



SILVERCO MINING LTD.

(formerly Quetzal Copper Corp.)

Management's Discussion and Analysis

For the three months ended March 31, 2026 and 2025

(Expressed in Canadian dollars)

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OVERVIEW OF THE BUSINESS

Silverco Mining Ltd. (formerly, Quetzal Copper Corp.) ("Silverco Ltd" or the "Company") was incorporated on November 30, 2020 pursuant to the *Business Corporations Act* (British Columbia). The Company's name was changed from Quetzal Copper Corp. to Silverco Mining Ltd. effective on October 31, 2025. The Company is a Canadian-based mining company listed on the TSX Venture Exchange ("TSXV"), having the symbol "SICO" and on the OTCQB under the symbol "SICOF". The Company's corporate office is located at 770 – 505 Burrard Street, Vancouver, BC V7X 1M4.

The principal business of the Company is to acquire, explore and develop mineral properties. The business of mining and exploration involves a high degree of risk and there can be no assurance of profitable mining operations. The recoverability of exploration and evaluation expenditures is dependent upon several factors. These include the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties. The Company holds mineral properties in Mexico through its ownership of the Cusi Mining Complex. In addition, on May 19, 2026, the Company acquired Nuevo Silver Inc. ("Nuevo"), which owns, through its wholly-owned subsidiary, the La Negra Mine, a producing silver mine located in Querétaro, Mexico.

On October 17, 2025, the Company completed a reverse takeover transaction (the "RTO") pursuant to the amalgamation agreement dated August 13, 2025 (the "Amalgamation Agreement") between Silverco Ltd, 1552216 B.C. Ltd., a wholly-owned subsidiary of Silverco Ltd, and Silverco Mining Corp. ("Silverco Corp"). Pursuant to the Amalgamation Agreement, 1552216 B.C. Ltd. amalgamated with Silverco Corp (the "Amalgamation"), forming Silverco Mining (Subsidiary) Ltd., a wholly-owned subsidiary of the Company.

Immediately prior to completing the RTO, Silverco Ltd consolidated its issued and outstanding shares on a 100:1 basis. Pursuant to the Amalgamation, former shareholders of Silverco Corp received common shares of Silverco Ltd at an exchange ratio of 1.88 ("the Exchange Ratio") post-consolidation common shares of Silverco Ltd for each Silverco Corp common share held. Upon completion of the RTO, the shareholders of Silverco Corp controlled Silverco Ltd and accordingly, the transaction was accounted for as a reverse acquisition of Silverco Ltd by Silverco Corp and Silverco Corp was identified as the accounting acquirer. The historical operations, assets, and liabilities of Silverco Corp are included as comparative figures, as Silverco Corp is deemed to be the continuing entity for financial reporting purposes.

All transactions relating to periods prior to the completion of the RTO on October 17, 2025 reflect the common shares of Silverco Corp retroactively restated at the exchange ratio of 1.88 post-consolidation common shares of the Company for each Silverco Corp common share, which presents share information on a basis consistent with the post-RTO capital structure of the Company.

Pursuant to the Amalgamation Agreement, all of the Silverco Corp share purchase warrants, stock options and performance share units are adjusted by the Exchange Ratio and will entitle the holders thereof to receive, upon exercise or settlement, common shares of the Company, as adjusted by the Exchange Ratio.

HIGHLIGHTS

Key Highlights During the Three Months Ended March 31, 2026 and Subsequent

During the three months ended March 31, 2026, and to the date of this MD&A:

- On February 19, 2026, the Company closed a bought deal private placement for gross proceeds of \$62.5 million, comprising 4,000,000 common shares at \$12.50 per share and 1,000,000 units at \$12.50 per unit.
- On March 18, 2026, the Company's common shares commenced trading on the OTCQB marketplace in the United States under the symbol "SICOF."
- On March 23, 2026, the Company announced the following appointments to strengthen its leadership team and support the Company's transition to a mid-tier Mexican silver producer:
 - **Tara Hassan**, Executive Vice President, Corporate Development;
 - **Victoria Avila**, Senior Vice President, Corporate Affairs and Finance; and
 - **George Paspalas**, Advisor.
- On April 13, 2026, the Company announced the results of a Preliminary Economic Assessment ("PEA") for the Cusi Mining Complex, demonstrating robust project economics over an 8.3-year mine life with initial capital of US\$19.2 million. Under the Base Case (US\$44.58/oz Ag LOM average), the project yields an after-tax NPV5% of US\$104.1 million, an after-tax IRR of 94.8%, and a payback period of 0.9 years. Under the Upside Case (US\$75.00/oz Ag fixed), the after-tax NPV5% increases to US\$312.2 million with an after-tax IRR of 186.9% and a payback period of 0.5 years. The supporting NI 43-101 technical report, titled "Preliminary Economic Assessment Technical Report for the Cusi Project," was filed on SEDAR+ on May 21, 2026 and is available under the Company's profile at www.sedarplus.ca.
- On May 19, 2026, the Company completed the previously announced acquisition (the "Transaction") of Nuevo. Pursuant to the Transaction, the Company acquired all of the issued and outstanding common shares of Nuevo in exchange for the issuance of 16,802,283 common shares of the Company to former Nuevo shareholders on a pro rata basis. Nuevo, through its wholly-owned subsidiary, holds a 100% interest in the La Negra Mine in Querétaro, Mexico.

