GR SILVER MINING LTD.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
GR Silver Mining Ltd.

Opinion

We have audited the accompanying consolidated financial statements of GR Silver Mining Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' equity (deficiency), and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has a working capital of $34,152 and an accumulated deficit of $63,426,753, and expects to incur further losses in the exploration and advancement of its mineral projects. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 5 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was $7,424,819 as of December 31, 2024. As more fully described in Note 2 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Asset.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Obtaining an understanding of the key controls associated with evaluating the E&E Assets for indicators of impairment.
- Evaluating the reasonableness of management's assessment of indicators of impairment for the E&E Assets.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Obtaining confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michael MacLaren.

Davidson & Company LLP

Vancouver, Canada | Chartered Professional Accountants

April 23, 2025

GR SILVER MINING LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

	Notes	December 31, 2024	December 31, 2023
		$	$
ASSETS			
Current			
Cash		1,162,255	100,573
Receivables	3	12,734	20,404
Prepaids		231,514	201,355
		1,406,503	322,332
Equipment	4	680,666	992,769
Exploration and evaluation assets	5	7,424,819	7,424,819
Reclamation provision indemnification asset	9	-	1,190,055
Value added tax receivable	3	208,316	793,474
		9,720,304	10,723,449
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Accounts payable and accrued liabilities		631,496	1,928,103
Mining concession fees	7	740,855	22,100,458
		1,372,351	24,028,561
Non-current liabilities			
Reclamation provision	9	526,120	2,847,403
Total liabilities		1,898,471	26,875,964
Shareholders' equity (deficiency)			
Share capital	10	62,325,693	58,207,921
Share compensation reserve	10	8,922,893	8,351,160
Deficit		(63,426,753)	(82,711,596)
		7,821,833	(16,152,515)
		9,720,304	10,723,449

Nature of operations and going concern (Note 1)
Subsequent events (Note 16)

Approved and authorized by the Board on April 23, 2025:

"Eric Zaunscherb" Director   *"Jessica Van Den Akker* Director

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

GR SILVER MINING LTD.
CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian Dollars)

	Note	December 31 2024	December 31 2023
		$	$
EXPENSES			
Concession fees	7	7,831,788	7,291,259
Consulting	8	109,695	121,319
Depreciation	4	179,143	489,663
Exploration expenditures	6	1,490,209	4,082,583
Investor relations		148,401	289,087
Office		322,533	471,543
Professional fees	8	770,627	502,834
Salaries and directors' fees	8	933,765	1,396,864
Share-based compensation	8,10	747,564	234,208
Transfer agent and filing fees		62,867	94,306
Travel		47,238	59,833
Total expenses		(12,643,830)	(15,033,499)
Accretion expense on reclamation provision	9	(5,335)	(6,930)
Foreign exchange gain (loss)		92,790	(2,036,604)
Gain on disposition of indemnification asset	9	175,939	-
Gain on disposition of Marlin Gold Mining Ltd.	5	24,398,896	-
Gain on sale of marketable securities	9	182,928	-
Loss on settlement of accounts payable	10	-	(6,619)
Impairment of exploraton and evaluation asset	5	-	(12,589,327)
Interest expense (income)		(1,960)	44,829
(Loss) gain on sale of equipment	4	(68,814)	26,941
Recovery (provision) for value added tax, net	3	314,898	(981,160)
Retirement of concession fees	7	6,496,684	4,732,000
Other income		342,647	252,380
Income (loss) and comprehensive income (loss) for the year		19,284,843	(25,597,989)
Income (loss) per share - basic and diluted			
Basic		$ 0.06	$ (0.10)
Diluted		$ 0.06	$ (0.10)
Weighted average number of common shares outstanding			
Basic		316,416,869	265,863,817
Diluted		340,833,427	265,863,817

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

GR SILVER MINING LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED	December 31, 2024	December 31, 2023
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) for the year	19,284,843	(25,597,989)
Items not affecting cash:		
Depreciation	179,143	489,663
Accretion expense on restoration provisions	5,335	6,930
Loss on settlement of accounts payable	-	(6,619)
Retirement of concession fees	(6,496,684)	(4,732,000)
Loss on sale of equipment	68,814	-
Share-based compensation	747,564	234,208
Impairment (recovery) of value-added tax	(314,898)	981,160
Impairment of exploration and evaluation assets	-	12,589,327
Gain on disposition of indemnificatoin asset	(175,939)	-
Gain on disposition of Marlin Gold Mining Ltd.	(24,398,896)	-
Gain on sale of marketable securities	(182,928)	-
Changes in non-cash operating items:		
Receivables	(2,108)	(8,682)
Prepaid expenses	(55,862)	123,279
Concession fees payable	6,554,535	9,440,399
Value added tax	900,056	76,757
Accounts payable and accrued liabilities	(603,099)	1,090,854
Net cash used in operating activities	(4,490,124)	(5,312,713)
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of equipment	64,161	-
Disposal of marketable securities	874,272	-
Disposal of indemnification asset	674,650	-
Sale of La Trinidad - cash disposed	(3,218)	-
Net cash provided by investing activities	1,609,865	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of shares	3,039,174	4,729,875
Exercise of warrants	1,013,309	-
Exercise of options	92,500	-
Share issue costs	(203,042)	(218,827)
Net cash provided by financing activities	3,941,941	4,511,048
Change in cash during the year	1,061,682	(801,665)
Cash, beginning of year	100,573	902,238
Cash, end of year	1,162,255	100,573

