GR SILVER MINING LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended June 30, 2026, and 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, 2026, 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 CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – expressed in Canadian Dollars)
AS AT

	Notes	June 30, 2026	December 31, 2025
		$	$
ASSETS			
Current			
Cash and cash equivalents		25,997,546	29,503,941
Receivables	3	431,560	256,761
Prepaids		583,272	229,595
Total current assets		27,012,378	29,990,297
Equipment	4	674,017	602,963
Exploration and evaluation assets	5	7,129,308	7,129,308
Value added tax receivable	3	969,744	415,534
Total assets		35,785,447	38,138,102
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		996,011	932,337
Mining concession fees	7	-	1,093,545
Total current liabilities		996,011	2,025,882
Non-current liabilities			
Reclamation provision	9	252,551	245,014
Total liabilities		1,248,562	2,270,896
Shareholders' equity			
Share capital	10	96,534,051	94,471,984
Share compensation reserve	10	13,383,174	13,181,027
Deficit		(75,380,340)	(71,785,805)
Total shareholders' equity		34,536,885	35,867,206
Total liabilities and shareholders' equity		35,785,447	38,138,102

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

Approved and authorized by the Board on August 27, 2026:

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

GR SILVER MINING LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – expressed in Canadian Dollars)

		Three Months Ended		Six Months Ended	
	Note	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
		$	$	$	$
EXPENSES					
Concession fees	7	1,754	33,788	374,068	325,485
Consulting	8	133,240	27,321	236,685	70,264
Depreciation	4	66,101	37,472	116,224	83,436
Exploration expenditures	6	2,437,864	567,750	4,297,689	947,489
Investor relations		298,619	65,044	579,031	187,450
Office		214,877	74,008	427,566	158,335
Professional fees		121,966	124,310	213,440	211,287
Salaries and directors' fees	8	390,620	232,730	780,380	464,117
Share-based compensation	8,10	124,911	263,762	518,759	406,101
Transfer agent and filing fees		32,045	22,083	79,074	46,046
Travel		61,932	24,670	95,133	48,466
Total expenses		(3,883,929)	(1,472,938)	(7,718,049)	(2,948,476)
Accretion expense on reclamation provision	9	(3,818)	(6,974)	(7,537)	(6,974)
Foreign exchange gain (loss)		65,451	(28,885)	8,009	(44,955)
Interest income		138,058	4,168	298,379	5,750
Gain on disposition of Goldplay de Mexico S.A. de C.V.	5	-	-	1,307,808	-
Other income		2,516,855	19,406	2,516,855	38,384
Loss and comprehensive loss for the period		(1,167,383)	(1,485,223)	(3,594,535)	(2,956,271)
Loss per share - basic and diluted		$ (0.00)	$ (0.00)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding		509,149,462	335,487,598	507,911,249	344,755,489

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

GR SILVER MINING LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – expressed in Canadian Dollars)

FOR THE PERIOD ENDED	June 30, 2026	June 30, 2025
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(3,594,535)	(2,956,271)
Items not affecting cash:		
Depreciation	116,224	83,436
Accretion expense on restoration provisions	7,537	6,974
Share-based compensation	518,759	406,101
Gain on disposition of Goldplay de Mexico S.A. de C.V.	(1,307,808)	-
Changes in non-cash working capital items:		
Receivables	(174,799)	(15,569)
Prepaid expenses	(353,677)	(117,154)
Concession fees payable	213,767	199,414
Value added tax	(554,210)	(79,781)
Accounts payable and accrued liabilities	212,443	(52,764)
Net cash used in operating activities	(4,916,299)	(2,525,614)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(187,278)	(10,596)
Disposal of Goldplay de Mexico S.A. de C.V. - cash disposed	(706)	-
Net cash used in investing activities	(187,984)	(10,596)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of shares	-	1,844,700
Exercise of warrants	1,690,967	1,783,778
Exercise of options	59,750	-
Share issue costs	(152,829)	(131,483)
Net cash provided by financing activities	1,597,888	3,496,995
Change in cash during the period	(3,506,395)	960,785
Cash, beginning of period	29,503,941	1,162,255
Cash, end of period	25,997,546	2,123,040

Supplemental disclosure with respect to cash flows (Note 11)

GR SILVER MINING LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited – expressed in Canadian Dollars)

