



**SILVER X MINING CORP.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

**Expressed in US Dollars**

# DAVIDSON

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Silver X Mining Corp.

### Opinion

We have audited the accompanying consolidated financial statements of Silver X Mining Corp. (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 years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these 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 years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

### Basis for Opinion

We conducted our audit 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 in our audit 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 of the current year. 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.

We have determined that there are no key audit matters to communicate in our auditor's report.

### Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do 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 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.

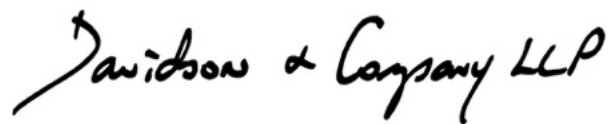
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 Reshma Mahase.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Vancouver, Canada

April 30, 2026

**SILVER X MINING CORP.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

As at December 31, 2025 and 2024  
(Expressed in US Dollars)

	Notes	December 31, 2025	December 31, 2024
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 10,052,225	\$ 784,429
Trade and other receivables	5	11,476,596	6,117,393
Prepaid expenses and deposits		230,197	220,584
Inventory	6	1,373,354	495,701
		23,132,372	7,618,107
<b>Non-current assets</b>			
Other receivables – non current	5	1,306,045	1,317,072
Right-of-use- assets	8	-	24,447
Property and equipment	7	9,193,276	7,232,667
Mineral Property	9	41,801,924	37,603,031
		52,301,245	46,177,217
<b>TOTAL ASSETS</b>		<b>\$ 75,433,617</b>	<b>\$ 53,795,324</b>
<b>LIABILITIES and SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	10	\$ 26,173,341	\$ 19,127,913
Lease obligation	8	162,685	186,506
Debenture	11	2,470,265	2,270,971
		28,806,291	21,585,390
<b>Non-current liabilities</b>			
Long term payables	10	310,291	277,204
Long term debentures	11	-	700,000
Deferred income tax liability	18	10,729,737	9,951,737
Asset retirement obligation	12	2,577,745	2,378,647
<b>Total liabilities</b>		<b>42,424,064</b>	<b>34,892,978</b>
<b>Shareholders' equity</b>			
Share capital	13	90,109,072	74,925,340
Obligation to issue shares	13	13,157	-
Accumulated deficit		(71,301,478)	(66,541,740)
Reserves		14,188,802	10,518,746
<b>Total shareholders' equity</b>		<b>33,009,553</b>	<b>18,902,346</b>
<b>TOTAL LIABILITIES and SHAREHOLDERS' EQUITY</b>		<b>\$ 75,433,617</b>	<b>\$ 53,795,324</b>

Nature of operations (Note 1)

Subsequent events (Note 19)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS ON APRIL 30, 2026:

\_\_\_\_\_"Francis Johnstone"\_\_\_\_\_  
Director \_\_\_\_\_"Darryl Cardey"\_\_\_\_\_  
Director

*See accompanying notes to the consolidated financial statement*

**SILVER X MINING CORP.**  
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the years ended December 31, 2025, and 2024

(Expressed in US Dollars)

	Notes	For the year ended December 31, 2025	For the year ended December 31, 2024
<b>OPERATING REVENUES</b>		\$ 25,235,940	\$ 21,854,446
<b>COST OF SALES</b>			
Mining and processing		\$ (18,412,792)	\$ (18,005,469)
Amortization		(1,004,185)	(4,467,741)
		(19,416,977)	(22,473,210)
<b>Operating income</b>		\$ 5,818,963	\$ (618,764)
<b>EXPLORATION EXPENDITURES</b>		\$ -	\$ (224,302)
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		\$ (3,589,410)	\$ (3,047,381)
<b>Income (loss) before other items</b>		<b>2,229,553</b>	<b>(3,890,447)</b>
<b>OTHER ITEMS</b>			
Finance cost, net		\$ (820,073)	\$ (625,892)
Gain on lease written off		-	41,230
Gain on settlement of accounts payable balances		-	1,132,260
Provision for administrative sanctions	10	(4,932,155)	-
Foreign exchange gain (loss)		316,937	(69,373)
<b>Net loss before tax</b>		<b>(3,205,738)</b>	<b>(3,412,222)</b>
Current income tax expense	18	\$ (776,000)	\$ -
Deferred income tax expense	18	(778,000)	(1,039,000)
<b>Net loss</b>		<b>(4,759,738)</b>	<b>(4,451,222)</b>
Loss on translation of foreign operations		(680,477)	(315,511)
<b>Net comprehensive loss</b>		<b>\$ (5,440,215)</b>	<b>\$ (4,766,733)</b>
<b>Loss per share, basic and diluted</b>		<b>\$ (0.02)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding, basic and diluted</b>		232,097,342	187,261,635

See accompanying notes to the consolidated financial statements.