OUTLOOK

As at the date of this MD&A, the Company holds two principal mineral assets in Mexico: the La Negra Mine, a producing silver mine acquired on May 19, 2026, and the Cusi Mining Complex, where work is advancing toward a targeted concentrate production commencing in late 2026. The Cusi Mining Complex is supported by an updated Mineral Resource Estimate announced in December 2025 and the results of the PEA announced in April 2026, which outlines a low-capital restart (see Mineral Resource Estimate and Preliminary Economic Assessment sections of this MD&A). The combination of these two assets is consistent with management's objective of building Silverco into a mid-tier silver producer by consolidating advanced stage development and producing assets with existing infrastructure, thereby accelerating the path to multi-asset production without the extended development timelines typically associated with greenfield projects. In the future, the Company will evaluate if it is appropriate to provide guidance.

Management's near-term priorities are to:

- i. integrate the La Negra Mine and increase throughput toward its 2,500 tonne per day capacity through investments in equipment, spare parts, and enhanced maintenance programs, while undertaking a 15,000 to 20,000 metre exploration drill program to support the completion of an updated resource estimate and mine plan in the second half of 2026;
- ii. Progress restart work at the Cusi mine and mill, including the selection of an underground mining contractor to support the targeted concentrate production restart in late 2026; and
- iii. advance the ongoing 2026 30,000-metre drill program at the Cusi Mining Complex, building on the positive 2025 15,000-metre drill program, with the objective of adding mineral resources and converting inferred mineral resources to higher-confidence categories to enhance the production profile and extend the mine life beyond the 8.3-year estimate contemplated in the PEA.

Management will continue to monitor commodity markets, macroeconomic conditions, and regulatory developments in both Canada and Mexico, all of which may influence the timing and sequencing of the Company's activities. The Company remains committed to creating long-term shareholder value through the disciplined advancement of the Cusi Mining Complex, the integration and optimization of the La Negra Mine, the pursuit of accretive growth opportunities, and transparent disclosure to its shareholders.

BASIS OF PREPARATION OF THE MD&A

This Management's Discussion and Analysis ("MD&A") is intended to help the reader understand the Company, its liquidity, capital resources, and operational and financial performance as at, and for the three months ended March 31, 2026, in comparison to the corresponding prior-year periods.

This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and notes (the "Financial Statements") have been prepared by management in accordance with IAS 34, Interim Financial Reporting consistent with IFRS Accounting Standards as issued by the IASB. Other information contained in this document has been prepared by management and is consistent with the data contained in the Financial Statements.

For a complete understanding of the Company's business environment, risks and uncertainties and the effect of accounting estimates on its results of operations and financial condition, this MD&A should also be read in conjunction with the Company's audited consolidated financial statements and notes for the year ended December 31, 2025 (the "2025 Annual Financial Statements") and related annual MD&A (the "2025 Annual MD&A") on SEDAR+ at www.sedarplus.ca as applicable.

The Company's certifying officers are responsible for ensuring that the Financial Statements and MD&A do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's certifying officers certify that the Financial Statements together with the other financial information included in the filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company as of the date and for the periods presented in the filings.

In this MD&A, the "Company", or the words "we", "us", or "our", collectively refer to the Company and its subsidiary. The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively.

This MD&A takes into account information available up to the approval of the Financial Statements and MD&A by the Board of Directors on May 28, 2026 ("MD&A Date").

Management is responsible for the preparation and integrity of the Company's Financial Statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is responsible for ensuring that information disclosed externally, including the information contained within the Company's Financial Statements and MD&A, is complete and reliable.

Certain statements made may constitute forward-looking statements. Such statements involve a number of known and unknown risks, uncertainties and other factors. Actual results, performance and achievements may be materially different from those expressed or implied by these forward-looking statements.

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CORPORATE DEVELOPMENTS

Acquisition of Nuevo Silver Inc. – La Negra Mine

On May 19, 2026, the Company completed the Transaction. Pursuant to the Transaction, the Company acquired all of the issued and outstanding common shares of Nuevo in exchange for the issuance of 16,802,283 common shares of the Company to former Nuevo shareholders on a pro rata basis. Nuevo, through its wholly-owned subsidiary, holds a 100% interest in the La Negra Mine in Querétaro, Mexico. Nuevo is now a wholly-owned subsidiary of the Company.

La Negra is a producing silver mine located approximately 150 kilometres by paved road from Querétaro city. The mine commenced modern production in 1971 and was operated consistently for 29 years by Peñoles. The mine was operated by subsequent owners between 2001 and 2017. The mine was placed back into production in 2024 and is currently operating at approximately 55% of its 2,500 tonne per day capacity.

Ground conditions at the mine are well suited to room-and-pillar and long-hole mining methods with limited ground support and backfill requirements. The process plant employs a standard crushing, grinding, flotation, and filtration circuit producing lead-silver, copper-silver, and zinc concentrates. Mineralization is hosted in a skarn and the metallurgy is well understood given the more than 40 years of operating history. The mine is located within the Sierra Gorda range, host to numerous mineral discoveries. Exploration drilling at the project has been limited over the past two decades.