Supplemental disclosure with respect to cash flows (Note 11)

GR SILVER MINING LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)

	Share Capital				
	Number of Shares	Amount	Reserves	Deficit	Total
		$	$	$	$
December 31, 2022	231,479,806	54,011,616	7,694,698	(57,113,607)	4,592,707
Private placement	69,397,500	4,684,875	-	-	4,684,875
Exercise of warrants	300,000	45,000	-	-	45,000
Share issue costs - cash	-	(218,827)	-	-	(218,827)
Reclassification of reserves on exercise of warrants	-	6,000	(6,000)	-	-
Finders' fees - warrants issued	-	(34,279)	34,279	-	-
Debt settlement	1,343,891	107,511	-	-	107,511
Residual value of warrants	-	(393,975)	393,975	-	
Share-based compensation	-	-	234,208	-	234,208
Net loss for the year	-	-	-	(25,597,989)	(25,597,989)
December 31, 2023	302,521,197	58,207,921	8,351,160	(82,711,596)	(16,152,515)
Private placement	21,507,338	3,039,174	-	-	3,039,174
Exercise of warrants	8,019,478	1,013,309	-	-	1,013,309
Exercise of options	500,000	161,500	(69,000)	-	92,500
Share issue costs	-	(203,042)	-	-	(203,042)
Finders' fees - warrants issued	-	(76,486)	76,486	-	-
Residual value of warrants	-	(67,000)	67,000	-	-
Reclassification of reserves on exercise of warrants	-	250,317	(250,317)	-	-
Share-based compensation	-	-	747,564	-	747,564
Net income for the year	-	-	-	19,284,843	19,284,843
December 31, 2024	332,548,013	62,325,693	8,922,893	(63,426,753)	7,821,833

1. NATURE OF OPERATIONS AND GOING CONCERN

GR Silver Mining Ltd. (the "Company" or "GR Silver") was incorporated on November 8, 2012, under the laws of British Columbia. The Company's registered and records office is 5th Floor 410 West Georgia Street, Vancouver, B.C. V6B 1Z3. The Company's head office is located at 15th floor 409 Granville Street, Vancouver B.C. V6C 1T2. To date, the Company has not generated any operating revenue. The Company trades on the TSX Venture Exchange (TSX-V) under the trading symbol GRSL.

As at December 31, 2024, the Company has a working capital of $34,152 and an accumulated deficit of $63,426,753. The Company expects to incur further losses in the exploration and advancement of its mineral projects. The Company's ability to continue the exploration of its mineral projects and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

The Company is in the business of acquiring and exploring exploration and evaluation assets and has not yet determined whether any of its properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements.

2. MATERIAL ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value, as explained in the accounting policies set out in Note 2. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated financial statements incorporate the accounts of the Company and its subsidiaries: Goldplay de Mexico SA de CV, Minera San Marcial SA de CV, Minera Matatan SA de CV ("Matatan"), and Mineral La Rastra SA de CV which are all incorporated in Mexico and engaged in the business of resource exploration.

The Company's formerly owned subsidiary Marlin Gold Mining Ltd. ("Marlin"), which owns 100% of Oro Gold de S.A. de C.V. ("Oro Gold") and Marlin Gold Trading Inc., were consolidated until the date of disposition which occurred on July 16, 2024. The Company consolidates its subsidiaries on the basis that it controls the subsidiaries through its ability to govern its financial and operating policies. All intercompany transactions and balances are eliminated on consolidation.

2. MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currency transactions

The Company's reporting currency and the functional currency of all its operations is the Canadian dollar as this is the principal currency of the economic environment in which it operates.

Applicable to all entities in the group, transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the statement of financial position date. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss for the year.

Exploration and evaluation assets

Exploration and evaluation assets include all costs related to the acquisition of exploration and evaluation assets. All costs related to exploration and evaluation incurred during the exploration and evaluation phase are expensed as incurred and recognized in profit or loss. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Financial instruments

The Company recognizes financial assets and financial liabilities when it becomes a party to a contract.

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed to profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

2. MATERIAL ACCOUNTING POLICIES (Continued)

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in profit or loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income. Cash, receivables and value added taxes are classified as amortized cost.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

The effective interest method is a method of calculating the amortized cost of an instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all transaction costs and other premiums or discounts) through the expected life of the debt instrument to the net carrying amount on initial recognition.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or amortized cost. At December 31, 2024, the Company has not classified any financial liabilities as FVTPL.

Financial liabilities classified as amortized cost are initially recognized at fair value less directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities and concession fees payable are classified as amortized cost.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in profit or loss unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

2. MATERIAL ACCOUNTING POLICIES (Continued)

Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial position and the reported amount of revenues and expenses during the reporting year. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Significant accounts that require estimates as the basis for determining the stated amounts include evaluating the potential impairment of exploration and evaluation assets, share-based payments, collectability of value added tax ("VAT"), valuation of the reclamation provision, indemnification assets and determination of mining concession fees payable.

