



## **SILVER MOUNTAIN RESOURCES INC.**

**Condensed Interim Consolidated Financial Statements**

**For the three and six months ended June 30, 2025 and 2024**

(Unaudited - Expressed in US dollars)

**SILVER MOUNTAIN RESOURCES INC.**  
**Condensed Interim Consolidated Statements of Financial Position**  
(Unaudited - Expressed in US dollars)

	Note	June 30, 2025	December 31, 2024
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		1,545,353	4,269,452
Restricted cash	5	436,204	263,438
Amounts receivable and other assets		42,931	84,437
Prepaid expenses		187,019	135,592
		2,211,507	4,752,919
Property, plant and equipment	6	248,526	283,531
Exploration and evaluation assets	7	29,284,413	27,488,329
Tax credits	8	4,354,152	3,920,556
<b>Total assets</b>		<b>36,098,598</b>	<b>36,445,335</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	9	1,587,934	1,160,385
Warrant liabilities	10	2,305,276	1,576,676
<b>Total liabilities</b>		<b>3,893,210</b>	<b>2,737,061</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	11(b)	46,843,252	46,743,576
Contributed surplus		1,476,590	1,390,929
Deficit		(16,114,454)	(14,426,231)
<b>Total shareholders' equity</b>		<b>32,205,388</b>	<b>33,708,274</b>
<b>Total liabilities and shareholders' equity</b>		<b>36,098,598</b>	<b>36,445,335</b>

Nature of operations and going concern (Note 1)  
Subsequent events (Note 17)

Approved and authorized for issue on behalf of the Board of Directors.

<u>/s/ Timothy Loftsgard</u>	<u>/s/ Alfredo Plenge Thorne</u>
Director	Director

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

**SILVER MOUNTAIN RESOURCES INC.****Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

(Unaudited - Expressed in US dollars, except number of shares)

	Note	Three months ended June 30,		Six months ended June 30,	
		2025	2024	2025	2024
		\$	\$	\$	\$
<b>Operating expenses</b>					
Administrative expenses		50,450	82,240	80,861	132,341
Advertising and marketing		21,764	-	21,764	31,038
Depreciation	6	1,441	1,373	2,881	2,688
Environmental fees		-	2,804	161	2,804
Filing and listing fees		3,793	142,705	32,657	157,606
Insurance		25,436	22,950	47,239	45,900
Operational expenses		15,561	44,240	34,137	62,330
Professional fees	12	273,253	331,040	414,278	514,097
Salaries and benefits	12	247,019	287,087	500,430	668,289
Share-based compensation	11(d), 12	35,205	108,031	85,661	194,734
Travel, meals and entertainment		510	3,945	2,424	5,451
<b>Total operating expenses</b>		<b>(674,432)</b>	<b>(1,026,415)</b>	<b>(1,222,493)</b>	<b>(1,817,278)</b>
Bank charges		(1,142)	(3,486)	(23,332)	(4,555)
Interest income		225	5,478	4,017	9,594
Foreign exchange gain (loss)	2(e)	150,256	(104,320)	254,361	(161,993)
Gain on expiry of warrant liabilities	10	-	-	-	98,301
Gain on settlement of payables	11(b)	26,118	-	27,824	-
Unrealized gain (loss) on revaluation of warrant liabilities	2(e), 10	(1,032,047)	859,962	(728,600)	1,397,415
<b>Net loss for the period</b>		<b>(1,531,022)</b>	<b>(268,781)</b>	<b>(1,688,223)</b>	<b>(478,516)</b>
<b>Net loss per share:</b>					
Basic and diluted (Note 1)		(0.06)	(0.01)	(0.07)	(0.02)
<b>Weighted average number of common shares:</b>					
Basic and diluted (Note 1)		24,789,145	22,945,682	24,733,856	20,794,836

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

**SILVER MOUNTAIN RESOURCES INC.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
(Unaudited - Expressed in US dollars)

	Six months ended June 30,	
	2025	2024
	\$	\$
<b>Operating activities</b>		
Net loss for the period	(1,688,223)	(478,516)
Adjustments for:		
Depreciation	2,881	2,688
Share-based compensation	85,661	194,734
Unrealized foreign exchange loss (gain)	(24,109)	8,518
Gain on expiry of warrant liabilities	-	(98,301)
Gain on settlement of payables	(27,824)	-
Unrealized loss (gain) on revaluation of warrant liabilities	728,600	(1,397,415)
Changes in non-cash working capital:		
Amounts receivable and other assets	(392,034)	(282,000)
Prepaid expenses	(51,427)	86,665
Accounts payable and accrued liabilities	69,169	76,676
<b>Cash used in operating activities</b>	<b>(1,297,306)</b>	<b>(1,886,951)</b>
<b>Investing activities</b>		
Exploration and evaluation asset additions	(1,304,856)	(2,455,568)
Purchase of mining concessions	-	(22,034)
Purchase of property, plant, and equipment	-	(4,939)
Restricted cash	(436,204)	(600,000)
Restricted cash returned	263,438	-
<b>Cash used in investing activities</b>	<b>(1,477,622)</b>	<b>(3,082,541)</b>
<b>Financing activities</b>		
Units issued in Prospectus Offering, net of costs	-	6,510,731
<b>Cash provided by financing activities</b>	<b>-</b>	<b>6,510,731</b>
Effect of foreign exchange on cash and cash equivalents	50,829	-
Net change in cash and cash equivalents	(2,774,928)	1,541,239
Cash and cash equivalents, beginning of period	4,269,452	4,660,229
<b>Cash and cash equivalents, end of period</b>	<b>1,545,353</b>	<b>6,201,468</b>
<b>Composition of cash and cash equivalents:</b>		
Cash	1,476,033	6,132,244
Cash equivalents	69,320	69,224
	<b>1,545,353</b>	<b>6,201,468</b>
<b>Supplemental cash flow information:</b>		
Cash interest paid	-	-
Cash income tax paid	-	-
Depreciation capitalized in exploration and evaluation assets	32,124	38,445
Shares issued for services	99,676	-
Change in exploration and evaluation assets accrued	(459,104)	(775,027)