**SILVER X MINING CORP.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
For the years ended December 31, 2025 and 2024  
(Expressed in US Dollars)

	Notes	Number of Common shares	Share capital	Obligation to issue shares	Other Equity Reserves		Accumulated Other Comprehensive Income	Accumulated Deficit	Total
					Share- based payments	Share purchase warrants			
<b>Balance, December 31, 2023</b>		<b>166,580,777</b>	<b>\$ 70,828,276</b>	-	<b>\$ 5,549,736</b>	<b>\$ 1,725,164</b>	<b>\$ 2,694,056</b>	<b>\$ (62,090,518)</b>	<b>\$ 18,706,714</b>
Net loss for the year		-	-	-	-	-	-	(4,451,222)	(4,451,222)
Private placement, net		27,777,776	2,796,998	-	-	765,257	-	-	3,562,255
Shares issuance for settlement of accounts payable balances, net	13	6,000,000	1,038,180	-	-	-	-	-	1,038,180
Warrants exercised		66,500	14,336	-	-	-	-	-	14,336
Options exercised		25,000	4,491	-	-	-	-	-	4,491
Loss on translation of foreign operations		-	-	-	-	-	(315,511)	-	(315,511)
Share-based payments	13	1,261,956	210,830	-	132,273	-	-	-	343,103
RSU vesting		175,000	32,229	-	(32,229)	-	-	-	-
<b>Balance, December 31, 2024</b>		<b>201,887,009</b>	<b>\$ 74,925,340</b>	-	<b>\$ 5,649,780</b>	<b>\$ 2,490,421</b>	<b>\$ 2,378,545</b>	<b>\$ (66,541,740)</b>	<b>\$ 18,902,346</b>
Net loss for the year		-	-	-	-	-	-	(4,759,738)	(4,759,738)
Private placement, net	13	63,588,235	12,448,596	-	-	4,232,937	-	-	16,681,533
Warrants exercised		10,505,617	2,416,535	13,157	-	(501,742)	-	-	1,927,950
Options exercised		950,000	318,601	-	(140,653)	-	-	-	177,948
Loss on translation of foreign operations		-	-	-	-	-	(680,477)	-	(680,477)
Share-based payments	13	-	-	-	695,273	64,718	-	-	759,991
<b>Balance, December 31, 2025</b>		<b>276,930,861</b>	<b>\$ 90,109,072</b>	<b>\$ 13,157</b>	<b>\$ 6,204,400</b>	<b>\$ 6,286,334</b>	<b>\$ 1,698,068</b>	<b>\$ (71,301,478)</b>	<b>\$ 33,009,553</b>

See accompanying notes to the consolidated financial statements.

**SILVER X MINING CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOW**  
For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

	<b>For the year ended December 31, 2025</b>	<b>For the year ended December 31, 2024</b>
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (4,759,738)	\$ (4,451,222)
Items not affecting cash:		
Accretion, interest, and foreign exchange	106,678	284,265
Amortization	1,004,185	4,467,741
Current income tax expense	776,000	-
Deferred income tax expense	778,000	1,039,000
Gain on settlement of accounts payable balances	-	(1,132,260)
Gain on lease written-off	-	(41,230)
Provision for administrative sanctions	4,932,155	-
Share-based payments	759,991	344,898
Write-off on mineral property	-	126,602
	<b>3,597,271</b>	<b>637,794</b>
Changes in non-cash working capital items:		
Other receivables and prepaids	(5,351,405)	(1,376,778)
Accounts payable and accrued liabilities	1,370,360	1,325,584
Inventory	(877,653)	114,090
<b>Net cash inflow (outflow) from operating activities</b>	<b>(1,261,427)</b>	<b>700,690</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds (net of share issuance costs) from private placement	16,681,533	3,562,255
Proceeds from warrant exercise	1,921,566	14,336
Proceeds from exercise of options	177,948	4,491
Shares issuance cost from settlement of accounts payable	-	(12,814)
Lease payments	(25,800)	(29,800)
Net (repayment of) receipt from debenture	(501,665)	1,342,884
<b>Net cash inflow from financing activities</b>	<b>18,253,582</b>	<b>4,881,352</b>
<b>INVESTING ACTIVITIES</b>		
Mineral property	\$ (4,361,771)	\$ (3,499,189)
Purchase of property, plant, and equipment	(2,685,174)	(2,138,167)
<b>Net cash outflow from investing activities</b>	<b>(7,046,945)</b>	<b>(5,637,356)</b>
Foreign exchange impact on cash	(677,414)	354,840
<b>Net change in cash</b>	<b>9,267,796</b>	<b>299,526</b>
Cash, beginning of year	784,429	484,902
<b>Cash, end of year</b>	<b>\$ 10,052,225</b>	<b>\$ 784,428</b>

