

**SILVERCO MINING LTD.
(formerly Quetzal Copper Corp.)**

Consolidated Financial Statements

For the year ended December 31, 2025 and for the period from April 18, 2024 to December 31, 2024

(Expressed in Canadian dollars)

Independent Auditor's Report

To the Shareholders of:
SILVERCO MINING LTD.
(formerly Quetzal Copper Corp.)

Opinion

We have audited the consolidated financial statements of Silverco Mining Ltd. (formerly Quetzal Copper Corp.) and its subsidiaries (collectively "the Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended December 31, 2025 and for the period from the incorporation date on April 18, 2024 to December 31, 2024, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the year ended December 31, 2025 and for the period from incorporation date on April 18, 2024 to December 31, 2024, in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Assessment of Reclamation Provision

We draw attention to Notes 3(l), 4(j) and 12 to the consolidated financial statements. The Company recorded a reclamation provision of \$2,884,693 for environmental rehabilitation or reclamation resulting from mining activities. The provision is determined using expectations of future activities and the amount and timing of associated cash flows discounted to their present value.

We identified the assessment of reclamation provision as a key audit matter. This matter represented an area of significant risk of material misstatement requiring specialized skills and knowledge to evaluate the Company's selection of future activities and the amount and timing of the associated cash flows and the discount rate used to determine the present value of the reclamation provision.

SERVICE

INTEGRITY

TRUST



SUITE 420

1501 WEST BROADWAY

VANCOUVER, BRITISH COLUMBIA

CANADA V6J 4Z6

TEL: (604) 428-1866

FAX: (604) 428-0513

WWW.WDMCA.COM

Audit Response

The following are the primary procedures we performed to address this key audit matter:

- We assessed the professional competence and experience of the Company's experts who produced the mine closure plans and estimated the amount of expected cash flows.
- Due to the specialized skills and knowledge used by the Company to select future activities and the amount and timing of associated cash flows, we engaged our own professionals with specialized skills and knowledge in mine closure and environmental remediation, who assisted in evaluating a selection of cash flows by comparing to recent third-party quotes and relevant supporting evidence.
- We held discussions with management's experts to understand and challenge the adequacy and appropriateness of assumptions utilized in the cost estimates of the various rehabilitation activities.
- We independently evaluated the discount rate and inflation rate applied by management by comparing them to observable market data and third-party sources.



Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis. Our opinion on the consolidated financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

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

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

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

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

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

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

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

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

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



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

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

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

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

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

WDM

Chartered Professional Accountants

Vancouver, B.C.

April 24, 2026

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)**Consolidated Statements of Financial Position**

(Expressed in Canadian dollars)

	Note	December 31, 2025	December 31, 2024
		\$	\$
ASSETS			
Current			
Cash		1,124,955	2,002,050
Value added taxes and GST receivable		2,584,051	1,014,680
Prepaid expenses and deposits		245,223	52,195
Loan receivable	7	-	1,250,000
Total Current Assets		3,954,229	4,318,925
Property and equipment	8	369,333	325,061
Exploration and evaluation asset	9	7,555,692	4,393,563
Total assets		11,879,254	9,037,549
LIABILITIES			
Current			
Accounts payable and accrued liabilities		3,034,814	1,271,472
Lease liabilities - current	11	188,484	184,747
Total Current liabilities		3,223,298	1,456,219
Long-term lease liabilities	11	72,123	133,791
Reclamation provision	12	2,884,693	-
Total liabilities		6,180,114	1,590,010
SHAREHOLDERS' EQUITY			
Share capital	13	24,778,983	11,052,833
Reserves		3,807,192	1,809,881
Accumulated other comprehensive loss		(22,978)	(349,093)
Deficit		(22,864,057)	(5,066,082)
Total shareholders' equity		5,699,140	7,447,539
Total liabilities and shareholders' equity		11,879,254	9,037,549

Nature of operations (Note 1)

Subsequent events (Note 19)

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

/s/ "Mark Ayranto"
Director

"Gary Brown"
Director

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

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)**Consolidated Statements of Loss and Comprehensive Loss**

(Expressed in Canadian dollars)

		Year ended December 31, 2025	For the period from April 18, 2024 to December 31, 2024
	Note	\$	\$
Operating expenses			
Exploration and evaluation expenditures	9	11,076,827	3,440,070
Salaries, benefits and directors' fees		864,155	243,024
Professional fees		399,550	53,920
Office and administrative		219,176	29,148
Filing fees		4,386	2,800
Depreciation expense	8	223,747	68,035
Accretion on reclamation provision	12	205,414	-
Accretion and Interest expense	11	27,607	12,831
Marketing and investor relations		292,168	-
Share-based compensation	13	1,480,949	1,315,388
Total expenses		14,793,979	5,165,216
Other income (expenses)			
Recovery of flow-through premium liability	10	176,734	-
Foreign exchange (loss) income		(36,351)	99,134
Listing fees	5	(2,792,265)	-
RTO transaction costs	5	(365,881)	-
Interest income		13,767	-
Net loss for the year		17,797,975	5,066,082
Other comprehensive (income) loss			
Currency translation adjustment		(326,115)	349,093
Net loss and comprehensive loss		17,471,860	5,415,175
Net loss per share:			
Basic and diluted		0.63	0.22
Weighted average shares outstanding:			
Basic and diluted		28,408,601	23,102,000

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

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Year ended December 31, 2025	For the period from April 18, 2024 to December 31, 2024
	\$	\$
Operating activities:		
Net loss for the year	(17,797,975)	(5,066,082)
<i>Adjustments for non-cash items:</i>		
Accretion on reclamation provision	205,414	-
Accretion of lease liabilities	27,607	12,075
Depreciation	223,747	68,035
Share-based compensation	1,480,949	1,315,388
Listing fees	2,792,265	-
Recovery of flow-through premium liability	(176,734)	-
Unrealized foreign exchange loss	8,853	-
<i>Changes in non-cash working capital related to operating activities:</i>		
Value added taxes and GST receivable	(1,400,265)	(1,014,680)
Prepaid expenses and deposits	(154,008)	(52,195)
Accounts payable and accrued liabilities	194,335	1,260,186
Cash used in operating activities	(14,595,812)	(3,477,273)
Investing activities:		
Cash received for loan receivable	1,250,000	400,000
Cash used for loan receivable	-	(1,650,000)
Acquisition of mineral properties	-	(3,718,563)
Addition to property and equipment	(135,653)	-
Cash acquired in RTO	4,743	-
Cash provided by (used in) investing activities	1,119,090	(4,968,563)
Financing activities:		
Proceeds received from private placements	13,659,660	11,610,447
Share issuance cost	(845,193)	(738,121)
Payment of equipment leases	(230,967)	(75,347)
Cash provided by financing activities	12,583,500	10,796,979
Net change in cash	(893,222)	2,351,143
Effect of exchange rate fluctuations on cash held	16,127	(349,093)
Cash, beginning of the year	2,002,050	-
Cash, end of the year	1,124,955	2,002,050
Supplemental cash flow information:		
Fair value of shares issued for acquisition of resource properties	-	675,000
Fair value of shares purchase warrants included in share issuance costs	509,773	494,493
Fair value of shares deemed to have been issued to shareholders of Silverco Ltd in the RTO	1,421,456	-
Fair value of options and warrants deemed to have been issued in the RTO	6,589	-

