

GR SILVER MINING LTD.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

NOTICE TO READER

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The condensed interim consolidated financial statements of the Company for the six-month period ended June 30, 2025, have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

GR SILVER MINING LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars)

AS AT

	Notes	(Unaudited) June 30, 2025 \$	(Audited) December 31, 2024 \$
ASSETS			
Current			
Cash		2,123,040	1,162,255
Receivables	3	28,303	12,734
Prepays		348,668	231,514
		<u>2,500,011</u>	<u>1,406,503</u>
Equipment	4	607,826	680,666
Exploration and evaluation assets	5	7,129,308	7,424,819
Value added tax receivable	3	288,097	208,316
		<u>10,525,242</u>	<u>9,720,304</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		578,732	631,496
Mining concession fees	7	940,269	740,855
		<u>1,519,001</u>	<u>1,372,351</u>
Non-current liabilities			
Reclamation provision	9	237,583	526,120
Total liabilities		<u>1,756,584</u>	<u>1,898,471</u>
Shareholders' equity			
Share capital	10	65,993,655	62,325,693
Share compensation reserve	10	9,158,027	8,922,893
Deficit		<u>(66,383,024)</u>	<u>(63,426,753)</u>
		<u>8,768,658</u>	<u>7,821,833</u>
		<u>10,525,242</u>	<u>9,720,304</u>

Nature of operations and going concern (Note 1)**Subsequent events** (Note 15)

Approved and authorized by the Board on August 29, 2025:

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

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

GR SILVER MINING LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)**

(Expressed in Canadian Dollars)

(Unaudited)

	Note	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
		June 30,	June 30,	June 30,	June 30,
		2025	2024	2025	2024
		\$	\$	\$	\$
EXPENSES					
Concession fees	7	33,788	867,423	325,485	4,383,715
Consulting	8	27,321	20,020	70,264	42,435
Depreciation	4	37,472	12,213	83,436	100,051
Exploration expenditures	6	567,750	374,447	947,489	756,128
Investor relations		65,044	34,396	187,450	55,231
Office		74,008	125,608	158,335	198,255
Professional fees		124,310	348,644	211,287	518,991
Salaries and benefits	8	232,730	221,145	464,117	461,144
Share-based compensation	8,10	263,762	395,787	406,101	401,915
Transfer agent and filing fees		22,083	18,161	46,046	35,304
Travel		24,670	9,896	48,466	11,339
Total expenses		(1,472,938)	(2,427,740)	(2,948,476)	(6,964,508)
Accretion expense on reclamation provision	9	(6,974)	(1,778)	(6,974)	(3,543)
Foreign exchange gain (loss)		(28,885)	1,957,851	(44,955)	1,088,486
Interest income		4,168	-	5,750	-
Gain on disposition of indemnification asset	9	-	176,299	-	176,299
Unrealized gain on marketable securities		-	296,700	-	296,700
Loss on sale of equipment		-	(68,952)	-	(74,326)
Recovery of value added tax, net		-	106,588	-	106,588
Other income (expense)		19,406	(14,171)	38,384	261,690
Income (loss) and comprehensive income (loss) for the period		(1,485,223)	24,797	(2,956,271)	(5,112,614)
Income (loss) per share - basic and diluted					
Basic		\$ (0.00)	\$ 0.00	\$ (0.01)	\$ (0.02)
Diluted		\$ (0.00)	\$ 0.00	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding					
Basic		335,487,598	312,239,743	344,755,489	309,294,756
Diluted		335,487,598	335,994,093	344,755,489	309,294,756