See accompanying notes to the consolidated financial statements.

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**1. CORPORATE INFORMATION**

Silver X Mining Corp. (the “Company” or “Silver X”) was incorporated under the Business Corporations Act of British Columbia on June 4, 2009, as Western Pacific Resources Corp (WPR). On October 7, 2020, WPR changed its name to Oro X Mining Corp (Oro X). Subsequently, on February 9, 2021, Oro X acquired 100% of the issued and outstanding shares of Mines & Metals Trading (Peru) Plc (MMTP) through a business combination. On June 18, 2021, Oro X changed its name to Silver X Mining Corp.

Silver X is listed on the TSX Venture Exchange (TSXV) under the symbol AGX, on the U.S. OTCQB Market under the symbol AGXPF, and on the Frankfurt Stock Exchange under the symbol AGX.

The Company’s principal business activities include the production, development, and exploration of mineral properties across the Americas.

The address of the Company’s corporate office and principal place of business is 620 – 1111 Melville Street, Vancouver, British Columbia V6E 3V6.

**2. BASIS OF PREPARATION**

**a. Statement of Compliance**

These consolidated financial statements of the Company as of and for the year ended December 31, 2025, including comparatives have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”) (IFRS Accounting Standards).

These financials statements were approved for issuance by the Board of Directors on April 29, 2026.

**b. Basis of Measurement**

These consolidated financial statements have been prepared on the historical cost basis, except for certain assets and liabilities measured at fair value.

The consolidated financial statements are presented in US dollars. Silver X’s functional currency is Canadian dollars. An entity’s functional currency is the currency of the primary economic environment in which an entity operates and is listed in Note 2(c) for each of the Company’s subsidiaries. References to “\$” are to US dollars, references to “C\$” are to Canadian dollars.

The preparation of consolidated financial statements in compliance with IFRS Accounting Standards requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

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

**c. Basis of Consolidation**

The Financial Statements include the accounts and results of operations of the Company and its wholly owned subsidiaries listed in the following table below. A subsidiary is an entity in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise to obtain benefits from its activities. All material intercompany transactions and balances have been eliminated on consolidation.

<b>Name of Parent</b>	<b>Place of Incorporation</b>	<b>Functional Currency</b>	<b>December 31, 2025 Ownership</b>	<b>December 31, 2024 Ownership</b>
Silver X Mining Corp.	Canada	CAD	NA - Parent	NA - Parent
<b>Name of Subsidiary</b>				
Mines & Metals Trading (Peru) PLC	Isle of Man	USD	100%	100%
Minera Positiva Peru S.A.C	Peru	USD	100%	100%
Recuperada SAC	Peru	USD	100%	100%
San Antonio Mining Peru SAC	Peru	USD	100%	100%
Mining Sense Gold Peru SAC	Peru	USD	100%	100%
Minera Tangana SAC	Peru	USD	100%	100%
Tangana Mines Peru SAC	Peru	USD	100%	100%
Corongo Exploraciones SAC	Peru	USD	100%	100%
Western Pacific Resources (U.S.) Corp.	USA	USD	100%	100%
Quilla Canada Mining Corp.	Canada	USD	100%	100%
Talla Canada Mining Corp.	Canada	USD	100%	100%
Greengold Canada Mining Corp.	Canada	USD	100%	100%
Quilla Mining SAC	Peru	USD	100%	100%
Corporacion Minera Talla SAC	Peru	USD	100%	100%
Green Gold Resources	Ecuador	USD	100%	100%
Colorado Silver Mines LLC	USA	USD	100%	100%
Mina Nueva Esperanza S.A.C.	Peru	USD	100%	NA
Minera Nueva Blenda Rubia S.A.C.	Peru	USD	100%	NA
Silver X Peru S.A.C	Peru	USD	100%	NA

