



**Mining Corp.**

**Condensed Consolidated Interim  
Financial Statements**

**For the three months ended  
March 31, 2026 and 2025  
(Unaudited)**





Condensed consolidated interim statements of financial position  
(Unaudited - Expressed in thousands of US dollars)

	Note	March 31 2026	December 31 2025
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 36,357	\$ 25,515
Amounts receivable	4	7,663	13,764
Inventories	5	13,040	11,953
Prepaid expenses and deposits	6	9,157	7,744
Other current assets		566	1,085
<b>Total current assets</b>		<b>66,783</b>	<b>60,061</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	45,074	45,250
Mineral properties	8	85,359	78,051
Other long-term assets		743	748
<b>Total assets</b>		<b>\$ 197,959</b>	<b>\$ 184,110</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Amounts payable and accrued liabilities	9	\$ 47,109	\$ 43,902
Income tax payable		4,314	3,544
Current portion of lease liabilities	10	1,325	1,270
Current portion of loans payable	11	1,405	3,295
Current portion of stream agreement	12	16,905	18,596
<b>Total current liabilities</b>		<b>71,058</b>	<b>70,607</b>
<b>Non-current liabilities</b>			
Lease liabilities	10	8,734	9,055
Stream agreement	12	32,773	35,173
Provision for reclamation and rehabilitation	13	10,138	10,273
Other long-term liabilities		211	203
<b>Total liabilities</b>		<b>122,914</b>	<b>125,311</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	14	155,047	152,505
Reserves	15	15,698	14,510
Accumulated other comprehensive earnings		1,878	1,961
Deficit		(97,578)	(110,177)
<b>Total equity</b>		<b>75,045</b>	<b>58,799</b>
<b>Total liabilities and equity</b>		<b>\$ 197,959</b>	<b>\$ 184,110</b>

Commitments and contingencies (note 25)

Subsequent events (note 26)

**"Peter Damouni"**  
Director

**"Phillip Brumit Sr."**  
Director

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

Condensed consolidated interim statements of earnings and comprehensive earnings  
(Unaudited - Expressed in thousands of US dollars, except share and per share amounts)

	Notes	For the three months ended	
		March 31 2026	March 31 2025
			<i>Adjusted – Note 2(a)</i>
Revenue	17	\$ 57,584	\$ 41,163
Cost of sales	18	35,295	27,800
<b>Mine operating earnings</b>		<b>22,289</b>	<b>13,363</b>
General and administration	19	3,560	3,237
Share-based compensation	15(b)	1,633	464
Foreign exchange (gain) loss		(193)	69
Other operating expense (income)		58	(75)
<b>Operating earnings</b>		<b>17,231</b>	<b>9,668</b>
Interest and finance costs, net	20	(418)	(658)
Gain on debt modification and settlement	11	-	295
Change in fair value of derivative liability from stream agreement	12	(3,529)	(4,785)
Gain on derivative financial instruments	12	2,482	-
<b>Net earnings before income taxes</b>		<b>\$ 15,766</b>	<b>\$ 4,520</b>
Current income tax expense		3,167	-
<b>Net earnings for the period</b>		<b>\$ 12,599</b>	<b>\$ 4,520</b>
<b>Other comprehensive earnings (loss), net of tax</b>			
Foreign currency translation differences		(83)	38
<b>Total comprehensive earnings for the period</b>		<b>\$ 12,516</b>	<b>\$ 4,558</b>
<b>Earnings per common shares</b>			
Basic	16	\$ 0.05	\$ 0.02
Diluted	16	\$ 0.04	\$ 0.02
<b>Weighted average number of common shares outstanding (000's)</b>			
Basic	16	272,565	230,252
Diluted	16	280,099	256,814

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

Condensed consolidated interim statements of changes in equity

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

	Notes	Number of common shares	Share capital	Share subscription received in advance	Equity settled share-based payments	Warrants	Reserves total	Accumulated deficit	Accumulated other comprehensive earnings (loss)	Total shareholders' equity
<b>Balance, December 31, 2024</b>		<b>200,304,100</b>	<b>\$122,594</b>	<b>10</b>	<b>\$10,474</b>	<b>\$2,199</b>	<b>\$12,673</b>	<b>\$(89,127)</b>	<b>\$1,534</b>	<b>\$47,684</b>
Shares issued upon settlement of debt	14	13,566,771	6,703	-	-	-	-	-	-	6,703
Fair value of options allocated to share capital on exercise	14	865,833	499	-	(212)	-	(212)	-	-	287
Fair value of warrants allocated to share capital on exercise	14	26,979,916	9,824	(10)	(175)	-	(175)	-	-	9,639
Share-based compensation	15(b)	-	-	-	662	-	662	-	-	662
Comprehensive earnings		-	-	-	-	-	-	4,520	38	4,558
<b>Balance, March 31, 2025</b>		<b>241,716,620</b>	<b>\$139,620</b>	<b>-</b>	<b>\$10,749</b>	<b>\$2,199</b>	<b>\$12,948</b>	<b>\$(84,607)</b>	<b>\$1,572</b>	<b>\$69,533</b>
Fair value of options allocated to share capital on exercise	14	4,066,848	3,083	-	(1,557)	-	(1,557)	-	-	1,526
Fair value of warrants allocated to share capital on exercise	14	23,045,064	9,228	-	175	(857)	(682)	-	-	8,546
Warrants issued for finder's fees	14	1,300,000	574	-	(574)	-	(574)	-	-	-
Share-based compensation	15(b)	-	-	-	4,375	-	4,375	-	-	4,375
Comprehensive (loss) earnings		-	-	-	-	-	-	(25,570)	389	(25,181)
<b>Balance, December 31, 2025</b>		<b>270,128,532</b>	<b>\$152,505</b>	<b>-</b>	<b>\$13,168</b>	<b>\$1,342</b>	<b>\$14,510</b>	<b>\$(110,177)</b>	<b>\$1,961</b>	<b>\$58,799</b>
Shares issued on the exercise of stock options	14	1,310,067	938	-	(445)	-	(445)	-	-	493
Shares issued on the exercise of warrants	14	3,696,220	1,604	-	-	-	-	-	-	1,604
Share-based compensation	15(b)	-	-	-	1,633	-	1,633	-	-	1,633
Comprehensive earnings (loss)		-	-	-	-	-	-	12,599	(83)	12,516
<b>Balance, March 31, 2026</b>		<b>275,134,819</b>	<b>\$155,047</b>	<b>-</b>	<b>\$14,356</b>	<b>\$1,342</b>	<b>\$15,698</b>	<b>\$(97,578)</b>	<b>\$1,878</b>	<b>\$75,045</b>