Through the remainder of 2026, the Company will focus on increasing throughput at La Negra through investments in equipment, spare parts, and enhanced maintenance programs. The Company also plans to undertake a 15,000 to 20,000 metre exploration drill program to support the completion of an updated resource estimate and mine plan in the second half of 2026.

As the Transaction closed subsequent to March 31, 2026, the financial impact of the acquisition is not reflected in the condensed interim consolidated financial statements for the three months ended March 31, 2026. The acquisition will be accounted for and disclosed in the Company's condensed interim consolidated financial statements for the reporting period ending June 30, 2026.

MINERAL PROPERTIES AND EXPLORATION ACTIVITIES

In addition to the La Negra mine acquisition subsequent to March 31, 2026, the Company holds a 100% interest in the Cusi Mining Complex, located in Chihuahua State, Mexico, through its wholly-owned subsidiary Minera San Bernabé De C.V. The Cusi Mining Complex comprises 95 mineral concessions.

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

	Cusi Mining Complex
	\$
Balance, December 31, 2024	4,393,563
Addition – Reclamation provision cost	2,416,639
Foreign exchange	745,490
Balance, December 31, 2025	7,555,692
Change in reclamation provision estimate	94,632
Foreign exchange	128,869
Balance, March 31, 2026	7,779,193

The concessions within the Cusi Mining Complex are subject to NSR aggregate royalties totaling either 1%, 2%, 3% or 4%. The concessions with aggregate NSR royalties totaling 4% can be reduced to 2% with a payment of \$US 1,000,000. The concessions with aggregate NSR royalties totaling 3% and 2% can be reduced to 2% and 1% respectively with a payment of \$US 5,000,000. The concessions with a NSR royalty of 1% do not have a repurchase option.

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a) Exploration and Evaluation Expenditures

During the three months ended March 31, 2026, the Company focused on preparation of the PEA discussed in the Highlight section, early site rehabilitation works to support the planned restart of the Cusi Mine and the commencement of its 2026 exploration campaign. Primary site activities were centered on the Promontorio zone and infrastructure readiness:

- The Company successfully dewatered the Promontorio zone and maintained continuous dewatering operations within the underground workings;
- following dewatering, the Company initiated an underground rehabilitation program targeting the main ramps and exploration drifts; and
- the Company continued to make strategic key discipline hires to support the restart efforts.

During the quarter, the Company also mobilized crews for the 2026 surface drilling program. Initial drilling is focused on expanding on the San Miguel results from the 2025 exploration program, which demonstrated the potential to define wide, parallel zones of mineralization. As of the date of this MD&A, three drill rigs are active at Cusi - two surface and one underground - apart of the planned 30,000 metre 2026 exploration program.

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

	For Three Months Ended	
	March 31, 2026	March 31, 2025
	\$	\$
Drilling	133,715	-
Rental equipment	252,653	189,964
Utilities and fuel	363,345	18,478
Technical services	399,843	26,953
Salary and wages	467,621	141,405
Professional services	151,126	85,471
Environmental studies	7,811	28,881
Permits and concession fees	267,355	-
Assays and analysis	28,512	917
Field consumables	340,832	67,322
Site and office services	379,153	123,528
Other	8,021	-
Cusi Mining Complex	2,799,987	682,919
Big Kidd	200,000	-
Total	2,999,987	682,919

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RESULTS OF OPERATIONS

A summary of the Company's results of operations and selected information from the Financial Statements is as follows:

	Three months ended March 31, 2026	Three months ended March 31, 2025
	\$	\$
Operating expenses		
Exploration and evaluation expenditures	2,999,987	682,919
Salaries, benefits and directors' fees	441,944	13,950
Professional fees	238,711	9,697
Marketing and investor relations	233,241	-
Office and administrative	149,410	20,771
Regulatory and filing fees	74,820	-
Depreciation expense	72,696	47,697
Accretion on reclamation provision	66,115	-
Accretion and interest expense	6,134	7,705
Share-based compensation	834,627	-
Total expenses	5,117,685	782,739
Other (income) expenses		
Foreign exchange loss	7,595	5,427
Nuevo transaction expenses	434,776	-
Interest income	(155,262)	(13,767)
Net loss for the period	5,404,794	774,399
Other comprehensive (income) loss		
Currency translation adjustment	(89,720)	330,146
Net loss and comprehensive loss	5,315,074	1,104,545
Net loss per share:		
Basic and diluted	0.15	0.03
Weighted average shares outstanding:		
Basic and diluted	34,973,469	23,102,000

For the Three Months Ended March 31, 2026 Compared to the Three Months Ended March 31, 2025

Net loss and comprehensive loss increased to \$5.32 million for the three months ended March 31, 2026, compared to \$1.10 million for the corresponding prior-year period, an increase of \$4.22 million. The comprehensive loss includes a foreign currency translation gain of \$0.09 million, compared to a translation loss of \$0.33 million in the prior-year period, reflecting the impact of Mexican peso fluctuations on the translation of the Company's Mexican subsidiary net assets to Canadian dollars.

The net loss of \$5.40 million for the three months ended March 31, 2026, compared to \$0.77 million for the corresponding prior-year period, an increase of \$4.63 million. The principal drivers of the quarterly variances are discussed in the notes to the variance table below. The "Q1 Variance" column in the table represents the Q1 2026 over Q1 2025 variance.