Economic recoverability and probability of future economic benefits of exploration and evaluation assets
Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessment of economic recoverability and probability of future economic benefits, including geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Valuation of share-based compensation
The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation with respect to stock options and compensatory warrants. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Collectability of value added tax and indemnification assets
The Company pays VAT on expenditures that it incurs in Mexico. Such VAT payments are considered to be refundable, however the timing and successful recovery includes estimation uncertainty. Management has estimated and accrued the likely refundable amount. Indemnification assets relate to estimated contractual obligations payable by a vendor (Note 9).

Provision for environmental rehabilitation
The Company assesses its provision for restoration, rehabilitation and environmental obligations on an annual basis or when new material information becomes available. Mining and exploration activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for decommissioning and restoration provisions requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations at each mining operation. Actual costs incurred may differ from those amounts estimated. In addition, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future decommissioning and restoration provision. The actual future expenditures may differ from the amounts currently provided.

2. MATERIAL ACCOUNTING POLICIES (Continued)

Significant judgements include the following:

Functional currency
The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Going concern
The Company must assess its ability to continue as a going concern. Factors that affect this determination include current cash and investments, budgeted expenditures for future periods and the conditions of the market for exploration companies.

Impairment

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the year. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction. Warrants that are part of units are assigned a value based on the residual value, if any, and included in reserves.

Warrants that are issued as payment for agency or finders' fees or other transactions costs are accounted for as share-based payments.

2. MATERIAL ACCOUNTING POLICIES (Continued)

Share-based payments

The fair value of options or compensatory warrants granted is recognized as a share-based payments expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserve to share capital.

The fair value of options granted is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

Share-based payments to non-employees, who are not providing similar services to employees, are measured at the grant date by using the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services received cannot be reliably measured and are recorded at the date the goods or services are received.

The Company has granted certain employees deferred share units ("DSU") and performance share units (“PSU”) to be settled in common shares of the Company. The fair value of the estimated number of DSUs and PSUs that will eventually vest, determined at the date of grant, is recognized as share-based compensation expense over the vesting period, with a corresponding amount recorded as reserves. The fair value of the DSUs and PSUs is estimated using the market value of the underlying common shares as well as assumptions related to the non-market conditions at the grant date.

Related party transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties.

Provisions

Rehabilitation provisions

The Company recognizes liabilities for statutory, contractual, constructive, or legal obligations, including those associated with the reclamation of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for rehabilitation obligation is recognized at its fair value in the year in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with rehabilitation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these rehabilitation costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time and changes in the estimated future cash flows underlying any initial estimates.

The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to profit or loss.

2. MATERIAL ACCOUNTING POLICIES (Continued)

Income taxes

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the financial position reporting date and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the financial position reporting date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Equipment

Recognition and measurement

On initial recognition equipment is valued at cost, being the purchase price and directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, except for land, which is not depreciated.

Depreciation

Depreciation is recognized in profit or loss at the following annual rates:

- Office equipment – 10% to 30% declining balance basis.
- Exploration equipment – 10% to 20% declining balance basis
- Mobile equipment – 20% to 25% declining balance basis
- Building – 10% declining balance and useful life

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

2. MATERIAL ACCOUNTING POLICIES (Continued)

New accounting policies and amendments

IAS 1 – amendments: *Classification of liabilities as current or non-current*

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments have not had an impact on the classification of the Company's liabilities

Amendments not yet adopted

IFRS 18: *Presentation and Disclosure in Financial Statements*

IFRS 18 will apply for reporting periods beginning on or after January 1, 2027, and also applies to comparative information. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it may change what an entity reports as its 'operating profit or loss'. Key new concepts introduced in IFRS 18 relate to: (i) the structure of the statement of profit or loss; (ii) required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and (iii) enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. The Company is currently assessing the effects of IFRS 18 on the financial statements.

3. RECEIVABLES

The Company's current receivables primarily consist of refundable sales tax from government taxation authorities in Canada.

The Company maintains its value added tax ("VAT") receivable from the taxation authorities in Mexico as a long-term receivable due to a historically lengthy collection cycle. During the year ended December 31, 2024, the Company recovered value added tax by $314,898 (December 31, 2023 – provisioned $981,160) based on increasing provisions for aged value added tax receivable, net of recoveries of previously provisioned amounts.

(Expressed in Canadian Dollars)

4. EQUIPMENT

	Office Equipment	Mobile Equipment	Exploration Equipment	Buildings	Total
COST	$	$	$	$	$
Balance, December 31, 2022	75,605	140,618	1,359,916	973,910	2,550,049
Disposal	-	-	(150,209)	-	(150,209)
Balance, December 31, 2023	75,605	140,618	1,209,707	973,910	2,399,840
Disposal	-	(67,876)	(232,856)	-	(300,732)
Balance, December 31, 2024	75,605	72,742	976,851	973,910	2,099,108
ACCUMULATED DEPRECIATION					
Balance, December 31, 2022	54,277	131,900	347,282	534,158	1,067,617
Depreciation	-	8,718	324,136	156,809	489,663
Disposal	-	-	(150,209)	-	(150,209)
Balance, December 31, 2023	54,277	140,618	521,209	690,967	1,407,071
Depreciation	6,333	-	168,170	4,640	179,143
Disposal	-	(67,876)	(99,896)	-	(167,772)
Balance, December 31, 2024	60,610	72,742	589,483	695,607	1,418,442
NET BOOK VALUE					
December 31, 2023	21,328	-	688,498	282,943	992,769
December 31, 2024	14,995	-	387,368	278,303	680,666

During the year ended December 31, 2024, the Company disposed of exploration equipment with a book value of $132,975 for proceeds of $64,161 and recorded a loss on sale of equipment of $68,814. During the year ended December 31, 2023, the Company disposed of exploration equipment with a book value of $Nil for proceeds of $26,941 and recorded a loss on sale of equipment of $26,941.