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

**SILVER MOUNTAIN RESOURCES INC.****Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**

(Unaudited - Expressed in US dollars, except number of shares)

	<b>Common shares (Note 1)</b>	<b>Share capital</b>	<b>Contributed surplus</b>	<b>Deficit</b>	<b>Total shareholders' equity</b>
	<b>#</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance, December 31, 2023	18,643,990	42,077,668	1,105,370	(12,315,041)	30,867,997
Units issued in Prospectus Offering, net of costs	5,842,595	4,599,408	-	-	4,599,408
Share-based compensation	-	-	194,734	-	194,734
Net loss for the period	-	-	-	(478,516)	(478,516)
Balance, June 30, 2024	24,486,585	46,677,076	1,300,104	(12,793,557)	35,183,623
Shares issued for services	94,493	66,500	-	-	66,500
Share-based compensation	-	-	90,825	-	90,825
Net loss for the period	-	-	-	(1,632,674)	(1,632,674)
Balance, December 31, 2024	24,581,078	46,743,576	1,390,929	(14,426,231)	33,708,274
Shares issued for services	215,970	99,676	-	-	99,676
Share-based compensation	-	-	85,661	-	85,661
Net loss for the period	-	-	-	(1,688,223)	(1,688,223)
<b>Balance, June 30, 2025</b>	<b>24,797,048</b>	<b>46,843,252</b>	<b>1,476,590</b>	<b>(16,114,454)</b>	<b>32,205,388</b>

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

**SILVER MOUNTAIN RESOURCES INC.****Notes to the Condensed Interim Consolidated Financial Statements****For the three and six months ended June 30, 2025 and 2024**

(Unaudited - Expressed in US dollars, except where noted)

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Silver Mountain Resources Inc. (the "Company" or "AgMR") is incorporated under the Business Corporation Act of Ontario. The Company is primarily in the business of acquiring, exploring, and developing mines and mineral deposits; with the specific focus to develop the Castrovirreyna Project in Huanavelica, Peru. The address of the Company's corporate office and principal place of business is 82 Richmond Street East Toronto, Ontario, M5C 1P1. The common shares of the Company commenced trading on the TSX Venture Exchange (the "TSXV") on February 2, 2022 under the symbol "AGMR", on the OTCQB Venture Market on June 16, 2022 under the symbol "AGMRF", and on the Lima Stock Exchange on July 18, 2022 under the symbol "AGMR".

These unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2025 and 2024 (the "financial statements") have been prepared on the assumption that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of business.

As at June 30, 2025, the Company has incurred losses since inception and has an accumulated deficit of \$16,114,454 (December 31, 2024 - \$14,426,231). As at June 30, 2025, the Company had cash and cash equivalents of \$1,545,353 (December 31, 2024 - \$4,269,452) and a working capital deficit of \$1,681,703 (December 31, 2024 - working capital surplus of \$2,015,858). For the three and six months ended June 30, 2025, the Company incurred a net loss of \$1,531,022 and \$1,688,223, respectively (2024 - \$268,781 and \$478,516, respectively). The Company expects to incur further losses in the exploration, evaluation and development of its mineral properties.

As the Company is in the exploration stage, the Company's ability to continue as a going concern and fund its exploration and development activity for at least the next twelve-month period is dependent on the Company being able to draw down on its current cash, maintain cost control measures and raise additional capital. The Company has had success raising capital in the past as disclosed in Note 11. The ability to continue as a going concern remains dependent on the Company's capacity to obtain the additional financing necessary to continue to fund its mineral properties, the realization of future profitable production, proceeds from the disposition of its mineral interests, and/or other sources. These conditions indicate the existence of material uncertainties which may cast significant doubt on the Company's ability to continue as a going concern.

These financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

**Share consolidation**

On March 28, 2025, the Company consolidated all of the issued and outstanding class A common shares of the Company on the basis of one (1) post-consolidation class A common share for every fifteen (15) pre-consolidation class A common share (the "Share Consolidation"). All historical share and per share data, including the number of common shares, weighted average number of common shares, loss per share, stock options and warrants have been retrospectively adjusted to reflect the Share Consolidation.

**2. BASIS OF PREPARATION****a) Statement of compliance**

These financial statements were approved by the Board of Directors and authorized for issue on August 21, 2025.

These financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board ("IASB") and Interpretations (collectively "IFRS Accounting Standards") applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited financial statements for the years ended December 31, 2024 and 2023 (the "Annual Financial Statements").

**b) Basis of presentation**

These financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as financial instruments at fair value through profit or loss, which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

## **2. BASIS OF PREPARATION (continued)**

### **c) Functional and presentation currency**

The functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the Company and its subsidiary is U.S. dollars. The financial statements are presented in U.S. dollars, except as otherwise noted. References to "C\$" are to Canadian dollars, references to "PEN" are to Peruvian sol.