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

Condensed consolidated interim statements of cash flows  
(Unaudited - Expressed in thousands of US dollars)

		<b>For the three months ended</b>	
	<b>Notes</b>	<b>March 31 2026</b>	<b>March 31 2025</b>
<b>Operating activities</b>			
Net earnings for the period		\$ 12,599	\$ 4,520
Items not involving cash and cash equivalents:			
Accretion relating to reclamation and rehabilitation		222	161
Depreciation and amortization		3,569	2,574
Accretion and interest on lease	10	244	267
Accretion and interest on debt	11	-	275
Share-based compensation	15 (b)	1,633	662
Change in fair value of derivative liabilities – Empress	12	3,529	4,784
Change in fair value of derivative liabilities – call options	12	(2,482)	-
Income tax expense		3,167	
Gain on debt modification and settlement	11	-	(295)
Unrealized foreign exchange (gain) loss		(664)	37
Purchase of silver bullion for Empress		(9,758)	(2,639)
Proceeds of silver deliveries for Empress		1,572	378
Income tax paid		(2,042)	-
Proceeds from sales of call options		3,885	-
Purchase of call options		(318)	-
Changes in non-cash operating working capital	24	6,410	(7,357)
<b>Net cash and cash equivalents provided by operating activities</b>		<b>21,566</b>	<b>3,367</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment		(1,710)	(660)
Investment in mineral properties		(8,732)	(614)
<b>Net cash and cash equivalents used in investing activities</b>		<b>(10,442)</b>	<b>(1,274)</b>
<b>Financing activities</b>			
Proceeds from warrants and/or stock options exercised		2,097	9,926
Interest paid on leases and loans payable	10,11	(338)	(438)
Repayment of lease liabilities	10	(285)	(552)
Repayment of debt	11	(1,796)	(5,332)
<b>Net cash and cash equivalents (used in) provided by financing activities</b>		<b>(322)</b>	<b>3,604</b>
Effect of exchange rate change on cash and cash equivalents		40	38
Change in cash and cash equivalents		10,842	5,735
Cash and cash equivalents, beginning of the period		25,515	10,207
<b>Cash and cash equivalents, end of the period</b>		<b>\$ 36,357</b>	<b>\$ 15,942</b>
Cash and cash equivalents are consisted of:			
-Cash		\$ 36,357	\$ 13,836
-Redeemable guaranteed investment certificate ("GIC")		-	2,106
<b>Total cash and cash equivalents, end of the period</b>		<b>\$ 36,357</b>	<b>\$ 15,942</b>

Supplemental cash flow information (Note 24)

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

Notes to the condensed consolidated interim financial statements  
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

**1. NATURE OF OPERATIONS**

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

The Company is a producer of base and precious metals and is also engaged in the acquisition, exploration and development of resource properties. The Company is currently producing gold, silver, zinc, copper and lead at the Campo Morado mine and mill ("Campo Morado") located in the state of Guerrero, Mexico and the Tahuehueto mine and mill ("Tahuehueto") located in the state of Durango, Mexico.

**2. BASIS OF PREPARATION**

These unaudited condensed consolidated interim financial statements ("Interim Financial Statements") have been prepared in accordance with International Accounting Standards ("IAS") 34 - *Interim Financial Reporting* and do not include all of the information required for a full annual audited consolidated financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2025 (the "Annual Financial Statements").

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

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

These Interim Financial Statements were approved by the Company's Board of Directors on May 25, 2026.

a) Prior period adjustment

During the year ended December 31, 2025, the Company reassessed the presentation of transportation costs related to concentrate sales, which were previously presented as a reduction of revenue.

In accordance with IFRS 15, these costs are considered fulfillment activities occurring prior to the transfer of control and therefore should be recognized in cost of sales rather than as a reduction of revenue.

The Company determined that this reclassification was not material to the Interim Financial Statements. Accordingly, the comparative figures for the period ended March 31, 2025 have been re-presented to reflect revenue on a gross basis, with a corresponding increase to cost of sales.

For the period ended March 31, 2025	As reported	Adjustment	As adjusted
<b>Condensed consolidated interim statements of earnings and comprehensive earnings</b>			
Revenue	\$ 38,617	\$ 2,546	\$ 41,163
Cost of sales	(25,254)	(2,546)	(27,800)
Mine operating earnings	13,363	-	13,363
Net earning for the period	4,520	-	4,520
Comprehensive earnings for the period	4,943	-	4,943

This adjustment has no impact on mine operating earnings, operating earnings, net earnings, comprehensive earnings, the interim statement of financial position, the interim statement of cash flows, or the interim statement of changes in equity.

Notes to the condensed consolidated interim financial statements  
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

### 3. MATERIAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The material accounting policies applied in these Interim Financial Statements are the same as those applied in the Company's Annual Financial Statements as at and for the year ended December 31, 2025.

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

The accounting policies applied in preparing these Interim Financial Statements have been applied consistently by the Company and by all subsidiaries in the group and are consistent with those disclosed in the Annual Financial Statements, except as described below.

a) Adoption of new accounting standards, interpretation or amendments

*Classification and Measurement of Financial Instruments IFRS 9, IAS 7 and IFRS 7 (amendments)*

During the three months ended March 31, 2026, the Company adopted amendments to IFRS 9 *Financial Instruments*, together with related amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*, relating to the settlement of financial assets and financial liabilities through electronic payment systems. These amendments clarify the timing of recognition and derecognition for electronically settled transactions and introduce an optional exception for certain electronic payment arrangements. The adoption of these amendments did not have a material impact the Company's Interim Financial Statements.

b) New accounting standards issued but not yet effective

As at March 31, 2026, the IASB has issued new standards and amendments that are not yet effective for the current reporting period. While early adoption is permitted, the Company has not early adopted any new or amended standards in preparing these Interim Financial Statements. The Company is currently evaluating the impact of these new standards 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.

### 4. AMOUNTS RECEIVABLE

	March 31 2026	December 31 2025
Trade receivables	\$ 3,667	\$ 10,205
VAT recoverable	3,839	3,888
Income tax receivable	529	172
Other receivables	363	247
	\$ 8,398	\$ 14,512
Less: non-current portion of VAT recoverable	735	748
	<b>\$ 7,663</b>	<b>\$ 13,764</b>

The Company's trade receivables from concentrate sales are expected to be collected in accordance with the terms of the existing contracts with its customer. No amounts were past due as at March 31, 2026.