5. EXPLORATION AND EVALUATION ASSETS

The Company's capitalized acquisition expenditures on its exploration and evaluation assets are as follows:

	San Marcial Mexico	Plomosas, Mexico	La Trinidad, Mexico	Total
	$	$	$	$
Balance, December 31, 2022	4,045,500	3,276,181	12,402,999	19,724,680
Reclamation provision	-	103,138	186,328	289,466
Impairment	-	-	(12,589,327)	(12,589,327)
Balance, December 31, 2023 and December 31, 2024	4,045,500	3,379,319	-	7,424,819

San Marcial Property, Mexico

The Company owns a 100% interest in the San Marcial Property located in the Rosario Mining District, Sinaloa, Mexico. The San Marcial Property is subject to a net smelter royalty ("NSR") of 0.75%. The Company has a buy-back right on the NSR that can be exercised at any time by paying $1,250,000. The Company also assumed a pre-existing 3% NSR on the San Marcial Property which is subject to a buy back right on the NSR of US$600,000 per 1% that can be exercised by the Company at any time and from time to time, in whole or in part.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (Continued)

Plomosas Property, Mexico

The Company owns a 100% interest in the Plomosas Property located in the Rosario Mining District, Sinaloa, Mexico. The Plomosas Property is subject to a 2% NSR with half of the NSR (i.e., 1% NSR) being subject to a buy-back for US$1,000,000. The Company also assumed a pre-existing NSR ranging between 1.75% and 3.5% based on the price of zinc.

La Trinidad Property, Mexico

Through its 100% ownership of Marlin Gold Mining Ltd. ("Marlin") the Company owned a 100% interest in the La Trinidad Property located in the Rosario Mining District, Sinaloa, Mexico up until July 16, 2024 (see below).

The Company had an agreement with the vendor of the La Trinidad Property under which the vendor had agreed to remediate and indemnify the Company against reclamation obligations that existed at the time of acquisition in 2021. (Note 9).

During the year ended December 31, 2023, the Company determined that the carrying value of its interest in the La Trinidad property was impaired as no additional expenditures were planned going forward. The Company accordingly recorded an impairment charge of $12,589,327 in relation to the book value of the asset.

On July 16, 2024, the Company closed a Share Purchase Agreement ("SPA") with a private arm's-length Canadian company ("PrivateCo") and sold its 100% interest in Marlin. Marlin owns, amongst other assets, a 100% interest in Oro Gold de S.A. de C.V. ("Oro Gold") a private Mexican company that owns 100% of certain mineral concessions, including the past producing La Trinidad mine. In accordance with the SPA the Company transferred to PrivateCo all existing assets and rights, including Oro Gold, in consideration for which the Company received a 0.5% NSR Royalty on the concessions owned by Oro Gold and a 10-year first right of refusal on any disposition of the concessions.

	December 31, 2024
	$
Consideration received - 0.5% NSR	-
Net assets sold:	
Cash	3,218
Receivables	9,778
Prepaid expenses	25,703
Accounts payable	(693,823)
Concession taxes payble	(21,417,454)
Asset retirement obligation	(2,326,318)
Total	(24,398,896)
Gain on sale of Marlin Gold Mining Ltd.	24,398,896

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (Continued)

Goldplay de Mexico Mineral Concessions, Mexico

The Company has a 100% interest in concessions registered under Goldplay de Mexico S.A de CV, formerly referred to collectively as the "El Habal Property". The properties are subject to an NSR between 1.0% and 1.5%.

The Company has issued an option to purchase a 1% NSR on the concessions which can be exercised by payment to the Company of US$1,000,000 per 0.5% NSR, for a total option exercise price of US$2,000,000 for a 1% NSR. The Company also issued a 1% royalty on concessions adjacent to the project.

6. EXPLORATION EXPENDITURES

Exploration expenditures for the year ended December 31, 2024:

	Goldplay concessions Mexico	San Marcial Mexico	Plomosas Mexico	La Trinidad Mexico	Total
	$	$	$	$	$
Community relations	-	30,877	94,015	415,523	540,415
Consulting	-	-	1,853	-	1,853
Drilling	-	(8,169)	9,120	-	951
Environmental	-	20,768	2,965	-	23,733
Field	-	69,353	256,111	15,711	341,175
Geochemistry	-	-	10,080	-	10,080
Geology	-	306,693	265,309	-	572,002
Total	-	419,522	639,453	431,234	1,490,209

Exploration expenditures for the year ended December 31, 2023:

	Goldplay concessions Mexico	San Marcial Mexico	Plomosas Mexico	La Trinidad Mexico	Total
	$	$	$	$	$
Community relations	-	99,459	2,350	309,229	411,038
Drilling	-	294,044	217,418	-	511,462
Environmental / reclamation	-	-	68,816	-	68,816
Field	48	323,779	834,976	34,077	1,192,880
Geochemistry	-	154,653	314,085	-	468,738
Geological	-	519,850	615,794	80,850	1,216,494
Technical reports	-	5,793	152,128	-	157,921
Survey	-	40,369	-	-	40,369
Topography	-	5,068	9,797	-	14,865
Total	48	1,443,015	2,215,364	424,156	4,082,583