### **d) Basis of consolidation**

These financial statements include the accounts of the Company and its 99.99%- owned subsidiary, Sociedad Minera Reliquias S.A.C. ("AgMR Peru"), which was acquired on May 7, 2021 in conjunction with the reverse takeover transaction. Pursuant to Peruvian General Corporate Law requirements that a Peruvian company have more than one shareholder, in September 2021, the Company issued 1 common shares in AgMR Peru for PEN 1.00 to a shareholder of the Company. Because this non-controlling interest in AgMR Peru is not material, it has not been recorded in the Company's financial statements.

All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

### **e) Reclassification of prior amounts**

The Company has reclassified certain comparative information on the consolidated statements of loss and comprehensive loss and statements of cash flows to conform with current period presentation.

## **3. MATERIAL ACCOUNTING POLICIES AND RECENT PRONOUNCEMENTS**

In the preparation of these financial statements, the Company used the same accounting policies as in the Annual Financial Statements. The Company decided to adopt at the time of its effectiveness and not adopt early the accounting standards and interpretations issued by the IASB, and that will be effective as of January 1, 2025, or later.

The standards and amendments to IFRS Accounting Standards that have been issued up to the date of issue of these financial statements and that apply to the Company, but are not yet in force, are described below. The impact that its initial application will have on the financial statements is unknown since its amount cannot be reasonably estimated. The Company intends to adopt these new and modified standards and interpretations, if applicable when they become effective.

### IFRS 18: Presentation and Disclosure in Financial Statements

On April 9, 2024, the IASB issued IFRS 18 "Presentation and Disclosure in the Financial Statements" ("IFRS 18") replacing IAS 1. IFRS 18 introduces categories and defined subtotals in the statement of profit or loss, disclosures on management-defined performance measures, and requirements to improve the aggregation and disaggregation of information in the financial statements. As a result of IFRS 18, amendments to IAS 7 "Statements of Cash Flows" ("IAS 7") were issued to require that entities use the operating profit subtotal as the starting point for the indirect method of reporting cash flows from operating activities and to remove presentation alternatives for interest and dividends paid and received. Similarly, amendments to IAS 33 "Earnings per Share" were issued to permit disclosure of additional earnings per share figures using any other component of the statement of profit or loss, provided the numerator is a total or subtotal defined under IFRS 18.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and is to be applied retrospectively, with early adoption permitted. The Company is currently assessing the impact of the standard on its condensed interim consolidated financial statements.

An entity does not have public accountability if it does not have debt or equity instruments that are traded in a public market, is not in the process of issuing such instruments for trading in a public market and does not hold assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses. An entity is permitted to elect to apply IFRS 19 more than once. An entity that has elected to apply IFRS 19 may later revoke that election. IFRS 19 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The Company is currently assessing the impact of the standard on its condensed interim consolidated financial statements.

**SILVER MOUNTAIN RESOURCES INC.****Notes to the Condensed Interim Consolidated Financial Statements****For the three and six months ended June 30, 2025 and 2024**

(Unaudited - Expressed in US dollars, except where noted)

**4. SIGNIFICANT ACCOUNTING JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Management continually evaluates these judgments, estimates and assumptions based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and judgments which may cause a material adjustment to the carrying amounts of assets and liabilities. The Company's interim results are not necessarily indicative of its results for a full year. The critical judgements and estimates applied in the preparation of these financial statements are consistent with those applied and disclosed in the notes to the Annual Financial Statements.

**5. RESTRICTED CASH**

As at June 30, 2025, the Company had a cash deposit of \$436,204 (PEN 1,541,547) (December 31, 2024 - \$263,438 (PEN 990,000)) held as a guarantee to the Peruvian Ministry of Mines in connection with the mine closure plan associated with the Company's Reliquias mine (the "Mine Closure Plan"). On December 20, 2024, \$263,438 (PEN 990,000) of previous deposit was returned to the Company and was replaced with a \$436,204 (PEN 1,541,547) deposit made on January 13, 2025.

A summary of the Company's restricted cash is as follows:

	\$
Balance, December 31, 2023	267,206
Foreign exchange gain	(3,768)
Balance, December 31, 2024	263,438
Additions	436,204
Returned	(263,438)
<b>Balance, June 30, 2025</b>	<b>436,204</b>

**6. PROPERTY, PLANT AND EQUIPMENT**

A summary of the Company's property, plant and equipment is as follows:

	Land	Building and facilities	Mining equipment	Office equipment and furniture	Total
	\$	\$	\$	\$	\$
<b>Cost</b>					
Balance, December 31, 2023	36,041	151,544	859,610	245,030	1,292,225
Additions	-	-	-	4,939	4,939
<b>Balance, June 30, 2025 and December 31, 2024</b>	<b>36,041</b>	<b>151,544</b>	<b>859,610</b>	<b>249,969</b>	<b>1,297,164</b>
<b>Accumulated depreciation</b>					
Balance, December 31, 2023	-	68,101	787,935	79,331	935,367
Depreciation	-	15,973	22,257	40,036	78,266
Balance, December 31, 2024	-	84,074	810,192	119,367	1,013,633
Depreciation	-	6,397	9,658	18,950	35,005
<b>Balance, June 30, 2025</b>	<b>-</b>	<b>90,471</b>	<b>819,850</b>	<b>138,317</b>	<b>1,048,638</b>
<b>Carrying amount</b>					
Balance, December 31, 2024	36,041	67,470	49,418	130,602	283,531
<b>Balance, June 30, 2025</b>	<b>36,041</b>	<b>61,073</b>	<b>39,760</b>	<b>111,652</b>	<b>248,526</b>

During the three and six months ended June 30, 2025, depreciation of \$16,061 and \$32,124, respectively, was capitalized in exploration and evaluation assets (2024 - \$17,901 and \$38,445, respectively).