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

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

*Change in functional currency.*

In light of the Company achieving commercial production in March of 2024, the Company reassessed its functional currency and concluded the functional currency of its Peruvian entities is USD. The change in functional currency was effective as of January 1, 2024. Prior to January 1, 2024, the functional currency of the Peruvian companies was the Peruvian Sol.

The change in functional currency is due to the increased exposure to the US dollar as a result of the growth in international operations.

**3. MATERIAL ACCOUNTING POLICIES**

**a. Revenue recognition**

Revenue associated with the sale of commodities is recognized when control of the assets sold is transferred to the customer. Indicators of control transferring include an unconditional obligation to pay, legal title, physical possession, transfer of risk and rewards and customer acceptance. This generally occurs when the goods are delivered to a loading port, warehouse, vessel or metal account as contractually agreed with the buyer; at which point the buyer controls the goods. The Company's concentrate sales contracts with third-party buyers, in general, provide for provisional payment based upon provisional assays and quoted metal prices. Final settlement is based on applicable commodity prices set on specified quotational periods, typically extending up to one month after the shipment arrives at the smelter and is based on average market metal prices. For this purpose, the transaction price can be measured reliably for those commodities such as silver, for which there exists an active and freely traded commodity market such as the London Metals Exchange and the value of the product sold by the Company is directly linked to the form in which it is traded on that market.

Revenue on provisionally priced sales is recognized based on estimates of the fair value of the consideration receivable based on forward market prices and estimated quantities. At each reporting date provisionally, priced metal is marked to market based on the forward selling price for the quotational period stipulated in the contract. Variations between the price recorded at the date when control is transferred to the buyer and the actual final price set under the smelting contracts are caused by changes in metal prices resulting in the receivable being recorded at fair value through profit or loss ("FVTPL").

IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") requires that variable consideration should only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The Company concluded that the adjustments relating to the final assay results for the quantity and quality of concentration sold are not significant and do not constrain the recognition of revenue.

**b. Inventory**

Finished goods are valued at the lower of average production cost and net realizable value. Finished goods must be refined offsite to return saleable metals. Net realizable value is the amount estimated to be obtained from the sale of the inventory in the normal course of business, less any anticipated costs to be incurred prior to its sale. The production cost of inventories is determined on a weighted average basis and includes cost of raw materials, direct labour, mine-site overhead and depreciation and depletion of mine properties and plant and equipment.

Consumable supplies and spare parts expected to be used in production are valued at the lower of weighted average cost or net realizable value, which includes the cost of purchase as well as transportation and charges to bring them to their existing location and condition.

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2025, and 2024  
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**3. MATERIAL ACCOUNTING POLICIES (continued...)**

A write-down of inventory is recognized as an expense in profit or loss in the period the write-down occurs. Reversal of any write-down of inventory, arising from an increase in net realizable value, is recognized in profit or loss as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

**c. Property and equipment**

This item is presented at acquisition cost, less accumulated depreciation, and accumulated impairment loss, if any. The initial cost of an asset classified in this category includes the purchase price, including import duties and non-refundable purchase taxes and any costs directly attributable to the asset for working conditions and use.

Residual values, useful life and depreciation methods of the assets are reviewed and adjusted, if necessary, at the date of the consolidated statements of financial position.

When the carrying amount of an asset is greater than its estimated recoverable value, an impairment loss is recorded. The cost and accumulated depreciation of assets retired or sold are removed from the respective accounts and the resulting gain or loss will affect the results of the year in which it occurs.

All property and equipment, except plant, are depreciated using the straight-line method based on the estimated useful lives as follows:

	<b>YEARS</b>
Buildings and facilities	20
Machinery and equipment	7-10
Vehicles	5
Furniture and fixtures	10
Other equipment	4
Plant	Units of production

The Company utilizes the Units of Production Method for depreciating Plant. The ratio is obtained by dividing the extracted mineral tons by the measured and indicated resources, as outlined in the technical report, plus the monthly amortization cost per tonne of own mineral by the purchased mineral from third parties.