(Expressed in Canadian Dollars)

7. MINING CONCESSION FEES

December 31, 2024	Goldplay concessions Mexico	San Marcial Mexico	Plomosas Mexico	La Trinidad Mexico (2)	Total
	$	$	$	$	$
Concession fees	357,052	58,766	339,569	7,076,401	7,831,788
Retirement (1)	-	-	-	(6,496,684)	(6,496,684)
Net expense	357,052	58,766	339,569	579,717	1,335,104

December 31, 2023	Goldplay concessions Mexico	San Marcial Mexico	Plomosas Mexico	La Trinidad Mexico (2)	Total
	$	$	$	$	$
Concession fees	211,062	44,722	316,196	6,719,279	7,291,259
Retirement (1)	-	-	-	(4,732,000)	(4,732,000)
Net expense	211,062	44,722	316,196	1,987,279	2,559,259

Fees payable - December 31, 2023	304,578	45,911	312,681	21,437,288	22,100,458
Fees payable - December 31, 2024	603,556	-	137,299	-	740,855

(1) During the year ended December 31, 2023, a portion of the concession fees became statute barred and are no longer payable resulting in the Company recognizing a concession fee retirement.
(2) On July 16, 2024, the Company closed a SPA with PrivateCo and sold its 100% interest in Marlin, and the La Trinidad concession fees payable of $21,417,454 (Note 5) were acquired by PrivateCo.

8. RELATED PARTY TRANSACTIONS

Key management personnel include those people who have authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Key management personnel compensation for the year ended December 31, 2024, ended was:

Key management personnel compensation	December 31, 2024	December 31, 2023
	$	$
Salaries	360,000	702,272
Consulting	95,000	60,500
Director fees paid in cash	-	2,000
Professional fees	-	83,275
Share-based compensation	561,329	178,958
Total	1,016,329	1,027,005

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS (Continued)

Included in accounts payable and accrued liabilities as at December 31, 2024, was $Nil (December 31, 2023 – $189,635) owed to a director and companies controlled by a director or officer.

9. RECLAMATION PROVISIONS

As at December 31, 2024, the Company's reclamation provisions are related to the Company's Plomosas Project (Note 5). The reclamation provision was calculated using an inflation rate of 3.7% and a discount rate of 10% with the assumption that the reclamation will be settled between 2026 and 2028. Significant activities include land rehabilitation, demolition and removal and restoration costs. The amounts and timing of the reclamation will vary depending on several factors including exploration success and alternative mining plans.

On December 31, 2021, the Company acquired the La Trinidad project and assumed a reclamation provision of $2,431,930 relating to the project reclamation and dismantling and removal of buildings, salvaged topsoil replacement and recontouring and grading. Mako Mining Corp. ("Mako") is responsible for certain costs estimated at $1,190,055 which was previously recorded as an indemnification asset (Note 5).

During the year ended December 31, 2024, the Company closed a waiver and release agreement with Mako under which the parties were mutually released from the indemnification for a portion of reclamation totalling $1,190,055.

In consideration for the waiver and release, Mako paid the Company $674,650 (US$500,000) cash, and issued 296,710 common shares of Mako to the Company, initially valued at $691,344. As a result of the transaction the Company recorded a gain on disposition of indemnification asset of $175,939. During the year ended December 31, 2024, the Company disposed of all of the Mako Shares and record a gain on disposition of marketable securities of $182,928.

	December 31, 2024	December 31, 2023
	$	$
Balance - opening	2,847,403	2,347,359
Disposition of Marlin Gold Mining Ltd. (Note 5)	(2,326,318)	-
Change in estimate and discount rates	-	204,806
Foreign exchange	(300)	288,308
Accretion expense	5,335	6,930
Balance - closing	526,120	2,847,403

10. SHARE CAPITAL AND RESERVES

Authorized – Unlimited common shares without par value.

<u>During the year ended December 31, 2024, the Company:</u>

a) Completed a non-brokered private placement of 14,807,338 units at a price of $0.16 per unit for gross proceeds of $2,369,174. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant and each whole warrant is exercisable into one common share of the Company at an exercise price of $0.22 per warrant until September 26, 2026. The Company paid cash finders fees of $113,788 and issued 696,180 agents warrants valued at $67,987 using the following Black-Scholes assumptions: risk free interest rate of 2.97%, expected life of 2 years, volatility of 83.31% and dividend rate of 0%. Each agent warrant is exercisable into one common share at an exercise price of $0.22 per share until September 26, 2026. Additional share issue costs of $35,014 were incurred in connection with this financing and was recorded as an offset to share capital, as share issue costs.

b) Completed a non-brokered private placement of 6,700,000 units at a price of $0.10 per unit for gross proceeds of $670,000. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant and each whole warrant is exercisable into one common share of the Company at an exercise price of $0.15 per warrant until February 9, 2026. The Company valued the warrants at $67,000 using the residual value approach. The Company paid cash finders fees of $35,820 and issued 358,200 agents warrants valued at $8,499 using the following Black-Scholes assumptions: risk free interest rate of 4.20%, expected life of 2 years, volatility of 66.66% and dividend rate of 0%. Each agent warrant is exercisable into one common share at an exercise price of $0.15 per share until February 9, 2026. Additional share issue costs of $18,420 were incurred in connection with this financing and was recorded as an offset to share capital, as share issue costs.

c) Issued 8,019,478 common shares on the exercise of warrants for proceeds of $1,013,309. The Company had a reclassification of reserves on exercise of these warrants in the amount of $250,317.

d) Issued 500,000 common shares on the exercise of options for proceeds of $92,500. The Company recorded a reclassification of reserves on exercise of these options of $69,000.

