transitioned to using payable gold ounces as the denominator for these metrics to better align its cost reporting with industry peers. All comparative figures have been restated accordingly.

For the three months ended December 31, 2025, operating costs at Tahuehueto increased compared to the same period in 2024 as the operation continued advancing through its ramp-up phase. Direct mining costs increased to \$10.5 million (2024: \$7.4 million, +43%), while direct mining cost per tonne increased to \$116 (2024: \$109 per tonne, +6%). The increase reflected the higher operating intensity required to support increased mining and processing activity, with tonnes milled increasing 34%. Cost pressure during the quarter was also influenced by lower gold grades and weaker metallurgical performance, which reduced operating efficiency on a gold-equivalent basis. As a result, cash cost per AuEq ounce sold increased to \$2,197 (2024: \$1,318, +67%), while AISC per AuEq ounce sold increased to \$3,201 (2024: \$1,526, +110%).

The increase in direct mining cost was driven across mining, milling, and site support activities. Mining costs increased to \$5.9 million (2024: \$4.9 million, +20%), reflecting expanded underground activity, additional development work, and higher equipment utilization as the operation advanced production and development headings to sustain mill feed. Development materially outperformed plan during the quarter, supporting higher feed tonnage but also increasing underground operating intensity. Milling costs increased to \$3.5 million (2024: \$2.5 million, +40%), primarily due to higher power consumption, grinding media usage, and reagent consumption associated with the increased tonnes processed, as well as plant adjustments required to manage blending limitations and variable ore characteristics. Indirect site costs increased to \$1.7 million (2024: \$1.1 million, +56%), reflecting higher contractor support, maintenance activity, and plant infrastructure spending required to sustain reliability as throughput increased. During the quarter, the operation also undertook improvements and support work across electrical systems, pumping infrastructure, and processing circuits, while blending limitations and low sulfide ratios continued to pressure recoveries and plant efficiency.

Total cash costs increased to \$12.6 million (2024: \$8.8 million, +43%), driven by higher direct mining costs together with treatment and selling costs of \$1.6 million (2024: \$1.0 million, +57%) and royalties of \$0.5 million (2024: \$0.4 million, +11%). Although the operation processed more tonnes during the quarter, gold equivalent ounces sold decreased to 5,719 ounces (2024: 6,679 ounces, -14%), reflecting lower gold grades and weaker recoveries. As a result, the higher total cash cost base was spread over fewer AuEq ounces sold, which was the principal driver of the increase in unit cash cost.

All-in sustaining costs increased to \$18.3 million (2024: \$10.2 million, +80%), while sustaining capital expenditures increased to \$3.7 million (2024: \$0.7 million, +461%). Sustaining investments were directed toward underground development, plant and site infrastructure, and reliability improvements required to support higher mining and processing rates. Additional AISC pressure came from corporate G&A of \$0.8 million (2024: \$0.4 million, +106%) and lease payments of \$1.3 million (2024: \$0.3 million, +308%).

Overall, Tahuehueto reached steady-state operations during the period, supporting consistent throughput and improved operational performance. Cost performance remained influenced by lower gold grades and recovery variability associated with ore blend characteristics as the mine expanded into new mining areas. During the quarter the operation advanced several initiatives aimed at improving metallurgical performance and operating stability, including adjustments to flotation reagent regimes, improvements in feed preparation and ore blending practices, upgrades to electrical and pumping infrastructure, and continued underground development to improve stope sequencing and feed consistency. These initiatives are expected to support more stable recoveries, improved processing efficiency, and stronger cost performance as the operation continues to mature through 2026.

Year ended December 31, 2025 (compared to the year ended December 31, 2024)

For the year ended December 31, 2025, operating costs at Tahuehueto increased as the operation advanced through its ramp-up phase and sustained higher levels of mining and processing activity. Direct mining costs increased to \$39.8 million (2024: \$20.8 million, +92%), while direct mining cost per tonne increased modestly to \$128 (2024: \$126 per tonne, +2%). The increase in total operating costs primarily reflected expanded underground development activity, higher equipment utilization, and increased plant throughput as the operation scaled toward steady-state production levels. During the year the operation processed 311,629 tonnes (2024: 165,470 tonnes, +88%), which increased consumption of variable operating inputs including energy, grinding media, reagents, and maintenance materials required to sustain higher processing rates. Unit costs on a gold-equivalent basis were also affected by lower gold grades and recovery variability during the year, which reduced operating efficiency relative to the prior year.

Cost increases were driven across mining, milling, and site support activities. Mining costs increased to \$21.0 million (2024: \$11.0 million, +92%), reflecting expanded underground development, additional production headings, and increased haulage distances as the operation accessed additional mining areas to sustain mill feed. Milling costs increased to \$13.5 million (2024: \$8.8 million, +54%), primarily due to higher power consumption, grinding media usage, and reagent consumption associated with the higher tonnes processed through the flotation circuits. During several periods of the year, metallurgical performance was affected by lower gold grades and variable sulfide ratios in the ore blend, requiring adjustments to flotation reagent regimes and operating conditions to stabilize recoveries. Indirect site costs increased to \$5.7 million (2024: \$3.2 million, +78%), reflecting expanded maintenance programs, contractor support, and site services required to sustain plant reliability and underground development activity as the operation scaled. Throughout the year the Company also advanced several reliability initiatives across electrical systems, pumping infrastructure, and processing circuits to support more consistent plant operations at higher utilization levels.

Total cash costs increased to \$46.7 million (2024: \$25.1 million, +86%), driven primarily by higher direct mining costs together with treatment and selling costs of \$5.2 million (2024: \$3.6 million, +46%) and royalties of \$1.7 million (2024: \$0.8 million, +119%) associated with higher concentrate sales volumes and stronger realized metal prices. On a unit basis, cash cost per AuEq ounce sold increased to \$2,176 (2024: \$1,560, +39%), reflecting the combined impact of higher operating expenditures and lower gold head grades processed during the year. Although throughput increased significantly, the lower grades and recovery variability reduced gold-equivalent production efficiency, which increased unit operating costs relative to the prior year.

All-in sustaining costs also increased during the year as the Company continued investing in underground development and plant infrastructure required to support stable operations. All-in sustaining cost increased to \$60.8 million (2024: \$29.7 million, +105%), while AISC per AuEq ounce sold increased to \$2,832 (2024: \$1,845, +53%). Sustaining capital expenditures increased to \$9.2 million (2024: \$2.6 million, +254%), reflecting accelerated underground development to access additional mineralized zones together with plant and infrastructure improvements required to support higher mining and processing rates. Additional AISC pressure also resulted from higher corporate G&A allocations and increased lease payments associated with the expanding operational footprint.

Overall, Tahuehueto continued progressing through its ramp-up phase during 2025, with significantly higher mining and milling activity supported by expanded underground development and ongoing plant improvements. Operating performance during the year reflected the transition to a larger mining footprint, with evolving ore blend characteristics and development sequencing influencing grades and metallurgical recoveries. During the year the Company addressed several ramp-up constraints including explosive supply limitations, equipment availability, and contractor deployment while advancing infrastructure upgrades and flotation circuit optimization. As development expands mining flexibility and metallurgical adjustments improve feed consistency, management expects operating stability and unit cost performance at Tahuehueto to improve as the operation continues progressing toward steady-state production.

DEVELOPMENT

Mining Operations

During 2025, underground development at Tahuehueto focused on expanding access to additional mining areas and supporting the continued ramp-up of the operation. Development activities included advancing primary access ramps, lateral development, and stope preparation to increase mining flexibility and sustain higher feed availability to the processing plant.

To increase development capacity, the Company engaged Desarrollos La Cantera as a second underground mining contractor during the second quarter of 2025. The contractor mobilized additional mining equipment and crews to the site and was assigned development activities across several production levels within the underground mine. The addition of a second contractor improved development productivity and mining cycle times, enabling the operation to accelerate stope preparation and expand the available mining fronts.

Mine development rates increased during the year, reaching an average of approximately 987 metres per month during the fourth quarter, representing a 170% increase compared to the average monthly development achieved during the first nine months of the year. The higher development rate improved stope availability and allowed the Company to build a larger inventory of prepared stopes and ore stockpiles at the crushing plant. This increased operational flexibility and supported improved ore blending, which is expected to contribute to more stable production as the operation continues progressing toward steady-state operations.

In parallel with underground development, the Company continued advancing mining infrastructure required to support the expanding underground footprint. These initiatives included improvements to ventilation systems, underground pumping capacity, power distribution, and other underground services necessary to support higher mining activity and reach the deepest mining level #27. Surface infrastructure was also expanded during the year, including improvements to site accommodation and operational support facilities, ensuring adequate capacity to support the growing workforce and contractor presence required for the ramp-up of the operation.

Processing

During 2025, the Company continued advancing metallurgical and processing initiatives aimed at improving concentrate quality and enhancing the economic performance of the Tahuehueto processing plant. Operational efforts during the year focused on optimizing flotation conditions, refining reagent regimes, and improving plant reliability as throughput increased and the operation progressed through its ramp-up phase.

Earlier in the year, the Company carried out a metallurgical testing program that demonstrated the potential to produce a separate saleable copper concentrate from the bulk concentrate currently produced at the plant. Additional testing conducted at an independent laboratory further confirmed the potential to separate the bulk concentrate into two distinct concentrates with defined lead and copper grades.

During Q4 2025 the Company continued installing processing equipment required to separate copper and lead within the flotation circuit. During December 2025, industrial testing of the separation of the bulk concentrate containing both lead and copper was carried out.

In the first two months of 2026, the Company began separating copper into its own concentrate rather than selling it within the lead concentrate, allowing for direct payment on copper production alongside existing lead and zinc concentrate sales. This initiative is expected to increase revenues through the sale of a third copper concentrate while also improving the quality and marketability of the lead and zinc concentrates. Early results indicate an improvement in sales performance, representing a positive development, and the Company expects further gains as the process continues to be refined and optimized.

In addition to these initiatives, ongoing improvements were implemented across the processing plant during the year to support stable operations at higher throughput levels. These included adjustments to flotation circuit operation, improvements to plant maintenance programs, and upgrades to key processing infrastructure to support consistent mill availability as the operation continued ramping up production.

Tailings Management

During the year, the Company continued advancing tailings management infrastructure at the Tahuehueto operation to support increasing processing rates and ensure safe and responsible tailings storage as the operation expands. Development activities included ongoing construction and staged expansion of the tailings storage facility ("TSF") to accommodate higher production levels.

The tailings facility is being expanded in phases in line with the ramp-up of plant throughput, ensuring sufficient storage capacity while maintaining compliance with applicable environmental and regulatory standards. The Company continues to monitor and manage the TSF in accordance with industry best practices and applicable design criteria.

EXPLORATION

Tahuehueto is a large epithermal, gold-silver vein system with associated breccias additionally hosting lead-zinc-copper sulphides. The property now comprises approximately 100 square kilometres (10,000 hectares) located in the state of Durango in north-central Mexico within the Sierra Madre mineral belt and has significant exploration potential to increase mineral resources and extend mine life. It is estimated that less than 10% of the concession area has been adequately explored.

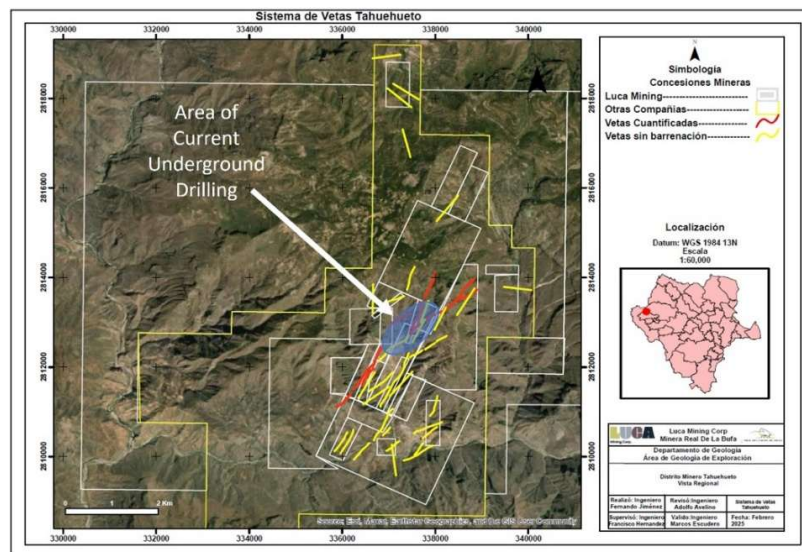
Tahuehueto is comparable in concession area size and epithermal mineralization style to the Tayoltita mine of the San Dimas district to the south. It is estimated that the San Dimas district has produced over 11 million ounces of gold to date (Source: Technical Report on Mineral Resource and Reserve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

In October 2024 the Company commenced a Phase 1, 5,000 metre, underground exploration drilling campaign at the Tahuehueto gold mine, followed by a Phase 2, 5,500 metre campaign which began in April 2025. These campaigns represent the first significant exploration drill programs on the property in over 10 years. By the end of 2025, 6,202 metres of underground drilling had been completed from 27 drillholes (1,445 metres in 2026 and 4,757 metres in 2025). 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.

Also in 2025 a surface diamond drilling campaign was commenced at Tahuehueto which concentrated on the Santiago Deposit and culminated in 2,500 metres of drilling from 9 holes.

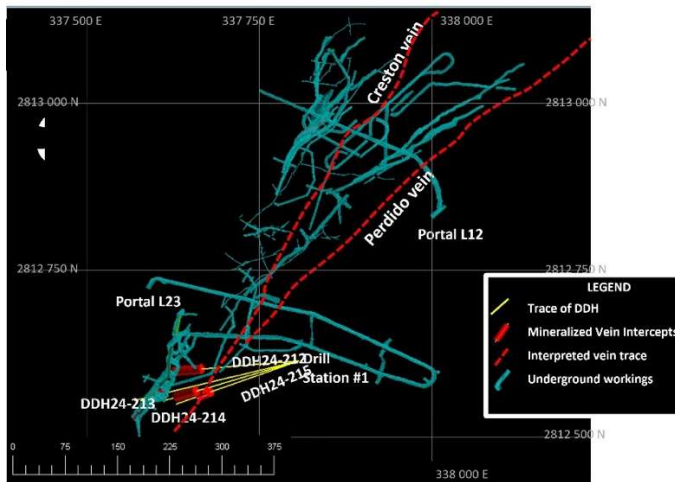
Mineralization at Tahuehueto is open along strike and at depth for most of the modeled resource area and the objective of the 2025 and ongoing exploration campaigns is a combination of infill and step-out drilling to determine the vertical and lateral extent of mineralization as well as to identify mineralized brecciated zones within the epithermal vein systems.

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.

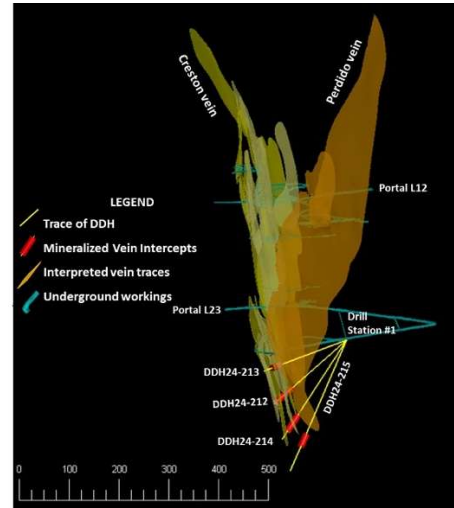


Luca's first underground diamond drilling results from Tahuehueto were released on February 20, 2025.

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. The figures below presents the location of the drillholes and the table below provides highlighted drill results.



Plan View



Cross-Section

The results from the four drill holes 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; and,
2. To successfully discover 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 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 approximately 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.

The table below highlights the diamond drill assay results from DDH24-212 through DDH24-215

Hole	From (m)	To (m)	Interval (m) ⁽²⁾	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Au Eq ⁽¹⁾
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

1. 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.

2. True widths are estimated to be 85% of drilled intervals

Further underground diamond drilling results were released on May 5, 2025. These results included:

- New high-grade breccia shoot discovered within the El Creston vein system located approximately 60m below the active mine workings of Level 23; discovery drill hole returned **9.4m of 5.21 g/t AuEq** within a larger **13.9m zone of 3.90 g/t AuEq**

- An additional new high-grade breccia shoot discovered at an untested area of the Creston FW Vein north of current underground workings, with three (3) new drill holes returning results including: **4.8m of 5.62 g/t AuEq, 6.9m of 4.10 g/t AuEq and 5.1m of 5.62 g/t AuEq, including 2.4m of 9.37 g/t AuEq**

Drillhole DDH24-216 targeted a previously untested zone, approximately 60m below the active mine workings of Level 23, and intersected a new high-grade brecciated zone within the El Creston vein system that returned **9.4m of 0.48 g/t Au, 166.63 g/t Ag, 1.46% Cu, 2.00% Pb, and 0.71% Zn (5.21 g/t Au Eq)** within a larger **13.9m zone of 0.43 g/t Au, 121.09 g/t Ag, 1.10% Cu, 1.40% Pb, and 0.51% Zn (3.90 g/t Au Eq)** from 124.6m.

Drillhole DDH25-221 targeted the strike extension of the Creston FW Vein north of previously drilling, in an area approximately 65 horizontal metres from active mine workings of Level 12, and intersected a new high-grade brecciated zone within the El Creston vein system that returned **6.9m of 1.90 g/t Au, 68.40 g/t Ag, 0.19% Cu, 1.40% Pb, and 2.16% Zn (4.10 g/t AuEq)** from 119.9m.

Drillhole DDH25-222 was drilled into an undertested area of the Creston FW Vein north of current underground workings, in an area approximately 80 horizontal metres from active mine workings of Level 12, and intersected a new high-grade brecciated zone within the El Creston vein system that returned **4.8m of 3.15 g/t Au, 121.51 g/t Ag, 0.58% Cu, 0.27% Pb and 0.41% Zn (5.62 g/t AuEq)** from 117.7m.

Drillhole DDH25-224 was, similar to DDH25-222, drilled into an undertested area of the Creston FW Vein north of current underground workings, in an area approximately 120 horizontal metres from active mine workings of Level 12, and intersected a new high-grade brecciated zone within the El Creston vein system that returned **5.1m of 0.76 g/t Au, 88.19 g/t Ag, 0.42% Cu, 3.36% Pb and 6.85% Zn (5.62 g/t AuEq)** from 134.4m, including **2.4m of 1.23 g/t Au, 111.51 g/t Ag, 0.71% Cu, 6.86% Pb and 11.80% Zn (9.37 g/t AuEq)**.

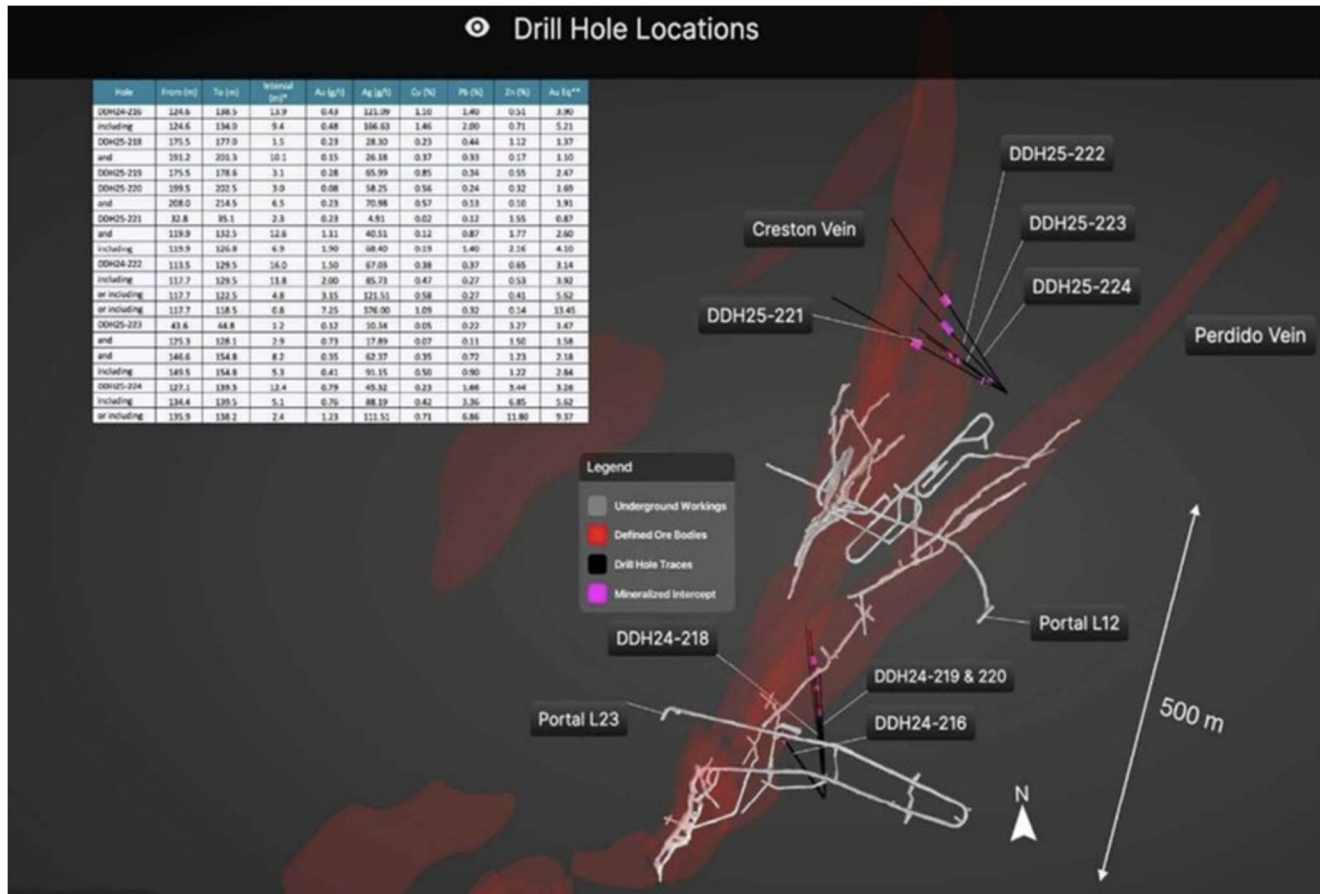
The table below summarizes assay results from these holes.