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	Q1 Variance	Note
Operating expenses	\$	
Increase/(Decrease) exploration and evaluation expenditures	2,317,068	1
Increase/(Decrease) salaries, benefits and directors' fees	427,994	2
Increase/(Decrease) professional fees	229,014	3
Increase/(Decrease) marketing and investor relations	233,241	4
Increase/(Decrease) office and administrative	128,639	5
Increase/(Decrease) filing fees	74,820	
Increase/(Decrease) depreciation expense	24,999	
Increase/(Decrease) accretion on reclamation provision	66,115	
Increase/(Decrease) accretion and interest expense	(1,571)	
Increase/(Decrease) share-based compensation	834,627	6
Total expenses	4,334,946	
Other (income) expenses		
Increase/(Decrease) foreign exchange loss	2,168	
Increase/(Decrease) Nuevo transaction expenses	434,776	7
(Increase)/Decrease interest income	(141,495)	8
Increase in net loss	4,630,395	

- Exploration and evaluation expenditures:** The \$2.32 million quarterly increase reflects the continued scale-up of activities at the Cusi Mining Complex while the Company is advancing toward the restart of concentrate production in late 2026.
- Salaries, benefits and directors' fees:** The \$0.43 million quarterly increase reflects the build-out of the Company's corporate team, including management and board of directors to support expanded operations and works toward restarting the Cusi Mining Complex and completing accretive acquisitions.
- Professional fees:** The \$0.23 million quarterly increase reflects accounting, legal, and regulatory compliance costs related to the post-RTO activities.
- Marketing and investor relations:** The \$0.23 million quarterly increase reflects expenditures in connection with building market awareness and investor engagement following the RTO. Activities included attendance at industry conferences and trade shows, content creation, and investor relations initiatives to support market awareness.
- Office and administrative:** The \$0.13 million quarterly increase was driven by directors' and officers' insurance premiums, office rent, and other general administrative expenditures incurred as the Company expanded its corporate infrastructure following the RTO.
- Share-based compensation:** The \$0.83 million quarterly increase comprises stock option expense of \$0.21 million, PSU expense of \$0.59 million, and RSU expense of \$0.03 million for awards granted to employees, management, directors and consultants. The majority of this expense is related to the grants issued in the second half of 2025.
- Nuevo transaction expenses:** The \$0.43 million in transaction expenses were incurred in connection with the acquisition of Nuevo Silver Inc., comprising professional and advisory fees directly attributable to the transaction.
- Interest income:** The \$0.14 million quarterly increase reflects interest earned on the cash balance held following the closing of the \$62.50 million bought deal private placement in February 2026.

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SUMMARY OF QUARTERLY RESULTS

	Q1 2026	Q4 2025	Q3 2025	Q2 2025
Net loss and comprehensive loss	5,315,074	9,546,839	5,422,612	1,397,864
Basic and diluted loss per share	0.15	0.33	0.15	0.06

	Q1 2025	Q4 2024	Q3 2024	Q2 2024
Net loss and comprehensive loss	1,104,545	4,800,021	584,639	30,515
Basic and diluted loss per share	0.03	0.26	0.05	0.01

During the last eight quarters, the Company's net loss and comprehensive loss increased from \$30,515 in Q2 2024 to \$5,315,074 in Q1 2026. This increase was generally driven by increased activity at the Cusi Mining Complex and increased corporate activities post RTO. In addition, Q4 2025 was impacted by the RTO expenses and expenditures on the Big Kidd property.

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MINERAL RESOURCE ESTIMATE

On December 9, 2025, the Company announced an updated Mineral Resource Estimate ("MRE") for the Cusi Mining Complex. The MRE was prepared by Ben Eggers, MAIG, P.Geol. and Allan Armitage, Ph.D., P.Geol. of SGS Geological Services ("SGS"), both independent Qualified Persons as defined by National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). The supporting NI 43-101 Technical Report, titled "Mineral Resource Estimate for the Cusi Ag-Au-Pb-Zn Project, Chihuahua State, Mexico," dated January 14, 2026 with an effective date of October 20, 2025, is available under the Company's profile on SEDAR+ at www.sedarplus.ca and on the Company's website at www.silvercomining.com. There are no material differences between the Technical Report and the Company's December 9, 2025 news release.

The MRE is based on a validated database comprising data from 2,052 surface and underground drillholes totalling 360,237 metres completed between 2006 and October 2025, and 21,522 underground channels totalling 48,786 metres completed between 2013 and 2023. The estimate encompasses 63 three-dimensional resource models representing epithermal veins across the Cusi vein systems and is exclusive of mined-out material.

Combined Measured and Indicated Mineral Resources are estimated at 4.89 million tonnes grading 206 g/t silver, 0.15 g/t gold, 0.73% lead, and 0.86% zinc (262 g/t AgEq), containing 41.2 million ounces AgEq. Inferred Mineral Resources are estimated at 4.07 million tonnes grading 172 g/t silver, 0.17 g/t gold, 0.89% lead, and 1.20% zinc (243 g/t AgEq), containing 31.8 million ounces AgEq.