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

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars, except number of shares)

	Common shares	Share capital	Reserves	Accumulated other comprehensive income (loss)	Deficit	Total shareholders' equity
	#	\$	\$	\$	\$	\$
Balance, April 18, 2024 (Date of Incorporation)	2	-	-	-	-	-
Repurchase of original shares	(2)	-	-	-	-	-
Shares issued for private placement	22,162,000	11,610,447	-	-	-	11,610,447
Shares issued for resource property	940,000	675,000	-	-	-	675,000
Share issuance cost	-	(1,232,614)	494,493	-	-	(738,121)
Share based compensation	-	-	1,315,388	-	-	1,315,388
Currency translation adjustment	-	-	-	(349,093)	-	(349,093)
Net loss for the year	-	-	-	-	(5,066,082)	(5,066,082)
Balance, December 31, 2024	23,102,000	11,052,833	1,809,881	(349,093)	(5,066,082)	7,447,539
Proceeds received from private placements	8,625,855	13,659,660	-	-	-	13,659,660
Share issuance cost	-	(1,354,966)	509,773	-	-	(845,193)
Effect of RTO (Note 5)	888,410	1,421,456	6,589	-	-	1,428,045
Share based compensation	-	-	1,480,949	-	-	1,480,949
Currency translation adjustment	-	-	-	326,115	-	326,115
Net loss for the year	-	-	-	-	(17,797,975)	(17,797,975)
Balance, December 31, 2025	32,616,265	24,778,983	3,807,192	(22,978)	(22,864,057)	5,699,140

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

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025 and for the period from April 18, 2024 to December 31, 2024

(Expressed in Canadian dollars, except where noted)

1. NATURE OF OPERATIONS

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 that current exploration programs will result in 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. On January 19, 2026, the Company entered into a binding letter of intent to acquire Nuevo Silver Inc. ("Nuevo"), which owns the La Negra Mine, a producing silver mine located in Querétaro, Mexico, further details of which are disclosed in Note 19.

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 from its incorporation on April 18, 2024, to December 31, 2024, 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.

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025 and for the period from April 18, 2024 to December 31, 2024

(Expressed in Canadian dollars, except where noted)

2. BASIS OF PREPARATION AND GOING CONCERN

a) Statement of compliance

These consolidated financial statements were approved by the Board of Directors and authorized for issue on April 24, 2026.

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

b) Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which are measured at fair value at the end of each reporting period.

For accounting purposes, Silverco Corp has been identified as the accounting acquirer in accordance with the guidance in IFRS 3, *Business Combinations*, and control by the former shareholders of Silverco Corp over Silverco Ltd has been established in accordance with IFRS 10, *Consolidated Financial Statements*. Therefore, these consolidated financial statements are prepared as a continuation of the financial statements of Silverco Corp.

c) Going concern

These 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. As at December 31, 2025, the Company had working capital of \$730,931 (December 31, 2024 – \$2,862,706), an accumulated deficit of \$22,864,057 (December 31, 2024 – \$5,066,082), a net comprehensive loss of \$17,471,860 (2024 – \$5,415,175), and cash used in operating activities of \$14,595,812 (2024 – \$3,477,273). 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 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.

Subsequent to December 31, 2025, the Company closed a bought deal private placement on February 19, 2026 raising gross proceeds of \$62,500,000 (Note 19). Management has considered this financing together with the Company's working capital position and its continued access to capital markets and has concluded that the going concern basis of preparation remains appropriate.

These consolidated financial statements do not reflect adjustments to carrying values and classifications of assets and liabilities that would be necessary if the Company were unable to continue as a going concern. Such adjustments, if required, could be significant.

3. MATERIAL ACCOUNTING POLICY INFORMATION

a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are consolidated from the date on which the Company obtains control over the subsidiary. Control exists when the Company is exposed to, or has right to, variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. All intercompany balances and transactions have been eliminated in consolidation.

A summary of the Company's subsidiaries included in these consolidated financial statements as at December 31, 2025 are as follows:

Name of subsidiary	Country of incorporation	Holding	Functional currency	Principal activity
Quetzal Copper Subsidiary Corp.	Canada	100%	CAD	Mineral exploration
Silverco Mining (Subsidiary) Ltd.	Canada	100%	CAD	Mineral exploration
Minera San Bernabé De C.V. ("Minera San Bernabé")	Mexico	100%	MXN	Mineral exploration

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025 and for the period from April 18, 2024 to December 31, 2024

(Expressed in Canadian dollars, except where noted)

b) Reclassification

Certain comparative figures of the Consolidated Statements of Loss and Comprehensive Loss have been reclassified to conform to current period's presentation.

c) Functional and presentation currency

The functional currency is the currency of the primary economic environment in which an entity operates. These consolidated financial statements have been prepared in Canadian dollars, which is the Company's functional and presentation currency, except as otherwise noted. The Company's subsidiary Minera San Bernabé functional currency is Mexican Pesos. References to "CAD" are to Canadian dollars, references to "MXN" are to Mexican Pesos and references to "USD" or "US\$" are to United States dollars.

d) Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Foreign operations

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency will be translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recorded in other comprehensive loss.

e) Cash and equivalents

Cash and cash equivalents consist of cash on hand and highly liquid investments with maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash predominantly includes deposits with a Canadian chartered bank, and funds in Mexican bank accounts.

f) Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of its financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025 and for the period from April 18, 2024 to December 31, 2024

(Expressed in Canadian dollars, except where noted)

g) Exploration and evaluation expenditures

The Company's exploration and evaluation assets are comprised of mineral properties owned by the Company and rights to ownership of mineral properties, which the Company can earn through cash or share payments, incurring exploration and evaluation expenditures or combinations thereof. Exploration and evaluation asset acquisition costs including option payments are capitalized. Exploration expenditures incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are recorded in profit or loss until such time the commercial viability of extracting mineral resources are demonstrable, after which such costs are capitalized. Upon achieving production, costs for a producing property will be amortized on a unit-of-production method.

h) Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and impairment charges. The initial cost of an asset consists of its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, and the initial estimate of any reclamation obligation. The cost of property and equipment are amortized either on a straight-line basis over the estimated useful life of the related asset or other relevant metric.

i) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. In assessing whether any indication of impairment exists, the Company considers both external and internal sources of information, including whether the carrying amount of the Company's net assets exceeds its market capitalization. If any such indication exists, the recoverable amount of the asset or cash-generating unit ("CGU") is estimated in order to determine the extent of the impairment charge, if any. Assets are grouped at the lowest level for which there are separately identifiable cash inflows that are largely independent of cash inflows from other assets or groups of assets.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Where the recoverable amount is estimated to be less than the carrying amount, the carrying amount is reduced to its recoverable amount and an impairment charge is recognized immediately in the statement of loss and comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but not beyond the carrying amount that would have been determined had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

j) Flow-through shares

Canadian income tax legislation permits companies to issue flow-through instruments whereby the income tax deductions generated by eligible expenditures of the Company, defined in the Income Tax Act (Canada) as qualified Canadian exploration expenses, are claimed by the investors rather than by the Company. Shares issued on a flow-through basis are typically sold at a premium above the market share price which relates to the tax benefits that will flow through to the investors. The Company estimates the portion of the proceeds attributable to the premium as being the excess of the flow-through share price over the market share price of the common shares without the flow-through feature at the time of issuance. The premium is recorded as a liability which represents the Company's obligation to spend the flow-through funds on eligible expenditures and is amortized as other income through profit or loss as the eligible expenditures are incurred.

k) Leases

A contract is a lease or contains a lease if it conveys the right to control the use of an asset for a time period in exchange for consideration.