At the reporting date, the Company assessed the timing of collection of the total VAT receivable of \$3,839 (December 31, 2025 - \$3,888) and concluded that \$735 (December 31, 2025 - \$748) of the VAT recoverable is not expected to be collected within the next 12 months, therefore it was classified as non-current other assets.

Notes to the condensed consolidated interim financial statements  
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

**5. INVENTORIES**

		March 31 2026		December 31 2025
Concentrate	\$	3,148	\$	3,042
Ore stockpiles		3,800		2,295
Materials and supplies		6,092		6,616
<b>Total inventories</b>	<b>\$</b>	<b>13,040</b>	<b>\$</b>	<b>11,953</b>

During the three months ended March 31, 2026, the Company expensed \$30,071 of inventories to cost of sales (March 31, 2025, \$21,728). No additional allowance for obsolete inventory was recognized during the period (March 31, 2025 – \$nil). The carrying amount of the allowance for obsolete materials and supplies, which encompass replacement parts and other general supplies was \$1,258 as at March 31, 2026 (December 31, 2025 – \$1,258).

**6. PREPAID EXPENSES AND DEPOSITS**

		March 31 2026		December 31 2025
Prepays	\$	4,858	\$	4,744
Advances to suppliers		4,299		3,000
<b>Total prepaid expenses and deposits</b>	<b>\$</b>	<b>9,157</b>	<b>\$</b>	<b>7,744</b>

**7. PROPERTY, PLANT AND EQUIPMENT**

	Machinery and equipment	Land and buildings	Construction in process	Total
<b>COST</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance December 31, 2025	27,577	38,065	5,835	71,477
Additions	785	93	1,019	1,897
Transfers	-	12	(12)	-
Foreign currency movement	14	(2)	-	12
<b>Balance, March 31, 2026</b>	<b>28,376</b>	<b>38,168</b>	<b>6,842</b>	<b>73,386</b>
<b>ACCUMULATED DEPRECIATION</b>				
Balance December 31, 2025	(15,563)	(10,664)	-	(26,227)
Depletion and amortization	(863)	(1,225)	-	(2,088)
Foreign currency movement	-	3	-	3
<b>Balance, March 31, 2026</b>	<b>(16,426)</b>	<b>(11,886)</b>	<b>-</b>	<b>(28,312)</b>
<b>Net book value March 31, 2026</b>	<b>11,950</b>	<b>26,282</b>	<b>6,842</b>	<b>45,074</b>

	Machinery and equipment	Land and buildings	Construction in process	Total
<b>COST</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance December 31, 2024	24,718	33,944	4,803	63,465
Additions	3,342	436	5,477	9,255
Transfers	178	3,985	(4,413)	(250)
Dispositions	(661)	(313)	(32)	(1,006)
Foreign currency movement	-	13	-	13
<b>Balance, December 31, 2025</b>	<b>27,577</b>	<b>38,065</b>	<b>5,835</b>	<b>71,477</b>
<b>ACCUMULATED DEPRECIATION</b>				
Balance December 31, 2024	(12,645)	(6,276)	-	(18,921)
Depletion and amortization	(3,300)	(4,384)	-	(7,684)
Dispositions	382	4	-	386
Foreign currency movement	-	(8)	-	(8)
<b>Balance, December 31, 2025</b>	<b>(15,563)</b>	<b>(10,664)</b>	<b>-</b>	<b>(26,227)</b>
<b>Net book value December 31, 2025</b>	<b>12,014</b>	<b>27,401</b>	<b>5,835</b>	<b>45,250</b>

Notes to the condensed consolidated interim financial statements  
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

**8. MINERAL PROPERTIES**

	Campo Morado Mine	Tahuehueto Mine	Total
<b>COST</b>	\$	\$	\$
Balance, December 31, 2025	34,206	51,022	85,228
Additions	5,518	3,565	9,083
Changes in closure and reclamation	(190)	(104)	(294)
<b>Balance, March 31, 2026</b>	<b>39,534</b>	<b>54,483</b>	<b>94,017</b>
<b>ACCUMULATED DEPRECIATION</b>			
Balance, December 31, 2025	(2,362)	(4,815)	(7,177)
Depletion and amortization	(431)	(1,050)	(1,481)
<b>Balance, March 31, 2026</b>	<b>(2,793)</b>	<b>(5,865)</b>	<b>(8,658)</b>
<b>Net book value March 31, 2026</b>	<b>36,741</b>	<b>48,618</b>	<b>85,359</b>

  

	Campo Morado Mine	Tahuehueto Mine	Total
<b>COST</b>	\$	\$	\$
Balance, December 31, 2024	17,523	44,093	61,616
Additions	15,287	6,126	21,413
Changes in closure and reclamation	1,396	553	1,949
Transfers	-	250	250
<b>Balance, December 31, 2025</b>	<b>34,206</b>	<b>51,022</b>	<b>85,228</b>
<b>ACCUMULATED DEPRECIATION</b>			
Balance, December 31, 2024	(1,414)	(775)	(2,189)
Depletion and amortization	(948)	(4,040)	(4,988)
<b>Balance, December 31, 2025</b>	<b>(2,362)</b>	<b>(4,815)</b>	<b>(7,177)</b>
<b>Net book value December 31, 2025</b>	<b>31,844</b>	<b>46,207</b>	<b>78,051</b>

Campo Morado Mine

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

Tahuehueto Mine

The Company owns 99% of the Tahuehueto mine located in the State of Durango, Mexico. The Company has a 30-year surface access rights agreement with the local communities (2016 – 2046) under which the Company is obligated to make annual payments of \$72, increasing 5% compounded annually. A portion of the Tahuehueto mine is subject to a 1.6% net smelter return royalty ("NSR") as well as a royalty streaming agreement (Note 12).

**9. AMOUNTS PAYABLE AND ACCRUED LIABILITIES**

	March 31 2026	December 31 2025
Accounts payable	\$ 18,446	\$ 14,136
Accrued liabilities	12,082	11,791
Payroll and benefits accrual	4,654	3,837
Legal provisions	3,997	4,023
Royalties	3,589	3,272
Other tax payable	3,542	6,003
Other payables	799	840
	<b>\$ 47,109</b>	<b>\$ 43,902</b>

Notes to the condensed consolidated interim financial statements  
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

**9. AMOUNTS PAYABLE AND ACCRUED LIABILITIES (continued)**

*Servicio de Administración Tributaria Vs Minas de Campo Morado, S.A. de C.V.*

During the 2019 fiscal year, Servicio de Administración Tributaria, ("SAT") conducted an audit of the Company's subsidiary, Campo Morado, in respect of Value Added Tax ("VAT") and Income Tax ("ISR") for the fiscal years 2014 and 2015. Following several administrative and judicial proceedings, the matter was concluded in 2025. As at March 31, 2026, the provision was \$5,535 (MXN 100 million) (December 31, 2025 – \$5,570) in the interim statement of financial position. No additional expense was accrued during the period.