**SILVER MOUNTAIN RESOURCES INC.****Notes to the Condensed Interim Consolidated Financial Statements****For the three and six months ended June 30, 2025 and 2024**

(Unaudited - Expressed in US dollars, except where noted)

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**7. EXPLORATION AND EVALUATION ASSETS**

In 2018, AgMR Peru acquired certain liquidated assets from Corporación Minera Castrovirreyna ("CMC") that comprised the Castrovirreyna Project and the Reliquias mine (the "Reliquias Mine"). The Castrovirreyna Project and the Reliquias Mine are located near the town of Castrovirreyna, department of Huancavelica, province of Castrovirreyna, Peru. The Castrovirreyna Project is comprised of the Caudalosa Mine, Dorita, El Milagro, Jose Picasso Perata processing plant, Uchuputo Sector, Lira de Plata and a tailings storage facility.

AgMR Peru acquired the Castrovirreyna Project and the Reliquias Mine for \$7,160,000 and as consideration for the acquisition, the Company entered into a loan arrangement with Trafigura Pte. Ltd. ("Trafigura"), a creditor of CMC at the time of its liquidation. This loan was fully paid during the year ended December 31, 2022. AgMR owns 100% of its concessions which are currently held in the name of its subsidiary, AgMR Peru.

**a) Reliquias**

Between April and December 2022, AgMR conducted an underground drilling program. Simultaneously, an extensive underground channel sampling program was conducted, which together with the drilling and other exploration activities is aimed at converting current historical resources into NI 43-101 compliant resources. Underground rehabilitation of historic mine workings and detailed topographic surveys have started to expand the Company's knowledge of the Reliquias underground mine and provide access to other prospective vein structures.

During the six months ended June 30, 2025, the Company has focused on advancing permit applications and negotiating with local communities, which has been the primary activities. There have been no activities related to infill or drilling during this period. The Company maintains its strategic focus on advancing toward production and exploring potential avenues for additional resource acquisition.

On June 26, 2024, the Company filed the Preliminary Economic Assessment ("PEA") results for the Reliquias mine in Peru. The PEA highlighted a silver and base metals project with a pre-tax net present value of C\$107 million using a 5% discount rate. The PEA encompassed an updated resource estimate, geotechnical and hydrological assessments of the Reliquias mine, revisions to existing studies on tailings dam stability, and comprehensive environmental baseline studies.

**b) Castrovirreyna Project****Dorita**

At the Dorita block of properties, exploration work consisted of more than 14 km<sup>2</sup> of geological mapping, extensive rock and soil sampling programs, and preparation of the most promising geological targets for future drilling. Additionally, the Company has conducted underground channel sampling activities at accessible mine workings. The Dorita property block includes mining concessions that contain historic small scale underground operations in veins with polymetallic ore. Previous exploitation activities were carried out under the ownership of CMC; however, these operations were suspended in the late 1980s. AgMR is working to obtain the required permits to expand its exploration activities in this area, including geophysical surveys and drilling.

In addition, on September 1, 2023, AgMR was notified of the approval of the Dorita Environmental Impact Statement, which allows the Company to execute 21 drilling platforms. The validity of this legal instrument is 5 years.

**Other**

'Other' projects include exploration related to the Caudalosa Mine, El Milagro, Jose Picasso Perata processing plant, Uchuputo Sector, Lira de Plata and a tailings storage facility. The Company's El Milagro project is characterized by Ag-Pb-Zn mineralization in veins and replacement bodies. Historically, the area has seen diamond drilling, underground development and rock sampling. A review of the property in 2022 led to the completion of a NI 43-101 compliant technical report, identifying historical resources in the central property of the project.

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(Unaudited - Expressed in US dollars, except where noted)

**7. EXPLORATION AND EVALUATION ASSETS (continued)**

A summary of the Company's exploration and evaluation assets is as follows:

	Reliquias Project	Castrovirreyna Project		Total
	\$	\$	\$	\$
Balance, December 31, 2023	19,918,755	3,610,796	690,967	24,220,518
<b>Exploration costs</b>				
Depreciation	72,696	-	-	72,696
Mine rehabilitation	778,633	-	-	778,633
General on-site expenses	927,231	-	-	927,231
Geological mapping, sampling & other	4,929	-	-	4,929
Right of use	(10,816)	-	-	(10,816)
Salaries and benefits	820,173	-	-	820,173
Topography and geophysics	53,759	-	-	53,759
Complementary environmental services	583,389	-	-	583,389
<b>Acquisition costs</b>				
Mining rights	15,398	21,940	6,720	44,058
Impairment <sup>(1)</sup>	-	(6,241)	-	(6,241)
Balance, December 31, 2024	23,164,147	3,626,495	697,687	27,488,329
<b>Exploration costs</b>				
Depreciation (Note 6)	32,124	-	-	32,124
Mine rehabilitation	138,013	-	-	138,013
General on-site expenses	473,638	-	-	473,638
Right of use	686,932	-	-	686,932
Salaries and benefits	194,044	-	-	194,044
Topography and geophysics	4,557	-	-	4,557
Complementary environmental services	259,786	-	-	259,786
<b>Acquisition costs</b>				
Mining rights	4,213	2,653	124	6,990
<b>Balance, June 30, 2025</b>	<b>24,957,454</b>	<b>3,629,148</b>	<b>697,811</b>	<b>29,284,413</b>

(1) The Company lost two mining concessions in Dorita (2,000 hectares) at auction due to regulatory overlap issues.