Hole ID	From (m)	To (m)	Interval (m) ⁽¹⁾	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	AuEq ⁽²⁾
DDH24-216	124.6	138.5	13.9	0.43	121.09	1.10	1.40	0.51	3.90
including	124.6	134.0	9.4	0.48	166.63	1.46	2.00	0.71	5.21
DDH24-217	158.8	159.3	0.5	0.34	79.20	1.31	0.04	0.05	3.03
DDH25-218	175.5	177.0	1.5	0.23	28.30	0.23	0.44	1.12	1.37
DDH25-219	175.5	178.6	3.1	0.28	65.99	0.85	0.34	0.55	2.47
DDH25-220	199.5	202.5	3.0	0.08	58.25	0.56	0.24	0.32	1.69
and	208.0	214.5	6.5	0.23	70.98	0.57	0.13	0.10	1.91
DDH25-221	119.9	132.5	12.6	1.11	40.51	0.12	0.87	1.77	2.60
including	119.9	126.8	6.9	1.90	68.40	0.19	1.40	2.16	4.10
DDH24-222	113.5	129.5	16.0	1.50	67.03	0.38	0.37	0.65	3.14
including	117.7	129.5	11.8	2.00	85.73	0.47	0.27	0.53	3.92
or including	117.7	122.5	4.8	3.15	121.51	0.58	0.27	0.41	5.62
or including	117.7	118.5	0.8	7.25	376.00	1.09	0.32	0.14	13.45
DDH25-223	43.6	44.8	1.2	0.12	10.34	0.05	0.22	3.27	1.47
and	125.3	128.1	2.9	0.73	17.89	0.07	0.11	1.50	1.58
and	146.6	154.8	8.2	0.35	62.37	0.35	0.72	1.23	2.18
including	149.5	154.8	5.3	0.41	91.15	0.50	0.90	1.22	2.84
DDH25-224	127.1	139.5	12.4	0.79	45.32	0.23	1.66	3.44	3.26
including	134.4	139.5	5.1	0.76	88.19	0.42	3.36	6.85	5.62
or including	135.9	138.2	2.4	1.23	111.51	0.71	6.86	11.80	9.37

(1) True widths are estimated to be 85% of drilled intervals.

(2) AuEq equation is: $AuEq = Au + (Ag * 0.0128) + (Cu \% * 1.2799) + (Pb \% * 0.2737) + (Zn \% * 0.3359)$, at \$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.

The figure below highlights the location of the above listed drillholes and the associated mineralized intercepts.



On August 28, Luca Mining Corp. executed a purchase agreement and closed a transaction with Minera Mexicana La Cienega S.A. de C.V., a subsidiary of Fresnillo PLC, to acquire a 100-per-cent interest in a large mining concession adjacent to the company's Tahuehueto mine in Durango, Mexico.

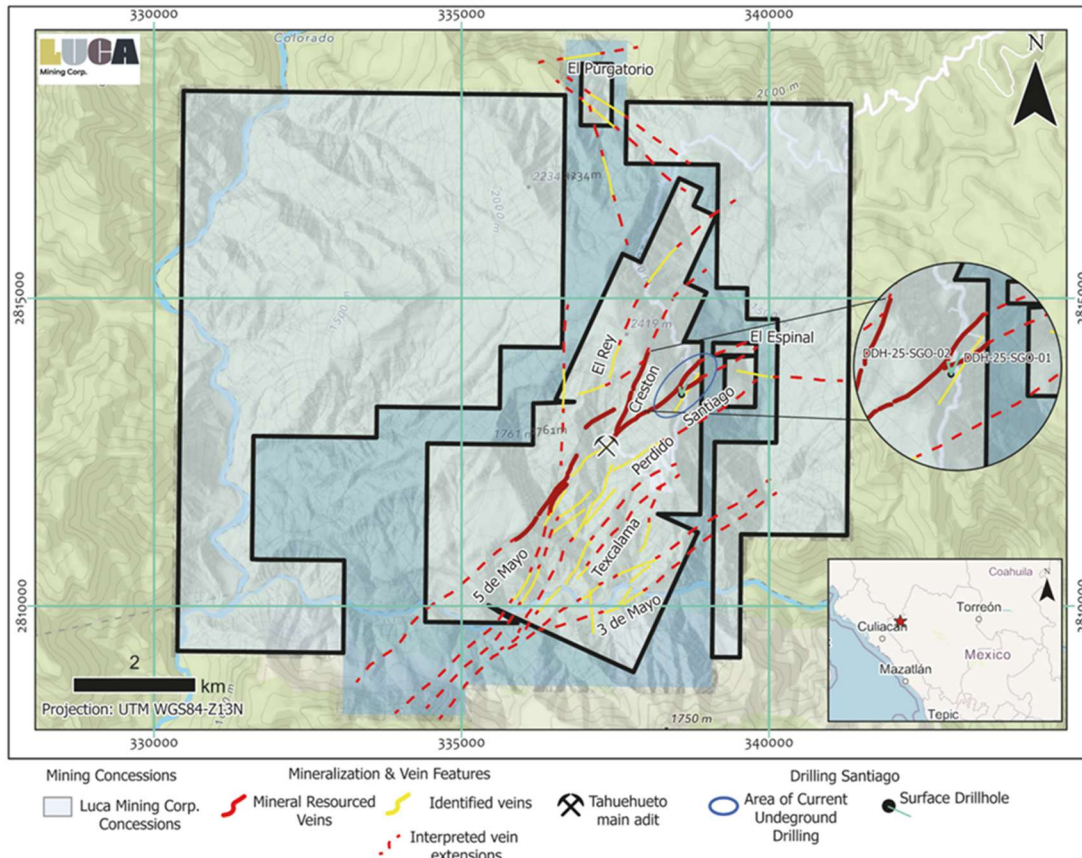
As consideration for a 100-per-cent interest in the Humaya 3 mining concession, which covers 2,507 hectares and directly surrounds the Tahuehueto mine, Luca has paid Fresnillo a cash purchase price of \$400,000 (U.S.). The acquired concession is not subject to any underlying NSR (net smelter return) royalties. With this acquisition, Luca expands its land position at Tahuehueto by more than 25 per cent, reaching approximately 10,000 hectares.

On September 8, Luca announced analytical results from eleven underground diamond drill holes from the ongoing exploration campaign along with the results from the first surface diamond drilling program at the Santiago Deposit where Luca intercepted 14.0 metres of 6.68g/t Gold and 6 metres of 9 g/t Gold in the first holes drilled at Santiago since 2008. Highlights include:

- Diamond drillhole DDH25-SGO-001 returns **1.9m of 23.10 g/t AuEq** (22.28 g/t Gold)** from 237.05m within a broader **5.75m intercept of 9.00 g/t AuEq (8.22 g/t Gold)** from 237.05m. **DDH25-SGO-002** intersects a wide zone of brecciated vein related mineralization that reported **21.3m of 6.41 g/t AuEq (4.96/t Au)** from 185.9m including 2 distinct zone of high-grade gold mineralization; **2.0m of 5.53 g/t AuEq (5.30g /t Au)** from 185.9m and **14.0m of 8.59 AuEq (6.68 g/t Au)** from 193.2m
- Mineralized Creston and Perdido veins, the zones where mining is currently being conducted, have been encountered on every drillhole of the Tahuehueto Underground Drill program – highlighting the consistency of these veins along strike
- New Mineralized Creston gold-rich breccia zones discovered from previously untested areas along strike of the Creston Vein - north of current underground workings. Results include: **1.65m of 0.33 g/t Au, 49.28 g/t Ag, 0.27% Cu, 1.64% Pb, and 4.60% Zn (3.28 g/t AuEq) from 146.85m**

Surface drillholes at Santiago targeted confirmation of mineralization within the Santiago vein structure as well as in-fill to increase Deposit confidence. **DDH25-SGO-001** and **DDH25-SGO-002** intersected the Santiago vein in two distinct areas, approximately 90m from each other, and were drilled into previously untested portions of the Deposit – approximately 20m and 40m from the nearest historical drillholes, respectively. These drillholes have confirmed and expanded the mineralization previously identified at the Santiago Deposit. These holes have returned higher grades than predicted by the resource model.

The surface drilling in and around the underexplored Santiago Deposit, located ~950m from the eastern extent of the existing Tahuehueto mine development, focused on testing extensions of mineralization along strike and depth. The Santiago Deposit (See Company News Release of April 26, 2022) offers significant expansion potential as historical drilling left it open along strike and to depth. Recent surface mapping at Santiago has identified the potential for thick, higher-grade breccia-type zones within areas of the deposit with low drill density and along strike. The Santiago deposit is currently defined approximately 350m long and up to 50m wide – strike extensions to the east and west are the main exploration target of the current Santiago exploration campaign.



The underground exploration program has continued to intercept the Creston and Perdido veins in every drillhole, increasing confidence in the continuity of these mineralized structures along strike. Drillhole DDH24-228 targeted a previously untested zone, approximately 150 horizontal metres away from the active mine workings of Level 12, and intersected a new high-grade brecciated zone within the El Creston vein system that returned 1.15m of 1.66 g/t Au, 93.30 g/t Ag, 0.27% Cu, 4.45% Pb, and 25.91% Zn (13.09 g/t *AuEq*) from 45.75m.

Drillhole DDH25-229 targeted the strike extension of the Creston Vein north of previously drilling, in an area approximately 150 horizontal metres from active mine workings of Level 12, and intersected a new high-grade brecciated zone within the El Creston vein system that returned 1.65m of 0.33 g/t Au, 49.28 g/t Ag, 0.27% Cu, 1.64% Pb, and 4.60% Zn (3.28 g/t *AuEq*) from 146.85m; and 2.25m of 0.40 g/t Au, 123 g/t Ag, 1.10% Cu, 0.50% Pb and 0.77% Zn (3.37 g/t *AuEq*) from 167.40.

Drillhole DDH25-231 was drilled into an undertested area of the Creston Vein north of current underground workings and intersected a new high-grade brecciated zone within the El Creston vein system that returned 1.85m of 1.07 g/t Au, 52.51 g/t Ag, 0.38% Cu, 0.95% Pb and 2.78% Zn (3.40 g/t *AuEq*) from 121.05m; approximately 20m from existing miner workings.

Drillhole DDH25-234 was drilled into an undertested area of the Creston Vein north of current underground workings, and intersected a new high-grade brecciated zone within the Creston vein system that returned 0.4m of 20.30 g/t Au, 200.00 g/t Ag, 0.26% Cu, 1.18% Pb and 10.98% Zn (27.13 g/t *AuEq*) from 151.05m, approximately 80m from current mine workings, and 2.98m of 1.42 g/t Au, 163.03 g/t Ag, 1.29% Cu, 1.66% Pb and 3.66% Zn (6.78 g/t *AuEq*) from 173.77m including 0.75m of 2.69 g/t Au, 200.00 g/t Ag, 2.44% Cu, 6.18% Pb and 13.19% Zn (14.43 g/t *AuEq*) from 176.00m, approximately 100m from current mine workings.

Highlighted Diamond Drill Assay Results from DDH24-225 through DDH25-235 and DDH-25-SGO-001 and DDH-25-SGO-002

Hole	From (m)	To (m)	Interval* (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Au Eq**	Drilled vein
DDH25-225	37.0	37.5	0.5	0.14	86.80	0.87	2.45	1.17	3.40	Creston
	165.9	166.7	0.8	3.38	15.90	0.08	0.48	0.88	4.11	Main creston
	174.5	177.6	3.1	0.23	93.34	0.40	1.14	0.81	2.49	Main creston
DDH25-227	35.9	38.8	3.0	0.34	52.88	0.04	3.27	2.19	2.68	Creston Hanging-wall
	Including 36.5	38.2	1.7	0.38	24.13	0.04	5.43	3.16	3.28	Creston Hanging-wall
	146.8	148.0	1.2	2.43	200.00	1.48	0.33	0.25	6.99	Main creston
DDH25-228	40.0	46.9	7.0	0.31	19.63	0.06	0.86	5.00	2.55	Creston Hanging-wall
	Including 45.8	46.9	1.2	1.66	93.30	0.27	4.45	25.91	13.09	Creston Hanging-wall
DDH25-229	95.4	95.8	0.4	0.64	22.90	0.15	2.23	9.01	4.75	Creston
	146.9	148.5	1.7	0.33	49.28	0.27	1.64	4.60	3.28	Main Creston
	167.4	169.7	2.3	0.40	123.07	1.10	0.50	0.77	3.73	Main Creston
DDH25-231	113.5	114.9	1.4	0.31	27.40	0.19	2.00	4.23	2.86	Creston
	Including 119.3	122.9	3.6	0.64	39.09	0.34	0.67	2.06	2.44	Creston
	121.1	122.9	1.9	1.07	52.51	0.38	0.95	2.78	3.40	Creston
	191.1	191.7	0.6	1.29	35.00	0.06	0.50	1.80	2.54	Main Creston
DDH25-232	74.6	75.3	0.7	0.06	3.85	0.03	0.59	7.07	2.68	Creston Hanging-wall
	168.2	168.7	0.5	1.07	14.81	0.17	0.17	5.28	3.29	Main Creston
	224.5	225.4	0.9	1.38	41.65	0.15	0.17	0.29	2.23	Creston Foot-wall
DDH25-233	126.1	127.7	1.6	5.38	171.04	0.33	0.54	4.20	9.49	Creston
DDH25-234	151.1	151.5	0.4	20.30	200.00	0.26	1.18	10.98	27.13	Creston
	Including 173.8	176.8	3.0	1.42	163.03	1.29	1.66	3.66	6.78	Main Creston
	176.0	176.8	0.8	2.69	200.00	2.44	6.18	13.19	14.43	Main Creston
	211.8	213.4	1.7	1.35	106.41	0.75	0.16	1.98	4.34	Creston Foot-wall
DDH25-SGO-01	231.4	232.4	1.0	0.27	15.40	0.11	0.97	4.67	2.43	Creston Foot-wall
	Including 237.1	242.8	5.8	8.22	26.89	0.06	0.38	0.75	9.00	Santiago
	Including 237.1	240.6	3.6	12.75	39.06	0.08	0.21	0.65	13.61	Santiago
	Including 237.1	239.0	1.9	22.28	38.85	0.05	0.22	0.65	23.10	Santiago

Hole	From (m)	To (m)	Interval* (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Au Eq**	Drilled vein
DDH25-SGO-02	185.9	207.2	21.3	4.96	55.99	0.33	0.44	0.61	6.41	Santiago
	Including									
	185.9	187.9	2.0	5.30	12.20	0.01	0.05	0.14	5.53	Santiago
	And									
	193.2	207.2	14.0	6.68	76.50	0.40	0.63	0.82	8.59	Santiago
	Including									
	194.0	197.0	3.0	17.11	132.34	0.44	1.67	2.64	20.67	Santiago
And										
201.4	207.2	5.8	6.73	78.29	0.17	0.38	0.20	8.09	Santiago	
Including										
204.8	207.2	2.4	11.68	127.84	0.16	0.36	0.16	13.63	Santiago	

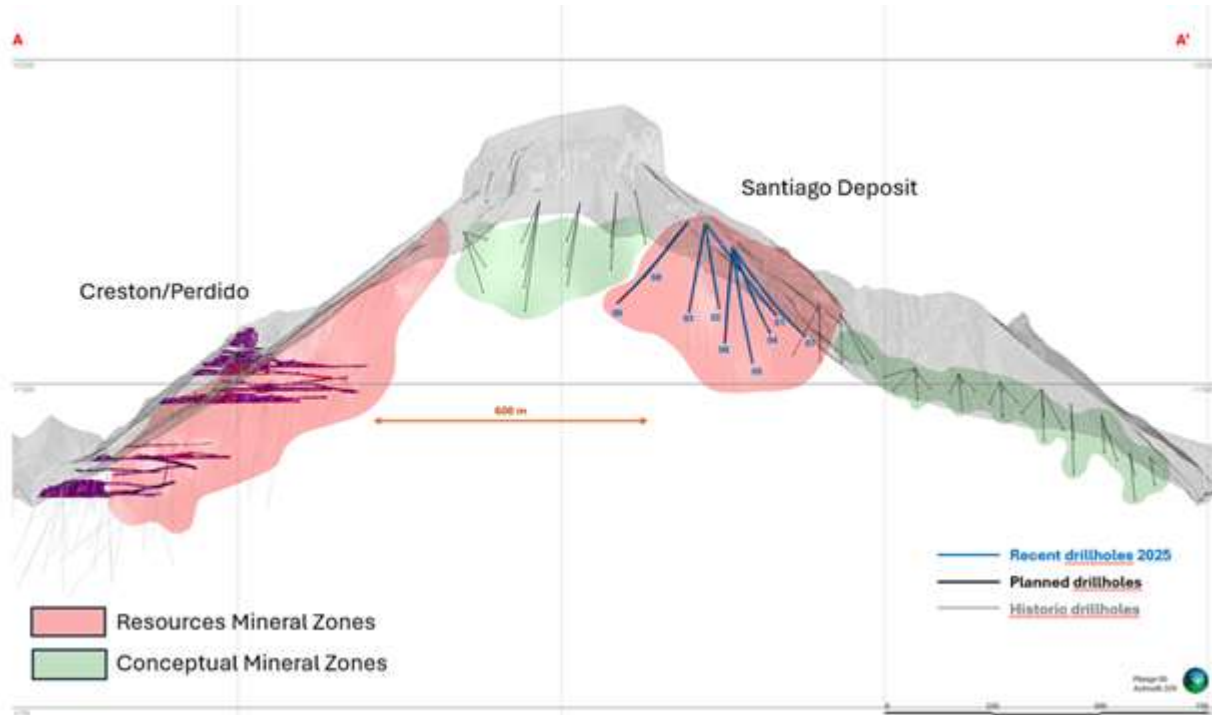
*True widths are estimated to be approximately 85% of drilled intervals.

** AuEq equation is: $AuEq = Au + (Ag * 0.0124) + (Cu * 1.2799) + (Pb * 0.2737) + (Zn * 0.3359)$, at \$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.

On December 19, 2025 Luca announced additional results from Tahuehueto.

- At the Santiago Deposit surface drilling program, diamond drillhole DDH25-SGO-006 returns 5.7 metres ("m") of 7.8 g/t AuEq** (6.10 g/t Gold) from 228.3 m within a broader. DDH25-SGO-007 intersects a zone of brecciated vein related mineralization that reported 6.7 m of 4.62g/t AuEq (3.76/t Au) from 257.2 m within a broader zone of 12.0 m of 3.75 g/t Au (2.87 g/t Au) from 252.9 m
- Importantly, DDH25-SGO-008 intersected high-grade gold mineralization - 2.4 m of 14.8 g/t AuEq (12.2 g/t Au) from 188.0 m within a wider zone of 4.1 m of 11.05 g/t AuEq (8.5 g/t Au) - approximately 80m west of the closest historical drillhole (which previously defined the western limit of the Santiago Deposit). Moreover, DDH25-SGO-008 intersected high-grade gold mineralization - 2.4 m of 14.8 g/t AuEq (12.2 g/t Au) from 188.0 m within a wider zone of 4.1 m of 11.05 g/t AuEq (8.5 g/t Au). These new intersections serve to extend the strike length of the Santiago Deposit by over 100 m and demonstrate the expansion potential of both the Santiago mineral resource and the consistency of the hosting mineralized structure
- The Santiago Deposit hosts mineral resources at the northeast end of the currently defined mineralization trend at Tahuehueto. Santiago has never been mined and is located ~one kilometre from current mine workings. These initial holes into Santiago have returned higher grades than were modelled in the current resource estimate and have extended mineralization to the West, along strike of the deposit
- The Santiago Deposit trends onto the concession recently acquired from Fresnillo PLC (See Company News Released dated August 28, 2025) and testing this undrilled area to the East is a high priority for the Company
- Mineralized Creston and Perdido veins, the zones where mining is currently being conducted, have been encountered on every drillhole of the Tahuehueto Underground Drill program – highlighting the consistency of these veins along strike
- New Mineralized Creston gold-rich breccia zones discovered from previously untested areas along strike of the Creston Vein - north of current underground workings. Results include: 5.3m of 2.23 g/t AuEq (0m of 2.23 g/t AuEq (0.47 g/t Au, 18.56 g/t Ag, 0.07% Cu, 0.60% Pb and 6.81% Zn

Surface drillholes at Santiago targeted confirmation of mineralization within the Santiago vein structure as well as in-fill to increase Deposit confidence. DDH25-SGO-001 through DDH25-SGO-007 intersected the Santiago vein in multiple areas, across approximately 175m of the Deposit and were drilled into previously untested areas of the target. DDH25-SGO-008 and DDH25-SGO-009 tested areas ~80m and ~105m, respectively, from the western extend of historical drillholes which define the Santiago Mineral Resource. DDH25-SGO-008 and DDH25-SGO-09 have proven the Santiago deposit extends to the west, towards the Perdido Vein, underscoring the potential to expand Santiago and validating Management's interpretation that the Santiago Vein is an extension of the Perdido Vein.



Drillhole DDH25-236 was drilled into an undertested area of the Creston Vein north of current underground workings, and intersected gold mineralized brecciated zones within the Creston vein system that returned 0.4 m of 3.09 g/t Au, 84.30 g/t Ag, 0.07%, 3.14% Pb, and 21.57% Zn (9.11 g/t *AuEq*) from 50.4m. This intersection was located approximately 50m current mine workings.