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

In March 2020, the Company terminated its business relationship with Size Solutions S.A. de C.V. ("Size"), a payroll service provider for Minas de Campo Morado, S.A. de C.V., and the Company's corporate offices in Mexico City. The Company received notice from Size of outstanding amounts payable by the Company as of December 31, 2019, in the amount of \$3,152 (MXN 62,000). As of March 31, 2026, the Company has recorded an accrual of \$3,617 in respect of this obligation.

**10. LEASE LIABILITIES**

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

The following outlines the continuity of lease liabilities:

<b>Balance, December 31, 2024</b>		<b>\$</b>	<b>11,010</b>
Additions			1,144
Payments			(1,867)
Interest expense			1,045
Interest paid			(1,045)
Foreign currency movement			38
<b>Balance, December 31, 2025</b>		<b>\$</b>	<b>10,325</b>
Additions			59
Payments			(285)
Interest expense			244
Interest paid			(244)
Foreign currency movement			(40)
<b>Balance, March 31, 2026</b>		<b>\$</b>	<b>10,059</b>
		<b>March 31</b>	<b>December 31</b>
		<b>2026</b>	<b>2025</b>
Current	\$	1,325	\$ 1,270
Non-current		8,734	9,055
	<b>\$</b>	<b>10,059</b>	<b>\$ 10,325</b>

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

			<b>Amount</b>
2026		\$	1,583
2027			2,206
2028			2,109
2029			2,011
Thereafter			5,598
Total minimum lease payments			13,507
Present value of minimum lease payments			(3,478)
<b>Lease obligations, March 31, 2026</b>		<b>\$</b>	<b>10,059</b>

Notes to the condensed consolidated interim financial statements  
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

**11. LOANS PAYABLE**

	Trafigura (Campo)	Trafigura (Tah)	Breakwater	Urion	Total
	\$	\$	\$	\$	\$
Balance, December 31, 2025	298	2,872	125	-	3,295
Interest payments	(6)	(87)	(1)	-	(94)
Principal payments	(292)	(1,380)	(124)	-	(1,796)
<b>Balance, March 31, 2026</b>	<b>-</b>	<b>1,405</b>	<b>-</b>	<b>-</b>	<b>1,405</b>

	Trafigura (Campo)	Trafigura (Tah)	Breakwater	Urion	Total
	\$	\$	\$	\$	\$
Balance, December 31, 2024	<b>3,722</b>	<b>6,640</b>	<b>1,553</b>	<b>5,122</b>	<b>17,037</b>
Interest and accretion expense	148	467	72	-	687
Interest payments	(230)	(676)	(80)	-	(986)
Principal payments	(3,342)	(3,559)	(1,420)	-	(8,321)
Debt settlement with cash	-	-	-	(1,572)	(1,572)
Fair value of shares issued in settlement of debt obligations	-	-	-	(3,400)	(3,400)
Gain on debt settlement	-	-	-	(150)	(150)
<b>Balance, December 31, 2025</b>	<b>298</b>	<b>2,872</b>	<b>125</b>	<b>-</b>	<b>3,295</b>

a) Trafigura (Campo and Tahuehueto)

The Company has had loans outstanding to Trafigura since 2017. As a result of previous non-compliance with the terms and conditions of the Company's loans with Trafigura, on November 12, 2020, the Company agreed to transfer all of its assets in the Campo Morado and Tahuehueto mines into a trust, governed by a trustee and a trust agreement (the "Trust"), in order to secure the full repayment of the outstanding loans.

On January 1, 2025, the Company had three outstanding loans to Trafigura, the Trafigura Campo loan ("Trafí Campo"), the Trafigura Tahuehueto loan ("Trafí Tah") and the Urion Convertible Debenture (the "Convertible Debenture") for \$298, \$2,872 and \$3,295 respectively (collectively the "Trafigura Loans"). The Trafí Campo loan bore interest at three-month SOFR plus 5.26% and matured on December 31, 2025, the Trafí Tah loan bore interest at one year SOFR plus 6.72% and matured on December 31, 2025 and the Convertible Debenture matured on August 22, 2027.

The conversion option in the Convertible Debenture did not meet the fixed-for-fixed criterion under IAS 32 due to the currency mismatch between the US dollar denominated debenture and the Canadian dollar denominated conversion price and functional currency of the Company. This resulted in a variable conversion outcome driven by exchange rate fluctuations. The Convertible Debenture also included an early prepayment option which also met the definition of an embedded derivative because its value fluctuated based on interest rates and it is not closely related to the debt host instrument. Consequently, the entire debenture was classified as a financial liability, with the conversion feature and early prepayment option recognized separately as a combined embedded derivative liability, measured at fair value through profit or loss (FVTPL) under IFRS 9. The host debt instrument was classified at amortized cost.

On January 7, 2025, the Company, along with an arm's-length third-party, Jaluca Limited ("Jaluca"), reached an agreement with Urion to repurchase 100% of Luca's \$5,800 Convertible Debenture held by Urion. The Company and Jaluca purchased 43% and 57% of the Convertible Debenture, respectively. The total price paid for Luca's portion of the Convertible debenture was \$ 3,099, which was allocated between the debt and the derivative liability in the amounts of \$1,572 and \$1,527, respectively. Upon closing of the transaction, the Company immediately canceled its portion of the Convertible Debenture and Jaluca converted its purchased share of the Convertible Debenture at the Convertible Debenture's exercise price of \$0.35 for a total of 13,566,771 shares, extinguishing the debt. The Company recognized a gain on the debt settlement of \$150 in the year ended December 31, 2025.

Notes to the condensed consolidated interim financial statements  
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

**12. STREAM AGREEMENT**

<b>Balance December 31, 2024</b>	<b>\$ 22,804</b>
Silver deliveries	(7,970)
Change in fair value of derivative liability	38,935
<b>Balance December 31, 2025</b>	<b>\$ 53,769</b>
Silver deliveries	(7,620)
Change in fair value of derivative liability	3,529
<b>Balance, March 31, 2026</b>	<b>\$ 49,678</b>

	March 31 2026	December 31 2025
Current	\$ 16,905	\$ 18,596
Non-current	32,773	35,173
<b>Balance</b>	<b>\$ 49,678</b>	<b>\$ 53,769</b>

The Company has a silver stream agreement (the "Stream Agreement") with Empress Royalty Corp. ("Empress") under which Luca will deliver to Empress silver credits in an amount equivalent to 100% of the first 1,250,000 ounces of payable silver contained within produced lead and zinc concentrates from the Tahuehueto mine; thereafter, the stream percentage of silver delivery will step down to 20% of the payable silver from produced lead and zinc concentrates. All streaming obligations will fully terminate after 10 years. To accommodate the arrangement, Empress has been accepted into the Trust Agreement.