Table: Cusi Project Underground Mineral Resource Estimate, October 20, 2025

Resource Class	Mass (Mt)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	AgEq (g/t)	Ag (koz)	Au (koz)	Pb (Mlbs)	Zn (Mlbs)	AgEq (koz)
Measured	0.69	277	0.08	0.37	0.42	305	6,114	1.8	5.6	6.3	6,725
Indicated	4.21	195	0.16	0.78	0.93	255	26,330	22.2	72.7	86.5	34,433
M+I	4.89	206	0.15	0.73	0.86	262	32,443	24.0	78.3	92.8	41,157
Inferred	4.07	172	0.17	0.89	1.20	243	22,479	22.2	79.5	107.5	31,753

Notes:

- (1) The mineral resource was estimated by Ben Eggers, MAIG, P.Geol. of SGS Geological Services, an independent Qualified Person as defined by NI 43-101. Mr. Eggers conducted a site visit to the Cusi Property on September 22–23, 2025. The mineral resource was peer reviewed by Allan Armitage, Ph.D., P.Geol. of SGS Geological Services, an independent Qualified Person as defined by NI 43-101.
- (2) The classification of the MRE is consistent with the 2014 CIM Definition Standards for Mineral Resources and Mineral Reserves. The effective date of the MRE is October 20, 2025.
- (3) All figures are rounded to reflect the relative accuracy of the estimate and numbers may not add due to rounding. All mineral resources are presented undiluted and in situ, constrained by continuous 3D wireframe models.
- (4) Mineral resources are reported at a base case underground cut-off grade of 120 g/t AgEq, which considers metal prices of US\$30/oz Ag, US\$2,400/oz Au, US\$1.00/lb Pb, and US\$1.35/lb Zn; metal recoveries of 90% for Ag, 50% for Au, 90% for Pb, and 60% for Zn; a mining cost of US\$60.00/t rock; and processing, treatment, and G&A costs of US\$35.00/t mineralized material.
- (5) An average density of 2.75 g/cm³ was assigned to all domains based on a database of 244 samples.
- (6) Mineral resources are not mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated or Measured Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated or Measured Mineral Resources with continued exploration.
- (7) The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

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The MRE incorporates only a portion of the Company's 2025 drill results. All deposits remain open along strike and/or down dip, and the Company's ongoing 2026 30,000-metre drill program is expected to generate additional data to support future resource updates and potential resource growth. The MRE forms the basis for the PEA discussed below.

PRELIMINARY ECONOMIC ASSESSMENT

On April 13, 2026, the Company announced the results of the PEA for the Cusi Mining Complex, prepared by JDS Energy & Mining Inc. ("JDS"), Forte Dynamics ("Forte"), and SGS Geological Services ("SGS") in accordance with the NI 43-101 technical report, the MRE report filed on SEDAR+ at www.sedarplus.ca on January 14, 2026. The PEA outlines a low-capital restart of the existing underground mine and 1,200 tonne-per-day processing facility, with concentrate production targeted to commence in late 2026 and full ramp-up by mid-2027. The supporting NI 43-101 technical report, titled "Preliminary Economic Assessment Technical Report for the Cusi Project," was filed on SEDAR+ on May 21, 2026 and is available under the Company's profile at www.sedarplus.ca.

Readers are cautioned that the PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the results of the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

PEA Economic Highlights

All dollar amounts in the following PEA discussion are expressed in US\$ unless otherwise noted.

The following table summarizes the key results of the PEA:

	Units	Base Case
Silver price assumption	US\$/oz	\$44.58 (LOM avg.)
Mine life	years	8.3
Throughput	tpd	1,200
Avg. annual AgEq production (2028–2033)	Moz	~2.5
After-tax NPV (5%)	US\$M	104.1
After-tax IRR	%	94.8
After-tax payback	years	0.9
Initial capital	US\$M	19.2
Sustaining capital (incl. closure)	US\$M	140.6
LOM All-In-Sustaining Costs ("AISC")	US\$/AgEq oz	26.75
LOM Operating Cash Costs	US\$/AgEq oz	17.24

Note: Base case metal prices include gold at US\$3,000/oz, lead at US\$0.91/lb, and zinc at US\$1.29/lb for both scenarios. Initial capital is inclusive of all capital and owner's costs through Q1 2027 and is net of revenue generated during the commissioning period from Q4 2026 to Q1 2027.

Upside Case

The PEA also evaluated an upside case utilizing a fixed silver price of US\$75.00 per ounce, with all other metal prices held constant at the base case assumptions. Under the upside case, the after-tax NPV (5%) increases to US\$312.2 million with an after-tax IRR of 186.9% and a payback period of 0.5 years.

Project Description and Mining Plan

The PEA contemplates an approximately nine-year mine life at a steady-state throughput of 1,200 tonnes per day, with mining activities focused on three primary zones: Promontorio, San Miguel, and Eduwiges. Initial production will prioritize the Promontorio zone to leverage existing underground infrastructure and advanced development. Development of the San Miguel zone is planned to proceed concurrently, targeting full ramp-up by the end of H1 2027. Mining will utilize conventional sublevel long-hole open stoping in a retreat configuration, performed by specialized contract miners.

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Ore will be transported approximately 40 kilometres by highway truck to the Company's existing processing facility, which utilizes a conventional comminution and flotation circuit to produce a high-value bulk lead-silver concentrate. The project currently maintains constructed tailings storage capacity for the first twelve months of production, with permits already in place for additional capacity required by the end of 2027.