<u>During the year ended December 31, 2023, the Company:</u>

a) Completed a non-brokered private placement of 30,300,000 units at a price of $0.10 per unit for gross proceeds of $3,030,000. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant and each whole warrant is exercisable into one common share of the Company at an exercise price of $0.15 per warrant until February 14, 2025. The Company valued the warrants at $303,000 using the residual value approach. The Company paid cash finders fees of $116,940 and issued 1,169,400 agents' warrants valued at $32,463 using the following Black-Scholes assumptions: risk free interest rate of 3.87%, expected life of 2 years, volatility of 74.56% and dividend rate of 0%. Each agent warrant is exercisable into one common share at an exercise price of $0.15 per share until February 14, 2025. Additional share issue costs of $47,151 were incurred in connection with this financing and was recorded as an offset to share capital, as share issue costs.

b) Issued 300,000 common shares on the exercise of warrants at a price of $0.15 per warrant for proceeds of $45,000.

10. SHARE CAPITAL AND RESERVES (Continued)

c) Completed a non-brokered private placement of 6,597,500 units at a price of $0.05 per unit for gross proceeds of $329,875. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant and each whole warrant is exercisable into one common share of the Company at an exercise price of $0.08 per warrant until August 9, 2025. The Company valued the warrants at $65,975 using the residual value approach. The Company paid cash finders fees of $8,100 and issued 162,000 agents' warrants valued at $1,816 using the following Black-Scholes assumptions: risk free interest rate of 4.59%, expected life of 2 years, volatility of 62.39% and dividend rate of 0%. Each agent warrant is exercisable into one common share at an exercise price of $0.08 per share until August 9, 2025. Additional share issue costs of $14,569 were incurred in connection with this financing and was recorded as an offset to share capital, as share issue costs.

d) Completed a non-brokered private placement of 2,500,000 units at a price of $0.05 per unit for gross proceeds of $125,000. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant and each whole warrant is exercisable into one common share of the Company at an exercise price of $0.08 per warrant until October 13, 2025. The Company valued the warrants at $25,000 using the residual value approach.

e) Completed a non-brokered private placement of 30,000,000 units at a price of $0.04 per unit for gross proceeds of $1,200,000. Each unit consisted of one common share in the capital of the Company and one common share purchase warrant and each whole warrant is exercisable into one common share of the Company at an exercise price of $0.07 per warrant until November 10, 2026. Additional share issue costs of $27,766 were incurred in connection with this financing and was recorded as an offset to share capital, as share issue costs.

f) Issued 1,343,891 common shares valued at $107,511 as debt settlement resulting in a gain on settlement of $6,619. Share issue costs of $4,299 were incurred and was recorded as an offset to share capital, as share issue costs.

Omnibus Long-Term Incentive Plan

The Company has adopted an omnibus long-term incentive plan ("LTIP"), which provides that the Board of Directors of the Company may from time-to-time, at its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, consultants, and employees of the Company stock options, deferred share units ("DSU"), performance share units ("PSU"), restricted share units ("RSU") or other such share-based instruments deemed to be consistent with the purposes of the plan. The LTIP reserves a number of common shares for issuance pursuant to the grant of stock options that will not exceed a rolling 10% of the Company's issued and outstanding common shares at the time the options are granted. All other share-based compensation awards are subject to a maximum of 19,521,680 common shares as a separate allotment. Vesting of share-based compensation awards is at the discretion of the Board of Directors, subject to minimum requirements of the TSX-V. Stock options are exercisable for a maximum of 10 years, and the exercise price of the stock options is set in accordance with the policies of the TSX-V.

Under the LTIP, the Company may determine vesting periods for DSUs, PSUs and RSUs at the time of grant, but such vesting shall not be less than one year in accordance with TSX-V requirements. The Company also has the option to settle vested DSUs, PSUs and RSUs by either issuing one common share for each unit or make a cash payment calculated by multiplying the number of vested share units to be redeemed by the market price per share on the date of settlement.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (Continued)

Stock options

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
		$
Balance at December 31, 2022	9,734,157	0.42
Granted	2,850,000	0.08
Expired	(4,519,157)	0.29
Balance at December 31, 2023	8,065,000	0.37
Granted	5,000,000	0.20
Exercised	(500,000)	0.185
Expired	(2,868,333)	0.47
Balance at December 31, 2024	9,696,667	0.27

The weighted average remaining contractual life of outstanding options at December 31, 2024, was 3.16 years (December 31, 2023 – 2.58 years). The weighted average remaining contractual life of exercisable options at December 31, 2024, was 2.86 years (December 31, 2023 – 2.54 years).