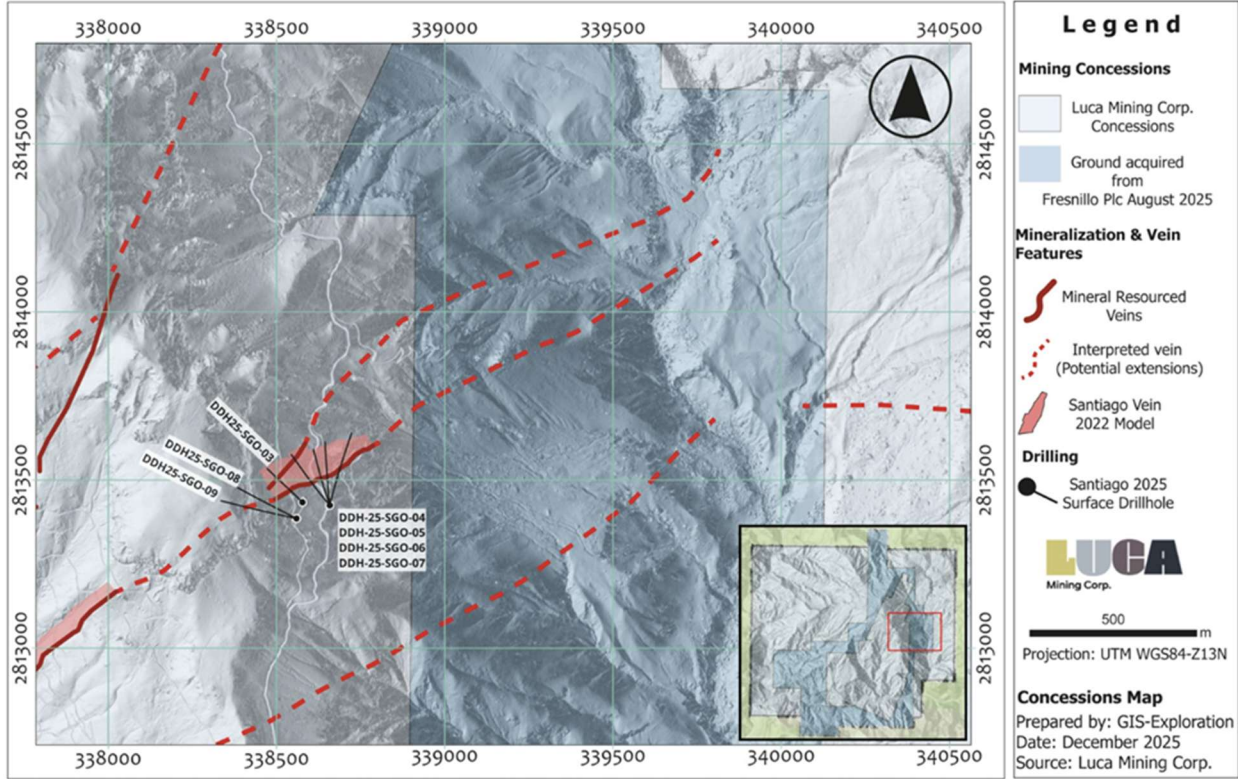
Highlighted Diamond Drill Assay Results from DDH25-236 through DDH25-237 and DDH-25-SGO-003 and DDH-25-SGO-009

Hole	From (m)	To (m)	Interval (m)*	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	<i>AuEq</i> **
DDH25-235	110.5	114.6	4.0	0.46	19.61	0.11	0.39	1.80	1.27
	120.2	122.7	2.5	0.25	15.50	0.08	0.21	1.81	0.94
	130.1	131.4	1.4	0.55	37.52	0.12	1.19	0.93	1.63
DDH25-236	45.9	51.2	5.3	0.47	18.56	0.07	0.60	6.81	2.23
	Including								
	45.9	46.3	0.4	0.53	45.90	0.19	1.17	12.65	4.04
	and								
	50.4	50.8	0.4	3.09	84.30	0.07	3.14	21.57	9.11
DDH25-237	83.9	87.3	3.4	0.18	47.38	0.05	0.70	3.00	1.58
	92.5	93.7	1.2	0.25	21.20	0.09	0.53	5.49	1.80
	169.4	172.6	3.2	0.45	87.04	0.30	0.03	0.04	1.92
	Including								
	171.4	172.6	1.2	0.96	166.70	0.28	0.06	0.04	3.41

Hole	From (m)	To (m)	Interval (m)*	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	AuEq**
DDH25-SGO-03	164.6	171.7	7.1	2.83	28.10	0.02	0.07	0.12	3.25
	Including								
	167.2	171.7	4.5	4.12	40.81	0.02	0.06	0.12	4.69
	177.2	182.5	5.3	1.24	17.67	0.05	0.14	0.13	1.58
	Including								
	177.2	178.6	1.4	1.34	20.61	0.04	0.09	0.13	1.69
	and								
	179.9	182.5	2.6	1.71	20.74	0.07	0.17	0.09	2.11
	191.5	192.5	1.0	1.50	12.10	0.01	0.07	0.12	1.70
223.2	223.7	0.5	1.33	16.40	0.15	0.09	0.06	1.75	
DDH25-SGO-04	214.5	227.8	13.3	1.58	27.47	0.27	0.40	0.76	2.50
	Including								
	217.2	225.0	7.8	2.06	39.60	0.40	0.53	0.93	3.34
	Including								
	220.7	224.3	3.6	3.07	31.89	0.18	0.65	1.37	4.11
DDH25-SGO-05	128.0	128.8	0.8	2.47	4.60	0.01	0.03	0.04	2.55
	204.0	204.7	0.7	1.11	38.40	0.16	0.13	0.26	1.86
	274.5	276.5	2.0	0.08	32.14	0.57	1.06	2.17	1.83
DDH25-SGO-06	175.6	178.2	2.6	0.53	10.57	1.28	0.04	0.08	2.21
	228.3	234.0	5.7	6.10	16.66	1.04	0.38	0.72	7.77
DDH25-SGO-07	80.1	80.9	0.8	1.95	50.90	0.00	0.02	0.04	2.60
	247.0	248.0	1.0	2.43	136.80	0.01	0.12	0.12	4.21
	252.9	264.9	12.0	2.87	38.18	0.17	0.43	0.52	3.75
	Including								
	257.2	263.9	6.7	3.76	36.91	0.19	0.33	0.50	4.62
DDH25-SGO-08	187.0	188.0	1.0	0.24	19.20	0.09	0.93	1.35	1.06
	188.0	192.0	4.1	8.47	172.74	0.08	0.49	0.97	11.05
	Including								
	188.0	190.3	2.4	12.20	172.32	0.11	0.61	0.61	14.76
	192.0	192.4	0.4	0.12	38.20	0.03	1.81	0.82	1.21
DDH25-SGO-09	239.2	239.7	0.5	2.49	70.40	0.68	0.51	2.02	4.69
	259.9	263.0	3.2	2.17	55.30	0.01	0.07	0.12	2.92
	Including								
	259.9	261.5	1.6	3.88	103.08	0.03	0.12	0.19	5.28

*True widths are estimated to be approximately 85% of drilled intervals.

** AuEq equation is: $AuEq = Au + (Ag * 0.0126) + (Cu * 1.1931) + (Pb * 0.2333) + (Zn * 0.1919)$, considering actual reported metallurgical recoveries of Au 84%, Ag 85%, Cu 78.3%, Pb 71.6% and Zn 48% for the Tahuehueto, at \$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.



Sunset at Tahuehueto

FINANCIAL PERFORMANCE

The financial results below for 2025 include commercial production from the Campo Morado and Tahuehueto mines. The financial results below for 2024 include commercial production from the Campo Morado mine and revenue and associated costs from the Tahuehueto mining project during the pre-production period.

CONSOLIDATED	Three Months Ended			Year Ended		
	December 31 2025	December 31 2024	% Change	December 31 2025	December 31 2024	% Change
Financial Results						
Gold	21,819	18,381	19%	72,514	41,797	73%
Silver	16,117	6,037	167%	40,948	17,010	141%
Lead	710	768	(8%)	2,992	1,969	52%
Zinc	11,278	6,543	72%	42,531	23,177	84%
Copper	7,629	6,787	12%	31,409	21,682	45%
Income from stream	-	(842)	(100%)	-	-	0%
Provisional pricing adjustments	8,477	(5,232)	(262%)	8,673	(1,542)	(662%)
Treatment and selling costs	(8,108)	(2,994)	(171%)	(22,243)	(16,833)	(32%)
Revenues⁽⁶⁾	57,921	29,447	97%	176,824	87,259	103%
Production Costs	28,017	19,475	(44%)	100,343	60,419	(66%)
Transportation and other selling cost ⁽⁶⁾	2,800	1,472	(90%)	11,267	6,685	(69%)
Royalties	1,559	1,048	(49%)	5,148	2,446	(110%)
Empress stream	-	(2,119)	100%	-	-	0%
Inventory changes	(724)	(2,960)	76%	(1,156)	(4,584)	75%
Cost of Sales⁽⁶⁾	35,524	20,298	75%	128,075	70,089	83%
Mine operating cashflow before taxes						
Depreciation and depletion	3,872	3,382	14%	12,473	5,123	143%
Mine operating earnings	22,397	9,149	145%	48,749	17,170	184%
General and Administration	(3,719)	(1,361)	(173%)	(13,682)	(7,548)	(81%)
SBC Compensation	(1,016)	(1,015)	(0%)	(3,399)	(2,192)	(55%)
Foreign exchange gain (loss)	(506)	(1,772)	71%	(3,325)	689	583%
Other operating expenses	(2,179)	(1,682)	(30%)	(5,330)	(1,796)	(197%)
Interest and finance costs, net	(510)	(416)	(23%)	(2,356)	(2,583)	9%
Loss on revaluation of derivative liability	-	-	0%	-	(14,440)	(100%)
Loss (gain) on debt modification and settlement	-	(5,988)	100%	295	(1,446)	120%
Gain on disposal of subsidiary	-	-	0%	-	2,087	100%
Change in fair value of financial instruments	(18,492)	1,910	1,068%	(37,586)	(364)	(10,226%)
Current income tax expense	(2,296)	-	100%	(4,416)	-	100%
Net loss	(6,321)	(1,175)	438%	(21,050)	(10,423)	102%
Loss per share - basic and diluted	(0.02)	(0.01)	243%	(0.08)	(0.06)	38%
Net free cashflow before working capital ⁽⁹⁾	15,494	7,211	115%	20,800	9,012	131%
EBITDA ⁽¹⁾	357	2,635	(86%)	(1,627)	(2,591)	(37%)
Adjusted EBITDA ⁽²⁾	23,297	8,058	189%	45,982	14,094	226%
Realized gold price per ounce (\$)	4,116	2,671	54%	3,380	2,424	39%
Realized silver price per ounce (\$)	53.68	31.39	71%	40.27	28.21	43%
Realized lead price per tonne (\$)	0.89	0.91	(2%)	0.89	0.93	(5%)
Realized zinc price per tonne (\$)	1.43	1.38	3%	1.29	1.25	3%
Realized copper price per tonne (\$)	5.01	4.16	20%	4.46	4.02	11%

1. See Reconciliation of earnings before interest, taxes, depreciation, and amortization on page 40.

2. See reconciliation of Adjusted EBITDA on page 40.

3. See "Non-IFRS Financial Measures" on page 38.

4. 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 40.

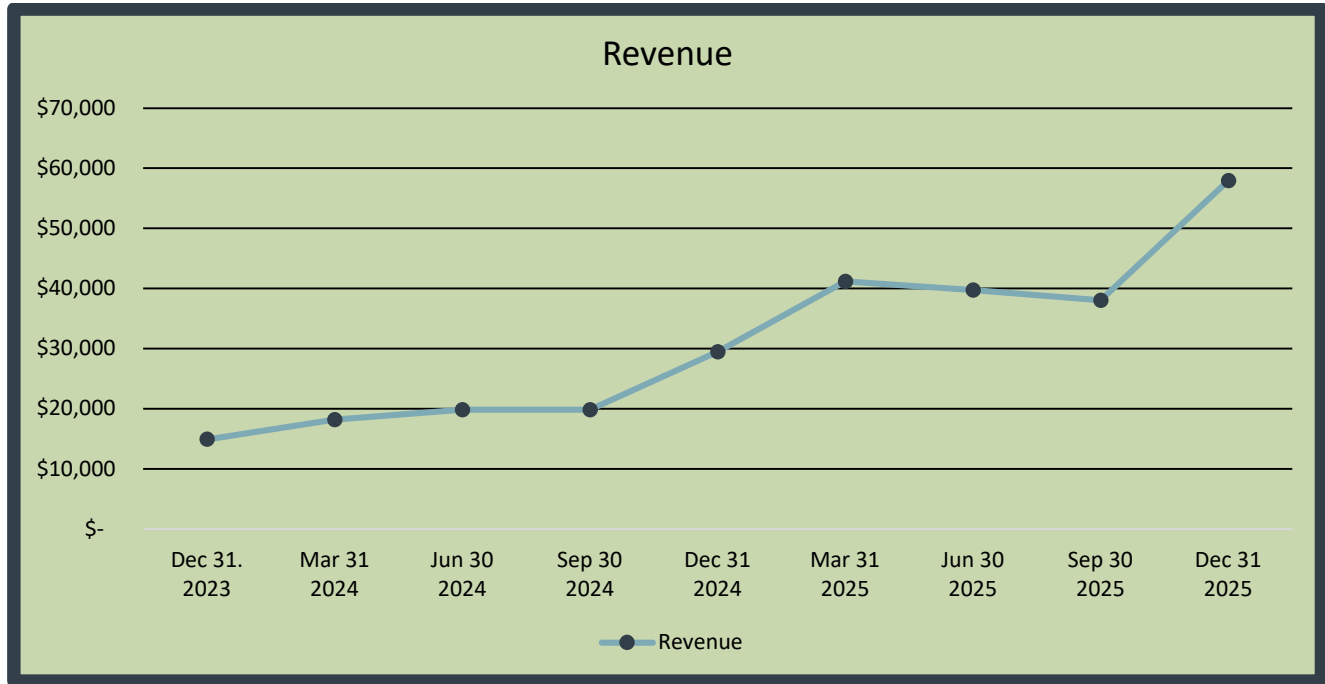
5. Net free cash flow before working capital is operating cash flow before working capital changes, less capital expenditures. See page 41.

6. Information presented herein for the three and year ended December 31, 2024, has been recasted to reflect the impact of the reclassification of the transportation cost from revenues to cost of sales. See Note 2 of the consolidated financial statements.

Three months ended December 31, 2025 (compared to the three months ended December 31, 2024)

Revenue

For the three months ended December 31, 2025, Revenues increased to \$57,921 from \$29,447 (+97%) compared to the same period in 2024. The increase was driven primarily by higher sales volumes across both operations, reflecting materially higher tonnes milled and stronger base-metal production at Campo Morado together with higher throughput and improved operational stability at Tahuehueto. The increase in revenues was further supported by significantly stronger realized precious-metal prices during the quarter.



By metal, gold revenue increased to \$21,819 from \$18,381 (+19%), while silver revenue increased to \$16,117 from \$6,037 (+167%), reflecting both higher ounces sold and materially stronger realized prices. Realized gold prices increased to \$4,116/oz from \$2,671/oz (+54%), while realized silver prices increased to \$53.68/oz from \$31.39/oz (+71%). Base-metal revenues also increased on higher payable volumes, with zinc revenue increasing to \$11,278 from \$6,543 (+72%), copper revenue increasing to \$7,629 from \$6,787 (+12%), while lead revenue decreased slightly to \$710 from \$768 (-8%), consistent with the stronger production profile and higher mill throughput at Campo Morado compared to the same period in 2024.

In addition to the higher precious-metal prices noted above, copper prices increased to \$5.01/lb from \$4.16/lb (+20%), while zinc prices increased modestly to \$1.43/lb from \$1.38/lb (+3%). Lead prices were broadly stable at \$0.89/lb compared to \$0.91/lb (-2%). Treatment and selling costs increased to \$8,108 from \$2,994 (+171%), reflecting higher concentrate shipment volumes and the impact of stronger base-metal prices on treatment and refining charges. In addition, provisional pricing adjustments contributed \$8,477 during the quarter compared to a negative adjustment of \$5,232 in the prior-year period, reflecting favourable metal price movements on provisionally priced shipments.

Cost of sales

Cost of sales increased to \$35,524 from \$20,298 (+75%) for the three months ended December 31, 2025, compared to the same period in 2024. The increase was primarily driven by higher production and shipment volumes across both operations as consolidated tonnes milled increased to 260,975 from 208,649 (+25%), resulting in higher production costs and associated royalties. Within cost of sales, production costs increased to \$28,017 from \$19,475 (+44%), while transportation and other selling cost increased to \$2,800 from \$1,472 (+90%) and royalties increased to \$1,559 from \$1,048 (+49%) in line with higher revenues. Inventory movements provided a partial offset, shifting to a credit of \$724 compared to a credit of \$2,960 in the prior-year period as concentrate shipments and inventory balances normalized.

At Campo Morado, higher throughput and stronger base-metal production increased operating costs during the quarter. Tonnes milled increased to 170,238 from 141,097 (+21%), supporting higher payable metal production and concentrate shipments. As a result, production costs increased primarily due to higher mining and milling activity required to sustain the higher throughput levels, together with increased energy consumption, reagents, and maintenance expenditures associated with the higher plant utilization. Royalties also increased in line with higher metal sales and stronger metal prices during the quarter, while treatment and selling costs increased with the higher shipment volumes.

At Tahuehueto, continued ramp-up of mining and processing activity also contributed to higher cost of sales compared to the prior-year quarter. Tonnes milled increased to 90,737 from 67,552 (+34%), reflecting improved plant utilization and greater availability of underground ore feed. The higher throughput increased production costs due to higher mining activity, increased processing consumables, and additional maintenance required to support the higher operating rates. Royalties and treatment and selling costs also increased as concentrate shipments increased during the period.

Overall, the consolidated increase in cost of sales reflects the continued scale-up of operations across both mines, with higher mining and processing activity driving increased production volumes and concentrate shipments during the quarter. These increases were partially moderated by inventory movements during the period. Additional detail on unit operating costs and cost performance at each operation is provided in the operation-specific sections below.

Mine Operating Earnings

Mine operating cash flow before taxes increased to \$26,269 from \$12,531 (+110%) for the three months ended December 31, 2025, compared to the same period in 2024. The increase reflects significantly higher revenues driven by increased metal sales volumes and stronger realized prices for precious metals, partially offset by the higher cost base associated with the increased operating scale at both Campo Morado and Tahuehueto. Higher throughput and improved plant utilization at both operations resulted in increased production and concentrate shipments, which supported the stronger operating cash generation during the quarter.

Depreciation and depletion increased modestly to \$3,872 from \$3,382 (+14%), reflecting the continued expansion of the Company's operating asset base as additional underground development, plant equipment, and supporting infrastructure were placed into service during the ramp-up of Tahuehueto and the ongoing development activities at Campo Morado.

As a result, mine operating earnings increased to \$22,397 from \$9,149 (+145%), primarily driven by the substantial increase in revenues during the quarter. The improvement reflects stronger operating leverage across both operations, where higher production volumes and improved metal prices more than offset the increase in production costs required to support the expanded scale of operations. The quarter also benefited from favorable provisional pricing adjustments of \$8,477 compared to a negative adjustment of \$5,232 in the prior year period, reflecting stronger metal price movements during the settlement period.

General and administration

General and administration expenses increased to \$3,719 from \$1,361 (+173%) for the three months ended December 31, 2025, compared to the same period in 2024. The increase reflects higher corporate and administrative activity associated with supporting two operating mines and advancing strategic and technical initiatives during the quarter. Salaries and employee benefits increased to \$1,574 from \$1,168 (+35%), professional fees increased to \$1,388 from \$361 (+284%), and depreciation and amortization totaled \$48 compared to \$(161) in the prior-year quarter.

Corporate was the principal driver of the increase. Professional fees increased during the quarter reflecting consulting and advisory work related to the CMIP project, valuation work associated with the Empress royalty and streaming arrangements, and broader corporate development initiatives undertaken during the period. The quarter also included higher audit and financial reporting costs reflecting enhanced financial reporting requirements, including quarterly financial review procedures implemented during the year. Salaries and employee benefits increased as the Company continued strengthening its corporate management and technical support functions required to oversee two producing operations.

At the operating level, administrative costs increased as both Tahuehueto and Campo Morado supported higher production levels and a larger operating platform compared to the prior-year period. The increase reflects higher site administrative staffing, operational coordination, and professional support services required to sustain expanded mining and processing activities at both operations. These increases were consistent with the higher operating scale achieved during the quarter and the broader corporate support structure required to manage two producing assets.

Share-based compensation

For the three months ended December 31, 2025, total share-based compensation expense was \$1,016 compared to \$1,015 for the same period in 2024, remaining broadly consistent year-over-year. The relatively stable expense reflects the ongoing vesting of previously granted equity awards under the Company's long-term incentive plans, partially offset by new grants during the year as the Company continued expanding its management and technical teams to support two operating mines.

During the quarter, the Company continued to grant and settle stock options under its long-term incentive plan. While no significant new option grants were issued during the quarter, the expense recognized reflects the amortization of fair values from grants issued earlier in the year together with vesting of previously granted options. During 2025, 4,932,681 options were exercised at a weighted-average exercise price of CAD\$0.50, reducing lower-strike option overhang. As at December 31, 2025, 15,224,236 options were outstanding at a weighted-average exercise price of CAD\$0.89 (December 31, 2024: 15,260,249 at CAD\$0.51).



During the quarter, the Company continued recognizing expense related to restricted share units ("RSUs") granted under its equity compensation program. RSU expense reflects the amortization of previously granted awards over their vesting periods. As at December 31, 2025, 1,400,000 RSUs were outstanding at a weighted-average fair value of CAD\$1.81 (December 31, 2024: 1,300,000 at CAD\$0.61). RSU expense recognized during the quarter formed part of total share-based compensation and will continue to be recognized over the remaining vesting schedules in accordance with the terms of the Company's equity incentive plans.

Other income and expenses

Other operating expenses increased to \$2,179 for the three months ended December 31, 2025, compared to \$1,682 in the same period of 2024 (+30%). The increase primarily reflects the recognition of additional costs associated with the resolution of a long-standing tax matter involving the Company's subsidiary, Campo Morado, with Mexico's tax authority, Servicio de Administración Tributaria ("SAT").