Production and Revenue Profile

Average annual silver equivalent production over the 2028 to 2033 period is estimated at approximately 2.5 million ounces, with peak annual production of approximately 2.8 million silver equivalent ounces. Life-of-mine recovered to concentrate silver totals 14.5 million ounces, with by-product metals comprising gold (13,400 ounces), lead (60.9 million pounds), and zinc (63.1 million pounds).

At base case, approximately 88% of projected life-of-mine net smelter return revenue is derived from silver, with the remainder attributable to lead (8%), gold (3%), and zinc (1%), providing the Company with significant leverage to silver prices.

Metal Price Assumptions

The base case utilizes a silver price curve starting at US\$65.00 per ounce in 2026, reflecting spot prices and consensus projections at the time of the PEA, tapering to a long-term price of US\$38.00 per ounce from 2030 onward. The life-of-mine average realized silver price is US\$44.58 per ounce, which represents an approximate 13% discount to the consensus pricing of 32 banks and financial institutions at the time of the study. Gold, lead, and zinc are held constant at US\$3,000 per ounce, US\$0.91 per pound, and US\$1.29 per pound, respectively. The upside case applies a fixed silver price of US\$75.00 per ounce, with all other metal price assumptions unchanged.

Capital and Operating Costs

Initial capital is estimated at US\$19.2 million, inclusive of all pre-production capital and owner's costs through Q1 2027 and net of commissioning-period revenue. The low initial capital requirement reflects the significant advantage of restarting an existing mine and processing facility versus a greenfield development, as evidenced by the 5.4 times after-tax NPV-to-initial-capital ratio at base case metal prices. Life-of-mine sustaining capital, including closure costs, is estimated at US\$140.6 million.

Unit operating costs are estimated at US\$40.27 per tonne mined, US\$23.23 per tonne processed, US\$9.03 per tonne for general and administrative costs, and US\$3.63 per tonne contingency. Life-of-mine all-in sustaining costs are estimated at US\$26.75 per payable silver equivalent ounce, with cash operating costs of US\$17.24 per payable silver equivalent ounce.

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SOURCES AND USES OF CASH

A summary of the Company's cash sources and uses of cash is as follows:

	Three Months Ended March 31 2026	Three Months Ended March 31 2025
	\$	\$
Cash used in operating activities	(4,277,011)	(1,793,233)
Cash provided by investing activities	-	500,000
Cash provided (used in) by financing activities	59,380,549	(52,824)
Change in cash during the period	55,103,538	(1,346,057)
Effect of exchange rate fluctuations on cash held	14,456	1,975
Cash, beginning of the period	1,124,956	2,002,050
Cash, end of the period	56,242,950	657,968

The Company reported an increase in cash of \$55.12 million during the three months ended March 31, 2026, compared to a decrease of \$1.35 million in the comparative period. The increase reflects the closing of the \$62.50 million bought deal private placement in February 2026, partially offset by continued exploration and evaluation expenditures at the Cusi Mining Complex and corporate activities.

Operating Activities

The Company has not generated revenue from mining operations. Cash used in operating activities totalled \$4.27 million for the three months ended March 31, 2026, compared to \$1.79 million in the comparative period, an increase of \$2.48 million. The increase was primarily driven by the increased exploration and evaluation activities at the Cusi Mining Complex and increased corporate costs, including Nuevo transaction expenses as discussed in the results of operations section of this MD&A.

Investing Activities

There were no investing cash flows during the three months ended March 31, 2026. In the comparative period, the Company received \$0.50 million for a loan repayment.

Financing Activities

Cash provided by financing activities was \$59.38 million for the three months ended March 31, 2026, compared to cash used of \$0.05 million in the comparative period. The three months ended March 31, 2026 amount comprises gross proceeds of \$62.50 million from the bought deal private placement partially offset by \$3.33 million in share issuance costs.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

As at March 31, 2026, the Company had working capital of \$55.59 million (December 31, 2025 – \$0.73 million) and cash of \$56.24 million (December 31, 2025 – \$1.12 million). The increase in the Company's liquidity position reflects the closing of the \$62.50 million bought deal private placement on February 19, 2026.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes the Company will be able to meet its obligations and continue its operations for the foreseeable future.

During the three months ended March 31, 2026, the Company had the following share capital transactions:

- On February 19, 2026, the Company closed a bought deal private placement for aggregate gross proceeds of \$62.50 million, consisting of (i) 4,000,000 common shares at a price of \$12.50 per share for gross proceeds of \$50.00 million, and (ii) 1,000,000 units at \$12.50 per unit for gross proceeds of \$12.50 million. Each unit consists of one common share and one-quarter of one warrant, with each whole warrant exercisable for one common share at \$18.00 per share for 18 months from closing. The Company recorded \$3.48 million in share issuance costs related to this financing, which includes \$3.11 million commission to the underwriters.
- During the three months ended March 31, 2026, a total of 357,800 stock options were exercised at an exercise price of \$0.80 per share for aggregate gross proceeds of \$0.29 million, resulting in the issuance of 357,800 common shares.

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Considering the current uncertainty as to the general market and competitive conditions, the Company continues to maintain its fiscally responsible approach to its activities. In particular, the Company continues to evaluate market conditions on an ongoing basis, with the goal of, among other things: (i) identifying the appropriate time to initiate certain business objectives, and (ii) exploring potential alternatives to further develop and expand the Company's business.