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

GR SILVER MINING LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE SIX MONTH PERIOD ENDED	June 30, 2025	June 30, 2024
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(2,956,271)	(5,112,614)
Items not affecting cash:		
Depreciation	83,436	100,050
Accretion expense on restoration provisions	6,974	3,543
Loss on sale of equipment	-	74,326
Share-based compensation	406,101	401,915
Unrealized gain on marketable securities	-	(296,700)
Gain on disposition of indemnification asset	-	(176,229)
Changes in non-cash operating items:		
Receivables	(15,569)	263
Prepaid expenses	(117,154)	(9,047)
Concession fees payable	199,414	3,254,735
Value added tax	(79,781)	(128,788)
Accounts payable and accrued liabilities	(52,764)	250,094
Net cash used in operating activities	(2,525,614)	(1,638,452)
CASH FLOWS FROM INVESTING ACTIVITIES		
Assets held for sale	-	(60,196)
(Purchase) disposal of equipment	(10,596)	69,302
Disposal of indemnification asset	-	674,650
Net cash provided by investing activities	(10,596)	683,756
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of shares	1,844,700	670,000
Exercise of warrants	1,783,778	703,377
Share issue costs	(131,483)	(54,241)
Net cash provided by financing activities	3,496,995	1,319,136
Change in cash during the period	960,785	364,440
Cash, beginning of period	1,162,255	100,573
Cash, end of period	2,123,040	465,013

Supplemental disclosure with respect to cash flows (Note 11)

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

GR SILVER MINING LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(DEFICIENCY)**

(Expressed in Canadian Dollars)

(Unaudited)

	Share Capital		Reserves	Deficit	Total
	Number of Shares	Amount			
		\$	\$	\$	\$
December 31, 2023	302,521,197	58,207,921	8,351,160	(82,711,596)	(16,152,515)
Private placement	6,200,000	670,000	-	-	670,000
Exercise of warrants	5,197,848	703,377	-	-	703,377
Share issue costs - cash	-	(54,241)	-	-	(54,241)
Finders' fees - warrants issued	-	(8,499)	8,499	-	-
Residual value of warrants	-	(33,500)	33,500	-	-
Reclassification of reserves on exercise of warrants	-	152,870	(152,870)	-	-
Share-based compensation	-	-	401,915	-	401,915
Net loss for the period	-	-	-	(5,112,614)	(5,112,614)
June 30, 2024	313,919,045	59,637,928	8,642,204	(87,824,210)	(19,544,078)
December 31, 2024	332,548,013	62,325,693	8,922,893	(63,426,753)	7,821,833
Private placement	14,190,000	1,844,700	-	-	1,844,700
Exercise of warrants	11,938,520	1,783,778	-	-	1,783,778
Share issue costs - cash	-	(131,483)	-	-	(131,483)
Finders' fees - warrants issued	-	(75,087)	75,087	-	-
Reclassification of reserves on exercise of warrants	-	246,054	(246,054)	-	-
Share-based compensation	-	-	406,101	-	406,101
Net loss for the period	-	-	-	(2,956,271)	(2,956,271)
June 30, 2025	358,676,533	65,993,655	9,158,027	(66,383,024)	8,768,658

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

GR SILVER MINING LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2025

(Expressed in Canadian Dollars)

(Unaudited)

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.

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.

The Company currently has no source of operating cash flow and no assurance that additional funding will be available for future exploration and development programs at its properties or to enable the Company to fulfill its obligations under any applicable agreements. The Company’s ability to continue as a going concern is dependent on its ability to obtain additional sources of financing to continue to explore, evaluate and develop its mineral properties and, ultimately, to achieve profitable operations. While the Company has been successful in obtaining funding in the past, there is no assurance that future financing will be available or be available on favorable terms. The ability to secure financing may be impaired, or such financing may not be available on favorable terms due to conditions beyond the Company’s control, such as uncertainty in capital markets, changes in commodity prices or country-specific risk factors. Furthermore, the global economy is currently faced with significant uncertainty due to ongoing global conflicts, and trade tensions, which may continue to impact the Company’s costs and could result in modification or termination of planned work programs.

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.

As at June 30, 2025, the Company has a working capital of \$981,010 and an accumulated deficit of \$65,993,655. The Company expects to incur further losses in the exploration and advancement of its mineral projects. On August 13, 2025, the Company closed a brokered private placement of 69,000,000 units at a price of \$0.20 per unit for gross proceeds of \$13,800,000 (Note 15) which is expected to provide the Company with sufficient working capital for a period of twelve months.

2. MATERIAL ACCOUNTING POLICIES**Statement of compliance**

These condensed interim consolidated financial statements have been prepared under International Accounting Standard 34 Interim Financial Reporting (“IAS 34”), using accounting policies consistent with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee (“IFRIC”).