To identify a lease, the Company (1) considers whether an explicit or implicit asset is specified in the contract and (2) determines whether the Company obtains substantially all the economic benefits from the use of the underlying asset by assessing numerous factors, including but not limited to substitution rights and the right to determine how and for what purpose the asset is used.

When assessing the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or to not exercise a termination option. This judgment is based on factors such as contract rates compared to market rates, economic reasons, significance of leasehold improvements, termination and relocation costs, installation of specialized assets, residual value guarantees, and any sublease term.

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025 and for the period from April 18, 2024 to December 31, 2024

(Expressed in Canadian dollars, except where noted)

The Company has elected not to recognize right-of-use ("ROU") assets and lease liabilities for low-value assets or short-term leases with a term of 12 months or less. These lease payments are recognized in operating expenses over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid. The Company elected to not separate non-lease components from lease components and to account for the non-lease and lease components as a single lease component. Lease payments generally include fixed payments less any lease incentives receivable. The lease liability is discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company estimates the incremental borrowing rate based on the lease term, collateral assumptions, and the economic environment in which the lease is denominated. The lease liability is subsequently measured at amortized cost using the effective interest method. The lease liability is remeasured when the expected lease payments change as a result of new assessments of contractual options and residual value guarantees.

The ROU asset is recognized at the present value of the liability at the commencement date of the lease less any incentives received from the lessor. Added to the ROU asset are initial direct costs, payments made before the commencement date, and estimated restoration costs. The ROU asset is subsequently depreciated on a straight-line basis or other relevant metric from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

l) Asset retirement obligations

The mining, extraction and processing activities of the Company normally give rise to obligations for site reclamation. Reclamation works can include facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation. The extent of work required and the associated costs are dependent on the requirements of relevant authorities. Provisions for the cost of each reclamation program are recognized at the time that environmental disturbance occurs. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly. Costs included in the provision encompass all reclamation activity expected to occur progressively over the life of the operation and at the time of closure in connection with disturbances at the reporting date. Routine operating costs that may impact the ultimate reclamation activities, such as waste material handling conducted as an integral part of a mining or production process, are not included in the provision. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognized as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation. The timing of the actual reclamation expenditure is dependent upon a number of factors such as the life and nature of the asset, the operating license conditions, and the environment in which the mine operates. Reclamation expenditures may occur before and after closure and can continue for an extended period of time dependent on asset retirement obligation requirements. Asset retirement obligations provisions are measured at the expected value of future cash flows, discounted to their present value. Discount rates used are specific to the underlying obligation. Significant judgments and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements which give rise to a constructive or legal obligation.

Following the initial recognition of the provision, the carrying amount is adjusted for the unwinding of the discount and for changes to the inflation and discount rates and the amount or timing of cash flows required to settle the obligation. The unwinding of the discount is recognized as finance expense in net income or loss while the effect of the changes to the discount rate and the amount or timing of cash flows are recognized as an adjustment to the carrying amount of the related mineral property, plant, or equipment.

m) Income tax

Provision for income taxes consists of current and deferred tax expense. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates and tax laws enacted or substantively enacted at the reporting date, adjusted for amendments to tax payable or recoverable with regards to previous years.

Deferred tax expense is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax expense is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

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

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025 and for the period from April 18, 2024 to December 31, 2024

(Expressed in Canadian dollars, except where noted)

n) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity. Common shares issued for consideration other than cash, are measured based on the fair value of the consideration received, unless the fair value cannot be estimated reliably, in which case they are measured at the fair value of the shares at the date the shares are issued.

If the Company issues units as part of a financing, consisting of both common shares and common share purchase warrants, the residual value method is used to first allocate proceeds to the issued common shares based on the fair market value at the time the units are priced, any residual value is allocated to the issued warrants. The fair value of warrants issued on a standalone basis or requiring separate valuation is determined using the Black-Scholes option pricing model with market-related inputs as of the date of grant.

o) Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to equity financing transactions are recorded as share issue costs when the financing transactions are completed if the completion of the transaction is considered likely. Otherwise, they are expensed as incurred. Share issuance costs are charged to share capital when the related shares are issued. Deferred share issuance costs related to financing transactions that are not completed are charged to expenses.

p) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net income (loss) by the weighted average number of shares issued and outstanding during the period. Diluted earnings (loss) per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted earnings (loss) per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period.

q) Share-based payments

The Company has a share-based compensation plan that provide for the granting of share purchase options, restricted share units ("RSUs"), deferred share units ("DSUs") and performance share units ("PSUs") to employees, directors, officers, and consultants. The Company recognizes share-based compensation expenses for all compensation shares based on the fair values at the date of grant.

r) PSUs

PSUs are equity-settled share-based awards that vest upon the attainment of specified performance and/or service conditions. PSUs are measured at fair value on the grant date, based on the market price of the Company's common shares. The fair value of PSUs is recognized as share-based compensation expense over the vesting period. At each reporting date, the Company reassesses its estimate of the number of PSUs expected to vest based on the achievement of performance conditions and adjusts the cumulative expense accordingly. Upon vesting, the Company issues common shares to settle the PSUs, with a corresponding reclassification from reserves to share capital.

s) Stock options

The fair value of share purchase options is determined using the Black-Scholes option pricing model with market related inputs as of the date of grant. Share purchase options with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values.

t) Accounting standards issued but not yet effective

Below are new standards, amendments to existing standards and interpretations that have been issued and are not yet effective. The Company plans to apply the new standards or interpretations in the annual period for which they are effective.

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025 and for the period from April 18, 2024 to December 31, 2024

(Expressed in Canadian dollars, except where noted)

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after January 1, 2027. The new standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Company is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Company's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

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. The implementation of this amendment is not expected to have a material impact on the Company.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements requires management to make judgments and estimates, which are continually evaluated based on management's experience and knowledge of relevant facts and circumstances. Actual results may differ from these estimates. Information about such judgments and estimates is included in the accounting policies (Note 3) and other notes to the consolidated financial statements. The significant judgments and estimates made include the following:

a) The determination of the Company and its subsidiaries' functional currency

The determination of the functional currency for the Company and each of its subsidiaries was based on management's judgment of the underlying transactions, events and conditions relevant to each entity.

b) Identifying whether a contract includes a lease

IFRS 16 Leases applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. The Company had to apply judgment on certain factors, including whether the supplier has substantive substitution rights, does the Company obtain substantially all of the economic benefits and who has the right to direct the use of that asset.

c) Estimate of lease term

When the Company recognizes a lease, it assesses the lease term considering the period of the lease, extension option, and early termination option. This assessment requires judgment related to the expectations of exercising the extension option or early termination option considering factors such as contract rates compared to market rates, the significance of leasehold improvements, and costs associated with termination or relocation. Changes in this assessment could affect the carrying amount of the right-of-use asset and lease liability in future periods.

d) Incremental borrowing rate

When the Company recognizes a lease, the future lease payments are discounted using the Company's incremental borrowing rate. This significant estimate impacts the carrying amount of the lease liabilities and the interest expense recorded on the profit or loss.