**8. TAX CREDITS**

As of June 30, 2025, the Company maintains in its non-current assets a tax credit for general sales tax ("Impuesto General a las Ventas" or "IGV") of \$4,354,152 (December 31, 2024 - \$3,920,556), that will be applied to the IGV generated by local sales. If sales are exported, the Company has the right to request a refund of the value-added tax with a limit of 18 percent of the exported freight on board value. According to Peruvian tax legislation, IGV does not have an expiration date.

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

A summary of the Company's accounts payable and accrued liabilities is as follows:

	June 30, 2025	December 31, 2024
	\$	\$
Trade accounts payable	835,037	524,125
Taxes payable	14,579	18,734
Accrued liabilities	270,119	91,133
Payroll liabilities	214,236	264,478
Other amounts payable	253,963	261,915
	<b>1,587,934</b>	<b>1,160,385</b>

**SILVER MOUNTAIN RESOURCES INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three and six months ended June 30, 2025 and 2024**  
(Unaudited - Expressed in US dollars, except where noted)

**10. WARRANT LIABILITIES**

Certain warrants issued by the Company are classified as derivative liabilities under the principles of IFRS 9 *Financial Instruments*, as the exercise price is denominated in Canadian dollars while the functional currency of the Company is US dollars. As a result, the fair value of these warrants is presented as a liability at issuance and any foreign exchange or change in the fair value of the warrants subsequent to their initial recognition is recorded in the statement of loss and comprehensive loss.

A summary of the Company's warrant liabilities is as follows:

	<b>Number of warrants</b>	<b>Weighted average exercise price</b>	<b>Warrant liabilities</b>
	<b>#</b>	<b>C\$</b>	<b>\$</b>
Balance, December 31, 2023	2,798,333	9.11	921,686
Expired	(1,763,333)	10.50	(98,301)
Issued	5,842,595	2.03	1,911,323
Unrealized gain on revaluation	-	-	(1,020,066)
Currency translation effect	-	-	(137,966)
Balance, December 31, 2024	6,877,595	2.74	1,576,676
Unrealized loss on revaluation	-	-	658,782
Currency translation effect	-	-	69,818
<b>Balance, June 30, 2025</b>	<b>6,877,595</b>	<b>2.74</b>	<b>2,305,276</b>

A summary of the Company's outstanding warrants as at June 30, 2025 is as follows:

<b>Date of expiry</b>	<b>Number of warrants</b>	<b>Weighted average exercise price</b>	<b>Weighted average remaining life</b>
	<b>#</b>	<b>C\$</b>	<b>Years</b>
February 9, 2026	1,035,000	6.75	0.61
April 24, 2026	5,842,595	2.03	0.82
	<b>6,877,595</b>	<b>2.74</b>	<b>0.79</b>

- On February 9, 2023, the Company closed its bought deal prospectus offering (the "Offering") of 1,800,000 units of the Company at a price of \$3.35 (C\$4.50) per unit (the "Offering Price"), for gross proceeds of \$6,032,880 (C\$8,100,000). The Company issued an additional 270,000 units at the Offering Price, for additional gross proceeds of \$904,932 (C\$1,215,000), in connection with the exercise in full of the over-allotment option. Each unit is comprised of one common share and one half of one warrant. Each warrant is exercisable into one common share at a price of C\$6.75 per common share and expires on February 9, 2026. The fair value of the warrants upon issuance was determined to be \$1,626,917.

Upon commencement of the warrants trading on the TSXV on May 10, 2024, the trading value was used to determine the fair value estimate for subsequent periods. As of June 30, 2025, these warrants were trading at a price of C\$0.08 (December 31, 2024 - C\$0.08). As a result, the Company recorded an unrealized loss on revaluation of these warrants of \$2,950 (2024 - unrealized gain of \$764,979) during the six months ended June 30, 2025.

- On February 2, 2024, 1,763,333 warrants were issued in connection with the Company's initial public offering on February 2, 2022 expired. As a result, the Company recorded a gain on expiry of warrant liabilities of \$98,301. These warrants were trading at a price of C\$0.075 on the expiry date. During the six months ended June 30, 2024, the Company recorded an unrealized gain on revaluation of these warrants of \$1,693.
- On April 24, 2024, the Company closed its prospectus offering (the "Prospectus Offering") of 5,454,567 units of the Company at a price of \$1.20 (C\$1.65) per unit (the "Prospectus Offering Price"), for gross proceeds of \$6,564,626 (C\$9,000,035). The Company issued an additional 388,028 Units at the Prospectus Offering Price, for additional gross proceeds of \$466,996 (C\$640,247), in connection with the partial exercise of the over-allotment option. Each unit is comprised of one common share and one warrant. Each warrant is exercisable into one common share at a price of C\$2.03 per common share and expire on April 24, 2026. The fair value of these warrants was determined to be \$1,911,323 using the Black-Scholes option pricing model.

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**10. WARRANT LIABILITIES (continued)**

A summary of the Company's inputs used in the Black-Scholes option pricing model for these warrants is as follows:

	<b>April 24, 2024</b>
Share price	C\$1.20
Exercise price	C\$2.03
Expected life	4.00 years
Risk-free interest rate	3.79%
Expected volatility	126.00%
Expected annual dividend yield	0.00%

Upon commencement of the warrants trading on the TSXV on May 10, 2024, the trading value was used to determine the fair value estimate for subsequent periods. As of June 30, 2025, these warrants were trading at a price of C\$0.53 (December 31, 2024 - C\$0.38). As a result, the Company recorded an unrealized loss on revaluation of these warrants of \$725,650 (2024 - unrealized gain of \$630,743) during the six months ended June 30, 2025.