	Share Capital				
	Number of Shares	**Amount**	**Reserves**	**Deficit**	**Total**
		$	$	$	$
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	2,029,832	(246,054)	-	1,783,778
Share issue costs - cash	-	(131,483)	-	-	(131,483)
Finders' fees - warrants issued	-	(75,087)	75,087	-	-
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
December 31, 2025	501,408,609	94,471,984	13,181,027	(71,785,805)	35,867,206
Private placement	-	-	-	-	-
Exercise of warrants	7,636,924	1,967,180	(276,213)	-	1,690,967
Exercise of options	320,000	100,149	(40,399)	-	59,750
Share issue costs - cash	-	(5,262)	-	-	(5,262)
Share-based compensation	-	-	518,759	-	518,759
Net loss for the period	-	-	-	(3,594,535)	(3,594,535)
June 30, 2026	509,365,533	96,534,051	13,383,174	(75,380,340)	34,536,885

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 1500 – 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", on the OTCQX under the trading symbol "GRSLF", and and on the Frankfurt Stock Exchange under the ticker symbol "GPE".

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 condensed consolidated interim 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 condensed consolidated interim financial statements.

As at June 30, 2026, the Company has a working capital of $26,016,367 and an accumulated deficit of $75,380,340. The Company expects to incur further losses in the exploration and advancement of its mineral projects. Management estimates its current working capital will be sufficient to fund its current level of activities for the next 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").

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, 2025, and are consistent with the accounting policies disclosed therein. Operating results for the six-month period ended June 30, 2026, are not necessarily indicative of the results that may be expected for the year ending December 31, 2026.

The condensed consolidated interim financial statements incorporate the accounts of the Company and its subsidiaries: Goldplay de Mexico SA de CV ("Goldplay"), 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. On February 23, 2026, the Company disposed of Goldplay (Note 5).

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.

Significant accounting estimates and judgments

The preparation of these condensed consolidated interim 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.

<u>Economic recoverability and probability of future economic benefits of exploration and evaluation assets</u>
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.

<u>Valuation of share-based compensation</u>
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.

<u>Collectability of value added tax</u>
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.

2. MATERIAL ACCOUNTING POLICIES (Continued)

Significant accounting estimates and judgments (continued)

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.

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.

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.

(Unaudited – expressed in Canadian Dollars)

3. RECEIVABLES

The Company's receivables consist of the following:

	June 30, 2026	December 31, 2025
	$	$
GST input tax credits	54,348	37,044
Other receivables	377,212	219,717
Current receivable	431,560	256,761
Value added tax receivable	969,744	415,534
Total receivable	1,401,304	672,295

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.

4. EQUIPMENT

	Office Equipment	Mobile Equipment	Exploration Equipment	Buildings	Total
COST	$	$	$	$	$
Balance, December 31, 2024	75,605	72,742	976,851	973,910	2,099,108
Additions	-	-	22,362	77,757	100,119
Balance, December 31, 2025	75,605	72,742	999,213	1,051,667	2,199,227
Additions	22,574	-	119,444	45,260	187,278
Balance, June 30, 2026	98,179	72,742	1,118,657	1,096,927	2,386,505
ACCUMULATED DEPRECIATION					
Balance, December 31, 2024	60,610	72,742	589,483	695,607	1,418,442
Depreciation	6,374	-	166,888	4,560	177,822
Balance, December 31, 2025	66,984	72,742	756,371	700,167	1,596,264
Depreciation	13,727	-	93,873	8,624	116,224
Balance, June 30, 2026	80,711	72,742	850,244	708,791	1,712,488
NET BOOK VALUE					
December 31, 2025	8,621	-	242,842	351,500	602,963
June 30, 2026	17,468	-	268,413	388,136	674,017

(Unaudited – expressed in Canadian Dollars)

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, 2024	4,045,500	3,379,319	7,424,819
Reclamation provision (Note 9)	-	(295,511)	(295,511)
Balance, December 31, 2025 and June 30, 2026	4,045,500	3,083,808	7,129,308

San Marcial Property, Mexico

The Company owns a 100% mineral 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.

Plomosas Property, Mexico

The Company owns a 100% mineral 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 had a 100% interest in concessions registered under Goldplay de Mexico S.A de C.V. ("Goldplay"), formerly referred to collectively as the "El Habal Property", up until February 23, 2026 (see below). The properties were subject to an NSR between 1.0% and 1.5%.