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025 and for the period from April 18, 2024 to December 31, 2024

(Expressed in Canadian dollars, except where noted)

e) Share-based compensation

The measurement of share-based compensation requires significant estimates. The fair value of stock options is estimated using the Black-Scholes option pricing model, which requires assumptions for expected share price volatility, expected option life, risk-free interest rate, and expected dividend yield. In particular, expected volatility is estimated based on the historical trading volatility of comparable publicly traded companies, as the Company has limited trading history following on the TSXV after the RTO completion date. Changes in these assumptions, particularly volatility and expected life, can materially affect the fair value of options and the resulting compensation expense. For PSUs, management must estimate the number of units expected to vest, which requires judgment regarding the probability and timing of achieving the specified performance conditions as well as expected forfeitures. These estimates are reviewed at each reporting period and may result in prospective adjustments to share-based compensation expense.

f) Control

At the time of acquisition, the Company assesses whether it has control over the acquiree. Control exists when the Company has power over an entity, when the Company is exposed, or has rights, to variable returns from the entity and when the Company has the ability to affect those returns through its power over the entity. Where control exists, the Company consolidates the results of the acquired entity.

g) RTO Transaction

As described in Note 5, significant judgment was required to identify Silverco Corp as the accounting acquirer based on the substance of the transaction, including the relative voting rights of former Silverco Corp shareholders in the combined entity, the composition of the board of directors and senior management post-RTO, and the relative size and operating substance of the two entities. Judgment was also required to assess whether Silverco Ltd met the definition of a business under IFRS 3, Business Combinations or is within the IFRS 2, Share-Based Payment.

Estimation was required to determine the fair value of the consideration transferred, measured by reference to the fair value of the equity instruments Silverco Corp would hypothetically have had to issue to achieve the same proportionate ownership interest in the combined entity, including the fair value of share options and warrants estimated using the Black-Scholes option pricing model. Changes in any of the above estimates and judgments could have a significant effect on the amounts recognized in these consolidated financial statements in respect of the RTO.

h) Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. The Company operates in two tax jurisdictions, Canada and Mexico, and must assess the recoverability of deferred tax assets in each jurisdiction separately. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in the relevant jurisdiction. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

i) Carrying value and recoverability of exploration and evaluation assets

The estimate of the carrying amount of the Company's exploration and evaluation assets do not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the exploration and development and upon future profitable production or proceeds from the disposition of the mineral property interests themselves. Judgment is required in assessing indicators of impairment and there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its mineral property interests or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025 and for the period from April 18, 2024 to December 31, 2024

(Expressed in Canadian dollars, except where noted)

j) Reclamation and closure cost provisions

The Company's provision for reclamation and closure costs relates to the asset retirement obligation associated with the Cusi Mining Complex and represents management's best estimate of the present value of the future cash outflows required to settle the liability. The estimate reflects assumptions regarding the expected scope and cost of remediation activities, the anticipated timing of closure and rehabilitation, estimated inflation rates, movements in foreign exchange rates between the Canadian dollar and the Mexican peso, and the applicable risk-free interest rate used to discount the future cash outflows. These estimates are reviewed at each reporting period and are subject to change as new information becomes available, including changes in environmental regulations, remediation standards, or the Company's mine plan. Changes in the above estimates and assumptions can result in material changes to the provision recognized by the Company.

5. REVERSE TAKEOVER TRANSACTION

As outlined on Note 1, the RTO was completed on October 17, 2025. At the date of the RTO, Silverco Ltd did not meet the definition of a business as defined under IFRS 3, *Business Combinations*, as it lacked the requisite inputs, substantive processes, and outputs necessary to constitute a business. Consequently, the transaction is not a business combination and is within the scope of IFRS 2, Share-Based Payment, where Silverco Corp is deemed to have issued shares to the shareholders of Silverco Ltd in exchange for the net liabilities assumed and the listing services of Silverco Ltd.

The acquisition-date fair value of the consideration transferred by the accounting acquirer, Silverco Corp, for its interest in the Silverco Ltd of \$1,428,045 is determined based on the fair value of the equity interest Silverco Corp would have had to give to the owners of Silverco Ltd, before the reverse acquisition, to provide the same percentage equity interest in the combined entity that results from the reverse acquisition, and is recorded as an increase in common shares in the consolidated statement of financial position.

The identifiable net liabilities of Silverco Ltd assumed at the RTO completion date totaled \$1,364,220. The listing expense of \$2,792,265 recognized in the consolidated statement of loss and comprehensive loss represents the sum of the consideration transferred of \$1,428,045 and the net liabilities assumed of \$1,364,220, reflecting the total cost attributed to the acquisition of the public listing. The net liabilities assumed included accounts payable and accrued liabilities of \$1,278,935, which comprised obligations of Silverco Ltd, as well as a flow-through premium liability of \$176,734 (Note 10). No value was assigned to the Big Kidd mineral property and Silverco Ltd had written off its carrying value in full prior to the RTO based on its assessment that the property's carrying amount was not recoverable.

A summary of the Company's consideration and assumed net liabilities on the RTO date of October 17, 2025, is as follows:

	\$
Consideration	
Fair value of deemed (notional) issuance of 888,410 common shares to the Silverco Ltd shareholders (Note 13)	1,421,456
Fair value of Silverco Ltd options and warrants	6,589
	1,428,045
Net liabilities assumed	
Cash	4,743
GST receivable	66,683
Prepaid expenses	20,023
Accounts payable and accrued liabilities	(1,278,935)
Flow-through premium liability	(176,734)
	(1,364,220)
Listing Fees	2,792,265

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025 and for the period from April 18, 2024 to December 31, 2024

(Expressed in Canadian dollars, except where noted)

The fair value of the consideration of \$1,428,045 transferred by Silverco Ltd was determined using an effective share price of \$1.60 per common share, reflecting the application of the Exchange Ratio of 1.88 to the most recent private placement price. This per-share price applied to 888,410 deemed shares resulted in share consideration of \$1,421,456, with the remaining \$6,589 attributable to the fair value of Silverco Ltd's 35,986 options and 120,615 warrants assumed, valued using the Black-Scholes option pricing model with the weighted average assumptions set out in the table below:

	Options	Warrants
Weighted average exercise price	\$8.53	\$27.53
Weighted average share price at valuation date	\$1.60	\$1.60
Average risk-free rate	2.67%	2.43%
Average expected dividend yield	0.00%	0.00%
Average expected stock price volatility	75%	75%
Average expected life of option (years)	1.24	0.77

The Company incurred RTO transaction costs of \$365,881, comprising professional fees, regulatory filing costs, and other directly attributable expenditures, recognized in profit or loss for the year ended December 31, 2025.