The fair value is determined using a discounted cash flow model which included significant assumptions related to the forecasted silver delivery schedule, the future silver price and the discount rate.

Inputs	March 31 2026	December 31 2025
Silver Price (per ounce)	\$ 74.69	\$ 71.64
Discount rate	19.49%	16.44%

For the three months ended March 31, 2026, the Stream Agreement was remeasured, and the Company recognized a loss of \$3,529 (March 31, 2025 - \$4,785) due to changes in the fair value of the derivative liability recorded in the statement of loss and comprehensive loss.

The fair value of the Stream Agreement is sensitive to changes in forward silver prices, as higher expected silver prices increase the estimated future cash outflows associated with the Company's streaming obligations. To partially mitigate exposure to increases in silver prices related to its delivery obligations under the Stream Agreement, the Company entered into silver call option contracts in December 2025 and January 2026, with maturities ranging from December 2025 through April 2026. These instruments were entered into for risk management purposes but were not designated in a formal hedging relationship under IFRS 9 and were therefore measured at fair value through profit or loss.

All option contracts were settled or closed out in January 2026, and as a result, the Company had no outstanding option positions as at March 31, 2026.

During the period ended March 31, 2026, the Company recognized a gain of \$2,482 on the settlement and change in fair value of these option contracts, in the statement of loss and comprehensive loss (December 31, 2025 - \$1,349).

Notes to the condensed consolidated interim financial statements  
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

**13. PROVISION FOR RECLAMATION AND REHABILITATION**

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

	Campo Morado		Tahuehueto		Total
<b>Balance, December 31, 2024</b>	\$	<b>3,752</b>	\$	<b>2,997</b>	\$ <b>6,749</b>
Accretion		418		261	679
Changes in estimate		1,396		553	1,949
Effect of change in foreign exchange rates		500		396	896
<b>Balance December 31, 2025</b>	\$	<b>6,066</b>	\$	<b>4,207</b>	\$ <b>10,273</b>
Accretion		131		91	222
Changes in estimate		(190)		(104)	(294)
Effect of change in foreign exchange rates		(37)		(26)	(63)
<b>Balance, March, 2026</b>	\$	<b>5,970</b>	\$	<b>4,168</b>	\$ <b>10,138</b>

	Campo Morado	Tahuehueto
Anticipated settlement date	2037	2034
Undiscounted uninflated estimated cash flow (000's)	\$ 15,443	\$ 6,986
Estimated life of mine (years)	17	9
Discount rate (%)	9.4	9.4
Inflation rate (%)	4.0	4.0

**14. SHARE CAPITAL**

a) Authorized share Capital

The authorized share capital of the Company is as follow:

- i. unlimited voting common shares without par value; and
- ii. unlimited preferred shares without par value

b) Equity offerings

During the three months ended March 31, 2026, the Company issued common shares as follows:

- i. During the period ended March 31, 2026, the Company issued 3,696,220 common shares for gross proceeds of \$1,604 (CAD\$2,200) in connection with warrants exercised. The Company also issued 1,310,067 common shares for gross proceeds of \$493 (CAD\$676) in connection with stock options exercised.

During the year ended December 31, 2025, the Company issued common shares as follows:

- i. On January 7, 2025, the Company, along with an arm's-length third-party, Jaluca Limited ("Jaluca"), reached an agreement with Urion to repurchase 100% of Luca's Convertible Debenture (Notes 11(a)). Jaluca converted its purchased portion into 13,566,771 shares, which were issued on January 14, 2025.
- ii. During the year ended December 31, 2025, the Company issued 50,024,980 common shares for gross proceeds of \$18,185 (CAD\$25,717) in connection with warrants exercised. The Company also issued 4,932,681 common shares for gross proceeds of \$1,813 (CAD\$2,524) in connection with stock options exercised.
- iii. On August 15, 2025, the Company issued 1,300,000 common shares to certain directors of the Company and a Company advisor upon maturity of 1,300,000 RSU's previously issued in August 2024 (Note 15(c)).

Notes to the condensed consolidated interim financial statements  
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

**15. RESERVES**

a) Warrants

The following summarizes the continuity of common share purchase warrants:

	March 31 2026		December 31 2025	
	Number of warrants	Weighted average exercise price CAD\$	Number of warrants	Weighted average exercise price CAD\$
Outstanding, beginning of the year	4,286,561	0.60	54,947,535	0.55
Exercised	(3,696,220)	0.60	(50,024,980)	0.52
Expired	(590,341)	0.60	(635,994)	2.75
<b>Outstanding, end of the period</b>	<b>-</b>	<b>-</b>	<b>4,286,561</b>	<b>0.60</b>

As at March 31, 2026, there were no common share purchase warrants outstanding.

b) Stock Options

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

Under the Plan, the exercise price of each stock option may be issued at a maximum of a 25% discount to the market price of the Company's common shares on the date of grant, or such higher price as determined by the Board of Directors. The stock options can be granted for a maximum term of 10 years with vesting terms determined by the Board of Directors. No individual may be granted options exceeding 5% and no consultant or individual employed to provide "investor relations activities" may be granted options exceeding 2% of the Company's common shares outstanding in any 12-month period.

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

	March 31 2026		December 31 2025	
	Number of options	Weighted average exercise price CAD\$	Number of options	Weighted average exercise price CAD\$
Outstanding, beginning of the year	15,224,236	0.89	15,260,249	0.51
Granted	950,000	1.74	5,645,000	1.55
Exercised	(1,310,067)	0.52	(4,932,681)	0.50
Cancelled	(70,000)	1.76	(265,000)	1.19
Expired	-	-	(483,332)	0.49
<b>Outstanding, end of the period</b>	<b>14,794,169</b>	<b>0.97</b>	<b>15,224,236</b>	<b>0.89</b>

The weighted average share price on the date of exercise of the options for the period ended March 31, 2026, was CAD\$ 1.98.

During the three months ended March 31, 2026, the Company granted a total of 950,000 options (March 31, 2025 – 1,300,000) with a weighted average exercise price of CAD\$1.74 (March 31, 2025 – CAD\$0.87).