**11. SHARE CAPITAL**

**a) Authorized share capital**

The Company is authorized to issue an unlimited number of common shares without par value.

Pursuant to the Share Consolidation, the Company consolidated all of the issued and outstanding class A common shares of the Company on the basis of one (1) post-consolidation class A common share for every fifteen (15) pre-consolidation class A common share (Note 1). All historical share and per share data, including the number of common shares, weighted average number of common shares, loss per share, stock options and warrants have been retrospectively adjusted to reflect the Share Consolidation.

**b) Issued and outstanding**

During the six months ended June 30, 2025, the Company had the following share capital transactions:

- On January 14, 2025, pursuant to a shares-for-services agreement entered into by the Company and each of its directors of the Company on September 18, 2024, the Company issued 113,230 common shares at a price of \$0.55 for an aggregate value of \$62,044 as consideration for director fees owing from October 1, 2024 to December 31, 2024 of \$63,750. As a result, the Company recorded a gain on settlement of payables of \$1,706.
- On April 8, 2025, pursuant to a shares-for-services agreement entered into by the Company and each of its directors of the Company on September 18, 2024, the Company issued 102,740 common shares at a price of \$0.37 for an aggregate value of \$37,632 as consideration for director fees owing from January 1, 2025 to March 31, 2025 of \$63,750. As a result, the Company recorded a gain on settlement of payables of \$26,118.

During the year ended December 31, 2024, the Company had the following share capital transactions:

- On April 24, 2024, the Company completed its prospectus offering (the "Prospectus Offering") of 5,454,567 units of the Company at a price of \$1.20 (C\$1.65) per unit (the "Prospectus Offering Price"), for gross proceeds of \$6,564,626 (C\$9,000,035). The Company issued an additional 388,028 Units at the Prospectus Offering Price, for additional gross proceeds of \$466,996 (C\$640,247), in connection with the partial exercise of the over-allotment option.

Each unit is comprised of one common share and one warrant. Each warrant is exercisable into one common share at a price of C\$2.03 per common share and expires on April 24, 2026 (Note 10).

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**11. SHARE CAPITAL (continued)**

The gross proceeds of \$7,031,622 (C\$9,640,282) were allocated between share capital (in the amount of \$5,120,299 (C\$7,019,878) and warrant liabilities (in the amount of \$1,911,323 (C\$2,620,404)) based on the residual value method. The Company received net proceeds of \$6,316,290 (C\$8,659,570) net of underwriters' commissions of \$392,325 (C\$537,873) and other costs of \$323,007 (C\$442,839). The Company incurred share issuance costs of \$715,332 (C\$980,713), of which \$520,891 (C\$714,137) related to the common share portion was allocated to share capital and \$194,440 (C\$266,576) related to the warrant portion was included in general and administrative expenses in the statement of net and comprehensive loss for the year ended December 31, 2024.

- On November 5, 2024, the Company issued 94,493 common shares at a price of \$0.70 as consideration for director fees for the period from July 1, 2024 to September 30, 2024 of \$78,750, pursuant to a shares-for-services agreement entered into by the Company and each of its directors of the Company on September 18, 2024.

**c) Warrants**

Certain warrants issued by the Company are classified as equity instruments in accordance with the principles of IAS 32 *Financial Instruments: Presentation*, as their exercise price is denominated in US dollars, which is also the Company's functional currency.

A summary of Company's warrant activity is as follows:

	<b>Number of warrants</b>	<b>Weighted average exercise price</b>
	<b>#</b>	<b>\$</b>
Balance, December 31, 2023	3,190,325	5.61
Expired	(1,117,325)	13.50
<b>Balance, June 30, 2025 and December 31, 2024</b>	<b>2,073,000</b>	<b>1.35</b>

A summary of the Company's outstanding warrants as at June 30, 2025 is as follows:

<b>Date of expiry</b>	<b>Number of warrants</b>	<b>Weighted average exercise price</b>	<b>Weighted average remaining life</b>
	<b>#</b>	<b>\$</b>	<b>Years</b>
November 10, 2026	1,956,552	1.35	0.63
December 7, 2026	116,448	1.35	0.63
	<b>2,073,000</b>	<b>1.35</b>	<b>0.63</b>

**d) Stock options**

On September 17, 2021, the Board of Directors of the Company approved the establishment of the Company's stock option plan relating to the Company's directors, officers, employees and consultants, and to reserve up to 10% of the common shares in the capital of the Company issued and outstanding from time to time for issuance thereunder.

During the six months ended June 30, 2025, the Company completed the following stock option transactions:

- On February 27, 2025, the Company granted stock options to certain directors, officers and employees of the Company to purchase up to 486,668 common shares of the Company, exercisable at a price of C\$0.90 per share and expiring on February 27, 2029. These options will vest at the later of the first anniversary of the date of grant; or the mining operations reaching commercial operation as defined by the operations reaching an average mining rate of 400 tonnes per day over a period of 30 days.