GR SILVER MINING LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2025

(Expressed in Canadian Dollars)

(Unaudited)

2. MATERIAL ACCOUNTING POLICIES (Continued)**Basis of presentation**

These condensed interim consolidated financial statements do not include all the information required for full annual IFRS financial statements and therefore should be read in conjunction with the company's annual consolidated financial statements for the year ended December 31, 2024, and are prepared consistent with the accounting policies disclosed therein. Operating results for the three-month period ended June 30, 2025, are not necessarily indicative of the results that may be expected for the year ending December 31, 2025.

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.

3. RECEIVABLES

The Company's receivables consist of the following:

	June 30, 2025	December 31, 2024
	\$	\$
GST input tax credits	18,800	9,825
Other receivables	9,503	2,909
Current receivable	28,303	12,734
Value added tax receivable	288,097	208,316
Total receivable	316,400	221,050

The Company reports value added tax ("VAT") receivable from the taxation authorities in Mexico as a long-term receivable due to a historically lengthy collection cycle.

GR SILVER MINING LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2025

(Expressed in Canadian Dollars)

(Unaudited)

4. EQUIPMENT

	Office Equipment	Mobile Equipment	Exploration Equipment	Buildings	Total
COST	\$	\$	\$	\$	\$
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
Additions	-	-	10,596	-	10,596
Balance, June 30, 2025	75,605	72,742	987,447	973,910	2,109,704
ACCUMULATED DEPRECIATION					
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
Depreciation	2,694	-	78,531	2,211	83,436
Balance, June 30, 2025	63,304	72,742	668,014	697,818	1,501,878
NET BOOK VALUE					
December 31, 2024	14,995	-	387,368	278,303	680,666
June 30, 2025	12,301	-	319,433	276,092	607,826

5. EXPLORATION AND EVALUATION ASSETS

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

	Plomosas Project		
	San Marcial Property, Mexico	Plomosas Property, Mexico	Total
	\$	\$	\$
Balance, December 31, 2023, December 31, 2024	4,045,500	3,379,319	7,424,819
Reclamation provision (Note 9)	-	(295,511)	(295,511)
Balance, June 30, 2025	4,045,500	3,083,808	7,129,308

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.

GR SILVER MINING LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2025

(Expressed in Canadian Dollars)

(Unaudited)

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.

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.

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 payable	(21,417,454)
Asset retirement obligation	(2,326,318)
Total	(24,398,896)
Gain on sale of Marlin Gold Mining Ltd.	24,398,896

GR SILVER MINING LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2025

(Expressed in Canadian Dollars)

(Unaudited)

6. EXPLORATION EXPENDITURES

Exploration expenditures for the six-month period ended June 30, 2025:

	Plomosas Project		La Trinidad Project, Mexico	Total
	San Marcial Property, Mexico	Plomosas Property, Mexico		
	\$	\$	\$	\$
Community relations	2,533	55,616	-	58,149
Drilling	339,316	6,224	-	345,540
Environmental	71,744	-	-	71,744
Field	146,270	107,174	-	253,444
Geochemistry	12,324	-	-	12,324
Geological	103,100	103,188	-	206,288
Total	675,287	272,202	-	947,489

Exploration expenditures for the six-month period ended June 30, 2024:

	Plomosas Project		La Trinidad Project, Mexico	Total
	San Marcial Property, Mexico	Plomosas Property, Mexico		
	\$	\$	\$	\$
Community relations	32,451	41,225	215,585	289,261
Environmental	-	3,137	-	3,137
Field	94,886	129,089	13,193	237,168
Geological	97,254	120,707	-	217,961
Geochemistry	-	7,502	-	7,502
Topography	1,099	-	-	1,099
Total	225,690	301,660	228,778	756,128

GR SILVER MINING LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2025

(Expressed in Canadian Dollars)

(Unaudited)

7. MINING CONCESSION FEES

	Goldplay concessions Mexico ⁽¹⁾	Plomosas Project		La Trinidad Project, Mexico ⁽²⁾	Total
		San Marcial Property, Mexico	Plomosas Property, Mexico		
Expensed in the period:					
Concession fees - June 30, 2025	155,757	19,891	149,837	-	325,485
Concession fees - June 30, 2024	178,703	27,272	187,518	3,990,222	4,383,715
Balances owing:					
Fees payable - December 31, 2024	603,556	-	137,299	-	740,855
Fees payable - June 30, 2025	791,047	-	149,222	-	940,269

(1) The Goldplay concessions are considered non-core and not currently under development.