Notes to the condensed consolidated interim financial statements  
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

**15. RESERVES (continued)**

b) Stock Options (continued)

The following table summarizes the information about stock options outstanding as at March 31, 2026:

Expire date	Options outstanding	Weighted average exercise price CAD\$	Remaining contractual life (years)	Options exercisable
April 25, 2028	185,000	0.45	2.07	185,000
June 7, 2028	1,755,000	0.46	2.19	1,755,000
September 17, 2028	135,000	0.35	2.47	135,000
February 6, 2029	200,000	0.35	2.86	200,000
March 31, 2029	200,000	0.37	3.00	200,000
July 15, 2029	1,500,000	0.58	3.29	1,500,000
August 15, 2029	3,885,669	0.55	3.38	3,885,669
November 29, 2029	583,500	0.54	3.67	583,500
January 6, 2030	600,000	0.58	3.77	600,000
March 4, 2030	600,000	1.11	3.93	600,000
March 17, 2030	100,000	1.22	3.96	100,000
May 29, 2030	120,000	1.34	4.16	80,000
September 18, 2030	3,980,000	1.76	4.47	2,653,333
January 16, 2031	650,000	1.63	4.80	216,667
March 2, 2031	300,000	1.97	4.92	100,000
	<b>14,794,169</b>	<b>0.97</b>	<b>3.64</b>	<b>12,794,169</b>

The Company uses the fair value method of accounting for all share-based payments to directors, officers, employees, and others providing similar services. During the three months ended March 31, 2026, an amount of \$1,221 was expensed through the Statements of Earning and Comprehensive Earnings (March 31, 2025 - \$662 (cost of sales \$198 and Share-based compensation \$464)). The portion of share-based compensation recorded is commensurate with the vesting terms of the options.

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

	March 31 2026	December 31 2025
Risk-free interest rate	2.80%	2.69%
Expected life of options (years)	5	5
Expected annualized volatility	78%	84%
Expected dividend yield	Nil	Nil

c) Restricted share units

The Company's Restricted share units ("RSUs") are settled in equity. The fair value is determined based on the quoted market price of the Company's common shares at the date of the grant. The RSUs are recognized as share-based compensation and are expensed over the vesting period with corresponding amount recorded in equity reserves.

	March 31, 2026		December 31, 2025	
	Number of RSUs	Weighted average fair value (CAD\$)	Number of RSUs	Weighted average fair value (CAD\$)
Outstanding, beginning of the year	1,400,000	1.81	1,300,000	0.61
Granted	-	-	1,400,000	1.81
Settled	-	-	(1,300,000)	0.61
<b>Outstanding, end of the period</b>	<b>1,400,000</b>	<b>1.81</b>	<b>1,400,000</b>	<b>1.81</b>

During the three months ended March 31, 2026, all RSUs granted by the Company continue to have a fixed expiry date and are expected to vest 100% on September 18, 2026. The total share-based payments expense related to RSUs that the Company intends to settle in equity was \$412 (December 31, 2025 - \$1,287).

Notes to the condensed consolidated interim financial statements  
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

**16. EARNINGS PER SHARE**

	Three months ended	
	March 31 2026	March 31 2025
<b>Basic:</b>		
Net earnings for the period	\$ 12,599	\$ 4,520
Weighted average number of shares (000's)	272,565	230,252
<b>Earnings per share-basic</b>	<b>\$ 0.05</b>	<b>\$ 0.02</b>
<b>Diluted:</b>		
Net earnings for the period	\$ 12,599	\$ 4,520
Weighted average number of shares (000's)	272,565	230,252
Incremental shares from dilutive potential shares (000's)	7,534	26,562
Weighted average diluted number of shares (000's)	280,099	256,814
<b>Earnings per share-diluted</b>	<b>\$ 0.04</b>	<b>\$ 0.02</b>

For the three months ended March 31, 2026, diluted weighted average number of shares excluded 4,280,000 options as they were out of the money at the end of the reporting period. For the three months ended March 31, 2025 diluted weighted average number of shares excluded 788 options, 1,742 warrants as they were out of the money at the end of the reporting period.

**17. REVENUE**

The Company produces three concentrates in Mexico: a bulk (copper and zinc) concentrate, a lead concentrate, a zinc concentrate and a copper concentrate. The disaggregated revenue information for the period ended March 31, 2026 and 2025, is as follows:

	Three months ended	
	March 31 2026	March 31 2025
		<i>Adjusted – Note 2(a)</i>
Bulk concentrate	\$ 21,235	\$ 17,109
Lead concentrate	11,598	14,669
Zinc concentrate	21,623	15,381
Copper concentrate	10,143	-
Provisional pricing adjustments	763	(266)
Treatment and selling costs	(7,776)	(5,730)
	<b>\$ 57,584</b>	<b>\$ 41,163</b>

The comparative figures presented in this note have been adjusted to present revenue on a gross basis, following the reclassification of certain transportation costs to cost of sales, as described in Note 2(a).

The Company sells 100% of its concentrates to a single customer located in Mexico.

Notes to the condensed consolidated interim financial statements  
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

**18. COST OF SALES**

	Three months ended	
	March 31 2026	March 31 2025
		<i>Adjusted – Note 2(a)</i>
Production Costs	\$ 28,417	\$ 21,902
Royalties	1,767	1,100
Transportation and selling costs	3,094	2,546
Depreciation	3,520	2,365
Inventory changes	(1,503)	(113)
	<b>\$ 35,295</b>	<b>\$ 27,800</b>

The comparative figures have been adjusted to reflect the reclassification of certain transportation costs from revenue to cost of sales, as described in Note 2(a).

**19. GENERAL AND ADMINISTRATION**

	Three months ended	
	March 31 2026	March 31 2025
Salaries and employee benefits	\$ 1,510	\$ 1,440
Professional fees	792	275
Corporate and administration	1,258	1,476
Depreciation and amortization	-	46
	<b>\$ 3,560</b>	<b>\$ 3,237</b>

**20. INTEREST AND FINANCE COSTS**

	Three months ended	
	March 31 2026	March 31 2025
Interest	\$ 226	\$ 533
Accretion relating to reclamation and rehabilitation	222	161
Accretion and amortization on loans	(51)	(42)
Bank fees, penalties, and other	21	6
	<b>\$ 418</b>	<b>\$ 658</b>

**21. RELATED PARTIES**

In addition to related party transactions described elsewhere in the notes to the Interim Financial Statements, the Company had the following related party transactions:

a) Compensation of key management personnel

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

	Three months ended	
	March 31 2026	March 31 2025
Salaries, bonus and benefits	\$ 582	\$ 1,073
Consulting fees	190	239
Share-based compensation	914	511
	<b>\$ 1,686</b>	<b>\$ 1,823</b>

Notes to the condensed consolidated interim financial statements  
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

**21. RELATED PARTIES (continued)**

b) Related party balances

As at March 31, 2026, there were no amounts owing to directors and officers or their related companies (December 31, 2025 – nil).