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**11. SHARE CAPITAL (continued)**

A summary of the Company's inputs used in the Black-Scholes option pricing model for these stock options is as follows:

Share price	C\$0.68
Exercise price	C\$0.90
Expected life	4.00 years
Risk-free interest rate	2.63%
Expected volatility	103.00%
Expected annual dividend yield	0.00%

During the year ended December 31, 2024, the Company completed the following stock option transactions:

- On February 22, 2024, the Company granted stock options to certain directors, officers and employees of the Company to purchase up to 493,333 common shares of the Company, exercisable at a price of C\$1.50 per share and expiring on February 22, 2028. These options will vest at the later of the first anniversary of the date of grant; or the mining operations reaching commercial operation as defined by the operations reaching an average mining rate of 400 tonnes per day over a period of 30 days.

A summary of the Company's inputs used in the Black-Scholes option pricing model for these stock options is as follows:

Share price	C\$1.13
Exercise price	C\$1.50
Expected life	4.00 years
Risk-free interest rate	3.72%
Expected volatility	100.00%
Expected annual dividend yield	0.00%

A summary of the Company's stock option activity is as follows:

	Number of stock options	Weighted average exercise price
	#	C\$
Balance, December 31, 2023	528,666	6.25
Granted	493,333	1.50
Forfeited	(2,000)	1.50
Balance, December 31, 2024	1,019,999	3.96
Granted	486,668	0.90
Expired	(176,000)	6.22
Forfeited	(127,833)	1.46
<b>Balance, June 30, 2025</b>	<b>1,202,834</b>	<b>2.66</b>

A summary of the Company's stock options outstanding as at June 30, 2025 is as follows:

Date of expiry	Number of options outstanding	Number of options exercisable	Weighted average exercise price	Weighted average remaining life
	#	#	C\$	Years
February 2, 2026	66,000	66,000	7.50	0.59
June 28, 2026	44,000	44,000	7.50	0.99
December 1, 2026	184,333	138,250	5.70	1.42
April 1, 2027	43,333	32,500	5.70	1.75
July 20, 2027	7,500	7,500	5.70	2.05
February 22, 2028	431,000	-	1.50	2.65
February 27, 2029	426,668	-	0.90	3.67
	<b>1,202,834</b>	<b>288,250</b>	<b>2.66</b>	<b>2.61</b>

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**11. SHARE CAPITAL (continued)**

During the three and six months ended June 30, 2025, the Company recorded share-based compensation expense of \$35,205 and \$85,661, respectively (2024 - \$108,031 and \$194,734, respectively) related to options vesting.

**e) Broker warrants**

In connection with the Prospectus Offering on April 24, 2024, the Company issued 217,323 broker warrants to two agents. Each broker warrant is exercisable into one unit of the Company at a price of \$1.65 per unit and expires on April 24, 2026. Each unit will consist of one common share and one warrant.

**12. RELATED PARTY TRANSACTIONS**

Parties are considered to be 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. Parties are considered to be related if they are subject to common control. Related parties include key management personnel and may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions are recorded at the exchange amount, being the amount agreed to between the related parties.

Key management personnel include those with the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors, officers and companies controlled by key management personnel.

A summary of the Company's related party transactions is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Board advisory fee <sup>(1)</sup>	7,500	-	15,000	-
Director and chair fees <sup>(2)</sup>	56,250	63,750	112,500	112,500
Management salaries <sup>(2)</sup>	96,778	201,679	271,945	521,826
Share-based compensation	20,893	72,337	55,438	134,918
	181,421	337,766	454,883	769,244

(1) Board advisory fee is included under professional fees on the statements of loss and comprehensive loss.

(2) Director and chair fees and management salaries are included under salaries and benefits on the statements of loss and comprehensive loss.

As at June 30, 2025, \$77,203 was included in accounts payable and accrued liabilities for amounts due to related parties (December 31, 2024 - \$63,750). The amounts due are unsecured, due on demand and are non-interest bearing. The related party transactions are with companies owned and controlled by directors and officers of the Company for consulting fees in the normal course of business.

**13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company's financial instruments consist of cash and cash equivalents, restricted cash, amounts receivable, and accounts payable and accrued liabilities, and warrant liabilities.

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in the valuation techniques used to measure fair value as follows:

- 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 Company's warrant liabilities are classified as fair value through profit or loss and are recorded at fair value using unadjusted quoted prices in active markets and are therefore classified as level 1 within the fair value hierarchy.

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**13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

As at June 30, 2025, financial instruments comprised of cash and cash equivalents, restricted cash, amounts receivable, and accounts payable and accrued liabilities are classified as and measured at amortized cost. The carrying value of cash and cash equivalents, restricted cash, amounts receivable, accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature of these financial instruments.

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

**a) Credit risk**

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to fulfil its contractual obligations. The Company's credit risk relates primarily to cash and cash equivalents and restricted cash. The Company minimizes its credit risk related to cash and cash equivalents by placing cash and cash equivalents with major financial institutions. The Company considers the credit risk to be minimal.

**b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's primary exposure to liquidity risk is through accounts payable and accrued liabilities. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. As of June 30, 2025, the Company had cash and cash equivalents of \$1,545,353 (December 31, 2024 - \$4,269,452) and accounts payable and accrued liabilities of \$1,587,934 (December 31, 2024 - \$1,160,385). As at June 30, 2025, liquidity risk is assessed as high. The Company will need to raise additional funds in the future to continue its exploration operations and there is no certainty that it will be able to obtain adequate financing in the future.

**c) Foreign exchange risk**

Foreign exchange risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company is exposed to foreign exchange risk from fluctuations in the U.S. dollar to the Canadian dollar and the Peruvian sol. A 5% change in the U.S. dollar exchange rate relative to the Canadian dollar would change the Company's loss by approximately \$78,769; and a 5% change in the U.S. dollar exchange rate relative to the Peruvian sol would change the Company's loss by approximately \$13,094.