6. ACQUISITION OF MINERA SAN BERNABE

On May 22, 2024, the Company paid \$4,094 (MXN 50,000) and acquired all of the issued and outstanding shares of Minera San Bernabé.

The acquisition of Minera San Bernabé has been accounted for by the Company as an asset acquisition. The acquisition did not qualify as a business combination under IFRS 3 *Business Combinations*, as the significant inputs, processes, and outputs, that together constitute a business, did not exist.

A summary of the fair values of the consideration and the assets acquired as at the May 22, 2024, acquisition date is as follows:

	\$
Consideration:	
Cash	4,094
	4,094
Assets acquired:	
Accounts receivable	4,094

7. LOAN RECEIVABLE

On June 26, 2024, Silverco Corp advanced \$500,000 to Silverco Ltd under a loan agreement on arm's length terms (the "Silverco Loan"). The outstanding balance was fully repaid in cash to Silverco Corp on January 14, 2025, prior to the completion of the RTO on October 17, 2025. No balance related to this loan was outstanding at the RTO date or at December 31, 2025.

On August 2, 2024, the Company advanced \$1,150,000 under a loan agreement with Scorpio Gold Corporation ("Scorpio"). On October 31, 2024, and April 9, 2025, the Company received cash payments of \$400,000 and \$750,000, respectively, from Scorpio. As of December 31, 2025, the total loan amount of \$1,150,000, has been fully paid.

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025 and for the period from April 18, 2024 to December 31, 2024

(Expressed in Canadian dollars, except where noted)

8. PROPERTY AND EQUIPMENT

A summary of the Company's property and equipment, including ROU assets (Note 11) is as follows:

	Right of use assets	Property and equipment	Total
	\$		\$
Cost			
Balance, April 18, 2024	-	-	-
Additions	407,684	-	407,684
Foreign Exchange	8,887	-	8,887
Balance, December 31, 2024	416,571	-	416,571
Additions	123,015	135,653	258,668
Foreign exchange	(2,807)	-	(2,807)
Balance, December 31, 2025	536,779	135,653	672,432
Accumulated depreciation			
Balance, April 18, 2024	-	-	-
Additions	68,035	-	68,035
Foreign exchange	23,475	-	23,475
Balance, December 31, 2024	91,510	-	91,510
Additions	208,387	15,360	223,747
Foreign exchange	(12,871)	713	(12,158)
Balance, December 31, 2025	287,026	16,073	303,099
Carrying amount			
Balance, December 31, 2024	325,061	-	325,061
Balance, December 31, 2025	249,753	119,580	369,333

9. EXPLORATION AND EVALUATION EXPENDITURES

A summary of the Company's exploration and evaluation expenses for the year ended December 31, 2025, is as follows:

	Cusi Mining Complex	Big Kidd	Total
	\$	\$	\$
Drilling	2,660,255	300,730	2,960,985
Rental equipment	1,455,352	-	1,455,352
Utilities and fuel	1,352,760	-	1,352,760
Technical services	1,008,867	248,000	1,256,867
Salary and wages	784,120	-	784,120
Professional services	389,622	-	389,622
Environmental studies	144,946	530,043	674,989
Permits and concession fees	620,032	-	620,032
Assays and analysis	245,607	-	245,607
Field consumables	223,318	486,004	709,322
Site and office services	594,687	-	594,687
Other	32,484	-	32,484
Total	9,512,050	1,564,777	11,076,827

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025 and for the period from April 18, 2024 to December 31, 2024

(Expressed in Canadian dollars, except where noted)

A summary of the Company's exploration and evaluation expenses for the period from the date of incorporation on April 18, 2024 to December 31, 2024, is as follows:

	Cusi Mining Complex
	\$
Drilling	1,436,190
Rental equipment	24,198
Utilities and fuel	477,726
Technical services	173,272
Salary and wages	228,632
Professional services	239,501
Environmental studies	21,055
Permits and concession fees	396,115
Assays and analysis	76,109
Field consumables	176,724
Site and office services	178,509
Other	12,039
Total	3,440,070

a) Big Kidd

On closing of the RTO, the Company assumed all rights and obligations of the option agreement dated November 4, 2022 between the Company and South Atlantic Gold Inc., as subsequently amended (the "Option Agreement"), granting the Company the right to acquire a 100% interest in certain mineral claims located in British Columbia (the "Big Kidd"). Under the Option Agreement, the Company is required to make the following acquisition payments.

- \$10,000 on November 14, 2022 (paid prior to the RTO);
- \$10,000 on January 4, 2023 (paid prior to the RTO);
- \$20,000 on March 9, 2023 (paid prior to the RTO);
- \$130,000 on May 29, 2023 and upon completion of a qualifying equity financing for gross proceeds of minimum \$500,000 on or before January 3, 2023 (paid prior to the RTO);
- \$200,000 on January 4, 2024 (paid prior to the RTO);
- \$200,000 on January 4, 2025; (outstanding and included in accrued liabilities)
- \$200,000 on January 4, 2026; (outstanding)
- \$200,000 on January 4, 2027, and
- \$350,000 or issue common shares with an aggregate value of \$350,000 on January 4, 2028.

Additionally, the Company is required to fulfil the milestone commitments in the form of cash payments or issuances of the Company's publicly traded common shares, as follows:

- \$300,000 or issue common shares with an aggregate value of \$300,000 following the completion of 40,000 meters of drilling on the property;
- \$1,200,000 or issue common shares with an aggregate value of \$1,200,000 following the filing of a pre-feasibility study on the property; and
- \$2,000,000 or issue common shares with an aggregate value of \$2,000,000 following the filing of a feasibility study on the property.

As at December 31, 2025, none of the above milestones have been achieved and accordingly no milestone commitment payments have been triggered.

b) Acquisition of Cusi Concession

The Company entered into an asset purchase agreement dated July 18, 2024, with Dias Bras Mexicana, S.A. De C.V. ("DBM") and the Company's wholly owned subsidiary, Minera San Bernabé, pursuant to which the Company agreed to acquire, through Minera San Bernabé, all of the Cusi Mining Complex's right, title and interest in and to the mineral concessions (the "Acquisition"). The Acquisition includes 75 claims located in Chihuahua State, Mexico.

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025 and for the period from April 18, 2024 to December 31, 2024

(Expressed in Canadian dollars, except where noted)

On August 18, 2024, the Company acquired 100% interest and title of the Cusi Mining Complex from DBM in exchange for a cash payment of \$3,078,898 (US\$ 2,513,360). For accounting purposes, the acquisition was recorded as an exploration and evaluation asset, as defined in IFRS 6 *Exploration for and Evaluation of Mineral Resources*. The acquisition did not qualify as a business combination under IFRS 3 *Business Combinations*, as the significant inputs, processes, and outputs, that together constitute a business, did not exist in the Cusi Mining Complex at the time of acquisition.

c) Acquisition of San Miguel Property

The Company entered into an asset purchase agreement (the “APA”) dated July 3, 2024, with Minera Silverstrike S.A. De C.V. (“Silverstrike”) and the Company’s wholly owned subsidiary, Minera San Bernabé, pursuant to which the Company agreed to acquire, through Minera San Bernabé, all of San Miguel Property’s right, title and interest in and to the mineral concessions (the “San Miguel Acquisition”). The San Miguel Acquisition includes 20 claims located in Chihuahua State, Mexico (the “San Miguel Property”).