The Company had 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 had also issued a 1% royalty on concessions adjacent to the project.

On February 23, 2026, the Company closed the sale of its 100% interest in Goldplay to an arm's-length third party, in consideration for which the Company received a 1% NSR on the concessions owned by Goldplay.

(Unaudited – expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (Continued)

Goldplay de Mexico Mineral Concessions, Mexico (Continued)

	February 23, 2026
	$
Consideration received - 1% NSR	-
Net assets sold:	
Cash	706
Accounts payable	(1,202)
Concession taxes payable	(1,307,312)
Total	(1,307,808)
Gain on sale of Goldplay de Mexico S.A. de C.V.	1,307,808

6. EXPLORATION EXPENDITURES

Exploration expenditures for the six-month period ended June 30, 2026:

	Plomosas Project		
	San Marcial Property, Mexico	Plomosas Property, Mexico	Total
	$	$	$
Community relations	3,204	30,740	33,944
Consulting	-	11,360	11,360
Drilling	2,524,624	-	2,524,624
Environmental and permitting	43,865	195,685	239,550
Engineering	-	189,330	189,330
Field	503,185	270,624	773,809
Geological	245,290	177,334	422,624
Metallurgical	-	19,940	19,940
Report Preparation	82,508	-	82,508
Total	3,402,676	895,013	4,297,689

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

	Plomosas Project		
	San Marcial Property, Mexico	Plomosas Property, Mexico	Total
	$	$	$
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

(Unaudited – expressed in Canadian Dollars)

7. MINING CONCESSION FEES

	Goldplay concessions Mexico (1)	San Marcial Mexico	Plomosas Mexico	Total
Concession fees - June 30, 2026	196,601	22,721	154,746	374,068
Concession fees - June 30, 2025	155,757	19,891	149,837	325,485
Balances owing:				
Fees payable - December 31, 2025	1,093,545	-	-	1,093,545
Fees payable - June 30, 2026	-	-	-	-

(1) On February 23, 2026, the Company disposed of the non-core Goldplay concessions (Note 5). As a result of the disposition, concession fees payable of $1,093,545 ($1,307,312 at disposition date) are no longer be payable by the Company.

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 months ended June 30, 2026, and 2025, was:

Key management personnel compensation	June 30, 2026	June 30, 2025
	$	$
Salaries	218,726	257,100
Consulting	110,000	43,500
Directors' fees	60,000	-
Share-based compensation	334,139	290,929
Total	722,865	591,529

Included in accounts payable and accrued liabilities at June 30, 2026, was $8,412 (December 31, 2025 - $66,025) in salaries and consulting fees owing to related parties.

9. RECLAMATION PROVISIONS

As at June 30, 2026, 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% (December 31, 2025 – 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.

(Unaudited – expressed in Canadian Dollars)

9. RECLAMATION PROVISIONS (Continued)

	June 30, 2026	December 31, 2025
	$	$
Balance - opening	245,014	526,120
Change in estimates	-	(295,511)
Accretion expense	7,537	14,405
Balance - closing	252,551	245,014

During the six months ended June 30, 2026, the Company recorded accretion expense of $7,537 (2025 - $6,974).

10. SHARE CAPITAL AND RESERVES

Authorized – Unlimited common shares without par value.

During the six months ended June 30, 2026, the Company:

a) Issued 7,636,924 common shares upon the exercise of warrants raising gross proceeds of $1,690,967. The Company had a reclassification of reserves on exercise of these warrants in the amount of $276,213.

b) Issued 320,000 common shares upon the exercise of stock options raising gross proceeds of $59,750. The Company had a reclassification of reserves on exercise of these options in the amount of $40,399.

During the year ended December 31, 2025, the Company:

a) Issued 17,203,764 common shares upon the exercise of warrants raising gross proceeds of $2,505,948. The Company had a reclassification of reserves on exercise of these warrants in the amount of $348,836.

b) 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.

c) 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 valued the warrants at $1,897,500 using the residual value approach. 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. Each unit is comprised of one common share and one common share purchase warrant exercisable at a price of $0.28 until August 13, 2028. The broker warrants were valued $631,837 using the following Black-Scholes assumptions: risk free interest rate of 2.58%, expected life of 3 years, volatility of 103% and dividend rate of 0%. Additional share issue costs of $279,005 were incurred in connection with this financing and was recorded as an offset to share capital, as share issue costs.