As such, the Company notes that there may be circumstances where, for sound business reasons, the Company may be required to reallocate funds, including due to demands for shifting focus or investment in mining exploration and/or development activities, requirements for accelerating, increasing, reducing, or eliminating initiatives in response to changes in market, regulations and/or developments in the mining sector generally and in the price of silver, unexpected setbacks, and strategic opportunities, such as partnerships, strategic partners, joint ventures, mergers, acquisitions, and other opportunities.

RELATED PARTY TRANSACTIONS

Key management personnel have been appropriately identified as those persons having authority and responsibility for planning, directing and controlling the activities of the Company and include all directors of the Company. We have disclosed key management personnel compensation as follows:

	March 31, 2026	March 31, 2025
	\$	\$
Salaries, benefits and directors' fees	334,948	13,950
Share-based compensation	782,931	-
	1,117,879	13,950

There were no significant transactions with related parties outside of the ordinary course of business during the three months ended March 31, 2026 and 2025.

OUTSTANDING SECURITY DATA

A summary of the number of the Company's issued and outstanding securities is as follows:

	March 31, 2026	MD&A Date
	#	#
Common shares	37,974,065	54,799,406*
Options	3,539,808	3,515,100
Warrants	1,715,964	1,715,964
Performance share units	1,410,000	1,410,000
Restricted share units	285,000	285,000

*The increase of 16,825,341 common shares between March 31, 2026 and the date of this MD&A reflects the issuance of 16,802,283 common shares on May 19, 2026 as consideration for the acquisition of Nuevo , and the issuance of 23,058 common shares pursuant to the exercise of stock options subsequent to March 31, 2026.

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FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at March 31, 2026, financial instruments comprising cash, accounts payable and accrued liabilities are classified and measured at amortized cost. The carrying value of these financial instruments approximate the fair value due to the relatively short-term maturity of these 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 customer or counterparty to a financial instrument fails to fulfill its contractual obligations. The Company's credit risk relates primarily to cash. The Company minimizes its credit risk related to cash by placing cash with major financial institutions.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities settled by delivering cash or other financial assets.

As at March 31, 2026, the Company had working capital of \$55,593,496 (December 31, 2025 – \$730,931), an accumulated deficit of \$28,268,851 (December 31, 2025 – \$22,864,057), a net comprehensive loss of \$5,315,074 (December 31, 2025 – \$17,471,860), and cash used in operating activities of \$4,277,011 (December 31, 2025 – \$14,595,812). The Company has not yet generated revenue from mining operations and its ability to continue as a going concern is dependent upon its ability to generate positive cash flow from production and/or raise adequate funding through equity or debt financing to discharge its liabilities as they become due and to fund its planned exploration and development activities.

A summary of the Company's undiscounted financial liabilities as at March 31, 2026 is as follows:

	Within 1 year	1-3 years	3+ years	Total
Accounts payable and accrued liabilities	3,933,448	-	-	3,933,448
Lease liabilities	149,025	66,277	-	215,302
Reclamation provision	-	-	4,450,691	4,450,691

c) Market risk

Market risk is the risk that the fair market value of the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, prices, and currency rates.

I. Interest rate risk:

The Company is not exposed to significant interest rate risk on the basis that its financial liabilities bear no interest or interest at fixed rates.

II. Price risk:

The Company is not exposed to significant other price risk as it does not hold any equity investments, commodity contracts, or other financial instruments whose value is subject to market price fluctuations.

III. Currency risk:

Certain of the Company's operational activities are conducted in the MXN; therefore, the Company is exposed to foreign exchange risk due to fluctuations in the MXN relative to the Canadian dollar. Foreign exchange risk arises from financial assets and liabilities that are denominated in MXN. The Company has not entered into any agreements or purchased any foreign currency hedging instruments to hedge possible currency risks at this time.

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d) Foreign currency risk

Certain of the Company's operational activities are conducted in the MXN and is exposed to foreign exchange risk due to fluctuations in the MXN relative to the Canadian dollar. Foreign exchange risk arises from financial assets and liabilities that are denominated in MXN. The Company has not entered into any agreements or purchased any foreign currency hedging instruments to hedge possible currency risks at this time.

A summary of the Company's financial assets and liabilities held in MXN, expressed in Canadian dollars, is as follows:

	March 31, 2026	December 31, 2025
	\$	\$
Cash	200,612	59,772
Value added taxes and GST receivable	2,496,529	2,208,412
Accounts payable and accrued liabilities	(1,097,823)	(957,142)
Lease liabilities	(200,093)	(260,607)
Reclamation provision	(3,094,146)	(2,884,693)
Net financial liability	(1,694,921)	(1,834,258)

The effect on net loss and comprehensive loss for the three months ended March 31, 2026, of a 5% change in Canadian dollar against the Mexican Pesos on the above-mentioned net financial liabilities of the Company is estimated to have an increase or decrease in foreign exchange gain or loss of \$84,746 (December 31, 2025 - \$91,712).

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 — *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), the Company utilizes the Venture Issuer Basic Certificate, which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109.

RISKS AND UNCERTAINTIES

The operations of the Company are subject to significant uncertainty due to the high-risk nature of its business, which is the acquisition, exploration, discovery, development and production of silver and base metals. The risk factors could materially affect the Company's financial condition and/or future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may adversely affect the Company's business.