As at December 31, 2024, the Company had stock options outstanding as follows:

Expiry date	Number of Options	Number of Exercisable Options	Exercise Price
			$
April 16, 2025*	300,000	300,000	0.200
May 13, 2025	675,000	675,000	0.335
August 12, 2025	266,667	266,667	0.200
September 14, 2025	95,000	95,000	0.780
May 13, 2026	385,000	385,000	0.710
October 5, 2026	30,000	30,000	0.290
January 21, 2026	1,010,000	1,010,000	0.740
January 26, 2027	35,000	35,000	0.200
April 6, 2027	300,000	300,000	0.250
January 18, 2028	300,000	200,000	0.120
May 10, 2028	300,000	300,000	0.090
November 23, 2028	1,500,000	1,500,000	0.060
May 7, 2029	3,480,000	2,313,333	0.200
June 10, 2029	120,000	120,000	0.200
August 13, 2029	600,000	200,000	0.160
October 23, 2029	300,000	100,000	0.280
	9,696,667	7,830,000	

*Expired subsequent to December 31, 2024, unexercised.

During the year December 31, 2024, the Company recognized share-based payments expense of $487,453 (2023 - $234,208) in connection with the vesting of stock options granted in current and previous periods.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (Continued)

Stock options (Continued)

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of stock options granted during the periods ended were as follows:

	December 31, 2024	December 31, 2023
Risk-free interest rate	3.54%	3.41%
Expected life of options	5 years	5 years
Annualized volatility	77%	71%
Dividend rate	0%	0%

Deferred Share Units ("DSU")

Under the LTIP, the Company may elect to fix a portion of the non-executive director's fees to be payable in the form of DSUs. In addition, each independent director may elect to participate in the grant of additional DSUs in lieu of Director's fees payable in cash. The Company expensed $20,111, included in share-based compensation expense during the year ended December 31, 2024 (2023 - $Nil) related to the grant of DSUs that fully vest after one year.

DSU transactions are summarized as follows:

	Number of DSUs
Balance at December 31, 2023	-
Granted	315,862
Cancelled	(72,794)
Balance at December 31, 2024	243,068
Vested at December 31, 2024	-

Performance Share Units ("PSU")

Under the LTIP, the Company may grant PSUs to any eligible participant under the LTIP. The PSUs will vest on the later of one year after their date of grant and the successful completion of specific short-term Key Performance Indicators provided the recipient is an eligible participant under the LTIP. During the year ended December 31, 2024, the Company issued 1,800,000 PSUs to executive officers of the Company. The Company expensed $240,000, included in share-based compensation expense during the year ended December 31, 2024 (2023 - $Nil) related to the grant of 1,800,000 PSUs.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (Continued)

PSU transactions are summarized as follows:

	Number of PSUs
Balance at December 31, 2023	-
Granted	1,800,000
Balance at December 31, 2024	1,800,000
Vested at December 31, 2024	-

Warrants

The following common shares purchase warrants entitle the holder thereof to purchase one common share for each warrant. Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
		$
Balance at December 31, 2022	46,705,895	0.38
Issued	51,030,150	0.10
Expired	(11,240,888)	0.72
Exercised	(300,000)	0.15
Balance at December 31, 2023	86,195,157	0.17
Issued	11,808,047	0.20
Exercised	(8,019,478)	0.13
Balance at December 31, 2024	89,983,726	0.18

The weighted average remaining contractual life of warrants outstanding at December 31, 2024, was 1.02 (December 31, 2023–1.91) years.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (Continued)

Warrants outstanding are as follows:

Expiry date	Number of Warrants	Exercise Price
		$
February 14, 2025*	13,252,520	0.15
March 29, 2025**	13,618,377	0.37
March 29, 2025**	1,566,410	0.27
August 30, 2025	18,031,500	0.22
August 30, 2025	214,872	0.15
August 9, 2025	1,652,000	0.08
October 13, 2025	250,000	0.08
February 9, 2026	3,298,200	0.15
September 26, 2026	8,099,847	0.22
November 10, 2026	30,000,000	0.07
	89,983,726	

*Subsequent to December 31, 2024, a total of 11,838,520 warrants were exercised (Note 16) and 1,414,000 expired unexercised.
**Expired subsequent to December 31, 2024, unexercised.

The weighted average Black-Scholes inputs for finders warrants granted are as follows:

	December 31, 2024	December 31, 2023
Risk-free interest rate	3.39%	3.96%
Expected life (years)	2 years	2 years
Annualized volatility	78%	73%
Dividend rate	0%	0%

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the period ended December 31, 2024, were:

- Issued 1,054,380 agent warrants valued at $76,486.
- Received 296,710 common shares of Mako valued at $691,344 in settlement of indemnification asset.
- Recorded a reclassification of share compensation reserve of $250,317 in relation warrants exercised.
- Recorded a reclassification of share compensation reserve of $69,000 in relation to options exercised.

Significant non-cash transactions during the year ended December 31, 2023; were:

- reclassification of reserves to share capital of $6,000 for warrants exercised.
- issued 1,343,891 common shares in settlement of debt in the amount of $107,511.
- issued 1,331,400 agent warrants valued at $34,279.

(Expressed in Canadian Dollars)

12. SEGMENTED INFORMATION

The business of the Company is the acquisition and exploration of mineral properties which is considered one business segment.