(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 six-month periods ended June 30, 2025 and June 30, 2024, ended was:

	June 30, 2025	June 30, 2024
Key management personnel compensation		
	\$	\$
Salaries	257,100	254,124
Consulting	43,500	39,000
Share-based compensation	290,929	320,181
Total	591,529	613,305

GR SILVER MINING LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2025

(Expressed in Canadian Dollars)

(Unaudited)

9. RECLAMATION PROVISIONS

As at June 30, 2025, 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% (2024 – inflation rate 3.7% and discount rate 10%) with the assumption that the reclamation will be settled between 2039 and 2041. 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. Reclamation provisions are evaluated on an annual basis or when material facts or circumstances arise resulting in revisions to previous estimates.

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 \$176,299. 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.

	June 30, 2025	December 31, 2024
	\$	\$
Balance - opening	526,120	2,847,403
Change in estimates	(295,511)	-
Disposition of Marlin Gold Mining Ltd. (Note 5)	-	(2,326,318)
Foreign exchange	-	(300)
Accretion expense	6,974	5,335
Balance - closing	237,583	526,120

During the six-month period ended June 30, 2025, the Company recorded accretion expense of \$6,974 (June 30, 2024 - \$3,543).

GR SILVER MINING LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2025

(Expressed in Canadian Dollars)

(Unaudited)

10. SHARE CAPITAL AND RESERVES

Authorized – Unlimited common shares without par value.

During the six-month period ended June 30, 2025, the Company:

- a) Issued 11,838,520 common shares upon the exercise of warrants at a price of \$0.15 raising gross proceeds of \$1,775,778. The Company had a reclassification of reserves on exercise of these warrants in the amount of \$246,054.
- b) Issued 100,000 common shares upon the exercise of warrants at a price of \$0.08 raising gross proceeds of \$8,000. The Company had a reclassification of reserves on exercise of these warrants in the amount of \$2,000.
- c) On May 27, 2025, the Company closed a non-brokered private placement of 14,190,000 units at a price of \$0.13 per unit for gross proceeds of \$1,844,700. 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 \$0.19 per warrant until May 27, 2027. The Company paid cash finders fees of \$104,442 and issued 803,400 agents warrants valued at \$75,087 using the following Black-Scholes assumptions: risk free interest rate of 2.58%, expected life of 2 years, volatility of 109.90% and dividend rate of 0%. Each agent warrant is exercisable into one common share at an exercise price of \$0.19 per share until May 27, 2027. Additional share issue costs of \$27,041 were incurred in connection with this financing and was recorded as an offset to share capital, as share issue costs.

During the year ended December 31, 2024, the Company:

- 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.

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(Unaudited)

10. SHARE CAPITAL AND RESERVES (Continued)**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.

Stock options

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
		\$
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)	0.29
Balance at December 31, 2024	9,696,667	0.37
Granted	2,010,000	0.16
Expired	(975,000)	0.29
Balance at June 30, 2025	10,731,667	0.24

The weighted average remaining contractual life of outstanding options at June 30, 2025, was 3.33 years (December 31, 2024 – 3.16 years). The weighted average remaining contractual life of exercisable options at June 30, 2025, was 2.53 years (December 31, 2024 – 2.86 years).

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10. SHARE CAPITAL AND RESERVES (Continued)

As at June 30, 2025, the Company had stock options outstanding as follows:

Expiry date	Number of Options	Number of Exercisable Options	Exercise Price \$
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
April 2, 2030	1,260,000	993,333	0.155
June 30, 2030	750,000	750,000	0.175
	10,731,667	8,598,333	

During the period ended June 30, 2025, the Company recognized share-based payments expense of \$308,555 (June 30, 2024 - \$401,915) in connection with the vesting of stock options granted in current and previous periods.