**Asset under construction**

Assets under construction are initially recognized at cost, which includes all expenditures directly attributable to bringing the asset to its intended use, such as materials, labor, and overheads. During the construction phase, these costs are capitalized, encompassing direct costs like materials and labor, specific overheads, and interest costs directly attributable to the construction project. Once the construction is available for use, it is transferred from the 'Assets Under Construction' account to the appropriate fixed asset category, and depreciation begins.

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the years ended December 31, 2025, and 2024  
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**3. MATERIAL ACCOUNTING POLICIES (continued...)**

**d. Mineral Properties**

i) Mines under construction and development costs

When technical feasibility and economic viability of projects have been determined and the decision to proceed with development has been approved, the expenditures related to construction are capitalized as mines under construction and classified as a component of mine properties, plant and equipment. Costs associated with the commissioning of new assets, in the pre-commercial period before they are operating in the way intended by management, are capitalized, net of any preproduction revenues. Commercial production is deemed to have occurred when management determines certain production parameters are met. The Company has not completed a technical feasibility study for the development-stage areas of the Recuperada Project. The Tangana Mining Unit, which forms part of the Recuperada Project, is in commercial production.

ii) Mine properties

Once a mineral property has been brought into commercial production as intended by management, costs of any additional work on that property are expensed as incurred, except for large development programs, which will be deferred and depleted over the remaining useful life of the related assets. Mine properties include deferred underground development costs and decommissioning, and restoration costs related to the reclamation of mine properties. Mine properties are derecognized upon disposal, or impaired when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss on disposal of the asset, determined as the difference between the proceeds received and the carrying amount of the asset is recognized in profit or loss.

In March 2024, the company commenced commercial production. This marks the transition from development to operational status, enabling the company to generate revenue from its mining activities.

Costs of producing mine properties are amortized and depleted on the unit-of-production basis using estimated measured and indicated resources. Note that at this time the Company has no proven and probable reserves. Depletion is recorded against the mine property only upon the commencement of commercial production.

Exploration expenditures are expensed as incurred at mine properties, unless the nature of the expenditure is to convert mineral resources into mineral reserves or in the absence of a mineral resource estimate, are to define areas to be included in the mine plan. Any amounts capitalized in this regard are amortized based on the unit-of-production method.

Mine properties are recorded at cost, net of accumulated depletion and accumulated impairment losses and are not intended to represent future values.

Recovery of capitalized costs is dependent on successful development of economic mining operations or the disposition of the related mineral property.

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**3. MATERIAL ACCOUNTING POLICIES (continued...)**

In 2024 the Company acquired the concession rights for The Plata Mining Area (formerly Esperanza). The Plata Mining Area is a brownfield location and currently in early-stage exploration.

At December 31, 2025, the Company capitalized \$328,973 (December 31, 2024 - \$63,903) in exploration and evaluation costs which are included as Mineral Property.

**e. Decommissioning and Restoration**

The Company is subject to various governmental laws and regulations relating to the protection of the environment. The environmental regulations are continually changing and are generally becoming more restrictive.

Decommissioning and restoration obligations encompass legal, statutory, contractual or constructive obligations associated with the retirement of a long-lived tangible asset (for example, mine or site reclamation costs) that results from the acquisition, construction, development and/or normal operation of a long-lived asset. The retirement of a long-lived asset is reflected by an other-than-temporary removal from service, including sale of the asset, abandonment or disposal in some other manner.

The present value of a liability for decommissioning and restoration is recorded in the period in which the obligation first arises. The Company records the estimated present value of future cash flows associated with site closure and reclamation as a long-term liability and increases the carrying value of the related assets for that amount. Over time, the liability is increased to reflect an interest element in the estimated future cash flows (accretion expense) considered in the initial measurement of fair value. The capitalized cost is depleted on either the unit-of-production basis or the straight-line basis, as appropriate. The Company's estimates of its provision for decommissioning and restoration obligations could change as a result of changes in regulations, changes to the current market-based discount rate, the extent of environmental remediation required, and the means of reclamation or cost estimates. Changes in estimates are accounted for in the period in which these estimates are revised.