(Unaudited – expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (Continued)

During the year ended December 31, 2025, the Company (continued):

d) On December 17, 2025, the Company closed a brokered private placement of 66,666,832 units at a price of $0.30 per unit for gross proceeds of $20,000,050. 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 $0.42 per warrant until December 17, 2028. The Company valued the warrants at $Nil using the residual value approach. The Company paid cash finders fees of $1,195,827 and issued 3,986,090 broker warrants. Each broker warrant is exercisable into one unit at an exercise price of $0.30 per share until December 17, 2028. Each unit is comprised of one common share and one common share purchase warrant exercisable at a price of $0.42 until December 17, 2028. The broker warrants were valued $1,412,291 using the following Black-Scholes assumptions: risk free interest rate of 2.59%, expected life of 3 years, volatility of 106% and dividend rate of 0%. Additional share issue costs of $262,213 were incurred in connection with this financing and was recorded as an offset to share capital, as share issue costs.

e) On July 15, 2025, the Company issued 600,000 common shares upon the redemption of PSUs.

f) On October 2, 2025, the Company issued 1,200,000 common shares upon the redemption of PSUs.

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, 2024	9,696,667	0.27
Granted	2,910,000	0.22
Expired	(1,503,333)	0.29
Balance at December 31, 2025	11,103,334	0.25
Granted	750,000	0.465
Exercised	(320,000)	0.19
Expired	(1,595,000)	0.68
Balance at June 30, 2026	9,938,334	0.20

(Unaudited – expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (Continued)

Stock options (Continued)

The weighted average remaining contractual life of outstanding options at June 30, 2026, was 2.56 years (December 31, 2025 – 3.04 years). The weighted average remaining contractual life of exercisable options at June 30, 2026, was 2.58 years (December 31, 2025 – 2.87 years).

As at June 30, 2026, the Company had stock options outstanding as follows:

Expiry date	Number of Options	Number of Exercisable Options	Exercise Price
			$
October 5, 2026	30,000	30,000	0.290
October 15, 2026	83,334	83,334	0.155
October 15, 2026	300,000	300,000	0.175
October 15, 2026	100,000	100,000	0.250
January 26, 2027	35,000	35,000	0.200
April 6, 2027	150,000	150,000	0.250
June 2, 2027	100,000	100,000	0.330
January 18, 2028	300,000	300,000	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	3,360,000	3,360,000	0.200
June 10, 2029	120,000	120,000	0.200
August 13, 2029	600,000	400,000	0.160
October 23, 2029	300,000	200,000	0.280
April 2, 2030	860,000	760,000	0.155
June 30, 2030	450,000	450,000	0.175
October 2, 2030	300,000	300,000	0.330
December 22, 2030	300,000	100,000	0.360
February 24, 2031	750,000	525,000	0.465
	9,938,334	9,113,334	

During the six months ended June 30, 2026, the Company granted 750,000 (2025 – nil) stock options to consultants exercisable at a price of $0.465 per share for a period of five years from the grant date. Of the total, 450,000 options vested on the grant date and 300,000 shall vest 25% on each of 3, 6, 9, and 12 months from their date of grant.

During the six months ended June 30, 2026, the Company recognized share-based payments expense of $273,593 (2025 - $308,555) in connection with the vesting of stock options granted in current and previous periods.

The weighted average Black-Scholes inputs for stock options granted are as follows:

	June 30, 2026	December 31, 2025
Risk-free interest rate	2.72%	2.62%
Share price input	$ 0.47	$ 0.22
Expected life of options	5 years	5 years
Annualized volatility	97%	94%
Dividend rate	0%	0%

(Unaudited – expressed in Canadian Dollars)

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 recorded an expense of $19,057 which was included in share-based compensation expense during the six months ended June 30, 2026 (2025 - $37,546) 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, 2024	243,068
Granted	441,464
Balance at December 31, 2025 and June 30, 2026	684,532
Vested at June 30, 2026*	543,356

*Note: Vested DSUs are settled upon the recipient's retirement, termination of employment or directorship, or death.

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. The Company recorded an expense of $226,109, which was included in share-based compensation expense during the six months ended June 30, 2026 (March 31, 2025 - $60,000) related to the vesting of PSUs.