Geographic information of non-current assets is as follows:

December 31, 2024	Canada	Mexico	Total
	$	$	$
Equipment	1,585	679,081	680,666
Exploration and evaluation assets	-	7,424,819	7,424,819
Value added tax receivable	-	208,316	208,316
Total	1,585	8,312,216	8,313,801

December 31, 2023	Canada	Mexico	Total
	$	$	$
Equipment	2,265	990,504	992,769
Exploration and evaluation assets	-	7,424,819	7,424,819
Reclamation provision indemnification asset	-	1,190,055	1,190,055
Value added tax receivable	-	793,474	793,474
Total	2,265	10,398,852	10,401,117

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The carrying value of cash, receivables, accounts payable and accrued liabilities, and Mexico mining concession fees approximate their fair value because of the short-term nature of these instruments.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, receivables and value added tax. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote and has deposited cash in high credit quality financial institutions. Credit risk with respect to value added taxes due from a government agency in Canada is low and undeterminable in Mexico based on past refund practices of the Mexican tax authorities. Value added taxes are subject to review and potential adjustment by taxation authorities.

Liquidity risk

As of December 31, 2024, the Company had a cash balance of $1,162,255 to settle current liabilities of $1,372,351. The Company is exposed to significant liquidity risk and additional financing will be required and may not be attainable. Additional funds will be required for property expenditures, retention of essential personnel, general and administration and to maintain its listing on the TSX-V.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest rate risk

The Company's current policy is to invest excess cash in investment-grade demand investments issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Concession fees past due are subject to accruing interest at rates set by the Government of Mexico. Such interest rates are publicly issued and applied against overdue amounts as accrued to the concession fees liability.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to assets and liabilities that are denominated in foreign currency. As at December 31, 2024, amounts exposed to foreign currency risk include cash of MXN$1,027,666, value added tax receivable of MXN$3,006,437 accounts payable of MXN$6,735,243 and concession fees payable of MXN$10,692,091. A 10% change in foreign exchange rates will affect profit or loss by approximately $93,000.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss and its ability to finance, due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. Fluctuations in value may be significant.

(Expressed in Canadian Dollars)

14. CAPITAL MANAGEMENT

The Company defines capital that it manages as shareholders' equity, consisting of issued common shares, stock options, DSUs, PSUs, and warrants.

The Company manages its capital structure and adjusts it, based on the funds available to the Company, to support the acquisition and exploration of exploration and evaluation assets.

The Company has historically relied on and currently relies on the equity markets to fund all its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions. There were no changes to the Company's approach to capital management during the year.

15. INCOME TAX

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	December 31, 2024	December 31, 2023
	$	$
Net income (loss) for the year	19,284,843	(25,597,989)
Expected income tax (recovery)	5,207,000	(6,911,000)
Change in statutory, foreign tax, foreign exchange rates and other	1,354,000	(2,575,000)
Permanent differences	(7,328,000)	327,000
Share issue cost	(55,000)	(59,000)
Adjustment to prior years provision vs. statutory tax returns and expiry of non-capital losses	4,183,000	(350,000)
Impact of disposition of subsidiaries	36,178,000	-
Change in unrecognized deductible temporary differences	(39,539,000)	9,568,000
Total income tax expense (recovery)	-	-

The significant components of the Company's deferred tax assets that have not been included on the consolidated statements of financial position as follows:

	December 31, 2024	December 31, 2023
Deferred tax assets (liabilities)	$	$
Share issue costs	266,000	403,000
Allowable capital losses	333,000	-
Non-capital losses	12,148,000	37,166,000
Property and equipment	455,000	327,000
Exploration and evaluation assets	1,107,000	15,317,000
Asset retirement obligation	158,000	793,000
Deferred tax assets	14,467,000	54,006,000

(Expressed in Canadian Dollars)

15. INCOME TAX (Continued)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	December 31, 2024	Expiry Date Range	December 31, 2023	Expiry Date Range
Temporary Differences	$		$	
Share issue costs	987,000	2045-2048	1,493,000	2044-2047
Allowable capital losses	1,232,000	No expiry date	-	No expiry date
Property and equipment	1,518,000	No expiry date	1,091,000	No expiry date
Exploration and evaluation assets	3,784,000	No expiry date	51,154,000	No expiry date
Asset retirement obligation	526,000	No expiry date	2,643,000	No expiry date
Non-capital losses	42,166,000	2028-2044	128,626,000	2024-2043
Canada	16,712,000	2033-2044	47,430,000	2033-2043
Mexcio	25,454,000	2026-2034	81,196,000	2028-2033

Tax attributes are subject to review and potential adjustment by tax authorities.

16. SUBSEQUENT EVENTS

Subsequent to December 31, 2024:

a) On January 6, 2025, the Company granted 145,452 deferred share units ("DSUs") to non-executive directors.

b) Issued 11,838,520 common shares upon the exercise of warrants at a price of $0.15 raising gross proceeds of $1,775,778

c) Issued 100,000 common shares upon the exercise of warrants at a price of $0.08 raising gross proceeds of $8,000.

d) On April 2, 2025, the Company granted 154,836 deferred share units ("DSUs") to non-executive directors.

e) On April 2, 2025, the Company granted 860,000 stock options to employees and consultants exercisable at a price of $0.155 for a period of five years and fully vested on the date of grant. The Company also granted 400,000 options to certain executive officers exercisable at a price of $0.155 for a period of five years vesting 1/3 on the grant date, and 1/3 on each of the first and second anniversaries of the grant date.