**f. Impairment of Non-Financial Assets**

For the purposes of assessing impairment, the recoverable amount of an asset, which is the higher of its fair value, less costs to sell and its value in use, is estimated. If it is not possible to estimate the recoverable amount of an individual asset, the asset is included in the cash-generating unit to which it belongs and the recoverable amount of the cash generating unit is estimated. As a result, some assets are tested individually for impairment, and some are tested at the cash-generating unit level. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are also tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the assets are impaired such as decreases in metal prices, an increase in operating costs, a decrease in mineable reserves or a change in foreign exchange rates. The Company also considers net book value of the asset, the ongoing costs required to maintain and operate the asset, and the use, value and condition of the asset.

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**3. MATERIAL ACCOUNTING POLICIES (continued...)**

An impairment loss is recognized for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the value-in-use, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. Future cash flows used in the determination of value in use are estimated based on expected future production, recoverability of reserves, commodity prices, operating costs, reclamation costs and capital costs. Management estimates of future cash flows are subject to risks and uncertainties. It is reasonable that changes in estimates could occur which may affect the recoverable amounts of assets, including the Company's investments in mineral properties.

Fair value is determined with reference to discounted estimated future cash flow analysis or on recent transactions involving dispositions of similar properties.

An impairment loss for a cash-generating unit is first allocated to reduce the amount of goodwill allocated to that cash-generating unit. Any remaining impairment loss is allocated on a pro rata basis to the other assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist or may have decreased. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, however only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years.

**g. Loss per Share**

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the year. The weighted average number of common shares outstanding used for the calculation of the diluted per common share amount assumes that the proceeds to be received on the exercise of dilutive share options are used to repurchase common shares at the average market price during the period. In a loss year, potentially dilutive equity instruments are excluded from the loss per share calculation, as the effect would be anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

**h. Share Capital**

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and options are classified as equity instruments.

Incremental costs directly attributable to the issuance of shares and warrants are recognized as a deduction from the proceeds. The fair value of broker and finder equity compensation issued in connection with equity financings is recognized as share issuance costs with a corresponding increase to reserves.

Warrants issued by the Company typically accompany an issuance of shares in the Company (a "unit") and entitle the warrant holder to exercise the warrants for a stated price for a stated number of common shares in the Company. The Company uses the relative fair value approach when allocating the fair value of the share purchase warrants issued in conjunction with the offering of units through a private placement. The fair values of the common shares and the share purchase warrants issued as part of the units are measured separately, and the total proceeds are then allocated to each component proportionately based on their respective fair values.

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**3. MATERIAL ACCOUNTING POLICIES (continued...)**

**i. Share-based Payments**

Where equity-settled share options and restricted share units (“RSUs”) are awarded to directors, officers, employees or consultants, the fair value of the options and RSUs at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of the equity instruments that eventually vest. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where terms and conditions of options and RSUs are modified before they vest, any incremental increase in the fair value of the instruments, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to directors, officers, employees or others providing similar services, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received or at the fair value of the equity instruments issued (if it is determined the fair value of goods or services cannot be reliably measured) and are recorded at the date the goods or services are received.

All equity-settled share-based payments are reflected in other equity reserve until exercised. Upon exercise, shares are issued, and the amount reflected in other equity reserve is credited to share capital, adjusted for any consideration paid.

Where a grant of options and RSUs is cancelled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the grantees on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

**j. Financial Instruments**

*Classification*

Financial assets are classified at initial recognition as either: measured at amortized cost, fair value through profit or loss (“FVTPL”), or fair value through other comprehensive income (“FVTOCI”). The classification depends on the Company’s business model for managing the financial assets and the contractual cash flow characteristics. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income (“OCI”).

Fair value through profit or loss (“FVTPL”) - Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed to profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise. There are no material assets classified as FVTPL.

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**3. MATERIAL ACCOUNTING POLICIES (continued...)**

Fair value through other comprehensive income ("FVTOCI") - Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. There are no assets classified as FVTOCI.

Financial assets at amortized cost - A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Financial liabilities are measured at amortized cost unless they are required to be measured at FVTPL or the Company has opted to measure at FVTPL.