A summary of the Company's financial assets and liabilities as at June 30, 2025 that are denominated in the Canadian dollar and the Peruvian sol is as follows:

	<b>CAD</b>	<b>PEN</b>
	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>		
Cash and cash equivalents	764,894	9,511
Restricted cash	-	436,204
Amounts receivable and other assets	-	12,501
	<b>764,894</b>	<b>458,216</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	34,999	720,092
Warrant liabilities	2,305,276	-
	<b>2,340,275</b>	<b>720,092</b>
<b>Net liabilities</b>	<b>(1,575,381)</b>	<b>(261,876)</b>

**14. CAPITAL MANAGEMENT**

For capital management purposes, the Company includes shareholders' equity and cash and cash equivalents in the definition of capital. The objective is to safeguard the Company's ability to continue as an ongoing business to provide returns to its shareholders and benefits for stakeholders and to maintain an optimal structure that reduces the cost of capital. There have been no changes in objectives, policies, or procedures during the six months ended June 30, 2025.



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**15. SEGMENTED INFORMATION**

*Operating segment:*

The Company has one operating segment, the acquisition, exploration and evaluation of mineral assets.

*Geographic segments:*

A summary of the Company's assets and liabilities by geographic area as at June 30, 2025 is as follows:

	<b>Canada</b>	<b>Peru</b>	<b>Total</b>
	\$	\$	\$
Current assets	1,058,257	1,153,250	2,211,507
Exploration and evaluation assets	-	29,284,413	29,284,413
Non-current assets	480	4,602,198	4,602,678
<b>Total assets</b>	<b>1,058,737</b>	<b>35,039,861</b>	<b>36,098,598</b>
Current liabilities	2,453,552	1,439,658	3,893,210
<b>Total liabilities</b>	<b>2,453,552</b>	<b>1,439,658</b>	<b>3,893,210</b>

A summary of the Company's assets and liabilities by geographic area as at December 31, 2024 is as follows:

	<b>Canada</b>	<b>Peru</b>	<b>Total</b>
	\$	\$	\$
Current assets	3,015,231	1,737,688	4,752,919
Exploration and evaluation assets	-	27,488,329	27,488,329
Non-current assets	884	4,203,203	4,204,087
<b>Total assets</b>	<b>3,016,115</b>	<b>33,429,220</b>	<b>36,445,335</b>
Current liabilities	1,717,780	1,019,281	2,737,061
<b>Total liabilities</b>	<b>1,717,780</b>	<b>1,019,281</b>	<b>2,737,061</b>

A summary of the Company's expenses and other income by geographic area during the three months ended June 30, 2025 is as follows:

	<b>Canada</b>	<b>Peru</b>	<b>Total</b>
	\$	\$	\$
Operating expenses	(311,917)	(362,515)	(674,432)
Other income (expenses)	(971,591)	115,001	(856,590)
	<b>(1,283,508)</b>	<b>(247,514)</b>	<b>(1,531,022)</b>

A summary of the Company's expenses and other income by geographic area during the three months ended June 30, 2024 is as follows:

	<b>Canada</b>	<b>Peru</b>	<b>Total</b>
	\$	\$	\$
Operating expenses	(577,575)	(448,840)	(1,026,415)
Other income (expenses)	857,088	(99,454)	757,634
	<b>279,513</b>	<b>(548,294)</b>	<b>(268,781)</b>

A summary of the Company's expenses and other income by geographic area during the six months ended June 30, 2025 is as follows:

	<b>Canada</b>	<b>Peru</b>	<b>Total</b>
	\$	\$	\$
Operating expenses	(569,545)	(652,948)	(1,222,493)
Other income (expenses)	(658,941)	193,211	(465,730)
	<b>(1,228,486)</b>	<b>(459,737)</b>	<b>(1,688,223)</b>

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**15. SEGMENTED INFORMATION (continued)**

A summary of the Company's expenses and other income by geographic area during the six months ended June 30, 2024 is as follows:

	<b>Canada</b>	<b>Peru</b>	<b>Total</b>
	\$	\$	\$
Operating expenses	(927,785)	(889,493)	(1,817,278)
Other income (expenses)	1,464,078	(125,316)	1,338,762
	<b>536,293</b>	<b>(1,014,809)</b>	<b>(478,516)</b>

**16. COMMITMENTS**

In December 2023, the Company signed the 20-year community agreement with the Castrovirreyna community granting use of land for the planned 2025 restart of Reliquias Mine. This is a \$80,972 (PEN 300,000) plus VAT (18%) annual commitment starting 2024 for every year over 20 years. As per the agreement, the annual amount will be adjusted by the local annual rate inflation.

As of June 2025, the Company paid \$163,270 (PEN 606,810). Assuming that the annual inflation rate in 2024 will remain the same for the duration of the agreement, the total undiscounted commitment is approximately \$1,845,931 (PEN 6,881,629).

**17. SUBSEQUENT EVENTS**

On July 11, 2025, the Company issued 130,985 common shares as consideration for director fees for the period from April 1, 2025 to June 30, 2025.

On July 29, 2025, the Company completed its previously announced prospectus offering of 19,230,300 units of the Company at a price of \$0.94 (C\$1.30) per unit, for gross proceeds of \$18,153,642 (C\$24,999,380), which included the full exercise of the over-allotment option to purchase an additional 2,508,300 units. Each unit is comprised of one common share and one-half warrant. Each warrant is exercisable into one common share at a price of C\$1.70 per common share and expires on July 29, 2027.