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:

	June 30, 2025	June 30, 2024
Risk-free interest rate	2.61%	3.63%
Expected life of options	5 years	5 years
Annualized volatility	93%	86%
Dividend rate	0%	0%

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10. SHARE CAPITAL AND RESERVES (Continued)**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 \$37,546 which was included in share-based compensation expense during the period ended June 30, 2025 (June 30, 2024 - \$3,529) 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
Granted	300,288
Balance at June 30, 2025	543,356
Vested at June 30, 2025	70,588

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 \$60,000, included in share-based compensation expense during the period ended June 30, 2025 (June 30, 2024 - \$52,500) related to the grant of 1,800,000 PSUs.

PSU transactions are summarized as follows:

	Number of PSUs
Balance at December 31, 2023	-
Granted	1,800,000
Balance at December 31, 2024 and June 30, 2025	1,800,000
Vested at December 31, 2024 and June 30, 2025	1,800,000

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10. SHARE CAPITAL AND RESERVES (Continued)**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, 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
Exercised	(11,938,520)	0.15
Expired	(16,598,787)	0.34
Issued	7,898,400	0.19
Balance at June 30, 2025	69,344,819	0.14

The weighted average remaining contractual life of warrants outstanding at June 30, 2025, was 1.03 (December 31, 2024 – 1.02) years.

Warrants outstanding are as follows:

Expiry date	Number of Warrants	Exercise Price
		\$
August 30, 2025	18,031,500	0.22
August 30, 2025	214,872	0.15
August 9, 2025	1,552,000	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
May 27, 2027	7,898,400	0.19
	69,344,819	

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

	June 30, 2025	December 31, 2024
Risk-free interest rate	2.58%	3.39%
Expected life (years)	2 years	2 years
Annualized volatility	110%	78%
Dividend rate	0%	0%

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11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the period ended June 30, 2025, were:

- Recorded a reclassification of share compensation reserve of \$246,054 in relation to warrants exercised.
- Issued 803,400 agent warrants valued at \$75,087

Significant non-cash transactions during the period ended June 30, 2024; were:

- Issued 358,200 agent warrants valued at \$8,499
- Received 296,710 common shares of Mako valued at \$691,344 in settlement of indemnification asset.
- Recorded an unrealized gain of \$296,700 on marketable securities

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:

June 30, 2025	Canada	Mexico	Total
	\$	\$	\$
Equipment	1,585	596,410	597,995
Exploration and evaluation assets	-	7,129,308	7,129,308
Value added tax receivable	-	288,097	288,097
Total	1,585	8,013,815	8,015,400

December 31, 2024	Canada	Mexico	Total
	\$	\$	\$
Equipment	1,585	679,081	680,666
Exploration and evaluation assets	-	7,129,308	7,129,308
Value added tax receivable	-	208,316	208,316
Total	1,585	8,016,705	8,018,290

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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.

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 June 30, 2025, the Company had a cash balance of \$2,123,040 to settle current liabilities of \$1,519,001. 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. On August 13, 2025, the Company closed a brokered private placement of 69,000,000 units at a price of \$0.20 per unit for gross proceeds of \$13,800,000 (Note 15).

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.

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13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)*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 June 30, 2025, amounts exposed to foreign currency risk include cash of MXN\$3,168,511, value added tax receivable of MXN\$3,975,397 accounts payable of MXN\$6,038,719 and concession fees payable of MXN\$12,974,596. A 10% change in foreign exchange rates will affect profit or loss by approximately \$86,000.

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.

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. SUBSEQUENT EVENTS

Subsequent to June 30, 2025:

- a) Issued 1,522,000 common shares upon the exercise of warrants at a price of \$0.08 raising gross proceeds of \$121,760.
- b) On July 2, 2025, the Company granted 141,176 deferred share units ("DSUs") to non-executive directors.
- c) On July 15, 2025, the Company issued 600,000 common shares upon conversion of PSUs.
- d) On July 16, 2025, the Company granted 3,837,205 performance share units ("PSUs") to certain executive officers of the Company vesting one year from the date of grant upon successful completion of specific short-term Key Performance Indicators.
- e) On August 13, 2025, the Company closed a brokered private placement of 69,000,000 units at a price of \$0.20 per unit for gross proceeds of \$13,800,000. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share of the Company at an exercise price of \$0.28 per warrant until August 13, 2028. The Company paid cash finders fees of \$828,000 and issued 4,140,000 broker warrants. Each broker warrant is exercisable into one unit at an exercise price of \$0.20 per share until August 13, 2028.