On July 3, 2024, the Company acquired 100% interest and title of San Miguel Concession Mine from Silverstrike in exchange for a cash payment of \$637,563 (US\$ 500,000) and an issuance of the Company’s common shares equivalent to \$675,000 (US\$500,000). For accounting purposes, the acquisition was recorded as an exploration and evaluation asset, as defined in IFRS 6 *Exploration for and Evaluation of Mineral Resources*. The acquisition did not qualify as a business combination under IFRS 3 *Business Combinations*, as the significant inputs, processes, and outputs, that together constitute a business, did not exist in San Miguel Property at the time of acquisition. Accordingly, no goodwill was recorded with respect to the acquisition.

The Company granted to Silverstrike or its nominee, as applicable a royalty equal to 1% of the Net Smelter Returns (“NSR”) over the San Miguel Property. Following completion, the San Miguel Property became part of the Company’s Cusi Mining Complex.

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

	Cusi Mining Complex
	\$
Balance, April 18, 2024	-
Acquisition costs - Fair value of shares issued	675,000
Acquisition costs - Cash	3,716,461
Acquisition costs - Closing costs	2,102
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

The concessions within the Cusi Mining Complex are subject to Net Smelter Return (“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.

10. FLOW-THROUGH PREMIUM RECOVERY

On closing of the RTO (see Note 5), the Company assumed and recognized flow-through liability related to a series of flow-through share financings that occurred prior to the completion of RTO.

From the date of completion of the RTO to December 31, 2025, the Company incurred \$1,420,865 of qualifying CEE to which the flow-through proceeds had been committed. Upon full satisfaction of these expenditure obligations, the flow-through premium liability of \$176,734 was derecognized and recognized as a recovery in profit or loss for the year ended December 31, 2025.

	Flow-through funding and remaining eligible expenditures	Flow-through premium liability
	\$	\$
Balance, December 31, 2024	-	-
RTO Additions (Note 5)	1,420,865	176,734
Eligible expenditures incurred	(1,420,865)	(176,734)
Balance, December 31, 2025	-	-

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025 and for the period from April 18, 2024 to December 31, 2024

(Expressed in Canadian dollars, except where noted)

11. LEASE LIABILITIES

The Company has lease contracts for equipment and office space with terms ranging from two to three years. The lease liabilities have been measured at the present value of future lease payments using the Company's incremental borrowing rate of 10%. The corresponding ROU assets are disclosed in Note 8.

A summary of the Company's lease liability is as follows:

	\$
Balance, April 18, 2024	-
Additions	407,684
Payments	(75,347)
Accretion expense	12,075
Foreign exchange	(25,874)
Balance, December 31, 2024	318,538
Additions	123,015
Payments	(230,967)
Accretion expense	27,607
Foreign exchange	22,414
Balance, December 31, 2025	260,607
Current portion	188,484
Non-current portion	72,123

The schedule of the Company's future lease payments is as follows:

	\$
Fiscal 2026	203,553
Fiscal 2027	51,824
Fiscal 2028	26,169
Total undiscounted future lease payments	281,546
Imputed interest	(20,939)
Balance, December 31, 2025	260,607

12. RECLAMATION PROVISION

The Company recognized a provision for reclamation representing the estimated future costs of environmental restoration and closure activities associated with the Cusi Mining Complex. These estimated future obligations include land rehabilitation, decommissioning of buildings and mine facilities, and other anticipated closure costs. No reclamation expenditures have been incurred to date; the provision reflects management's best estimate of the present value of future cash outflows expected to be required to settle these obligations.

As at December 31, 2025, the total undiscounted value of the reclamation provision was \$4,376,054. The timing of the estimated cash outflows is based on the projected mine life, with reclamation and closure activities expected to commence in 2035 and be fully completed by 2036. The present value of the obligation has been determined using a risk-free discount rate of 9.25% and with cost estimates being inflated by an estimated inflation rate of 4.62% as of December 31, 2025.

A summary of the Company's Cusi Mining Complex reclamation provision is as follows:

	Cusi Mining Complex
	\$
Balance, December 31, 2024 and April 18, 2024	-
Additions	2,416,639
Accretion	205,414
Foreign exchange	262,640
Balance, December 31, 2025	2,884,693

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025 and for the period from April 18, 2024 to December 31, 2024

(Expressed in Canadian dollars, except where noted)

13. SHARE CAPITAL

a) Post-RTO capital structure

Immediately following the completion of the Amalgamation, there were 32,616,265 post-consolidation Company common shares issued and outstanding, comprising:

- 575,911 post-consolidation shares resulting from the 100:1 consolidation of 57,591,028 pre-consolidation Silverco Ltd common shares,
- 312,500 common shares issued by Silverco Ltd upon conversion of the \$500,000 convertible loan between Silverco Ltd and a third party, converted immediately prior to completion of the RTO, and
- 31,727,854 shares issued to former shareholders of Silverco Corp upon exchange of 16,876,518 Silverco Corp common shares at an exchange ratio of 1.88:1.

b) Authorized share capital

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

c) Issued share capital

During the year ended December 31, 2025, the Company had the following share capital transactions:

- On May 7, 2025, the Company closed a private placement and issued 131,600 common shares at a price of \$0.80 per common share for gross proceeds of \$105,000.
- On May 16, May 29, and June 10, 2025, the Company closed a series of private placements, issuing a total of 8,494,255 common shares at a price of \$1.60 per share for aggregate gross proceeds of \$13,554,660.
- On October 17, 2025, pursuant to the completion of the RTO, 888,410 common shares are deemed to have been issued by the accounting acquirer to the existing shareholders of Silverco Ltd as consideration for obtaining a listing on the TSXV (Note 5).
- During the year ended December 31, 2025, the Company recorded \$1,354,966 in share issuance costs.