During the quarter, the Company recorded the remaining provision related to this matter, bringing the total provision recognized during 2025 to \$5,570 (MXN 100 million), of which \$3,400 was recorded in the third quarter.

Change in fair value of financial instruments

For the three months ended December 31, 2025, the Company recorded a loss of \$18,492 compared to a gain of \$1,910 in the same period of 2024, reflecting changes in the fair value of the Empress silver stream liability associated with the Tahuehueto mine. Following the amendment of the streaming agreement in 2024, the arrangement is accounted for as a financial instrument that is revalued each reporting period based primarily on expected future silver deliveries and forward silver prices. During the quarter, higher forward silver prices increased the estimated value of the Company's future silver delivery obligations, resulting in the loss recognized in the period. These fair value adjustments are non-cash in nature and reflect changes in market assumptions rather than the underlying operating performance of the Company.

Interest and finance costs

Net interest and finance costs decreased to \$654 from \$822 for the three months ended December 31, 2025, compared to the same period in 2024. The decrease primarily reflects the absence of certain non-cash financing items recognized in the prior-year period, including accretion and remeasurement related to the streaming arrangement and loan modification impacts. These reductions were partially offset by higher interest expense on borrowings and lease obligations, which increased to \$409 from \$184, and higher reclamation accretion, which increased to \$260 from \$135. Interest income increased to \$(63) from \$(12), while bank fees and other financing costs increased to \$48 from \$8.

Year ended December 31, 2025 (compared to the Year ended December 31, 2024)

Revenue

For the year ended December 31, 2025, Revenues totaled \$176,824 compared to \$87,259 in 2024 (+103%). The increase reflects a full year of production from the Tahuehueto mine together with higher throughput and metal production at Campo Morado, resulting in significantly higher consolidated metal sales volumes. The stronger precious metal price environment during the year further amplified the increase in revenue.

Revenue growth was particularly driven by precious metals. Gold revenue increased to \$72,514 from \$41,797 (+73%), while silver revenue increased to \$40,948 from \$17,010 (+141%), reflecting both higher ounces sold and substantially stronger realized prices during the year. Base metal revenues also increased as operating scale expanded, with zinc revenue increasing to \$42,531 from \$23,177 (+84%), copper revenue increasing to \$31,409 from \$21,682 (+45%), and lead revenue increasing to \$2,992 from \$1,969 (+52%). The increases were consistent with higher mill throughput at Campo Morado and the growing production contribution from Tahuehueto as the operation advanced through its ramp-up phase.

Metal price trends were supportive during the year, particularly for precious metals. The Company realized an average gold price of \$3,380 per ounce compared to \$2,424 per ounce in 2024 (+39%), while realized silver prices increased to \$40.27 per ounce from \$28.21 per ounce (+43%). Realized copper prices also increased to \$4.46 per pound, while zinc and lead prices were more variable during the period. The higher precious metal price environment combined with increased sales volumes was the primary contributor to the Company's revenue growth.

Treatment costs increased to \$22,243 from \$16,833 (+32%), reflecting the higher volume of concentrate shipments from both operations during the year. Provisional pricing adjustments totaled \$8,673 compared to \$(1,542) in 2024, reflecting mark-to-market adjustments on provisionally priced concentrate sales in a rising metal price environment.

Overall, the year-over-year increase in revenue reflects higher production volumes, stronger precious metal prices, and the continued development of Luca into a two-mine operating company.

Cost of sales

Cost of sales totaled \$128,075 for the year ended December 31, 2025 compared to \$70,089 in 2024 (+83%), primarily reflecting the increase in operating scale across both mines. Consolidated tonnes milled increased to 750,806 from 463,322 tonnes (+62%), resulting in higher production levels and concentrate shipments during the year. Within cost of sales, production costs increased to \$72,326 from \$40,944 reflecting higher mining, processing, and site support activity required to sustain the increased throughput. Transportation and other selling cost increased to \$11,267 from 6,685 (+69%). Royalties increased to \$3,589 from \$1,398, consistent with higher revenues, and depreciation and depletion increased to \$8,601 from \$1,741 as additional mining and processing assets, particularly at Tahuehueto, were placed into service following the commencement of commercial production. These increases were partially offset by inventory changes of \$(432) compared to \$(1,624) in the prior year, representing a smaller inventory credit, and by the absence of Empress stream charges recorded in 2024 (2025: nil vs. \$2,119), *Note 15* of the December 31, 2025, consolidated financial statements.

At Campo Morado, cost of sales increased to \$47,911 from \$28,712, reflecting higher plant throughput of 529,914 tonnes compared to 365,404 tonnes (+45%) together with a stronger base-metal grade profile during the year. Direct mining cost averaged \$80 per tonne compared to \$71 per tonne in 2024, reflecting higher operating development, maintenance, and site support costs associated with sustaining higher mining and processing rates.

At Tahuehueto, cost of sales increased to \$36,173 from \$15,866, primarily reflecting the continued ramp-up of the operation. Tonnes milled increased to 220,892 tonnes compared to 97,918 tonnes (+126%), while depreciation and depletion increased to \$5,651 compared to nil in the prior year as mining and processing assets entered service following the transition to commercial production. On a unit basis, direct mining cost improved to \$133 per tonne compared to \$137 per tonne in 2024, reflecting improved operating practices and more efficient contractor deployment as the mine advanced through its ramp-up phase.

The increase in consolidated cost of sales reflects the intentional scale-up of operations during the year, including higher mining and processing volumes, increased concentrate shipments, and a larger base of operating assets. While inventory movements were less favorable compared to the prior year, the removal of Empress stream charges (*Note 15* of the December 31, 2025, consolidated financial statements) provided a positive comparative, with the dominant drivers of the year-over-year variance being higher production volumes, increased site activity required to sustain those volumes, and depreciation associated with newly commissioned assets.

General and administration

General and administration expenses increased to \$13,682 for the year ended December 31, 2025, compared to \$7,548 in 2024 (6,134, 81%). The increase reflects the continued expansion of the Company's corporate and administrative platform as Luca transitioned to operating two producing mines and advanced several strategic and technical initiatives during the year. Salaries and employee benefits increased to 5,880 from 3,060, professional fees increased to 4,039 from 1,529, corporate and administration costs increased to 3,585 from 2,807, and depreciation and amortization increased modestly to 178 from 150.

Professional fees were the largest driver of the year-over-year increase and primarily reflect higher consulting, audit, legal, and technical advisory costs during the year. These included advisory and consulting work related to the CMIP project, valuation work associated with the Empress royalty and streaming arrangements, and broader corporate development initiatives undertaken during the year. The increase also reflects enhanced financial reporting and compliance requirements, including quarterly financial review procedures implemented during the year.

Salaries and employee benefits also increased as the Company strengthened its management, technical, and corporate support teams required to oversee two operating mines. The increase reflects higher wages and salaries, management fees, and director compensation consistent with the Company's larger operating platform.

Corporate and administration costs increased more moderately during the year, reflecting higher investor relations activity, office support, insurance, communications, and other administrative costs associated with operating a larger organization. Overall, the increase in general and administration expenses reflects the continued evolution of Luca into a two-mine operating company together with the governance, technical, and corporate support structure required to support that growth.

Share-based compensation

Share-based compensation expense increased to \$3,399 for the year ended December 31, 2025, compared to \$2,192 in 2024 (1,207, 55%). The increase reflects a higher level of equity incentive activity during the year as the Company continued to expand its management and technical teams to support two operating mines and the broader corporate platform required to sustain the Company's growth.

During 2025, the Company granted 5,645,000 options at a weighted-average exercise price of CAD\$1.55, while 4,932,681 options were exercised at a weighted-average exercise price of CAD\$0.50. As at December 31, 2025, 15,224,236 options remained outstanding at a weighted-average exercise price of CAD\$0.89 (December 31, 2024: 15,260,249 at CAD\$0.51). The expense recognized reflects the fair value of these awards being recognized over their respective vesting periods.

Restricted share unit ("RSU") expense during the year reflects the continued use of RSUs as part of the Company's equity compensation program. During 2025, 1,400,000 RSUs were granted at a weighted-average fair value of CAD\$1.81, while 1,300,000 RSUs granted in the prior year vested during the period. As at December 31, 2025, 1,400,000 RSUs remained outstanding (December 31, 2024: 1,300,000). The associated compensation cost is recognized over the vesting period of the awards in accordance with the terms of the Company's equity incentive plans.



Share-based compensation reflects the Company's continued use of equity-based incentives to attract and retain key personnel while aligning management and employee compensation with shareholder interests as Luca advances its two-mine operating platform.

Other operating expenses

Other operating expenses increased to \$5,330 for the year ended December 31, 2025, compared to \$1,796 in 2024 (3,534, 197%). The increase primarily reflects the recognition of a provision of \$5,570 related to a tax matter involving the Company's subsidiary Campo Morado.

During 2019, Mexico's tax authority (Servicio de Administración Tributaria, or "SAT") initiated an audit of Campo Morado covering value added tax ("VAT") and income tax ("ISR") filings for the 2014 and 2015 fiscal years. Following several administrative and judicial proceedings, the matter was concluded during 2025. As a result, the Company recorded a provision of \$5,570 (approximately MXN\$100 million) in other operating expenses during the year to fully resolve the matter.

A portion of this provision was recognized earlier in the year, including \$3,400 recorded during the third quarter as the resolution of the case became probable and quantifiable. The remaining adjustment reflects the final settlement amount determined during the fourth quarter.

Change in fair value of financial instruments

For the year ended December 31, 2025, the Company recognized a loss of \$37,586, (net of silver call options), related to the change in fair value of financial instruments compared to a loss of \$364 in 2024. The loss primarily reflects the remeasurement of the Company's silver stream obligation with Empress Royalty Corp. ("Empress"), which is accounted for as a derivative liability and revalued at each reporting date.

The fair value of the stream obligation is determined using a discounted cash flow model based on expected future silver deliveries, forward silver prices, and an appropriate discount rate. During 2025, the increase in forward silver prices significantly increased the estimated value of the Company's future delivery obligations under the stream, resulting in a higher derivative liability and the recognition of the associated non-cash loss in the statement of earnings.

To help manage potential exposure to rising silver prices associated with its delivery obligations under the Empress stream, the Company entered into silver call option contracts during the year as part of its risk management strategy. During the year ended December 31, 2025, the Company recognized a gain of \$1,349 related to the fair value and settlement of these option contracts.

These valuation adjustments relate to the accounting treatment of the Company's financial instruments and do not reflect cash payments made by the Company during the year, nor do they impact the underlying operating performance of the business.

LIQUIDITY AND CAPITAL RESOURCES

The Company has historically funded its acquisition, exploration and development activities through equity financings, debt facilities, convertible debentures and more recently through operating cash flow. The Company may choose to undertake equity, debt, convertible debt or other financings, on an as-needed basis, in order to facilitate its growth. Management of the Company believes that operating cash flow and existing working capital will be sufficient to cover 2025 capital requirements and meet its short-term obligations. The Company continues to assess financing alternatives, including equity or debt or a combination of both, to fund future growth, including future M&A activity.

	Three Months Ended December 31			Year Ended December 31		
	2025	2024	% Change	2025	2024	% Change
Cash Flow	\$	\$		\$	\$	
Cash provided by operating activities	20,183	5,490	268%	37,486	6,668	462%
Cash used in by investing activities	(8,227)	(1,574)	(423%)	(27,270)	(5,476)	(398%)
Cash (used in) provided by financing activities	(2,493)	(2,748)	9%	4,680	7,579	38%
Effect of exchange rate changes on cash	127	(417)	130%	412	(622)	166%
Change in cash	9,590	751	1,176%	15,308	8,149	88%
Cash, beginning of period	15,925	9,456	68%	10,207	2,058	396%
Cash, end of period	25,515	10,207	150%	25,515	10,207	150%

As at December 31, 2025, the Company had cash of \$25,515 and negative working capital of \$10,546 compared with cash of \$10,207 and negative working capital of \$20,968 at December 31, 2024.



Operating activities

For the three months ended December 31, 2025, cash provided by operating activities increased to \$20,183 compared to \$5,490 in the same period of 2024 (+\$14,693). The increase reflects stronger operating performance at both mines and higher realized metal prices during the quarter. Although the Company recorded a net loss of \$6,321, operating cash flow benefited from non-cash adjustments, including \$15,587 related to the change in fair value of financial instruments, depreciation and amortization of \$3,928 (2024: \$3,671), and share-based compensation of \$1,544 (2024: \$1,173).

Working capital movements were broadly supportive during the quarter. Accounts payable and accrued liabilities increased by \$7,254 reflecting the higher operating scale of the business and normal supplier payment timing. This was partially offset by increases in receivables of \$5,314 and inventories of \$1,257, consistent with higher production and shipment volumes. Purchases of silver bullion for delivery under the Empress stream totaled \$2,552, partially offset by proceeds from silver deliveries of \$480.

For the year ended December 31, 2025, cash provided by operating activities increased to \$37,486 compared to \$6,668 in 2024 (+\$30,818). The increase reflects the transition of both Campo Morado and Tahuehueto to higher and more consistent production levels during the year together with stronger realized precious metal prices. Non-cash adjustments included \$37,586 (2024: \$364) related to the change in fair value of financial instruments, depreciation and amortization of \$12,672 (2024: \$5,492), and share-based compensation of \$5,037 (2024: \$2,613). Working capital movements also contributed to operating cash flow, with accounts payable and accrued liabilities increasing by \$15,207 compared to a decrease of \$3,510 in the prior year, partially offset by increases in receivables, inventories, and prepaid expenses associated with the higher operating activity across both mines.

Investing activities

For the three months ended December 31, 2025, cash used in investing activities totaled \$8,227 compared to \$1,574 used in the same period of 2024. The increase primarily reflects higher investment in mineral properties of \$6,251 during the quarter (2024: nil), together with continued purchases of property, plant and equipment of \$1,976 (2024: \$1,574). These expenditures were largely related to ongoing underground development, mine infrastructure, and plant optimization initiatives at both Campo Morado and Tahuehueto as the Company continued to advance operating capacity and reliability improvements.

For the year ended December 31, 2025, cash used in investing activities increased to \$27,270 compared to \$5,476 used in 2024. The increase reflects higher capital investment across the Company's operations as Tahuehueto continued its ramp-up toward steady-state production and Campo Morado advanced sustaining development and plant reliability initiatives. Investments in mineral properties totaled \$18,971 during the year (2024: \$1,012), primarily related to underground development and mine preparation activities, while purchases of property, plant and equipment totaled \$8,299 (2024: \$4,464) reflecting ongoing investments in mobile equipment, processing infrastructure, and site improvements required to support the expanded operating scale of both mines.

Investing activities during the year reflect the Company's continued reinvestment into its operating assets to support higher production levels, improved plant reliability, and ongoing underground development necessary to sustain long-term mine operations.

Financing activities

For the three months ended December 31, 2025, financing activities resulted in a net cash outflow of \$2,493 compared to an outflow of \$2,748 in the same period of 2024. During the quarter, the Company received \$495 from the exercise of warrants and stock options (2024: \$785). These inflows were offset primarily by scheduled repayments of debt totaling \$2,283 and lease repayments of \$312 as the Company continued reducing outstanding borrowings. Interest paid during the quarter totaled \$393, compared to \$1,835 in the prior-year period, reflecting the gradual reduction in the Company's interest-bearing debt following refinancing and repayment activities completed during 2024 and 2025.

For the year ended December 31, 2025, financing activities generated net cash inflows of \$4,680 compared to \$7,579 in 2024. The current year benefited from \$19,998 of proceeds from the exercise of warrants and stock options (2024: \$3,363), reflecting increased participation by option and warrant holders as the Company's share price strengthened during the year. These inflows were partially offset by debt repayments of \$11,420, lease repayments of \$1,867, and interest payments of \$2,031, consistent with the Company's strategy to reduce leverage while funding operations primarily through operating cash flow and equity participation.

During the year, the Company continued implementing changes to its financing structure originally established with Trafigura and related lenders. In January 2025, Luca and an arm's-length third party, Jaluca Limited, reached an agreement with Urion Holdings to repurchase the \$5,800 convertible debenture that had previously been issued in connection with amendments to the Trafigura loan facilities. Under the agreement, Luca repurchased 43% of the debenture and cancelled that portion immediately, while Jaluca acquired the remaining 57% and subsequently converted it into 13,566,771 common shares at the conversion price of \$0.35 per share. The transaction eliminated the remaining balance of the convertible debenture and simplified the Company's capital structure.

These financing activities follow a broader restructuring of the Company's debt arrangements completed during 2024. In January 2024, Luca received an additional \$2,500 loan from Trafigura under the Trafi Campo facility and converted \$5,800 of the Trafi Tah loan into the convertible debenture described above. The Company also extended the maturities of its Trafigura loan facilities and the Breakwater loan during 2024, with repayment schedules commencing in October 2024 and continuing through 2025 and 2026. In addition, during 2024 the Company completed a private placement financing generating gross proceeds of approximately \$8,392 and settled \$11,030 of historical debt through the issuance of common shares.

Overall, financing activities during the year reflect a combination of equity inflows from warrant and option exercises, scheduled debt repayments, and restructuring of legacy financing arrangements as the Company continued strengthening its balance sheet while advancing operations at both Campo Morado and Tahuehueto.

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 ratio, 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 ratio, 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 2025	December 31 2024
	\$	\$
Current assets	60,061	30,961
Current liabilities	70,607	51,929
Working capital	(10,546)	(20,968)

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		Year Ended	
	December 31 2025	December 31 2024	December 31 2025	December 31 2024
	\$	\$	\$	\$
Revenues ⁽¹⁾	57,921	29,447	176,824	87,259
Production cost	(28,017)	(19,475)	(100,343)	(60,419)
Transportation and other selling cost ⁽¹⁾	(2,800)	(1,472)	(11,267)	(6,685)
Royalties	(1,559)	(1,048)	(5,148)	(2,446)
Empress streaming	-	2,119	-	-
Inventory changes	724	2,960	1,156	4,584
Mine operating cash flows before taxes	26,269	12,531	61,222	22,293

1. Information presented herein for the three and year ended December 31, 2024, has been recasted to reflect the impact of the reclassification of the transportation cost from revenues to cost of sales. See Note 2 of the consolidated financial statements.

Adjusted Earnings and Adjusted Earnings per Share

Adjusted earnings and adjusted earnings per share are non-IFRS measures and supplement information to the Company's consolidated financial statements. The Company believes that, in addition to the conventional measures prepared in accordance with IFRS Accounting Standards, the Company and certain investors and analysts use this information to evaluate the Company's underlying core operating performance. The presentation of adjusted earnings and adjusted earnings per share is not meant to be a substitute of net earnings and net earnings per share presented in accordance with IFRS but rather should be evaluated in conjunction with such IFRS measures.

The Company defines the adjusted earnings as net earnings (loss) adjusted to exclude certain non-cash items, and items that in the Company's judgment are subject to volatility as a result of factors which are unrelated to the Company's operation in the period. Certain items that become applicable in a period may be adjusted for, with the Company retroactively presenting comparable periods with an adjustment for such items and, conversely, items no longer applicable may be removed from the calculation. The following table provides a detailed reconciliation of net earnings (loss) as reported in the Company's consolidated financial statements to adjusted earnings (loss) and adjusted earnings (loss) per share.

	Three Months Ended		Year ended	
	December 31 2025	December 31 2024	December 31 2025	December 31 2024
	\$	\$	\$	\$
Net loss per financial statements	(6,321)	(1,175)	(21,050)	(10,423)
Share based compensation	1,016	1,015	3,399	2,192
Foreign exchange loss (gain)	506	1,772	3,325	(689)
Gain (loss) on settlement of debt and modification of loans	-	5,988	(295)	1,446
Gain on disposition of subsidiary	-	-	-	(2,087)
Change in fair value of financial instruments	19,841	(1,910)	38,935	364
Other non-operating expenses	(9)	330	-	330
Adjusted Net earnings (loss)	15,033	6,020	24,314	(8,867)
Adjusted earnings (loss) per share				
Adjusted earning (loss) per share basic	0.06	0.04	0.10	(0.05)
Adjusted earning (loss) per share diluted	0.05	0.04	0.09	(0.05)
Basic weighted average shares outstanding ('000)	269,118	171,431	255,214	174,412
Diluted weighted average shares outstanding ('000)	278,974	171,431	255,214	174,412

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, and less capital expenditures. Management uses this measure as a key indicator of the Company's underlying liquidity, as it provides a clearer view of the 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		Year ended	
	December 31 2025	December 31 2024	December 31 2025	December 31 2024
	\$	\$	\$	\$
Cash provided by operating activities per financial statements	20,184	5,491	37,486	6,668
Purchases of silver bullion for Empress net of proceeds	2,072	1,659	7,854	2,458
SAT payable	2,092	-	5,570	-
Net changes in non-cash working capital per financial statements	(627)	1,634	(2,840)	5,361
Operating cash flow before working capital changes	23,721	8,784	48,070	14,487
Property, plant and equipment	(1,976)	(1,574)	(8,299)	(4,464)
Mineral Properties	(6,251)	-	(18,971)	(1,012)
Net free cash flow before working capital changes	15,494	7,211	20,800	9,011
Net free cash flow before working capital changes per share (\$)	0.06	0.04	0.08	0.05
Basic weighted average shares outstanding ('000)	269,118	171,431	255,214	174,412

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 value of a Company.