**22. SEGMENTED INFORMATION**

The Company is engaged in mining, exploration, and development of mineral properties in Mexico with a corporate head office based out of Canada and Mexico and two reportable operating segments. The Company's operating segments are based on internal management reports that are reviewed by the Company's executives, and used by the CEO (the chief operating decision maker) in assessing performance. Mining operations consists of the Campo Morado mine and Tahuehueto mine.

March 31 2026	Total assets	Total liabilities	Capital expenditures
Campo Morado	\$ 65,508	\$ 35,494	\$ 6,828
Tahuehueto	105,191	37,496	4,092
Corporate	27,260	49,924	60
<b>Consolidated</b>	<b>\$ 197,959</b>	<b>\$ 122,914</b>	<b>\$ 10,980</b>

December 31 2025	Total assets	Total liabilities	Capital expenditures
Campo Morado	\$ 63,940	\$ 34,327	\$ 19,424
Tahuehueto	109,149	34,714	10,906
Corporate	11,021	56,270	338
<b>Consolidated</b>	<b>\$ 184,110</b>	<b>\$ 125,311</b>	<b>\$ 30,668</b>

Three months ended March 31, 2026	Campo Morado	Tahuehueto	Corporate	Total
Revenue	\$ 35,182	\$ 22,402	\$ -	\$ 57,584
Cost of sales before depreciation and depletion	(19,685)	(12,090)	-	(31,775)
Depreciation and depletion in cost of sales	(1,083)	(2,437)	-	(3,520)
<b>Mine operating earnings</b>	<b>14,414</b>	<b>7,875</b>	<b>-</b>	<b>22,289</b>
General and administration	(609)	(617)	(2,334)	(3,560)
Share-based compensation	-	-	(1,633)	(1,633)
Foreign exchange gain (loss)	49	164	(20)	193
Other operating income (expense)	(29)	(46)	17	(58)
<b>Operating earnings (loss)</b>	<b>13,825</b>	<b>7,376</b>	<b>(3,970)</b>	<b>17,231</b>
Interest and finance costs, net	(143)	(286)	11	(418)
Change in fair value of financial instruments	-	-	(3,529)	(3,529)
Gain on derivative financial instruments	-	-	2,482	2,482
<b>Segmented earnings (loss) before income tax</b>	<b>\$ 13,682</b>	<b>\$ 7,090</b>	<b>\$ (5,006)</b>	<b>\$ 15,766</b>
Current income tax expense	(889)	(2,278)	-	(3,167)
<b>Segmented earnings (loss) after income tax</b>	<b>\$ 12,793</b>	<b>\$ 4,812</b>	<b>\$ (5,006)</b>	<b>\$ 12,599</b>

Notes to the condensed consolidated interim financial statements  
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

**22. SEGMENTED INFORMATION (continued)**

<b>Three months ended March 31, 2025</b>	<b>Campo Morado</b>	<b>Tahuehueto</b>	<b>Corporate</b>	<b>Total</b>
Revenue– <i>(Adjusted – Note 2(a))</i>	\$ 25,095	\$ 16,068	\$ -	\$ 41,163
Cost of sales before depreciation and depletion– <i>(Adjusted – Note 2(a))</i>	(16,415)	(9,020)	-	(25,435)
Depreciation and depletion in cost of sales	(556)	(1,809)	-	(2,365)
<b>Mine operating earnings</b>	<b>8,124</b>	<b>5,239</b>	<b>-</b>	<b>13,363</b>
General and administration	(747)	(659)	(1,831)	(3,237)
Share-based compensation	-	-	(464)	(464)
Foreign exchange gain (loss)	49	(129)	11	(69)
Other operating (expense) income	139	(55)	(9)	75
<b>Operating earnings (loss)</b>	<b>7,565</b>	<b>4,396</b>	<b>(2,293)</b>	<b>9,668</b>
Interest and finance costs, net	(197)	(431)	(30)	(658)
Gain on debt settlement	-	-	295	295
Change in fair value of financial instruments	-	-	(4,785)	(4,785)
<b>Segmented earnings (loss) before income tax</b>	<b>\$ 7,368</b>	<b>\$ 3,965</b>	<b>\$ (6,813)</b>	<b>\$ 4,520</b>

**23. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS**

Fair value hierarchy

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

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

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

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

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

<b>Financial asset or liability</b>	<b>Methods and assumptions used to estimate fair value</b>
Trade receivables from sale of concentrate	Trade receivables arising from the sales of metal concentrates are subject to provisional pricing, and the final selling price is adjusted at the end of a quotational period. These are marked to market at each reporting date based on the forward price corresponding to the expected settlement date. The valuation considers forward commodity prices, the expected timing of settlement.
Derivative liability	The fair value of the derivative liability arising from a convertible debenture used to cancel debt, is measured using a partial differential equation approach. The valuation incorporates key inputs such as expected volatility, risk-free interest rates and credit spreads.
Stream Agreement	The fair value of the Stream Agreement is determined based on a discounted cash flow model which includes significant assumptions related to the forecasted silver delivery schedule, the future silver price and the discount rate.

Notes to the condensed consolidated interim financial statements  
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

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**23. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (continued)**

Financial asset or liability	Methods and assumptions used to estimate fair value
Derivative asset	Measured at fair value using an option pricing model with Silver COMEX as a proxy for the underlying asset. Market volatility is determined by interpolating between moneyness and time-to-maturity on a silver implied volatility surface derived from major exchange prices. The valuation incorporates a Credit Value Adjustment (CVA) using a credit risk-adjusted discounting approach, which includes counterparty credit spreads estimated via a market Option Adjusted Spread (OAS) and an assumed 40% recovery rate.

The carrying value of cash and cash equivalents, other receivables, other assets, amounts payable and accrued liabilities, all of which are carried at amortized cost, approximate their fair value given their short-term nature. The carrying value of loans payable approximates their fair value, as the loans bear interest at rates consistent with current market conditions and were recently renegotiated. Trade receivables from sale of concentrate, derivative asset and derivative liability arising from the convertible debenture are classified within Level 2 of the fair value hierarchy. The fair value of the Stream Agreement and the call options is classified with level 3 of the fair value hierarchy.