During the period ended from the date of incorporation on April 18, 2024 to December 31, 2024, the Company had the following share capital transactions:

- On April 18, 2024, the Company issued two common shares for the price of \$0.01 for gross proceeds of \$0.01.
- On June 14, 2024, the Company repurchased two common shares for the price of \$0.01 for gross proceeds of \$0.01.
- On June 14, 2024, the Company closed a private placement and issued 7,614,000 common shares at a price of \$0.01 per common share for gross proceeds of \$40,500.
- On June 20, 2024, the Company closed a private placement and issued 470,000 common shares at a price of \$0.72 per common share for gross proceeds of \$337,500.
- On June 26, 2024, the Company closed a private placement and issued 7,568,628 common shares at a price of \$0.80 per common share for gross proceeds of \$6,038,799.
- On July 3, 2024, the Company issued 940,000 common shares at \$0.72 per share for a fair value of \$675,000 to Silverstrike as a payment under the APA (Note 9).
- On July 19, 2024, the Company closed a private placement and issued 1,061,042 common shares at a price of \$0.80 per common share for gross proceeds of \$846,575.
- On September 6, 2024, the Company closed a private placement and issued 502,396 common shares at a price of \$0.80 per common share for gross proceeds of \$400,848.
- On September 26, 2024, the Company closed a private placement and issued 866,398 common shares at a price of \$0.80 per common share for gross proceeds of \$691,275.
- On October 3, 2024, the Company closed a private placement and issued 515,182 common shares at a price of \$0.80 per common share for gross proceeds of \$411,050.
- On October 11, 2024, the Company closed a private placement and issued 2,044,688 common shares at a price of \$0.80 per common share for gross proceeds of \$1,631,400.
- On October 22, 2024, the Company closed a private placement and issued 1,519,666 common shares at a price of \$0.80 per common share for gross proceeds of \$1,212,500.
- During the period ended from the date of incorporation on April 18, 2024 to December 31, 2024, the Company recorded \$1,232,614 in share issuance costs.

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025 and for the period from April 18, 2024 to December 31, 2024

(Expressed in Canadian dollars, except where noted)

d) Share purchase options

Share purchase option transactions are summarized as follows:

	Number of Outstanding Share Purchase Options	Weighted Average Exercise Price
	#	\$
Balance, April 18, 2024	-	-
Granted	2,180,800	0.80
Balance, December 31, 2024	2,180,800	0.80
Granted	1,635,600	1.60
RTO Additions (Note 5)	35,986	8.53
Balance, December 31, 2025	3,852,386	1.22

	2025	2024
Share price at grant date	\$1.60	\$0.80
Risk-free rate	2.95%	3.05%
Dividend yield	nil	nil
Stock price volatility	75%	100%
Life of option (years)	5	5

The fair value of stock options granted during the year ended December 31, 2025 was \$1.00 per option (2024 - \$0.60 per option), determined using the Black-Scholes option pricing model with the assumptions set out in the table above. The options granted during the year ended December 31, 2025 vest in three equal annual instalments, with one-third vesting on each of the first, second, and third anniversaries of the grant date.

As at December 31, 2025, share purchase options outstanding are as follows:

Grant Date	Options Outstanding	Expiry Date	Exercise Price	Remaining Life	Options Vested
	#		\$	Years	#
October 22, 2024	2,180,800	October 22, 2029	0.80	3.81	2,180,800
August 01, 2025	1,635,600	August 01, 2030	1.60	4.59	545,200
January 15, 2025	12,500	January 15, 2030	16.00	4.04	12,500
April 30, 2022	23,486	April 30, 2027	4.55	1.33	23,486
	3,852,386		1.22	4.11	2,761,986

The Company recognized \$893,198 in share-based compensation for stock options during the year ended December 31, 2025 (2024 - \$1,315,388).

e) Performance share units

During the year ended December 31, 2025, the Company granted the following PSUs:

	PSUs #
Outstanding units, December 31, 2024	-
Granted	1,410,000
Outstanding units, December 31, 2025	1,410,000

On August 1, 2025, the Company granted an aggregate of 1,410,000 PSUs to officers. Each PSU entitles the holder to receive one common share (or cash equivalent) at the Company's discretion upon settlement, subject to the achievement of specified performance conditions.

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025 and for the period from April 18, 2024 to December 31, 2024

(Expressed in Canadian dollars, except where noted)

The PSUs vest in tranches based on the later of August 1, 2026 and the achievement of performance milestones, with an outside expiry date of December 31, 2028. Any PSUs not vested by December 31, 2028 will expire and be terminated. PSUs that would otherwise vest but are subject to escrow or resale restrictions will instead vest when such restrictions lapse or upon PSUs termination, if earlier.

The Company recognized \$587,751 in share-based compensation for PSUs during the year ended December 31, 2025 (2024 - \$nil).

f) Share purchase warrants

Share purchase warrant transactions are summarized as follows:

	Number of Outstanding Share Purchase Warrants	Weighted Average Exercise Price
	#	\$
Balance, April 18, 2024	-	-
Granted	872,880	0.80
Balance, December 31, 2024	872,880	0.80
Granted	509,657	1.60
RTO Additions (Note 5)	120,615	27.53
Expired	(23,492)	36.25
Balance, December 31, 2025	1,479,660	2.69

As at December 31, 2025, exercisable share purchase warrants are as follows:

Expiry date	Weighted average exercise Price	Number of Warrants	Weighted average remaining term
	\$	#	Years
January 5, 2026	36.00	496	0.01
March 12, 2026	30.00	12,000	0.19
March 12, 2026	25.00	1,200	0.19
October 15, 2026	20.00	5,000	0.79
December 23, 2026	25.00	7,500	0.98
December 24, 2026	25.00	53,748	0.98
February 18, 2027	25.00	16,250	1.13
March 12, 2027	25.00	929	1.19
June 20, 2029	0.72	28,200	3.47
June 26, 2029	0.80	454,118	3.49
September 26, 2029	0.80	390,562	3.74
June 10, 2030	1.60	509,657	4.44
	2.69	1,479,660	3.71

During the twelve months ended December 31, 2025, the Company issued the following share purchase warrants:

On June 10, 2025, the Company issued 509,657 share purchase warrants at an exercise price of \$1.60 per warrant for a period of 5 years. The warrants are fully vested as granted and valued at \$509,773 using the Black Scholes option pricing model with the following weighted average assumptions: expected life of 5 years; volatility of 75%, dividend yield of 0%, and risk-free rate of 2.90%. The fair value of the share purchase warrants granted was recognized to share issuance costs in the amount of \$509,773.

During the period from the date of incorporation on April 18, 2024 to December 31, 2024, the Company issued the following share purchase warrants to agents (the "Agents") related to the shares issued during the period:

On June 20, 2024, the Company issued 28,200 share purchase warrants to the Agents at an exercise price of \$0.72 per warrant for a period of 5 years. The warrants are fully vested as granted and valued at \$15,412 using the Black Scholes option pricing model with the following weighted average assumptions: expected life of 5 years; volatility of 100%, dividend yield of 0%, and risk-free rate of 3.88%. The fair value of the share purchase warrants granted was recognized to share issuance costs in the amount of \$15,412 for the period from the date of incorporation on April 18, 2024 to December 31, 2024.

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025 and for the period from April 18, 2024 to December 31, 2024

(Expressed in Canadian dollars, except where noted)

On June 26, 2024, the Company issued 454,118 share purchase warrants to the Agents at an exercise price of \$0.80 per warrant for a period of 5 years. The warrants are fully vested as granted and valued at \$243,836 using the Black Scholes option pricing model with the following weighted average assumptions: expected life of 5 years; volatility of 100%, dividend yield of 0%, and risk-free rate of 3.88%. The fair value of the share purchase warrants granted was recognized to share issuance costs in the amount of \$243,836 for the period from the date of incorporation on April 18, 2024 to December 31, 2024.