EBITDA intends 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		Year Ended	
	December 31	December 31	December 31	December 31
	2025	2024	2025	2024 ⁽¹⁾
	\$	\$	\$	\$
Net loss per financial statements	(6,321)	(1,175)	(21,050)	(10,423)
Depreciation and depletion – cost of sales	3,872	3,382	12,473	5,123
Depreciation and depletion – general and administration	-	12	178	126
Interest and finance costs, net	510	416	2,356	2,583
Current income tax	2,296	-	4,416	-
EBITDA	357	2,635	(1,627)	(2,591)
Share based compensation	1,016	1,015	3,399	2,192
Loss on revaluation of derivative liability	-	-	-	14,440
(Gain) loss on settlement of debt and modification of loans	-	5,988	(295)	1,446
Gain on disposition of subsidiary	-	-	-	(2,087)
Change in fair value of financial instruments	19,841	(1,910)	38,935	364
Other non-operating expenses	2,083	330	5,570	330
Adjusted EBITDA	23,297	8,058	45,982	14,094

Realized Price per Ounce and Realized Price per Pound

Realized price per ounce or per pound 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, All-In Sustaining Cost, and Direct Mining Cost per Tonne

Cash costs per gold equivalent ounce sold, cash costs per zinc pound sold and direct mining costs per tonne are measures developed by precious metals companies 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 sold, cash costs per zinc pound sold and total direct mining cost per tonne are non-IFRS performance measures used by the Company to manage and evaluate operating performance at its operating mining units, in conjunction with the related IFRS amounts. They are widely reported in the mining industry as a benchmark for performance, but do not have a standardized meaning and are disclosed in addition to IFRS measures. Direct mining costs include mining, milling, direct overhead and changes in finished goods inventory at the operation sites.

Cash costs per gold equivalent ounce include all direct costs plus royalties, special mining duty and treatment and selling costs. Cash costs per gold equivalent ounce sold is calculated by dividing cash costs by the payable gold equivalent ounces sold. Direct mining costs per tonne are calculated by dividing total direct mining cost costs by the number of processed tonnes.

Cash costs per zinc pound includes costs directly attributable to mining operations (including mining, processing and administration), treatment, refining and transportation charges, but excludes royalty expenses, expenses associated with non-cash fair value adjustments to inventory, depreciation and amortization. Revenue from sales of by-products, inclusive of adjustments for the terms of streaming agreements but excluding the recognition of any deferred revenue from the allocation of upfront streaming proceeds, reduce cash cost.

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 or pound sold 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 selling gold equivalent ounces or zinc pounds 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 direct mining 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, share-based compensation and reclamation cost accretion. The Company believes this measure represents the total sustainable costs of selling metal concentrates 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 or zinc pounds from the zinc and lead concentrate production from current operations, new projects capital at current operation is not included. Certain other cash expenditures, including tax payments, dividends and financing costs are also not included.

The Company previously expressed production on a gold-equivalent (“AuEq”) basis to provide a simplified view of total output across multiple metals. However, with Campo Morado’s polymetallic nature, management believes that presenting production by individual metal—primarily zinc, copper, and lead, with associated precious-metal by-products—provides a more accurate and transparent measure of operational performance, Tahuehueto remains using gold equivalent ounces.



Tailings Dam at Campo Morado

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

Campo Morado

	Three Months Ended December 31			Year Ended December 31		
	2025	2024	% Change	2025	2024	% Change
Cost of sales⁽⁵⁾	19,633	12,786	54%	74,511	45,623	63%
Royalties	(1,088)	(623)	75%	(3,481)	(1,686)	106%
Transportation cost ⁽⁵⁾	(2,168)	(1,305)	66%	(9,135)	(5,430)	68%
Depreciation and SBC	(1,227)	(1,713)	(28%)	(4,177)	(3,454)	21%
Direct mining cost⁽⁴⁾	15,150	9,145	66%	57,718	35,053	65%
Add:						
Treatment and selling costs	9,317	3,455	170%	28,325	19,964	42%
Royalties	1,088	623	75%	3,481	1,686	106%
Cash cost⁽²⁾	25,555	13,223	93%	89,524	56,703	58%
General and administrative - corporate	1,328	487	173%	3,447	1,737	98%
Lease payments	35	1,287	(97%)	789	1,392	(43%)
Accretion relating to reclamation and rehabilitation	29	85	(66%)	294	375	(22%)
Sustaining capital expenditures	4,545	2,001	127%	18,036	3,944	357%
All-in sustaining cost (AISC)⁽³⁾	31,492	17,083	84%	112,090	64,151	75%
Loan payments	1,006	260	287%	3,472	260	1,235%
Interest paid	(11)	88	(113%)	215	333	(35%)
All-in cost (AIC)⁽³⁾	32,487	17,431	86%	115,777	64,744	79%
Tonnes milled	D 170,238	141,097	21%	700,152	506,501	38%
Zinc Equivalent (ZnEq) payable pounds sold ('000)	E 23,755	13,595	75%	90,072	51,859	74%
Direct mining cost⁽⁴⁾	A 15,150	9,145	66%	57,718	35,053	65%
Cash cost⁽²⁾	B 25,555	13,223	93%	89,524	56,703	58%
AISC⁽³⁾	C 31,492	17,083	84%	112,090	64,151	75%
Direct mining cost per tonne⁽⁴⁾	A/D 89	65	37%	82	69	19%
Cash cost per ZnEq payable pound sold⁽²⁾	B/E 1.08	0.97	11%	0.99	1.09	(9%)
AISC per ZnEq payable pound sold⁽³⁾	C/E 1.33	1.26	6%	1.24	1.24	1%
Loan payments	0.04	0.02	121%	0.04	0.01	669%
Interest paid	-	0.01	(100%)	-	0.01	(100%)
AIC per ZnEq payable pound sold⁽³⁾	1.37	1.28	7%	1.29	1.25	3%
Mining cost per tonne	41	47	(13%)	41	35	19%
Milling cost per tonne	33	26	30%	30	30	(0%)
Indirect cost per tonne	16	6	184%	13	10	29%
Inventory changes	(1)	(13)	(96%)	(1)	(5)	(79%)
Direct mining cost per tonne⁽⁴⁾	89	65	37%	82	69	19%
Mining	6,906	6,564	5%	28,887	17,559	65%
Milling	5,668	3,608	57%	20,685	14,972	38%
Indirect	2,674	781	242%	8,831	4,934	79%
Inventory changes	(98)	(1,808)	(95%)	(685)	(2,412)	(72%)
Direct mining cost	15,150	9,145	66%	57,718	35,053	65%

1. Zinc equivalents are calculated using an 2,874.63:1 (Zn/Au), 37.4:1 (Zn/Ag), 0.6242:1 (Zn/Pb) and 3.49:1 (Zn/Cu) ratio for Q4 2025; and Zinc equivalents are calculated using an 1,929.22:1 (Zn/Au), 22.6:1 (Zn/Ag), 0.6587:1 (Zn/Pb) and 3.00:1 (Zn/Cu) ratio for Q4 2024; 2,612.74:1 (Zn/Au), 31.1:1 (Zn/Ag), 0.6865:1 (Zn/Pb) and 3.45:1 (Zn/Cu) ratio for YTD 2025; and Zinc equivalents are calculated using an 1,963.53:1 (Zn/Au), 22.5:1 (Zn/Ag), 0.7461:1 (Zn/Pb) and 3.21:1 (Zn/Cu) ratio for YTD 2024, respectively.

2. Cash cost per ZnEq pound includes mining, processing, and direct overhead costs.

3. AISC per ZnEq lb 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. Information presented herein for the three months, and year ended December 31, 2024, has been adjusted to reflect the impact of the reclassification of certain transportation cost from revenues to cost of sales. See Note 2 of the consolidated financial statements as of December 31, 2025.



LUCA
Mining Corp.

Tahuehueto

	Three Months Ended December 31			Year Ended December 31		
	2025	2024	% Change	2025	2024	% Change
Cost of sales⁽⁵⁾	14,252	7,513	90%	51,925	24,467	112%
Royalties	(471)	(425)	11%	(1,667)	(760)	119%
Empress stream	-	2,119	(100%)	-	-	100%
Transportation cost ⁽⁵⁾	(632)	(167)	278%	(2,131)	(1,255)	70%
Depreciation and SBC	(2,645)	(1,670)	58%	(8,296)	(1,670)	397%
Direct mining cost⁽⁴⁾	10,504	7,370	43%	39,831	20,782	92%
Add:						
Treatment and selling costs	1,591	1,011	57%	5,185	3,554	46%
Royalties	471	425	11%	1,667	760	119%
Cash cost⁽²⁾	12,566	8,806	43%	46,683	25,096	86%
General and administrative - corporate	773	375	106%	2,696	973	177%
Lease payments	1,262	309	308%	1,945	791	146%
Accretion relating to reclamation and rehabilitation	45	52	(13%)	237	229	3%
Sustaining capital expenditures	3,659	652	461%	9,194	2,597	254%
All-in sustaining cost⁽³⁾	18,305	10,194	80%	60,755	29,686	105%
Loan payments	1,034	400	159%	3,558	400	790%
Empress stream	1,013	-	100%	6,867	-	100%
Interest paid	(632)	478	(232%)	676	1,348	(50%)
All-in cost	19,720	11,072	(78%)	71,856	31,434	129%
Tonnes milled	D 90,737	67,552	34%	311,629	165,470	88%
Gold equivalent ounces sold ⁽¹⁾	E 5,719	6,679	(14%)	21,453	16,086	33%
Direct mining cost⁽⁴⁾	A 10,505	7,370	43%	39,831	20,782	92%
Cash cost⁽²⁾	B 12,567	8,806	43%	46,683	25,096	86%
AISC⁽³⁾	C 18,306	10,194	80%	60,755	29,686	105%
Direct mining cost per tonne⁽⁴⁾	A/D 116	109	6%	128	126	2%
Cash cost per AuEq ounce sold⁽²⁾	B/E 2,197	1,318	67%	2,176	1,560	39%
AISC per AuEq ounce sold⁽³⁾	C/E 3,201	1,526	110%	2,832	1,845	53%
Loan payments	181	60	202%	166	25	567%
Empress stream	177	-	100%	320	-	100%
Interest paid	(111)	72	(254%)	32	84	(62%)
AIC per AuEq ounce sold⁽³⁾	3,448	1,658	108%	3,349	1,954	71%
Mining cost per tonne	65	73	(11%)	68	66	2%
Milling cost per tonne	38	37	4%	43	53	(18%)
Indirect cost per tonne	19	16	16%	18	19	(6%)
Inventory changes	(7)	(17)	(60%)	(2)	(13)	(89%)
Direct mining cost per tonne⁽⁴⁾	116	109	6%	128	126	2%
Mining	5,921	4,927	20%	21,047	10,955	92%
Milling	3,472	2,482	40%	13,522	8,776	54%
Indirect	1,738	1,113	56%	5,732	3,223	78%
Inventory changes	(626)	(1,152)	(46%)	(470)	(2,172)	(78%)
Direct mining cost	10,505	7,370	43%	39,831	20,782	92%

1. Gold equivalents are calculated using an 76.66:1 (Ag/Au), 0.0003:1 (Au/Zn), 0.0012:1 (Au/Cu) and 0.0002:1 (Au/Pb) ratio for Q4 2025; and Gold equivalents are calculated using an 85.11:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0016:1 (Au/Cu) and 0.0003:1 (Au/Pb) ratio for Q4 2024; an 83.93:1 (Ag/Au), 0.0004:1 (Au/Zn), 0.0013:1 (Au/Cu) and 0.0003:1 (Au/Pb) ratio for YTD 2025; and an 85.93:1 (Ag/Au), 0.0005:1 (Au/Zn), 0.0017:1 (Au/Cu) and 0.0004:1 (Au/Pb) ratio for YTD 2024, respectively.

2. Cash cost per AuEq ounce includes mining, processing, and direct overhead costs.

3. AISC per AuEq ounce includes mining, processing, direct overhead, corporate general and administration expenses, reclamation and sustaining capital.

4. Direct mining costs include mining, milling, and direct overhead at the operation sites.

5. Information presented herein for the three months, and year ended December 31, 2024, has been adjusted to reflect the impact of the reclassification of certain transportation cost from revenues to cost of sales. See Note 2 of the consolidated financial statements as of December 31, 2025.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes selected consolidated financial information for the eight most recent quarters. Detailed financial and production data are provided in the Company's consolidated financial statements and "Results of Operations" section of this MD&A.

Variations in quarterly results reflect changes in production and sales volumes, average realized metal prices, and foreign-exchange movements between the Mexican peso and U.S. dollar. Revenue and operating income increased significantly through 2024 and have steadied in 2025 as the Tahuehueto Mine ramp-up progressed and Campo Morado maintained steady throughput and improved recoveries.

Quarterly performance also reflects periodic non-recurring items, including fair-value adjustments to the stream and derivative liabilities, share-based compensation expense, and financing or debt-restructuring charges.

Metal prices strengthened materially over the period — particularly gold and silver — contributing to higher revenues in late 2024 and 2025. Quarter-to-quarter fluctuations are expected to continue due to shipment timing, provisional pricing adjustments, and metal-price volatility, all of which are typical in the mining sector.

	2025				2024			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue ⁽¹⁾	57,921	38,026	39,713	41,163	29,447	19,843	19,810	18,160
Production costs	(28,017)	(27,474)	(22,950)	(21,902)	(19,475)	(14,307)	(14,289)	(12,348)
Treatment charges and other selling costs ⁽¹⁾	(2,800)	(2,988)	(2,933)	(2,546)	(1,472)	(1,748)	(1,647)	(1,819)
Royalties	(1,559)	(1,371)	(1,118)	(1,100)	(1,048)	(541)	(493)	(364)
Empress streaming	-	-	-	-	2,119	(136)	(1,495)	(488)
Inventory changes	724	984	(665)	113	2,960	(727)	1,454	897
Mine operating cashflows before taxes	26,269	7,178	12,047	15,728	12,531	2,384	3,340	4,038
Depreciation	(3,872)	(3,262)	(2,974)	(2,365)	(3,382)	(636)	(673)	(432)
Mine operating income	22,397	3,916	9,073	13,363	9,149	1,748	2,667	3,606
Net (loss) earnings	(6,321)	(16,021)	(3,228)	4,520	(1,175)	(19,223)	4,674	5,301
Net free cashflow before working capital	15,494	(3,247)	(3,158)	11,711	7,211	(597)	1,772	(5,377)
EBITDA	357	(10,793)	1,218	7,589	2,635	(17,765)	6,153	6,386
Adjusted EBITDA	23,297	4,343	5,797	12,741	8,058	(76)	4,166	1,946
Basic and diluted (loss) earnings per share	(0.02)	(0.06)	(0.01)	0.02	(0.01)	(0.11)	0.03	0.03
Weighted average shares outstanding ('000)	269,118	263,534	255,773	230,252	171,431	171,431	165,875	161,566

1. Information presented herein has been adjusted to reflect the impact of the reclassification of certain transportation costs from revenues to cost of sales. See Note 2(d) of the consolidated financial statements as of December 31, 2025. The adjustment resulted in an increase to revenue and a corresponding increase to treatment charges and other selling costs as follows: Q3 2025 - \$2,988, Q2 2025 - \$2,933, Q1 2025 - \$2,546, Q4 2024 - \$1,472, Q3 2024 - \$1,748, Q2 2024 - \$1,647, Q1 2024 - \$1,819.



Marcos Escudero, Mine Manager at Tahuehueto

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

PRODUCTION	2025				2024			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Processed tonnes	260,975	250,807	253,717	246,282	208,649	151,221	153,676	158,424
Campo Morado	170,238	173,260	181,320	175,334	141,097	122,195	118,104	125,105
Tahuehueto	90,737	77,548	72,396	70,948	67,552	29,027	35,572	33,319
Gold Ounces	6,388	5,457	6,622	7,677	7,120	3,604	4,278	4,297
Campo Morado	2,103	1,897	1,753	2,980	2,002	1,347	1,517	1,929
Tahuehueto	4,285	3,560	4,868	4,697	5,118	2,258	2,761	2,368
Gold Grade	1.58	1.56	1.54	1.96	1.88	1.63	1.84	1.70
Campo Morado	1.53	1.50	1.15	1.78	1.46	1.35	1.58	1.46
Tahuehueto	1.87	1.71	2.51	2.40	2.78	2.79	2.74	2.64
Gold Recovery	46.18	43.26	52.82	49.44	56.34	45.53	46.94	49.52
Campo Morado	25.07	22.69	26.16	29.68	30.30	25.35	25.36	32.96
Tahuehueto	78.67	83.68	83.45	85.62	84.88	86.72	88.16	83.83
Silver Ounces	384,045	312,323	279,839	350,669	228,317	158,778	188,267	207,504
Campo Morado	277,789	238,766	208,398	285,757	172,642	138,065	158,762	180,108
Tahuehueto	106,256	73,558	71,441	64,912	55,674	20,713	29,505	27,396
Silver Grade	90.23	83.83	70.08	91.27	73.65	72.22	79.46	95.71
Campo Morado	114.21	105.91	83.54	114.81	94.70	83.30	94.47	112.69
Tahuehueto	45.23	34.52	36.38	33.09	29.70	25.57	29.65	31.95
Silver Recovery	50.73	46.20	48.95	48.52	46.21	45.22	47.95	42.56
Campo Morado	44.44	40.47	42.79	44.15	40.19	42.19	44.26	39.73
Tahuehueto	80.54	85.47	84.37	86.01	86.32	86.79	87.01	80.05
Lead Pounds Produced ('000)	2,263	2,062	2,197	2,401	1,746	1,142	1,472	1,456
Campo Morado	1,271	1,125	1,243	1,285	768	736	822	904
Tahuehueto	992	937	954	1,117	977	405	650	553
Lead Grade	0.76	0.75	0.74	0.80	0.68	0.66	0.78	0.77
Campo Morado	0.80	0.76	0.71	0.75	0.60	0.62	0.71	0.71
Tahuehueto	0.66	0.73	0.83	0.93	0.85	0.81	1.00	0.99
Lead Recovery	52.08	49.65	52.88	54.99	55.58	52.25	55.79	54.00
Campo Morado	42.08	38.75	44.01	44.15	41.08	44.20	44.37	45.90
Tahuehueto	74.87	75.00	71.70	76.64	76.94	78.07	82.73	75.92
Zinc Pounds Produced ('000)	11,216	10,485	11,965	11,547	6,806	5,876	6,890	6,763
Campo Morado	9,245	8,961	10,580	9,954	5,292	5,162	5,701	5,732
Tahuehueto	1,971	1,524	1,384	1,593	1,514	714	1,188	1,032
Zinc Grade	2.59	2.54	2.70	2.59	1.85	2.18	2.49	2.38
Campo Morado	3.19	3.07	3.27	3.06	2.08	2.36	2.65	2.51
Tahuehueto	1.47	1.36	1.30	1.44	1.39	1.44	1.95	1.90
Zinc Recovery	75.20	74.66	79.08	81.98	79.83	80.77	81.63	81.42
Campo Morado	77.26	76.45	81.04	84.12	81.94	81.26	82.54	82.91
Tahuehueto	66.83	65.65	66.74	70.73	73.24	77.41	77.50	73.99
Copper Pounds Produced ('000)	2,386	2,608	2,578	2,507	2,226	1,818	1,557	1,745
Campo Morado	2,083	2,319	2,284	2,209	1,983	1,715	1,441	1,650
Tahuehueto	303	290	294	298	244	103	116	95
Copper Grade	0.57	0.64	0.61	0.60	0.61	0.69	0.58	0.66
Campo Morado	0.77	0.83	0.77	0.75	0.81	0.81	0.70	0.79
Tahuehueto	0.19	0.20	0.22	0.22	0.19	0.19	0.18	0.18
Copper Recovery	73.10	73.97	75.59	77.18	79.49	78.64	78.83	75.29
Campo Morado	72.37	72.85	74.66	76.24	78.96	78.35	78.55	75.44
Tahuehueto	78.60	84.33	83.69	84.90	84.18	83.70	82.36	72.72

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, 2025			April 07, 2026		
	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	270,128,532			275,134,819		
Warrants	4,286,561	0.60	0.23	-	-	-
Stock options	15,224,236	0.89	2.38	14,814,169	0.97	3.62
Restricted share units	1,400,000	1.81	-	1,400,000	1.81	-
Fully diluted	291,039,329			291,348,988		

1. Amounts are in CAD.

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, 2025, the Company is not subject to externally imposed capital requirements.

OFF BALANCE SHEET ARRANGEMENTS

As at December 31, 2025, the Company had contractual commitments of \$1,477 related to acquisition of equipment spare parts and mining supplies and \$245 related to contracts with mining contractors in the normal course of operations, which are expected to be expensed within one year.

TRANSACTIONS WITH RELATED PARTIES

Related party transactions during the three months and year ended December 31, 2025, were in the ordinary course of business and measured at the exchange amounts agreed to by the parties. Details of compensation to key management personnel, balances outstanding with directors and officers, and transactions with related entities are provided in *Note 25* of the December 31, 2025, consolidated financial statements. There were no material changes to the nature or terms of related-party arrangements compared with those disclosed in the Company's annual financial statements for the year ended December 31, 2025.

CONTINGENCIES

The Company is involved in certain legal and tax matters that arise in the normal course of business. As at December 31, 2025, the Company has recognized provisions for all outstanding legal and tax matters, including the previously disclosed SAT assessment and Size Solutions claim, which are now fully accrued within accounts payable and accrued liabilities. No other material claims or contingencies are anticipated to have a significant effect on the Company's financial condition or results of operations.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Fair value measurement and valuation techniques

The Company measures its financial instruments in accordance with IFRS 13 using fair value or amortized cost, as appropriate. Detailed quantitative disclosures, valuation methodologies, and fair-value hierarchy classifications are provided in Note 27 to the December 31, 2025, consolidated financial statements.

During the year ended December 31, 2025, there were no transfers between Levels 1, 2, and 3 of the fair-value hierarchy.

Key movements during the period

- Trade receivables measured at fair value were \$10,205 (Dec 31, 2024: \$1,005), reflecting higher provisional prices and open quotational periods on late-Q4 shipments; the balance is lower than at June as several invoices settled in Q4.
- The stream agreement liability (Level 3) increased to \$53,769 (Dec 31, 2024: \$22,804), driven by updated gold/silver price curves and discounting assumptions on the remaining delivery profile.
- The derivative liability for the convertible debenture was \$Nil (Dec 31, 2024: \$4,975) following settlement/cancellation and changes in conversion/volatility inputs.
- Loans payable decreased to \$3,295 (Dec 31, 2024: \$17,037), largely from scheduled repayments under amended facilities.
- Accounts payable and accrued liabilities increased to \$43,902 (Dec 31, 2024: \$24,715) on timing of sustaining capital, mining services, and concentrate-related payables.
- The Company's cash position was \$25,515 (Dec 31, 2024: \$10,207), supported by stronger operating cash flow and option/warrant exercises, partly offset by capital spending and debt service.
- Other receivables were \$4,307 (Dec 31, 2024: \$6,632), mainly due to VAT collections and timing of recoveries.