The Company's activities expose it to various financial and operational risks that could have a significant impact on its level of operating cash flows in the future.

Readers are advised to study and consider risk factors disclosed in the Company's MD&A for the fiscal year ended December 31, 2025, dated April 24, 2026 and available under the Company's issuer profile on SEDAR+ at www.sedarplus.ca.

OFF-BALANCE SHEET ARRANGEMENTS

As at March 31, 2026 and the MD&A date, the Company does not have any off-balance sheet arrangements and does not contemplate having them in the foreseeable future.

PROPOSED TRANSACTIONS

The Company has no proposed transactions as at the date of this MD&A. The Transaction, which was outstanding as at March 31, 2026, completed on May 19, 2026 and is discussed under 'Corporate Developments' section of this MD&A.

MATERIAL ACCOUNTING POLICIES, STANDARDS, AND JUDGMENTS

The accounting policies applied in the preparation of the condensed interim consolidated financial statements for the three months ended March 31, 2026 are consistent with those applied and disclosed in Note 3 of the Company's audited annual consolidated financial statements for the year ended December 31, 2025, except as set out below.

Restricted share units

The Company grants restricted share units ("RSUs") to eligible officers, employees and consultants. Each RSU entitles the holder to receive, at the Company's discretion, one common share of the Company or a cash payment equal to the fair market value of one common share upon vesting. RSUs are measured at the closing market price of the Company's common shares on the grant date. The fair value is recognized as share-based compensation expense over the vesting period using the graded vesting method, with a corresponding credit to reserves. Upon settlement, the cumulative amount in reserves is reclassified to share capital.

Application of New and Revised Accounting Standards

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

IFRS 9 and 7 have been amended to provide additional guidance regarding the recognition of a financial liability settled through electronic transfer, and for the classification of certain financial assets. Further, the amendments introduce new disclosure requirements related to investments in equity instruments designated at FVOCI. The amendments are effective for financial statements beginning on January 1, 2026. These amendments did not have a material impact on the Company.

Accounting Standards Issued but Not Yet Applied

Presentation and Disclosure in Financial Statements (IFRS 18)

On April 9, 2024, the IASB issued 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.

There are no other standards or amendments or interpretations to existing standards issued but not yet effective that are expected to have a material impact on the Company.

TECHNICAL DISCLOSURE

The scientific and technical information in this section has been reviewed and approved by Nico Harvey, P.Eng., Vice President, Project Development of the Company, a Qualified Person as defined by NI 43-101. Mr. Harvey is not independent of the Company.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document constitute "forward-looking statements". All statements other than statements of historical fact contained in this MD&A, including, without limitation, those regarding the Company's future financial position and results of operations, strategy, proposed acquisitions, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. Forward-looking statements include statements with respect to: the completion, the timing of completion and the expected benefits of the budgeted and/or proposed exploration activities and work programs for the Company's mineral properties, and other statements that may relate to future financial conditions, results of operations, plans, objectives, performance or business developments of the Company. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to risks associated with: the realization of benefits from the completion of the RTO and the Nuevo Transaction; geological risks; limited operating history; inability to generate earnings or pay dividends for the foreseeable future; uncertain ability to raise additional funds when required; reliance on a small number of key managers; potential conflicts of interest among directors and officers of the Company; lack of liquidity for shareholders of the Company; ability to secure needed permits, ability to physically access and work the Company's property assets due to poor weather, a potential lack of key contract personnel and services providers needed to execute elements of the Company's exploration plans, market risk consisting of fluctuations in the Company's share price, metal prices, credit market conditions; investor appetite for early stage exploration companies; consents or authorizations required for mining activities, and material delays in obtaining them; the absence of adverse conditions at mineral properties; no unforeseen operational delays; the Company's ability to complete its planned exploration programs; the absence of adverse conditions at properties; no unforeseen operational delays; environmental regulations or hazards and compliance with complex regulations associated with mining activities; climate change and climate change regulations; fluctuations in exchange rates; the business objectives of the Company; whether economic mineralization can be defined and, if it can be permitted for development; the uncertainty that any mineralization encountered on adjacent properties continues on to any of the Company's properties; the uncertainty that geological and/or geophysical and/or any trends, interpretations, or conclusions related to adjacent properties have relevance to any of the Company's properties; changes in project parameters as plans to continue to be refined; the consequences and implications of the historical mining activities on the environment and whether such affects the potential exploration and/or development of any mining operation the Company's properties; labour disputes and other risks of the mining industry; the speculative nature of mineral exploration and development; title to properties, such further risks as disclosed in the Company's filings with Canadian securities regulators and management's ability to anticipate and manage the foregoing risks and uncertainties. See "Risks and Uncertainties".

Management provides forward-looking statements because they believe such statements deliver useful guidance and information to readers when considering their investment objectives. Though management believes such statements to be as accurate as possible in the context of the information available to management at the time in which they are made, management cautions readers that the guidance and information contained in such statements may rapidly be superseded by subsequent events. Consequently, all the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments suggested by such forward-looking statement will be realized or, even if substantially realized, that they will have the expected results, or effects upon, the Company. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

The Company provides no assurance that forward-looking statements and information will prove to be accurate, as the forward-looking statements in this MD&A are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future, including assumptions regarding business and operating strategies.