PSU transactions are summarized as follows:

	Number of PSUs
Balance at December 31, 2024	1,800,000
Granted	3,837,205
Cancelled upon modification	(478,856)
Forfeited	(767,441)
Converted to common shares	(1,800,000)
Balance at December 31, 2025 and June 30, 2026	2,590,908
Vested at June 30, 2026*	647,727

*A total of 1,943,181 additional PSUs vested on the vesting date which is July 16, 2026. Subsequent to June 30, 2026, a total of 2,590,908 PSUs were redeemed (Note 15).

(Unaudited – expressed in Canadian Dollars)

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, 2024	89,983,726	0.18
Issued	83,857,906	0.32
Exercised	(17,203,764)	0.15
Expired	(34,585,287)	0.28
Balance at December 31, 2025	122,052,581	0.25
Issued	1,000,000	0.28
Exercised	(7,636,924)	0.22
Balance at June 30, 2026	115,415,657	0.26

The weighted average remaining contractual life of warrants outstanding at June 30, 2026, was 1.58 years (December 31, 2025 – 2.07) years.

As at June 30, 2026, the Company had warrants outstanding as follows:

Expiry date	Number of Warrants	Exercise Price
		$
September 26, 2026*	6,764,271	0.22
November 10, 2026	29,750,000	0.07
May 27, 2027	6,806,880	0.19
August 13, 2028**	2,140,000	0.20
August 13, 2028	32,685,000	0.28
December 17, 2028	33,283,416	0.42
December 17, 2028***	3,986,090	0.30
	115,415,657	

*A total of 704,769 warrants were exercised subsequent to June 30, 2026 (Note 15).

**Exercisable to acquire one unit at a price of $0.20 each until August 13, 2028. Each unit consists of one common share and one half of one share purchase warrant exercisable at a price of $0.28 until August 13, 2028.

***Exercisable to acquire one unit at a price of $0.30 each until December 17, 2028. Each unit consists of one common share and one half of one share purchase warrant exercisable at a price of $0.42 until December 17, 2028.

During the six months ended June 30, 2026, in connection with the exercise of 2,000,000 warrants into units at a price of $0.20, the Company issued 1,000,000 warrants exercisable at $0.28 until August 13, 2028.

(Unaudited – expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (Continued)

Warrants (Continued)

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

	December 31, 2025
Risk-free interest rate	2.58%
Share price input	0.30
Expected life (years)	2.94 years
Annualized volatility	105%
Dividend rate	0%

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the six months ended June 30, 2026, were:

- Recorded a reclassification of share compensation reserve of $276,213 in relation to warrants exercised.
- Recorded a reclassification of share compensation reserve of $40,399 in relation to options exercised.
- Paid share issue costs of $147,567 previously included in accounts payable and accrued liabilities.

Significant non-cash transactions during the six months 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.

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, 2026	Canada	Mexico	Total
	$	$	$
Equipment	554	672,247	672,801
Exploration and evaluation assets	-	7,129,308	7,129,308
Value added tax receivable	-	1,077,886	1,077,886
Total	554	8,879,441	8,879,995

December 31, 2025	Canada	Mexico	Total
	$	$	$
Equipment	1,109	601,854	602,963
Exploration and evaluation assets	-	7,129,308	7,129,308
Value added tax receivable	-	415,534	415,534
Total	1,109	8,146,696	8,147,805

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

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board are actively involved in the review, planning, and approval of significant expenditures and commitments. The Company is exposed to liquidity risk.

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.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Financial risk factors (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, 2026, amounts exposed to foreign currency risk include cash of MXN$14,643,632, value added tax receivable of MXN$13,236,907, and accounts payable of MXN$8,711,151. A 10% change in foreign exchange rates will affect profit or loss by approximately $155,900.

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 EVENT

Subsequent to June 30, 2026:

a) Issued 740,769 common shares upon the exercise of warrants at a price of $0.22, raising gross proceeds of $155,049.

b) Issued 600,000 common shares upon the exercise of warrants at a price of $0.20, raising gross proceeds of $120,000.

c) Issued 100,000 common shares upon the exercise of warrants at a price of $0.33, raising gross proceeds of $33,000.

d) Issued 1,387,711 common shares upon the redemption of PSUs. Additionally, 1,203,197 PSUs were redeemed for cash totalling $350,356.