The carrying values of cash, receivables, payables, and other short-term financial instruments continue to approximate their fair values given their short-term maturities.

Level 2 valuations primarily relate to provisional-priced trade receivables and the convertible-debenture derivative. The stream liability remains classified within Level 3, reflecting the use of unobservable inputs such as long-term metal-price forecasts and discount rates.

Management reviews these inputs each period to ensure they reflect current market conditions. Based on sensitivity analyses, reasonably possible changes in key assumptions would not materially affect reported fair values as at December 31, 2025.

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.

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 receivable of a 10% change in metal prices from the realized prices used at December 31, 2025:

Metal	Change	Effect on Sales \$
Gold	+/- 10%	2,220
Silver	+/- 10%	2,995
Zinc	+/- 10%	1,774
Copper	+/- 10%	1,276
Lead	+/- 10%	116

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 2025	December 31 2024
	\$	\$
Cash	25,515	10,207
Trade receivables	10,205	770
Other receivables	3,140	267
Other assets	419	116
	39,279	11,360

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 increase 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, 2025:

	Expected payments, by year, as at December 31, 2025			
	Less than 1 year	1 -3 years	After 5 years	Total
	\$	\$	\$	\$
Amounts payable and accrued liabilities	43,902	-	-	43,902
Lease liabilities	1,270	9,055	-	10,325
Royalty streaming	18,596	31,227	3,946	53,769
Loans payable	3,295	-	-	3,295
Provision for reclamation and rehabilitation	-	-	10,273	10,273
Total contractual obligations	67,063	40,282	14,219	121,564

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, 2025, and 2024, the Company's loans payable were 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 \$50 (December 31, 2024 – \$98).

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 31, 2025, are as follows:

Denominated (000's)	December 31, 2025		December 31, 2024	
	CAD Dollars	Mexican Peso	CAD Dollars	Mexican Peso
	\$	\$	\$	\$
Financial assets, foreign currency	1,476	108,749	3,304	144,984
Financial liabilities, foreign currency	(1,717)	(998,288)	(1,575)	(482,509)
Net financial assets (liabilities)	(241)	(889,539)	1,729	(337,525)

Of the financial assets listed above, CAD\$5,353 (2024 – CAD\$3,244) represents cash held in CAD dollars and MXN\$1,145 (2024 - MXN\$4,305) 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%	(16)
Mexican pesos	+/- 10%	4,404

Risks Relating to the Company's Business Operations

Estimates of mineral resources and mineral reserves are based on interpretation and assumptions and are inherently imprecise.

The mineral resource and mineral reserve figures referred to in the technical report 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 the technical report titled "Campo Morado Project, Guerrero State, Mexico, Technical Report on Preliminary Economic Assessment" with an effective date of March 30, 2018 (the "PEA"), herein and the documents incorporated herein by reference have been determined and valued based on assumed future prices, cut-off grades and operating costs. However, until mineral deposits are actually mined and processed, any mineral resources and mineral reserves must be considered estimates only. Any such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Estimates can be imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. In addition, the grade and/or quantity of precious and base metals ultimately recovered may differ from that indicated by drilling results. Further, estimates of mineral reserves may not be able to be mined or processed profitably.

There can be no assurance that precious and base metals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale. The grades of the reported mineral resource estimates are uncertain in nature, and it is uncertain whether further technical studies will result in an upgrade to them. Further drilling on the mineralized zones is required to complement the current bulk sample and add confidence in the continuity of mineralized zones in comparison to the current block model. Any material change in the quantity of mineralization, grade or mineralization-to-waste ratio or extended declines in market prices for silver, gold, copper, zinc and lead, may render portions of the Company's mineralization uneconomic and result in reduced reported mineralization. Any material reductions in estimates of mineralization, or of the Company's ability to extract this mineralization, could have a material adverse effect on the Company's results of operations or financial condition.

There is no guarantee that licenses and permits required by the Company to conduct business will be obtained, which may result in an impairment or loss in the Company's mineral properties.

The Company's current and anticipated future operations, including further exploration, development and production activities on the Company's properties, require permits from various national, state/provincial and local governmental authorities. The Company may not be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at their projects. In addition, the grant of required licenses and permits may be delayed for reasons outside the Company's control. Failure to obtain such licenses and permits on a timely basis, or failure to comply with the terms of any such licenses and permits that the Company has obtained, may result in the Company being unable to legally conduct exploration, development and operating activities on its properties, which may result in increased costs, delay in activities or the Company losing its interest in its mineral properties.

Exploration generally requires one form of permit while development and production operations require additional permits. Each stage of a property's development can also require multiple permits, and changed mining activities at operating site(s) may require amendments to closure permits. There can be no assurance that all permits, including renewals and amendments thereof, which the Corporation may require for future exploration, possible future development, or continued operation, will be obtainable at all or on reasonable terms. In addition, future changes in applicable laws or regulations could result in changes in legal requirements or in the terms of existing permits applicable to the Company or its properties. Any unexpected refusals of required licenses or permits or delays or costs associated with the licensing or permitting process could increase the Company's costs and delay its activities, and could adversely affect the properties, business, or operations of the Company.

In addition, failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or other remedial actions.

In particular, in early 2024, the Mexican government implemented staffing reductions in various offices, potentially leading to delays in the evaluation and issuance of permits. These delays may be further influenced by the transition to President Claudia Sheinbaum's administration, which has introduced changes to mining regulations. The new government is evaluating existing concessions based on public perceptions and environmental impact, while encouraging individual prospectors and mining companies to return to the government any unused concessions.

Rights to use the surface of the Company's mineral properties are not guaranteed.

The Company's properties are situated near towns, farms and other habitations. The Company has acquired surface rights in those areas where it currently conducts mining operations and the Company will be required to maintain those rights and, if applicable, renegotiate or defend any challenges to those rights where appropriate. The Company's interest in a property or project could be adversely affected by an inability to maintain surface access permissions, or by challenges, regardless of merit, to existing surface access agreements. Any challenges to the access to or exploration of any of the properties in which the Company has an interest may have a negative impact on the Company, as the Company may incur delays and expenses in defending such challenge and, if the challenge is successful, the Company's interest in a property could be materially adversely affected.

Most exploration projects do not result in commercially mineable deposits.

Exploration for minerals and development of mining projects is a highly speculative venture necessarily involving substantial risk. The expenditures made by the Company on exploration and development may not result in discoveries of commercial quantities of minerals. The commercial viability of a mineral deposit is dependent upon a number of factors which are beyond the Company's control, including but not limited to the attributes of the deposit, commodity prices, government policies and regulation and environmental protection. Fluctuations in the market prices of minerals may render resources and deposits containing relatively lower grades of mineralization uneconomic. Further exploration or delineation will be required before a final evaluation as to the economic and legal feasibility of any of the Company's properties is determined. Even if the Company completes its exploration programs and is successful in identifying additional mineral deposits, it will have to spend substantial funds on further drilling and engineering studies before it will know if it has a commercially viable mineral deposit. Most exploration projects do not result in the discovery of commercially mineable mineral deposits. Estimates of mineral reserves and mineral resources, mineral deposits and production costs can be affected by such factors as environmental permit regulations and requirements, Indigenous communities' rights, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. As a result, there is a risk such estimates are inaccurate. There can be no assurance that precious or base metals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale. The probability of an individual prospect ever having mineral reserves is extremely remote. If a property does not contain any mineral reserves, any funds spent on exploration and development of that property will be lost. The failure of the Company to find additional economic mineral deposits on its exploration concessions will have a negative effect on the Company.

Foreign Operations Risks

The Tahueheuto and Campo Morado is located in Mexico and consequently may be affected in varying degrees by political stability and government regulations relating to foreign investment, taxation, social unrest, corporate activity, pandemics, and other extractive related activities. The Company may also acquire or invest in additional properties located in less stable jurisdictions in the future and, as such, its operations are and may increasingly be exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to: terrorism; hostage taking; organized crime; violent crime; repression; fluctuations in currency exchange rates; government imposed currency controls; high rates of inflation; labour and civil unrest; the risks of war or civil war, whether within the geographic borders or in neighbouring countries; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; changes in taxation policies; restrictions on foreign exchange and repatriation; governmental regulations that favour or require the Company to award contracts in, employ citizens of, or purchase supplies from, a particular jurisdiction; and changing political conditions, norms and governmental regulations, including those having to do with environmental requirements. Political instability may cause changes to existing governmental regulations affecting mineral exploration and mining activities and/or may have a material adverse effect on the Company's properties, business, and results of operations.

Such changes, if any, in jurisdictions in which the Company holds properties or assets may adversely affect its operations or potential profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on operations, income taxes, expropriation of property, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The properties in which the Company has an interest are located primarily in Mexico.

The Company's properties are located and its primary operations are conducted in Mexico, a foreign jurisdiction. As such, the Company's operations are exposed to various levels of political, economic and other such risks and uncertainties different from those in Canada. Risks and uncertainties include, but are not limited to, extreme fluctuations in currency exchange rates; high rates of inflation; labor unrest; the risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; changes in taxation policies; criminal activities; prohibitions on restrictions for carrying out mining activities due to legal actions by Indigenous communities; restrictions on foreign exchange and repatriation; and changing political conditions, currency controls and governmental regulations that favor or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Recently Mexico has experienced ongoing police and military enforcement action against drug cartels and occurrences of violent crime. The security situation across Mexico remains challenging as the country continues to experience high levels of violence and crime due to the activities of organized criminal groups and cartels, particularly in the northern states that border the United States. Mexico saw increased security volatility tied to organized crime, especially after law enforcement killed the Jalisco New Generation Cartel leader in February 2026. This led to widespread violence, road blockades, attacks on infrastructure, flight cancellations, and disruptions at ports and airports, causing significant delays in ground, air, and maritime logistics including cross-border freight. The unstable social environment can impact employee safety and the functioning of infrastructure and property, resulting in decreased demand for products and reduction of the Company's profitability. In response, the Mexican government has implemented various measures to increase security and has strengthened its police and military forces. In particular, the Sheinbaum administration has indicated a militarized approach to combat organized crime, including increased deployment of the National Guard and collaboration with local law enforcement to enhance security measures. However, the effectiveness of these efforts, and efforts to address the root causes of crime such as poverty and lack of education, are still in the early stages and remain uncertain and organized crime (especially drug-related crime) continues to exist and operate in Mexico. The lack of security and safety in Mexico is likely to worsen if and as the economy continues to deteriorate. Criminal activities, or the perception that criminal activities are likely, may disrupt operations, hamper the ability to hire and keep qualified personnel and impair access to sources of capital. Risks associated with conducting business in the region include risks related to personnel safety and asset security. Risks may include, but are not limited to, kidnappings of employees and contractors, attempted bribery or extortion, exposure of employees and contractors to local crime related activity and disturbances, exposure of employees and contractors to drug trade activity, and damage or theft including future precious or base metal shipments, if any. These risks could result in serious adverse consequences including personal injuries or death, property damage or theft, limiting or disrupting operations, restricting the movement of funds, impairing contractual rights and causing the Company to shut down operations, all of which may expose the Company to costs as well as potential liability.

Such events could have a material adverse effect on the Company's cash flows, earnings, results of operations and financial condition and make it more difficult for the Company to obtain required financing. The Company engages security personnel at its mining operations and continues to monitor appropriate procedures regarding these risks. However due to the unpredictable nature of criminal activities there is no assurance that the Company's efforts will effectively mitigate risks and safeguard personnel and Company property. Mexico is currently subject to political instability, changes and uncertainties, which may cause changes to existing governmental regulations affecting mineral exploration and mining activities. Mexico's status as a developing country may make it more difficult for the Company to obtain any required financing for its projects. Any changes in governmental laws, regulations, economic conditions or shifts in political attitudes or stability in Mexico are beyond the control of the Company, and may adversely affect the Company's business, including its interests in Tahueheuto and Campo Morado.

The Company is aware that it is exposed to various levels of safety and security risks, which could result in injury or death, damage to property, work stoppages, doré, copper concentrate or other metal-bearing material theft, or blockades of the Corporation's mining operations and projects. Specific risks associated with conducting business in the region include, but are not limited to, extortion; kidnappings of employees, contractors and visitors; exposure of employees and contractors to local crime related violence and drug trade activity; and damage or theft of Company assets. Additionally, the Company's response to criminal activities can give rise to further risks if not carried out consistently with international standards relating to the use of force and respect for human rights.

Economic and political instability may affect the Company's business.

The volatile global economic environment has created market uncertainty and volatility in recent years. Recent negative market trends and periods of instability in the market for metal commodities and related products as a result of global economic uncertainty, reduced confidence in financial markets and other macro-economic events that have been experienced in recent years, such as shifts in monetary policy in response to supply chain disruptions, military conflicts and heightened rates of inflation. These macro-economic events negatively affected the mining and minerals sectors in general, and the Company's market capitalization has been significantly affected by periods of market instabilities. Many industries, including the mining industry, are impacted by these market and economic conditions. Global financial conditions remain subject to sudden and rapid destabilizations in response to economic shocks. A slowdown in the financial markets or other economic conditions, including but not limited to consumer spending, employment rates, business conditions, rates of inflation, fuel and energy costs, consumer debt levels, lack of available credit, cost of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Company's growth and profitability. Future economic shocks may be precipitated by a number of causes, including political conflict and unrest, world health pandemics, a significant rise or significant decrease in the price of oil and other commodities, supply chain disruptions, increases in inflation rates, the volatility of metal prices, geopolitical instability, military conflicts, terrorism, the devaluation and volatility of global stock markets and natural disasters. Any sudden or rapid destabilization of global economic conditions could impact the Company's ability to obtain equity or debt financing in the future on terms favorable to the Company or at all. In such an event, the Company's operations and financial condition could be adversely impacted.

The prices of silver, gold and other metals are affected by numerous factors beyond the Company's control, such as the level of inflation, fluctuation of the United States dollar and foreign currencies, global and regional demand, and the political and economic conditions of major silver and gold producing countries throughout the world. The future gold and silver prices are expected to continue to be impacted by the uncertainty surrounding expectations of the US Federal Reserve Bank's tapering of quantitative easing which has injected unprecedented levels of liquidity into capital markets over the last year and a half. Additionally, the geopolitical fears fueled by global conflicts, including in Ukraine, the Middle East and Venezuela, could have unpredictable effects on the market for silver, gold and base metals.

Throughout 2025 and into early 2026, inflation remained elevated in Mexico driven by factors such as supply chain disruptions, rising energy prices, and currency depreciation. The Bank of Mexico implemented monetary policy measures to manage inflation and stabilize prices. As inflation rates increase, the prices of commodities and precious metals may also rise as investors seek to protect their wealth. In addition, any future pandemic or escalation in or emergence of new international conflicts could have an adverse impact on global economic conditions, which may adversely impact the market price of the Common Shares, the Company's operations, its ability to raise debt or equity financing, and the operations of the Company's suppliers, contractors, and service providers.

The relative strength and stability of future metal markets is difficult to predict. The Company's liquidity and long term ability to raise the capital required to execute its business plans may be affected by market volatilities.

The Company's future profitability and the viability of future project developments and expansion depends in part upon the global market price of gold, silver, copper, lead and zinc. Metals prices fluctuate widely and are affected by numerous factors beyond the Company's control. The price of metals is influenced by several factors, including industrial and retail supply and demand, exchange rates, inflation rates, changes in global economies, confidence in the global monetary system, forward sales of metals by metals producers and speculative investment, as well as other global or regional political, social or economic events. The supply of metals is dependent on, among other things, new mine production and existing stocks held by governments, producers, speculators and consumers, which could increase due to improved mining and production methods. Prices and availability of commodities consumed or used in connection with exploration, development and mining, such as natural gas, diesel, oil, electricity and water, fluctuate and are subject to potential inflationary pressures, and these fluctuations affect the costs of production at various operations. These fluctuations can be unpredictable, can occur over short periods of time and may have a material adverse impact on the Company's operating costs or the timing and costs of various projects.

Community relations may affect the Company's business.

Maintaining a positive relationship with the communities in which the Company operates, including with respect to Tahuehueto and Campo Morado, is critical to continuing successful exploration, development and mining operations. Community support is a key component of successful mine operation. The Company may come under pressure in the jurisdictions in which it explores, develops and operates its projects to demonstrate that other stakeholders benefit and will continue to benefit from the Company's commercial activities. The Company may face opposition with respect to the Company's current and future development, exploration projects and mining operations which could materially adversely affect the Company's business, results of operations, financial condition and share price.

The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views in regard to the Company and its activities, whether true or not. While the Company strives to uphold and maintain a positive image and reputation, it does not ultimately have control over how it is perceived by others. Damage to the Company's reputation can result from the actual or perceived occurrence of various events, including allegations of fraud or improper conduct, environmental non-compliance or damage, failure to meet the Company's objectives or guidance, and measures implemented to handle negative interactions with community groups. Any of these events could lead to negative publicity for the Company, including on social media and web-based media platforms, regardless of the truth of the underlying event. Reputation loss may lead to increased challenges in developing, maintaining community relations and advancing its projects and decreased investor confidence, all of which may have a material adverse impact on the financial performance and growth of the Company. In addition, due to the location of the Company's operations, an increase in activity as well as publicity through social media could result in the Company being exposed to criminal activity.

Certain non-governmental organizations ("NGOs") that oppose globalization and resource development are often vocal critics of the mining industry and its practices, including the use of hazardous substances in processing activities. Adverse publicity generated by such NGOs or other parties generally related to extractive industries or specifically to the Company's operations, could have an adverse effect on the Company's reputation, impact the Company's relationship with the communities in which it operates and ultimately have a material adverse effect on the Company's business, financial condition and results of operations.

NGOs may organize protests, install road blockades, apply for injunctions for work stoppage, file lawsuits for damages and intervene and participate in lawsuits seeking to cancel the Company's rights, permits and licences. These actions can relate not only to current activities but also historic mining activities by prior owners and could have a material adverse effect on the Company's business and operations. NGOs may also file complaints with regulators in respect of the Company's, and its directors' and insiders', regulatory filings. Such complaints, regardless of whether they have any substance or basis in fact or law, may have the effect of undermining the confidence of the public or a regulator in the Corporation or such directors or insiders and may adversely affect the Company's prospects of obtaining the regulatory approvals necessary for advancement of some or all of its exploration and development plans or operations and the Company's business, financial condition and results of operations.

Emerging climate change regulations could result in significant costs and climate change may result in physical risks to the Company's mining operations.

Governments are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Regulations relating to greenhouse gas emission levels (such as carbon taxes) and energy efficiency are becoming more stringent. If the current regulatory trend continues, and the increased transitional risks evolve as society and industry work to reduce their reliance on carbon, the Company may incur higher operating costs. In addition, the physical risks of climate change may have an adverse effect on the Company's operations. These physical risks include changes in rainfall rates, rising sea levels, reduced water availability, higher temperatures, changes in seasonal snowpack and extreme weather events. Such events could materially disrupt the Company's operations, impact local infrastructure or threaten the health and safety of the Company's employees and contractors. There can be no assurance that the Company will be able to predict, respond to, measure, monitor or manage the physical risks resulting from climate change. Climate-related risks could also result in shifts in demand for certain commodities, including precious and base metals. The Company's own operations are exposed to climate-related risks as a result of geographical location, and the Company's operations may be adversely affected by climate change factors. The occurrence of such an event could result in material economic harm to the Company.

The Company acknowledges international and community concerns around climate change. The Company supports initiatives consistent with international initiatives on climate change. While some of the costs associated with reducing greenhouse gas emissions may be offset by increased energy efficiency and technological innovation, changes in government regulation may result in increased costs at some of its mining operations. In addition, violations of climate-change regulations and related enforcement action may have an adverse impact on the Company's operations and reputation, either of which could adversely affect the Company's results of operations. Current operators or owners of a property may be unaware of environmental hazards caused by third-parties, which could impair the commercial success, levels of production and continued feasibility and project development and mining operations on these properties.

Risks Relating to Financing the Company's Business Operations

The Company has a history of losses and values attributed to the Company's assets may not be realizable.

The Company has a history of losses. The amounts attributed to the Company's mineral properties, plant and equipment assets in its financial statements also incorporate acquisition, exploration and development costs and therefore should not be taken to represent realizable value. Although the Company has recently optimized commercial mining operations at Campo Morado and Tahuehueto, the Company cannot provide any assurances that commercial production will be sustained on a profitable basis. If the Company is unable to generate revenues with respect to its properties on a consistent basis, the Company will not be able to earn profits which would adversely affect its business and prospects.

The Company has historically had negative cash flows.

The Company has experienced net losses in the past and may incur similar losses in the future until and unless it can derive sufficient cash flows from its investments in mineral projects. Future negative cash flows could have an adverse effect on the market price of the Common Shares.

Risks Relating to the Development and Operation of Tahuehueto and Campo Morado

Uncertainties and risks relating to mining operations at Tahuehueto and Campo Morado.