On September 26, 2024, the Company issued 390,562 share purchase warrants to the Agents at an exercise price of \$0.80 per warrant for a period of 5 years. The warrants are fully vested as granted and valued at \$235,245 using the Black Scholes option pricing model with the following weighted average assumptions: expected life of 5 years; volatility of 100%, dividend yield of 0%, and risk-free rate of 2.88%. The fair value of the share purchase warrants granted was recognized to share issuance costs in the amount of \$235,245 for the period from the date of incorporation on April 18, 2024 to December 31, 2024.

14. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Unless otherwise noted, related party transactions were incurred in the normal course of operations and measured at the amount established and agreed upon by the related parties.

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

	December 31, 2025	For the period from April 18, 2024 to December 31, 2024
	\$	\$
Salaries, benefits and directors' fees	692,255	17,500
Share-based compensation	1,448,058	170,093
	2,140,313	187,593

Inventa is a private company that previously provided shared office space, administrative services, and information technology support to the Company. Certain previous key management personnel of the Company were also key management personnel of Inventa. The related party transactions with Inventa for the year ended December 31, 2025 were \$40,000 (2024 - \$10,749).

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2025, 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.

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025 and for the period from April 18, 2024 to December 31, 2024

(Expressed in Canadian dollars, except where noted)

A summary of the Company's undiscounted financial liabilities as at December 31, 2025 is as follows:

	Within 1 year	1-3 years	3+ years	Total
Accounts payable and accrued liabilities	3,034,814	-	-	3,034,814
Lease liabilities	203,553	77,993	-	281,546
Reclamation provision	-	-	4,376,054	4,376,054

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. Management believes the foreign exchange risk derived from currency conversions is not significant.

d) Foreign currency risk

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. Management believes the foreign exchange risk derived from currency conversions is not significant.

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

	2025	2024
	\$	\$
Cash	59,772	123,910
Value added taxes and GST receivable	2,208,412	912,124
Accounts payable and accrued liabilities	(957,142)	(1,262,847)
Lease liabilities	(260,607)	(318,538)
Reclamation provision	(2,884,693)	-
Net financial liability	(1,834,258)	(545,351)

The effect on net loss and comprehensive loss for the year ended December 31, 2025, 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 \$91,712 (December 31, 2024 - \$27,268).

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025 and for the period from April 18, 2024 to December 31, 2024

(Expressed in Canadian dollars, except where noted)

16. SEGMENTED INFORMATION

As at December 31, 2025, the Company's assets and liabilities by geographic location are as follows:

	Canada	Mexico	Total
	\$	\$	\$
ASSETS			
Cash	1,065,183	59,772	1,124,955
Value added taxes and GST receivable	375,639	2,208,412	2,584,051
Prepaid expenses and deposits	211,362	33,861	245,223
Property and equipment	-	369,333	369,333
Exploration and evaluation asset	-	7,555,692	7,555,692
LIABILITIES			
Accounts payable and accrued liabilities	2,077,672	957,142	3,034,814
Lease liabilities	-	260,607	260,607
Reclamation provision	-	2,884,693	2,884,693

As at December 31, 2024, the Company's assets and liabilities by geographic location are as follows:

	Canada	Mexico	Total
	\$	\$	\$
ASSETS			
Current			
Cash	1,878,140	123,910	2,002,050
Value added taxes and GST receivable	102,556	912,124	1,014,680
Prepaid expenses and deposits	14,552	37,643	52,195
Loan receivable	1,250,000	-	1,250,000
Property and equipment	-	325,061	325,061
Exploration and evaluation asset	-	4,393,563	4,393,563
LIABILITIES			
Accounts payable and accrued liabilities	8,625	1,262,847	1,271,472
Lease liability	-	318,538	318,538

17. CAPITAL MANAGEMENT

The Company's capital structure consists of all components of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the current operations comprising the acquisition, exploration and development of its mineral properties. The Company obtains funding primarily through issuing share capital. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

There were no changes to the Company's approach to capital management during the year ended December 31, 2025. The Company is not subject to externally imposed capital requirements.

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025 and for the period from April 18, 2024 to December 31, 2024

(Expressed in Canadian dollars, except where noted)

18. INCOME TAXES

No current or deferred income tax expense or recovery was recognized for the year ended December 31, 2025. The Company and its subsidiary incurred net losses for the period, and deferred tax assets have not been recognized as the Company has recorded a full valuation allowance against its deferred tax assets because of uncertainty as to the realization of these assets.

A summary of the Company's reconciliation of income taxes at statutory rates for the year ended December 31, 2025 and for the period from April 18, 2024 to December 31, 2024, is as follows:

	2025	2024
	\$	\$
Loss before income taxes	17,797,975	5,066,082
Combined federal and provincial statutory income tax rates (Canada)	27%	27%
Income tax recovery at statutory rates	(4,805,000)	(1,368,000)
Effect of tax rates in foreign jurisdictions	(297,000)	(104,000)
Permanent differences and other items	76,000	158,000
Deferred tax assets not recognized	5,026,000	1,314,000
Income tax expense	-	-

As at December 31, 2025 and 2024, the Company has temporary differences between the carrying value of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A summary of the Company's significant components of unrecognized deferred tax assets (liabilities) is as follows:

	December 31, 2025	For the period from April 18, 2024 to December 31, 2024
	\$	\$
Non- capital losses	5,057,000	1,616,000
Exploration and evaluation asset	(147,000)	423,000
Share issuance costs	620,000	136,000
Total	5,530,000	2,175,000

As at December 31, 2025, the Company has share issuance costs of \$2,298,000 and non-capital losses of \$8,445,000 that may be applied against future taxable income for Canadian income tax purposes.

As at December 31, 2025, the Company has exploration and development acquisition costs of \$7,699,000 and non-capital losses of \$9,258,000 that may be applied against future taxable income for Mexican income tax purposes.

A summary of the Company's non-capital loss carryforwards by expiry period is as follows:

	Tax Losses
	\$
Expiry	
One to five years	-
After five years	17,703,000
No expiry date	-
	17,703,000

SILVERCO MINING LTD. (formerly Quetzal Copper Corp.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025 and for the period from April 18, 2024 to December 31, 2024

(Expressed in Canadian dollars, except where noted)

19. SUBSEQUENT EVENTS

On January 19, 2026, the Company entered into a binding letter of intent to acquire 100% of the issued and outstanding shares of Nuevo, which owns the La Negra Mine, a producing silver mine located in Querétaro, Mexico. The Company's acquisition of Nuevo remains subject to customary closing conditions, including the receipt of all required regulatory and stock exchange approvals and the execution of a definitive agreement.

On February 19, 2026, the Company closed a bought deal private placement for aggregate gross proceeds of \$62,500,000 consisting of (i) 4,000,000 common shares of the Company at a price of \$12.50 per share, for aggregate gross proceeds of \$50,000,000, and (ii) 1,000,000 units at \$12.50 per unit, for aggregate gross proceeds \$12,500,000. Each unit consists of one common share of the Company and one-quarter of one warrant, with each whole warrant being exercisable for one common share of the Company at an exercise price of \$18.00 per share for a period of 18 months from the closing.