Notes to the condensed consolidated interim financial statements  
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

**23. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (continued)**

March 31 2026	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Level 3	Carrying value approximates Fair Value
<b>Financial assets measured at Fair Value</b>							
Trade receivables from sale of concentrate	\$ 3,667	\$ -	\$ 3,667	\$ -	\$ 3,667	\$ -	\$ -
	<b>\$ 3,667</b>	<b>\$ -</b>	<b>\$ 3,667</b>	<b>\$ -</b>	<b>\$ 3,667</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Financial assets not measured at Fair Value</b>							
Cash and cash equivalents	\$ -	\$ 36,357	\$ 36,357	\$ -	\$ -	\$ -	\$ 36,357
Other receivables	-	3,996	3,996	-	-	-	3,996
	<b>\$ -</b>	<b>\$ 40,353</b>	<b>\$ 40,353</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 40,353</b>
<b>Financial liabilities measured at Fair Value</b>							
Derivative liability from stream	\$ (49,678)	\$ -	\$ (49,678)	\$ -	\$ -	\$ (49,678)	\$ -
	<b>\$ (49,678)</b>	<b>\$ -</b>	<b>\$ (49,678)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (49,678)</b>	<b>\$ -</b>
<b>Financial liabilities not measured at Fair Value</b>							
Amounts payable and accrued liabilities	\$ -	\$ (47,109)	\$ (47,109)	\$ -	\$ -	\$ -	\$ (47,109)
Loans payable	-	(1,405)	(1,405)	-	-	-	(1,405)
Other long-term liabilities	-	(211)	(211)	-	-	-	(211)
	<b>\$ -</b>	<b>\$ (48,725)</b>	<b>\$ (48,725)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (48,725)</b>
<b>December 31 2025</b>							
<b>Financial assets measured at Fair Value</b>							
Trade receivables from sale of concentrate	\$ 10,205	\$ -	\$ 10,205	\$ -	\$ 10,205	\$ -	\$ -
Derivative asset	1,085	-	1,085	-	1,085	-	-
	<b>\$ 11,290</b>	<b>\$ -</b>	<b>\$ 11,290</b>	<b>\$ -</b>	<b>\$ 11,290</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Financial assets not measured at Fair Value</b>							
Cash and cash equivalents	\$ -	\$ 25,515	\$ 25,515	\$ -	\$ -	\$ -	\$ 25,515
Other receivables	-	4,307	4,307	-	-	-	4,307
	<b>\$ -</b>	<b>\$ 29,822</b>	<b>\$ 29,822</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 29,822</b>
<b>Financial liabilities measured at Fair Value</b>							
Derivative liability from stream	\$ (53,769)	\$ -	\$ (53,769)	\$ -	\$ -	\$ (53,769)	\$ -
	<b>\$ (53,769)</b>	<b>\$ -</b>	<b>\$ (53,769)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (53,769)</b>	<b>\$ -</b>
<b>Financial liabilities not measured at Fair Value</b>							
Amounts payable and accrued liabilities	\$ -	\$ (43,902)	\$ (43,902)	\$ -	\$ -	\$ -	\$ (43,902)
Loans payable	-	(3,295)	(3,295)	-	-	-	(3,295)
Other long-term liabilities	-	(203)	(203)	-	-	-	(203)
	<b>\$ -</b>	<b>\$ (47,400)</b>	<b>\$ (47,400)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (47,400)</b>

During the three ended March 31, 2026 and 2025, there were no transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy.

Notes to the condensed consolidated interim financial statements  
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

**24. SUPPLEMENTAL CASHFLOW INFORMATION**

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

	Loans	Leases	Empress royalty stream	Derivative liability
<b>As at December 31, 2024</b>	<b>\$ 17,037</b>	<b>\$ 11,010</b>	<b>\$ 22,804</b>	<b>\$ 4,975</b>
Additions	-	1,144	-	-
Interest paid	(986)	(1,045)	-	-
Interest expense	687	1,045	-	-
Principal payments	(9,893)	(1,867)	-	(1,527)
Silver deliveries	-	-	(7,970)	-
Foreign exchange	-	38	-	-
Gain on debt modification and settlement	(150)	-	-	(145)
Change in fair value of derivative liability	-	-	38,935	-
Fair value of shares issued in debt settlement	(3,400)	-	-	(3,303)
<b>As at December 31, 2025</b>	<b>\$ 3,295</b>	<b>\$ 10,325</b>	<b>\$ 53,769</b>	<b>\$ -</b>
Additions	-	59	-	-
Interest paid	(94)	(244)	-	-
Interest expense	-	244	-	-
Principal payments	(1,796)	(285)	-	-
Silver deliveries	-	-	(7,620)	-
Foreign exchange	-	(40)	-	-
Change in fair value of derivative liability	-	-	3,529	-
<b>As at March 31, 2026</b>	<b>\$ 1,405</b>	<b>\$ 10,059</b>	<b>\$ 49,678</b>	<b>\$ -</b>

- b) The significant non-cash working capital, financing and investing transactions during the months ended March 31, 2026, and 2025, are as follows:

	Three months ended	
	March 31 2026	March 31 2025
Changes in non-cash operating working capital:		
Amounts receivable and other assets	\$ 6,082	\$ (1,919)
Prepaid expenses and deposits	(1,289)	(1,558)
Inventories	(1,087)	(793)
Accounts payable and accrued liabilities	2,704	(3,087)
	<b>\$ 6,410</b>	<b>\$ (7,357)</b>

**25. COMMITMENTS AND CONTINGENCIES**

As at March 31, 2026, the Company had contractual commitments of \$4,622 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.

**26. SUBSEQUENT EVENTS**

*Warrants and Stock Options*

Subsequent to March 31, 2026, the Company issued 91,834 common shares for gross proceeds of \$36 (CAD\$ 50) through the exercise of 91,834 stock options.



Notes to the condensed consolidated interim financial statements  
(Unaudited - Expressed in thousands of US dollars, unless otherwise indicated)

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**26. SUBSEQUENT EVENTS (continued)**

*Normal Course Issuer Bid*

Subsequent to March 31, 2026, the Company announced a normal course issuer bid ("NCIB") pursuant to which it may repurchase for cancellation up to 13,750,000 common shares, representing approximately 5% of its issued and outstanding common shares. The NCIB commenced on May 21, 2026 and will expire on May 20, 2027, unless completed or terminated earlier in accordance with applicable regulatory requirements.