The Company is subject to inherent uncertainties and risks related to the operation of the mines at Tahuehueto and Campo Morado, including without limitation: shutdowns, delays and other problems with processing plants; delays and cost overruns associated with contractors; delays and cost overruns associated with COVID-19; delays and cost overruns associated with production timelines; budget overruns due to changes in costs of power, fuel, labor, materials and supplies; underground development; and potential opposition from non-governmental organizations, environmental groups or local groups which may delay or prevent activities. The Company prepares budgets for the mining and processing of metals and the related operating and sustaining capital expenditures for Tahuehueto and Campo Morado, but no assurance can be given that such budgeted costs and expenditures will be achieved. Failure to achieve cost estimates or material increases in costs could have an adverse impact in future cash flows, profitability, results of operations and financial condition. It is common in new mining operations to experience such unexpected costs, problems and delays during start-up, optimization and operation. In addition, delays in mineral production often occur. Accordingly, the Company cannot provide assurance that its activities will result in profitable mining operations at Tahuehueto and Campo Morado. The Company's capital and operating costs, production schedules and economic returns are based on certain assumptions which may prove to be inaccurate. The Company's expected operating and capital costs, production estimates, anticipated economic returns and other projections, estimates and forecasts for its mineral properties that are included herein and the documents incorporated by reference herein are based on assumed or estimated future metals prices, cut-off grades, operating costs, capital costs, rates of inflation, metallurgical recoveries, the amenability of ore to mining and treatment, environmental considerations, labor volumes, permitting and other factors, any of which may prove to be inaccurate. The PFS and PEA include estimates of future production, development plans, operating costs, capital costs and other economic and technical estimates for Tahuehueto and Campo Morado. These estimates are based on a variety of factors and assumptions and there is no assurance that such production plans, costs or other estimates will be achieved.

Actual production, costs and financial returns may vary significantly from the estimates depending on a variety of factors, many of which are not within the Company's control. The Company's operating and capital costs are affected by the cost of commodities and goods,

such as explosives, fuel, electrical power and supplies. Significant declines in market prices for gold, silver, copper, zinc, lead and other metals could have an adverse effect on the Company's economic projections. Management of the Company assumes that the materials and supplies required for operations, development and commercial production will be available for purchase and that the Company will have access to the required amount of sufficiently skilled labor. As the Company relies on certain third-party suppliers and contractors, these factors can be outside its control and an increase in the costs or a lack of availability of commodities, goods and labor due to inflation, impacts of international conflicts or other macroeconomic factors or geopolitical events may have an adverse impact on the Company's financial condition. The Company may experience difficulty in obtaining the necessary permits for its exploration, development or operational activities, if such permits are obtained at all, and may face penalties as a result of violations of permits or other environmental laws, which may cause delays and increases to projected budgets. Any of these discrepancies from the Company's expected operating and capital costs, production schedules and economic returns could cause a material adverse effect on the Company's business, financial condition and results of operations. The Company has in the past, and may in the future, provide estimates and projections of its future production, costs and financial results. Such statements are not guarantees of future performance and undue reliance should not be placed on any such estimates or projections.

Capital requirements for Tahuehueto and Campo Morado contemplated in the PFS and PEA are subject to volatility and uncertainty.

The continued development, optimization and operation of Tahuehueto and Campo Morado will use significant amounts of commodities, consumables and other materials. Prices for steel, concrete, fuel and other materials, heavy equipment, commodities and consumables required for mine development can be volatile and price changes can be substantial, occur over short periods of time and be affected by factors beyond control of the Company. Higher costs for construction materials like steel and concrete, the impact of the Mexican peso exchange rate on various development inputs, or tighter supplies can affect the costs and timing of continued development, optimization and operation of the Company's projects.

The continued development and optimization of Tahuehueto and Campo Morado will also utilize significant amounts of large and small equipment that may be critical to the development, optimization and operation of the projects. Repeated and/or unexpected equipment failures and/or unavailability of equipment could cause interruptions or delays in the development. Further, there is no certainty that the estimates described in the PFS and PEA will be realized. Any changes in the mine plan, mine design and/or scope of operations from those envisioned in the PFS or PEA may have a significant adverse impact on capital costs than is currently expected.

Mineral projects, such as Tahuehueto and Campo Morado, 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 operation of the mines at Tahuehueto and Campo Morado may require significant expenditures to achieve planned production targets. The economic feasibility of mineral projects is based on many factors, such as: estimation of mineral reserves, anticipated metallurgical recoveries, environmental considerations and permitting, future metals prices, and the anticipated capital and operating costs of such projects.

Estimates of mineral resources, mineral reserves and anticipated cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and other factors. As a result, it is possible that actual capital, operating costs, production costs and economic returns will significantly differ from those currently estimated for Tahuehueto and Campo Morado.

The occurrence of any of the following events, among others, could affect the profitability of Tahuehueto and Campo Morado: unanticipated changes in grades and tonnes of development and mineralized stope material to be mined and processed; unanticipated adverse geologic conditions; unanticipated adverse geotechnical conditions; unanticipated metallurgical recovery problems; incorrect data on which engineering assumptions are made; availability of labor; costs of processing and refining facilities; delays resulting from future pandemics similar to COVID-19; availability of economic sources of power; adequacy of water supply; adequate access to the site; unanticipated transportation costs; government regulations (including regulations with respect to the environment, prices, royalties, duties, taxes, permitting, restrictions on production, quotas on exportation of minerals and climate-change); fluctuations in metals prices; and accidents, labor actions and force majeure events.

The mine plan and design, mining methods and the financial results for Tahuehueto and Campo Morado may not be consistent with the PFS and PEA.

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 and, as a result, there may be increased uncertainty of achieving any particular level of recovery of material or the cost of such recovery. Historically, such projects have a much higher risk of economic and technical failure. There is no guarantee that commercial production will continue as anticipated or at all or that anticipated production costs will be achieved. The failure to commence or continue production would have a material adverse impact on the Company's ability to generate revenue and cash flow to fund operations. Failure to achieve the anticipated production costs would have a material adverse impact on the Company's cash flow and potential profitability.

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 Company may, in the future, adopt

alternate mine plans and other changes, and the scope of operations, if any, may differ materially from those presented in the PFS and PEA.

The continued operation of Tahuehueto and Campo Morado may be adversely impacted by a lack of access to a skilled workforce.

The continued development and operation of Tahuehueto and Campo Morado will depend on availability of a skilled workforce, including, but not limited to: mining, mineral, metallurgical and geological engineers; geologists; security personnel; environmental and safety specialists; and mining operators to explore and develop the project. Inadequate access to an available skilled workforce (including as a result of COVID-19 outbreaks or restrictions), could compromise many aspects of the project's feasibility, viability and profitability, including, but not limited to, the production schedules, capital and operating costs.

Labor Risks.

Tahuehueto and Campo Morado are and will be dependent on their workforces and specialized contractors to extract and process minerals, and the projects are sensitive to changes in the Company's ability to source skilled labor in Mexico, to labor disruptions at the projects' operations or to changes to laws. The Company and its subsidiaries endeavor to maintain good relations with its workforce and specialized contractors in order to minimize the possibility of strikes, lockouts and other stoppages at its work sites. Relations between the Company, its subsidiaries and their respective employees and contractors may be impacted by changes in labor relations that may be introduced by, among other things, employee groups, unions and the relevant governmental authorities in Mexico. As the Company's operations depend upon the efforts of its employees and contractors, operations could be adversely affected if labor relations deteriorated. In addition, relations between the Company, its subsidiaries and their respective employees and contractors may be affected by changes in labor and employment laws, any of which may have a material adverse effect on the Company's business, results of operations, financial condition or prospects.

The continued operation of Tahuehueto and Campo Morado may be adversely impacted by lack of access and availability of infrastructure, power and water, and other matters.

The continued operation of Tahuehueto and Campo Morado will require access to and an ability to maintain adequate and reliable infrastructure, including roads, power sources and water systems. If the required infrastructure is not readily available, it may have to be built, and there is no assurance that it can be built in a timely manner or at all. There can be no assurances that the Company and its subsidiaries will be able to access and maintain the infrastructure needed, or, where necessary, obtain rights of way, government authorizations and permits to construct, or upgrade the same at a reasonable cost, in a timely manner, or at all. Access to infrastructure may also be interrupted by natural causes, such as drought, floods, earthquakes and other weather phenomena, or man-made causes, such as blockades, sabotage, conflicts, government issues, political events, protests, rationing or competing uses, as well as global pandemics.

Inadequate, inconsistent or costly infrastructure could compromise many aspects of the project's feasibility, viability and profitability, including, but not limited to the capital and operating costs.

Amendments to the Federal labor law on labor subcontracting (or "outsourcing").

Labor reform legislation on subcontracting and outsourcing in Mexico was published on April, 23, 2021 (the "Reform"). The Reform, amends several Mexican laws, including the Federal labor law, and seeks to, amongst other things, regulate outsourcing as follows: (i) to prohibit the use of subcontracting as it has historically been used in Mexico; and (ii) to allow an exception for specialized services under regulated circumstances. This Reform legislation came into effect on September 1, 2021.

The Reform changes are not expected to have a significant impact on the viability of Tahuehueto and Campo Morado. However, with various restrictions on hiring contractors, the Company and its subsidiaries may be required to internalize a portion of their workforces and perform development work directly rather than outsourcing it to contractors, which may require additional investment in equipment not previously planned to be utilized in mining operations.

Tahuehueto and Campo Morado development decisions.

The actual scope, operating results and production results of Tahuehueto and Campo Morado may differ from the scope, operation results and production results envisaged in the PFS and PEA. Mineral resources that are not mineral reserves do not demonstrate economic viability and there is no certainty that mineral resources will ever become mineral reserves. There can be no certainty that the results in the PFS and PEA will be realized. Actual continued exploration, operation and production may be materially different than as contemplated in the PFS and PEA. As a result, there are additional risks as to the extent of capital and operating costs, mineral recovery and financial viability of the Company's projects.

The Company may encounter certain transportation and refining risks that could have a negative impact on its operations.

Mined materials and mineral concentrates containing combinations of metals that are produced at Tahuehueto and Campo Morado are transported to refiners and smelters. These processes involve certain environmental and financial risks. Significant increases in transportation charges and treatment and refining charges could have a material adverse effect on the Company's financial condition. Transportation of such materials and mineral concentrates is also subject to numerous risks including, but not limited to, delays in delivery of shipments, roadblocks, theft and other criminal activities, civil unrest, weather conditions and environmental liabilities in the

event of an accident or spill. The Company could be subject to limited smelter availability and capacity and could also face the risk of a potential interruption of business from a third-party beyond the Company's control, which in both cases could have a material adverse effect on the Company's business, operations, financial performance and financial condition. There is no assurance that smelting, refining, transportation or off-take contracts for the Company's production at Tahuehueto and Campo Morado will be entered into and/or renewed on acceptable terms or that the counterparties to such contracts will meet their respective obligations thereunder. If the Company is unable to effectively process and refine its materials and mineral concentrates on acceptable terms or if the counterparties to any smelting, refining, transportation and off-take contracts fail to meet their respective obligations thereunder, the Company's business, operations, financial performance and financial condition could be materially adversely impacted.

Risks Relating to the Company's Property Titles

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.

The Company's mineral property rights, including its indirect interests in Tahuehueto and Campo Morado, may be subject to prior unregistered agreements, transfers and claims, and title may be affected by, among other things, undetected defects. Title to, and the area of, the mineral interests held by the Company may be disputed. A full investigation of legal title to the Company's property interests has not been carried out at this time. Accordingly, title to these property interests may be in doubt. Other parties, including, without limitation, Indigenous communities, may dispute title or access to the properties in which the Company has an interest. The Company's property interests may also be subject to prior unregistered agreements or transfers or land claims, and title may be affected by such undetected defects. Any challenge to the title or access to any of the properties in which the Company has an interest may have a negative impact on the Company as the Company will incur delays and expenses in defending such challenge and, if the challenge is successful, the Company may lose any interest it may have in the subject property.

Indigenous rights claims.

Certain of the Company's mineral properties may now or in the future be the subject of Indigenous rights claims, including treaty rights claims. The legal nature of Indigenous claims is a matter of considerable and evolving complexity.

The impact of any such claim on the Company's interest in its mineral properties cannot be predicted with any degree of certainty and no assurance can be given that the exercise or recognition of Indigenous rights in the areas in which the Company's mineral properties are located, including by way of negotiated settlements or judicial pronouncements, would not have an adverse effect on the Company's activities. In addition, there is no assurance that the Company will be able to maintain practical working relationships with Indigenous groups which would allow it to ultimately develop the Company's mineral properties.

Title opinions provide no guarantee of title and any challenge to the title to any properties may have a negative impact on the Company.

Although the Company has or will receive title opinions for any concessions in which it has or will acquire a material interest, there is no guarantee that title to such concessions will not be challenged or impugned. In Mexico, a title opinion does not provide absolute comfort that the holder has unconditional or absolute title. Any challenge to the title or access to any of the properties in which the Company has an interest, including its indirect interests in Tahuehueto and Campo Morado, may have a negative impact on the Company as the Company will incur expenses in defending such challenge and, if the challenge is successful, the Company may lose any interest it may have in the subject property.

Risks Relating to the Regulatory Environment

Amendments to the Mexican Federal Mining Law.

On March 28, 2023, a legislative initiative aimed at amending multiple legal codes, including the Federal Mining Law, was presented to the Mexican Congress by the President of Mexico. The amendments pertain to, among other matters, granting of future mining permits and transfer of permits, shortening concession life, granting of future water permits, granting of exploration permits on behalf of exploration companies to the Mexican Geological Services, mine reclamation, profit-sharing requirements to distribute at least 7% of profits to local indigenous communities and management of mine waste. The amendments were brought into law on May 9, 2023. The Company will continue to review and evaluate potential implications of the amendments on its interest in Tahuehueto and Campo Morado, including the treatment of concessions issued under previous legislation. Several aspects of the amendments have become the subject of legal challenges as to the legality and constitutionality of these changes and are pending adjudication. The Company can provide no assurances as to the outcome of any legal challenges to the amendments and will continue to monitor these judicial proceedings.

The environment in which the Company operates may not adhere to international standards with respect to security and human rights.

The Company's operations, development projects and exploration activities extend to jurisdictions which may be considered to have an increased degree of security risk and criminal activity. The impacts of these risks could impede the exploration, development and operation of the Company's mines in these countries.

In addition, civil disturbances and criminal activities, such as trespass, illegal mining, sabotage, theft and vandalism, may cause disruptions at certain of the Company's operations. The Company has taken certain measures to protect its employees, property and

production facilities from these risks. The measures that have been implemented by the Company cannot guarantee that such incidents will not continue to occur and such incidents may halt or delay production, increase operating costs, result in harm to employees or trespassers, decrease operational efficiency, increase community tensions or result in criminal and/or civil liability for the Company or its employees and/or financial damages or penalties.

The manner in which the Company's personnel respond to civil disturbances and criminal activities can give rise to additional risks where those responses are not conducted in a manner that is consistent with international standards relating to the use of force and respect for human rights. The Company has implemented a number of measures and safeguards which are designed to assist its personnel in understanding and upholding these standards. The implementation of these measures will not guarantee that the Company's personnel will uphold these standards in every instance. The failure to conduct security operations in accordance with these standards can result in harm to employees or community members, increased community tensions, reputational harm to the Company or result in litigation, criminal and/or civil liability for the Company or its employees and/or financial damages or penalties.

The Company is subject to anti-corruption laws.

The Company is subject to anti-corruption laws under the *Corruption of Foreign Public Officials Act* (Canada), and the United States *Foreign Corrupt Practices Act*, which generally prohibit companies from bribing or making other prohibited payments to foreign public officials in order to obtain or retain an advantage in the course of business. Corruption, extortion, bribery, pay-offs, theft and other fraudulent practices may occur in Mexico or any other jurisdiction in which the Company may conduct business. The Company cannot ensure that its employees or the employees of its subsidiaries or other agents will not engage in such prohibited practices, for which the Company or its subsidiaries could face severe penalties, reputational damage and other consequences that could have a material adverse effect on the Company's business and financial condition. The Company has adopted the Code of Conduct to promote legal and ethical business conduct by its directors, officers and employees. The Company cannot, however, provide assurance that the Code of Conduct, or other policies or procedures that it may adopt, will be sufficient to protect against corrupt activity. In particular, the Company may not be able to prevent or detect corrupt activity by employees or third parties, such as sub-contractors, for which the Company might be held responsible.

The Company may be required by human rights laws to take actions that delay the advancement of its projects.

There are various international and national laws, codes, resolutions, conventions, guidelines and other materials that relate to human rights (including rights with respect to health and safety and the environment surrounding the Company's operations). Many of these materials impose obligations on governments and companies to respect human rights. Some mandate that government consult with communities surrounding the Company's projects regarding government actions that may affect local stakeholders, including actions to approve or grant mining rights or permits. The obligations of government and private parties under the various international and national materials pertaining to human rights continue to evolve and be defined. One or more groups of people may oppose the Company's current and future operations, development or production at its projects. Such opposition may be directed through legal or administrative proceedings or expressed in manifestations, such as protests, roadblocks or other forms of public expression against the Company's activities and may have a negative impact on its reputation. Opposition by such groups to operations by the Company or its subsidiaries may require modification of, or preclude the operation or development of, its projects or may require the Company or its subsidiaries to enter into agreements with such groups or local governments with respect to its projects, in some cases causing considerable delays to the advancement of its projects.

The Company's activities within Mexico are subject to extensive laws and regulations governed by Mexican regulators.

The Company's activities, including but not limited to the operations at Tahuehueto and Campo Morado, are subject to extensive laws and regulations governing worker health and safety, employment standards, waste disposal, protection of historic and archaeological sites, mine development, protection of endangered and protected species, Indigenous communities' rights and other matters. Specifically, the Company's Mexican mining concessions are subject to regulations promulgated by various ministries and government agencies relating to economic, environmental, labor, mining, land, water and natural resources matters. Mexican regulators have broad authority to shut down and/or levy fines against facilities that do not comply with regulations or standards.

Mexican foreign investment and income tax laws apply to the Company.

Under the applicable foreign investment laws of Mexico, there is presently no limitation on foreign capital participation in mining operations; however, the applicable laws may change in a way which may adversely impact the Company and its ability to repatriate profits. Changes in income and corporate tax, goods and services taxes, the tax treatment of dividends, environmental taxes and any other future legislative changes in Mexico are not predictable and may have a negative effect on the Company and its operations.

Any enforcement proceedings under Canada's Extractive Sector Transparency Measures Act against the Company could adversely affect the Company.

The *Extractive Sector Transparency Measures Act* (Canada) ("**ESTMA**") requires public disclosure of certain payments to governments by companies engaged in the commercial development of minerals which are publicly listed in Canada. Mandatory annual reporting is required for extractive companies with respect to payments made to foreign and domestic governments, including aboriginal groups. ESTMA requires reporting on the payments of any taxes, royalties, fees, production entitlements, bonuses, dividends, infrastructure reporting or structuring payments to avoid reporting. If the Company becomes subject to an enforcement action or is in violation of ESTMA, this may result in significant penalties or sanctions which may also have a material adverse effect on the Company's reputation.



Risks Relating to the Company's Securities

Funding and property commitments may result in dilution to the Company's shareholders.

The Company may sell equity securities in public offerings (including through the sale of securities convertible into equity securities) and may issue additional equity securities to finance operations, exploration, development, project construction, acquisitions or other projects. The Company cannot predict the size of future issuances of equity securities or the size and terms of future issuances of debt instruments or other securities convertible into equity securities or the effect, if any, that future issuances and sales of the Company's securities will have on the market price of the Common Shares. Any transaction involving the issuance of previously authorized but unissued Common Shares, or securities convertible into Common Shares, would result in dilution, possibly substantial, to security holders. Exercises of outstanding stock options or other equity incentive securities may also result in dilution to security holders.

Subject to applicable securities laws and stock exchange policies, the Board has the authority to authorize certain offers and sales of additional securities without the vote of, or prior notice to, shareholders. If the Company requires additional capital to fund expenditures and growth, the Company may issue additional securities to provide such capital. Such additional issuances may involve the issuance of a significant number of Common Shares at prices less than the current market price for the Common Shares.

Sales of substantial amounts of the Company's securities, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Company's securities and dilute investors' earnings per share. A decline in the market prices of Company's securities could impair the Company's ability to raise additional capital through the sale of securities should the Company desire to do so.

The Company has significant shareholders that may be able to exert influence over the direction of the Company's business.

Based on information provided to the Company and insider reports filed with the System for Electronic Disclosure by Insiders as at the date hereof, the Company believes that Calu Opportunity Fund, LP ("**COF**") and its affiliates hold greater than 25% of the Common Shares. Accordingly, COF, either in unison with other shareholders of the Company or individually, may exert influence in determining the outcome of any corporate transaction or other matter submitted to the shareholders of the Company for approval, including business combinations and any proposed sale of all or substantially all of the Company's assets. Unless full participation of a number of shareholders takes place in such shareholder meetings, COF may be able to approve on its own, or effectively prevent the approval, of any such significant corporate transactions.

Further, the significant ownership of Common Shares by COF may affect the market price and liquidity of the Common Shares. The effect of the Company having a significant shareholder and its potential influence on the Company may impact the price that investors are willing to pay for Common Shares. If a significant shareholder sells a substantial number of Common Shares into the public market, the market price of the shares could decrease.

The presence of a significant shareholder like COF may give rise to potential conflicts of interest, as COF's interests may differ from, or be adverse to, the interests of the Company's other shareholders. Without the consent and cooperation of COF, the Company may be prevented from entering into transactions that would be beneficial to the Company and its other shareholders.

The price of the Company's Common Shares is volatile.

Publicly quoted securities are subject to a relatively high degree of price volatility. It should be expected that continued fluctuations in price will occur, and no assurances can be made as to whether the price per share will increase or decrease in the future. In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of many companies, particularly those considered early-stage mining companies, such as the Company, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or the prospects of such companies. The factors influencing such volatility include pandemics, fluctuations in commodity prices, macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries.

The price of the Common Shares is also likely to be significantly affected by short-term changes in precious or base metal prices, currency exchange fluctuations and the Company's financial condition or results of operations as reflected in its earnings reports. Other factors unrelated to the performance of the Company that may have an effect on the price of the Common Shares include the following: the extent of analyst coverage available to investors concerning the business of the Company may be limited if investment banks with research capabilities do not follow the Company's securities; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of securities of the Company; the size of the Company's public float may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the securities of the Company that persists for a significant period of time could cause the Company's securities to be delisted from an exchange, further reducing market liquidity.

Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

There is no assurance of a sufficient liquid trading market for the Company's Common Shares in the future.

Shareholders of the Company may be unable to sell significant quantities of Common Shares into the public trading markets without a significant reduction in the price of their Common Shares, or at all. There can be no assurance that there will be sufficient liquidity of the Company's Common Shares on the trading market, and that the Company will continue to meet the listing requirements of the TSX Venture Exchange ("TSXV") or achieve listing on any other public listing exchange. If the TSXV delists the Common Shares from trading on its exchange, the Company could face significant material adverse consequences, including a limited availability of market quotations and liquidity for the Common Shares, a limited amount of news and analyst coverage for the Company, and a decreased ability for the Company to issue additional securities or obtain additional financing in the future.

Most of the Company's mineral assets and certain directors and officers are located outside of Canada.

Most of the Company's mineral assets and several directors and officers of the Company are located outside of Canada. As a result, it may be difficult for investors to enforce within Canada any judgments obtained against the Company or its officers or directors, including judgments predicated upon the civil liability provisions of applicable securities laws. In addition, there is uncertainty as to whether the courts of Mexico and other jurisdictions would recognize or enforce judgments of Canadian courts obtained against the Company or its directors and officers predicated upon the civil liability provisions of the securities laws of Canada or be competent to hear original actions brought in Mexico or other jurisdictions against the Company or its directors and officers predicated upon the securities laws of Canada. Mexican laws relating to the enforcement of judgments and service of process may differ materially from similar Canadian laws.

The Company has outstanding common share equivalents which, if exercised, could cause dilution to existing shareholders.

The Company has common share equivalents issued consisting of Common Shares issuable upon the exercise of outstanding exercisable stock options and warrants. Stock options and warrants are likely to be exercised when the market price of the Company's Common Shares exceeds the exercise price of such options or warrants. The exercise of any of these instruments and the subsequent resale of such Common Shares in the public market could adversely affect the prevailing market price and the Company's ability to raise equity capital in the future at a time and price which it deems appropriate. The Company may also enter into commitments in the future which would require the issuance of additional Common Shares and the Company may grant additional share purchase warrants, stock options, or other equity incentive securities. Any share issuances from the Company's treasury will result in immediate dilution to existing shareholders' percentage interest in the Company.

The Company has not paid dividends and may not pay dividends in the immediate future.

Payment of dividends on the Company's Common Shares is within the discretion of the Company's Board and will depend upon the Company's future earnings, if any, its capital requirements and financial condition, and other relevant factors. The Company anticipates that all available funds will be invested to finance the growth of its business for the immediate future.

Other Business Risks

Mineral exploration is a highly competitive industry.

The mineral exploration, development and production industry is intensely competitive in all of its phases and the Company must compete in all aspects of its operations with a substantial number of large established mining companies with greater liquidity, greater access to credit and other financial resources, newer or more efficient equipment, lower cost structures, more effective risk management policies and procedures and/or greater ability than the Company to withstand losses. The Company's competitors may be better situated to respond quickly to new laws or regulations or emerging technologies or devote greater resources to the expansion of their operations. In addition, current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties. Competition could adversely affect the Company's ability to acquire suitable new producing properties or prospects for exploration in the future. Competition could also affect the Company's ability to raise financing to fund the exploration, development and operation of its properties or to hire qualified personnel. The Company may not be able to compete successfully against current and future competitors, and any failure to do so could have a material adverse effect on the Company's business, financial condition or results of operations.

International Conflicts.

International conflicts and other geopolitical tensions and events, including war, military action, terrorism, trade disputes and international responses thereto have historically led to, and may in the future lead to, uncertainty or volatility in global commodity and financial markets and supply chains. Russia's large-scale invasion of Ukraine, the wars involving Israel, Iran and other countries and non-state actors in the Middle East, political uncertainty in Venezuela as a result of U.S. intervention, and increasing global tensions due to the stated desire by the U.S. to control Greenland has resulted in a significant increase in tension in the region and may have far reaching effects on the global economy and may continue to result in market disruptions. Volatility in commodity prices and supply chain disruptions may adversely affect the Company's business, financial condition and results of operations. The extent and duration of the current global conflicts and related international action cannot be accurately predicted at this time and the effects of such conflict may magnify the impact of the other risks identified in this MD&A, including those relating to commodity price volatility and global financial conditions. The outcome of these conflicts is uncertain, and these conflicts may escalate and may result in escalated tensions within and outside the affected regions. This could result in significant disruption of supplies of oil and natural gas from the region and could cause a significant worldwide supply shortage of oil and natural gas and have a significant impact on worldwide prices of oil and natural gas.

A lack of supply of energy and high prices of oil and natural gas could have a significant adverse impact on the world economy. The situation is rapidly changing and unforeseeable impacts, including on the Company's shareholders and counterparties on which the Company relies and transacts with, may materialize and may have an adverse effect on the Company's operations and trading price of the Common Shares.

Tariffs, sanctions, restrictions on imports or other trade barriers between the United States and various countries, most significantly China, may impact future results of operations.

Political changes and trends such as populism, protectionism, economic nationalism and sentiment toward internationally operating companies, and resulting tariffs, export controls, trade sanctions, sanctions blocking statutes, or other trade barriers, or changes to tax or other laws and policies, may be disruptive to our business in the future, by potentially interfering with international sales of products, supply chain, production costs, customer relationships, and competitive position. For example, the U.S. government has imposed tariffs on goods from a variety of countries, including China, Canada, Mexico and others. Further escalation of specific trade tensions, such as those between the United States and China, or in global trade conflict more broadly could be harmful to global economic growth, and related decreases in confidence or investment activity in the global markets could adversely affect our future business performance, especially since the Corporation's projects are based in an emerging market jurisdiction, where economic, political, and legal risks may be heightened.

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.

Environmental legislation on a global basis is evolving in a manner that will ensure stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessment of proposed development, the possibility of affected parties pursuing class action lawsuits and a higher level of responsibility for companies and their officers, directors and employees. The Company's mining operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing storage facilities, which could result in environmental pollution. Failure to comply with such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement, and more stringent fines and penalties for non-compliance. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with environmental regulations and changes in such regulations may reduce the profitability of the Company's operations. Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in the Company's intended activities. The environmental impact assessments may impose the condition to the Company of obtaining the authorization from the Indigenous communities where the mining activities are to be carried out.

Risks related to tailings storage facilities and permits.

The extraction process for gold, silver, copper, zinc, lead and other metals will produce tailings, which is the sand-like material mixed with water that remains following the metal extraction process. Tailings are stored in engineered facilities ("TSF"), which are designed, constructed, operated and closed in conformance with international design standards and best practices. A delay in obtaining permits relating to a TSF, a failure of TSF walls or poor tailings management safety protocols, once operational, may adversely impact the Company's business, operations and financial performance.

Natural disasters can pose a threat to the stability of tailings dam walls and pose a risk beyond the Company's control. The failure of a tailings dam wall can result in suspension of operations, injuries, death in extreme cases, government inspections, increased cost and public relation concerns. A breach of these facilities due to extreme weather, seismic events, natural disasters, negligence, criminal activities or other similar incidents could result in a material financial impact on the Company's operations and financial condition.

The mining industry is also facing greater public and regulatory scrutiny regarding its management of tailings storage facilities and dam failure risks. While tailings storage facilities are subject to rigorous regulatory and engineering standards, unexpected failings or breach of tailings storage facilities can potentially occur, causing release of contamination into the surrounding area and resulting in environmental damage, property damage, personal injury or loss of life. The Company has robust controls in place at its properties with respect to tailings management, but there is no assurance that failures of the tailings management systems could not occur due to operational or external matters, such as extreme weather, seismic event, or other unforeseen incidents. Such failures can result in immediate suspension of mining operations by government authorities and cause significant expenses, and lead to significant costs and expenses as result of remediation orders, injunctions, penalties and fines or suspension/revocation of permits. Liabilities resulting from non-compliance, damage, regulatory orders or demands, or similar, could adversely and materially affect the Company's business, results of operations and financial condition, and the Company's losses or fines, penalties or other consequences of regulatory action might not be covered by insurance policies.

The Company may experience difficulties managing and integrating acquisitions.

The Company continually seeks opportunities to acquire or invest in businesses that could expand, complement or otherwise relate to the Company's current or future business. The Company may also consider, from time to time, opportunities to engage in joint ventures or other business collaborations with third parties to address particular market segments. These activities create risks, such as: (i) the need to integrate and manage the businesses acquired with the Company's own business; (ii) additional demands on the Company's resources, systems, procedures and controls; (iii) disruption of the Company's ongoing business; and (iv) diversion of management's

attention from other business concerns. Moreover, these transactions could involve: (i) substantial investment of funds or financings by issuance of debt or equity securities; (ii) substantial investment with respect to operational integration; and (iii) the acquisition or disposition of product lines or businesses. Such activities could result in one time charges and expenses and have the potential to either dilute the interests of existing shareholders or result in the issuance of, or assumption of debt. Acquisitions, investments, joint ventures or other business collaborations may involve significant commitments of financial and other resources of the Company. Any such activities may not be successful in generating revenue, income or other returns to the Company, and the resources committed to such activities will not be available to the Company for other purposes. Any inability to address risks associated with acquisitions or investments in businesses may negatively affect the Company's operating results. Additionally, any impairment of goodwill or other intangible assets acquired in an acquisition or in an investment, or charges to earnings associated with any acquisition or investment activity, may materially reduce the Company's earnings, which, in turn, may have an adverse material effect on the price of Common Shares.

The Company and its subsidiaries may be subject to litigation, the disposition of which could negatively affect the Company's profits to varying degrees.

All industries, including the mining industry, are subject to legal claims, with and without merit. Due to the nature of its business, each of the Company and its subsidiaries may, in the future, be subject to claims (including class action claims and claims from government regulatory bodies) based on allegations of negligence, breach of statutory duty, public nuisance or private nuisance or otherwise in connection with its operations or investigations relating thereto. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the litigation process could take away from management time and effort and there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on the Company's operations and financial position. Results of litigation are inherently uncertain and there can be no assurances as to the final outcome. The Company's liability insurance may not fully cover such claims.

If either the Company or its subsidiaries are unable to hire, train, deploy and manage qualified personnel in a timely manner, particularly in Mexico, their ability to manage and grow its business will be impaired.

Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in acquisition, exploration, development and operation of mining properties is limited and competition for such persons is intense. As business activity grows, additional key financial, administrative and mining personnel, as well as additional operations staff may be required, particularly in Mexico. The Company may not be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increases. If the Company is not successful in attracting, training and retaining qualified personnel, the efficiency of its operations could be impaired, which could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

It may be particularly difficult to find or hire qualified personnel in the mining industry who are situated in Mexico, to obtain all of the necessary services or expertise in Mexico, or to conduct operations on the Company's projects at reasonable rates. Personal security risks may also reduce the availability of skilled workers for the Company's projects. If qualified personnel cannot be obtained in Mexico, the Company may need to obtain those services outside of Mexico, which will require work permits and compliance with applicable laws, and could result in delays and higher costs to the Company.

Cyber security risks may impact the Company's business.

The Company's information systems, and those of its counterparties, third-party service providers and vendors, are vulnerable to an increasing threat of cyber security risks. Unauthorized parties may attempt to gain access to these systems or the Company's information through fraud, deceit or other means.

The Company's operations depend, in part, on how well the Company and its suppliers, as well as counterparties, protect networks, equipment, information technology ("IT") systems and software against damage from a number of threats. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. A cyber-attack or failure of information systems could, depending on the nature and degree of any such failure, adversely impact the Company's reputation and results of operations. Cyber-attacks to the Company's head office could result in damage or loss of data and operational capability.

Although to date the Company has not experienced any known losses relating to cyber-attacks or other data/information security breaches, there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. Cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority for the Company, but there is no assurance that actions taken by the Company will be sufficient to eliminate the risks.

Any future significant compromise or breach of the Company's data/information security, whether external or internal, or misuse of data or information, could result in additional significant costs, fines, lawsuits and damage to the Company's reputation. In addition, as the regulatory environment related to data/information security, data collection and use, and privacy evolves, with new and constantly changing requirements applicable to the Company's business, compliance with those requirements could also result in additional costs. The Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities. Any of these factors could have a material adverse effect on the Company's results of operations, cash flows and financial position.

Natural Disasters

The Company is subject to risks typical in the mining business. These include, but are not limited to, operational issues such as unexpected geological conditions and natural disasters, such as earthquakes, that cause unanticipated increases in the costs of extraction or leading to cave-in and rock bursts, particularly as mining moves into deeper levels. Major cave-ins, flooding, storms or other natural disasters could also occur under extreme conditions. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. As a result, the Company may incur significant liabilities and costs that could have a material adverse effect upon its business, results of operations and financial performance.

Infrastructure, including electricity supplies, that may be currently available and used by the Company may, as result of natural disaster, be destroyed or made unavailable or available in a reduced capacity. Were this to occur, operations at the Company's properties may become more costly or have to be curtailed or even terminated, potentially having serious adverse consequences to the Company's financial condition and viability that could, in turn, have a material adverse effect on the Company's business, results of operations or financial performance.

The Company has insurance in amounts that it considers to be adequate to protect itself against certain risks. However, the Company may become subject to liability for hazards which it cannot insure against or which it may elect not to insure against because of premium costs or other reasons.

The Company may face equipment shortages, access restrictions and a lack of infrastructure.

The majority of the Company's interests in mineral properties are located in rural areas. Such mineral properties will require adequate infrastructure, such as roads, bridges and sources of power and water, for future exploration, development and operating activities. The lack of availability of these items on terms acceptable to the Company or the delay in availability of these items could prevent or delay exploitation or development of the Company's mineral property interests. In addition, unusual weather phenomena, sabotage, criminal activity, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations and profitability. Natural resource exploration, development, processing and mining activities are dependent on the availability of mining, drilling and related equipment in the particular areas where such activities are conducted. A limited supply of such equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration, development or extraction activities. Certain equipment may not be immediately available or may require long lead time orders. A delay in obtaining necessary equipment could have a material adverse effect on the Company's operations and financial results.

The Company is dependent on its key personnel.

The Company is dependent upon the continued availability and commitment of its key management, employees and consultants, whose contributions to immediate and future operations of the Company are of central importance. The Company relies on its officers for the day-to-day operation of the Company, its projects and the execution of the Company's business plan. The loss of any member of the senior management team could impair the Company's ability to execute its business plan and could therefore have a material adverse effect on the Company's business, results of operations and financial condition.

Foreign currency fluctuations, bank failures and inflationary pressures may have a negative impact on the Company's financial position and results.

The Company's property interests in Mexico make it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position and results. Exploration and development programs conducted by the Company in Mexico and operational expenditures on Tahuehueto and Campo Morado are funded in whole or in part in Mexican pesos and United States dollars, and any appreciation in Mexican or United States currency against the Canadian dollar will increase the costs of carrying out these operations in Mexico.

The Company has determined that its functional currency is the Canadian dollar; however, it maintains a portion of cash balances and other net monetary assets in Mexican pesos and United States dollars in order to fund expenditures in such currencies. The Company is therefore exposed to currency risks and exchange losses may be realized on a devaluation of either the Canadian dollar, United States dollar or Mexican peso.

Steps taken by management to address the consequences of foreign currency fluctuations may not eliminate or reduce any adverse effects, and the Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign exchange rates. Accordingly, the Company may suffer losses due to adverse foreign currency fluctuations. The Company also bears the risk of incurring losses occasioned as a result of inflation in Mexico.

The Company maintains cash and cash equivalents in accounts with major banks, and the Company's deposits at these institutions may, at times, exceed insured limits. Market conditions could materially and adversely impact the viability of these institutions. In the event of failure of any of the financial institutions where the Company maintains its cash and cash equivalents, there can be no assurance that the Company would be able to access uninsured funds in a timely manner or at all. Any inability to access or delay in accessing these funds could have a material adverse affect the Company's business and financial position.

Conflicts of interest may arise among the Company's directors as a result of their involvement with other natural resource companies.

Most of the Company's directors do not devote their full time to the affairs of the Company. Some of the directors and some of the officers of the Company are also directors, officers or shareholders of other natural resource or public companies, and as a result they may find themselves in a position where their duty to another company conflicts with their duty to the Company. Although the Company has policies which address such potential conflicts, and the *Business Corporations Act* (British Columbia) has provisions governing directors in the event of such a conflict, none of the Company's constating documents or any of its other agreements contain any provisions mandating a procedure for addressing such conflicts of interest. There is no assurance that any such conflicts will be resolved in favor of the Company. If any such conflicts are not resolved in favor of the Company, the Company may be adversely affected.

The Company may be subject to reputational risk.

As a result of the increased usage and the speed and global reach of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users, companies today are at much greater risk of losing control over how they are perceived in the marketplace. Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not, including for example with respect to the Company's handling of environmental matters or the Company's dealings with community groups.

The Company places a great emphasis on protecting its image and reputation, but the Company does not ultimately have direct control over how it is perceived by others. Reputation loss may lead to increased challenges in developing and maintaining community relations, decreased investor confidence and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on financial performance, cash flows and growth prospects.

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.

Unusual or unexpected formations, power outages, labor disruptions, theft of assets, Indigenous communities complaints, industrial accidents, flooding, explosions, cave-ins, seismic activity, rock bursts, landslides, pollution, inclement weather, fire, mechanical equipment failure and the inability to obtain suitable or adequate machinery, equipment or labor are several of the hazards and risks involved in the conduct of exploration programs in the Company's mineral properties, any of which could result in personal injury or death, damage to property, environmental damage and possible legal liability for any or all damage. Although the Company has implemented safety measures at its mining operations, there are no assurances that these measures will be successful in preventing or mitigating future accidents.

In some cases, such as with respect to environmental risks, insurance coverage is not available or considered too expensive relative to the perceived risk. Losses resulting from any uninsured events may cause the Company to incur significant costs that could have a material adverse effect on the Company's operations and financial condition. In addition, from time to time, the Company and its subsidiaries may be subject to governmental investigations and claims and litigation filed on behalf of persons who are harmed while at its properties or otherwise in connection with the Company's operations. To the extent that the Company are subject to personal injury or other claims or lawsuits in the future, it may not be possible to predict the ultimate outcome of these claims and lawsuits due to the nature of personal injury litigation. The Company does not carry political risk insurance. Similarly, if the Company or its subsidiaries are subject to governmental investigations or proceedings, they may incur significant penalties and fines, and enforcement actions against them could result in the closing of the Company's mining operations. If claims and lawsuits or governmental investigations or proceedings are finally resolved against the Company or its subsidiaries, the Company's financial performance, financial position and results of operations could be materially adversely affected.

Metal prices and marketability fluctuate and any decline in metal prices may have a negative effect on the Company.

Metal prices, including gold, silver, zinc, lead and copper prices, have fluctuated widely in recent years. The marketability and price of any metals that may be acquired or produced by the Company may be affected by numerous factors beyond the control of the Company. These factors include delivery uncertainties related to the proximity of potential mineral reserves to processing facilities and extensive government regulation relating to price, taxes, royalties, allowable production land tenure, the import and export of minerals and many other aspects of the mining business. Declines in metal prices may have a negative effect on the Company and the market price of the Common Shares.

MATERIAL ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical Accounting Judgements and Estimates

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") requires management to make judgements, estimates and assumptions about future events that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from these estimates.

a) 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.

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 four 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 the December 31, 2025, consolidated financial statements.

b) Streaming arrangements

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, all of which are subject to change in future valuations. The valuation of the Stream Agreement is sensitive to changes in these variables.

c) Mineral resource estimates

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.

Changes in the judgments surrounding reserves and resources may impact the carrying value of mineral properties, plant and equipment (Note 8 and 9), reclamation and rehabilitation provisions (Note 16), recognition of deferred income tax amounts (Note 24), derivative liability associated with the Stream Agreement (note 15) and depreciation and depletion (Note 8 and 9).

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.

d) Impairment of mining properties

The Company's management reviews the carrying values of its mining properties on a regular basis to determine whether any impairment indicators exist and whether any write-downs are required. 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 disposition.

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 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.

e) Decommissioning, restoration, and similar provisions

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.

f) 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.

g) Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected.

h) Contingencies

Contingencies can be either possible assets or possible liabilities arising from past events which, by their nature, will only be resolved when one or more future events not within our control occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings or regulatory or government actions that may negatively impact the Company's business or operations, the Company, with assistance from its legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims or actions.

A liability is recognized in the consolidated financial statements when the outcome of the legal proceedings is probable, and the estimated settlement amount can be estimated reliably. Contingent assets are not recognized in the consolidated financial statements until virtually certain.

New and amended IFRS Accounting Standards that are issued but not yet effective

As of December 31, 2025, the IASB has issued new standards and amendments that are not yet effective for the 2025 financial year. While early adoption is permitted, the Company has not early adopted any new or amended standards in preparing these financial statements. The Company is currently evaluating the impact of the following amended standard on its financial statements:

Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB released IFRS 18, *Presentation and Disclosure in Financial Statements*. IFRS 18 replaces IAS 1, *Presentation of Financial Statements* while carrying forward many of the requirements in IAS 1. IFRS 18 introduces new requirements to: i) present specified categories and defined subtotals in the statement of earnings or loss, ii) provide disclosures on management-defined performance measures ("MPMs") in the notes to the financial statements, iii) improve aggregation and disaggregation. Some of the requirements in IAS 1 are moved to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* and IFRS 7, *Financial Instruments: Disclosures*. The IASB also made minor amendments to IAS 7, *Statement of Cash Flows* and IAS 33, *Earnings per Share* in connection with the new standard.

IFRS 18 requires retrospective application with specific transition provisions. The Company is required to apply IFRS 18 for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Company is currently evaluating the impact of IFRS 18 on its financial statements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

MANAGEMENT'S REPORT ON DISCLOSURE CONTROLS AND PROCEDURES

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



of the date of and for the periods presented.

LIMITATIONS OF CONTROLS AND PROCEDURES

The Company's management, including the CEO and CFO, believe that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, may not prevent or detect all misstatements because of inherent limitations. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.