The Company has classified its financial instruments as follows:

Financial instrument	Classification
Cash	Amortized cost
Receivables arising from sale of concentrates	FVTPL
Receivables	Amortized cost
Deposits	Amortized cost
Accounts payable	Amortized cost
Long-term payables	Amortized cost
Debentures	Amortized cost
Lease obligation	Amortized cost

*Measurement*

Financial assets and liabilities at FVTPL are initially recognized at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets or liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where the Company has opted to designate a financial liability at FVTPL, any changes associated with the Company's credit risk will be recognized in other comprehensive income

Financial assets and liabilities at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

*Impairment*

The Company assesses on a forward-looking basis the expected credit loss ("ECL") associated with financial assets measured at amortized cost, contract assets and debt instruments carried at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**3. MATERIAL ACCOUNTING POLICIES (continued...)**

**k. Foreign Currency Translation**

The functional currency is the currency of the primary economic environment in which an entity operates and may differ from the currency in which the entity conducts transactions.

Transactions in currencies other than the functional currency are translated to the functional currency at exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in currencies other than the functional currency are translated to the functional currency using the exchange rate prevailing on the date of the consolidated statement of financial position, while non-monetary assets and liabilities are translated at historical rates. Exchange gains and losses arising from the translation of foreign currency-denominated transactions or balances are recorded as a component of net income (loss) in the period in which they occur.

The results of operations and financial position of a subsidiary where the functional currency is different from the presentation currency are translated as follows: assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position; expenses are translated at the average exchange rate for the year, all resulting exchange differences are recognized in other comprehensive income or loss. On disposition or partial disposition of a foreign operation, the cumulative amount of any respective exchange difference is recognized in profit or loss.

**l. Income Taxes**

Income tax expense comprises current and deferred tax. Current and deferred taxes are recognized in profit or loss, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income/loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for those taxable temporary differences arising on the initial recognition of goodwill or on the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

**m. Compound financial instruments**

Compound financial instruments issued by the Company comprise of a convertible debenture that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognized initially at the fair value of the similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**3. MATERIAL ACCOUNTING POLICIES (continued...)**

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

**n. New accounting policies**

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of profit or loss and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Company's consolidated financial statements. From the preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of IFRS 18 will have no impact on the Company's net profit, the Company expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported.
- The line items presented in the financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.
- The way in which the information is grouped in the financial statement notes might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
  - management-defined performance measures;
  - a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss; and
  - for the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.
- From a cash flow statement perspective, interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Company will apply the new standard from its mandatory effective date for annual reporting periods beginning on or after January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026, will be restated in the financial year ending December 31, 2027, in accordance with IFRS 18.

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its consolidated financial statements. In addition, the preparation of the financial data requires that the Company's management make assumptions and estimates of the effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

***Significant judgments in applying accounting policies***

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

**a. Impairment of assets**

The carrying value of property, plant and equipment, and the Company's mineral property is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is recognized in profit or loss. The assessment of fair values, including those of the cash-generating units, require the use of estimates and assumptions for recoverable production, long-term commodity prices, discount rates, foreign exchange rates, future capital requirements and operating performance. Changes in any of the assumptions or estimates used in determining the fair value of assets could impact the impairment analysis.

**b. Economic recoverability and probability of future economic benefits of exploration and development costs**

Management has determined that acquisition costs incurred which have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

**c. Functional currency**

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. The Company has determined the functional currency of each entity is either the Canadian Dollar, or US Dollar (see Note 2 for more details). Determination of functional currency may involve certain judgments to determine the primary economic environment, and the Company reassess the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued...)**

**d. Commencement of commercial production**

Costs associated with the commissioning of new assets in the pre-commercial period before they are operated in the way intended by management, are capitalized, net of any pre-production revenues. Commercial production is deemed to have occurred when management determines that, amongst other items, the completion of operational commissioning of major mine components has been reached, operating results, which includes the grade and volume of material mined, are being achieved consistently for a period of time, and there are indicators that these operating results will continue, all of which involve management judgments. In March 2024, the company commenced commercial production. This marks the transition from development to operational status, enabling the company to generate revenue from its mining activities.

***Key sources of estimation Uncertainty***

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

**a. Mineral resource estimation**

The carrying value and recoverability of the mineral property requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project. The determination of mineral resources also requires the use of estimates. There are numerous uncertainties inherent in estimating mineral resources and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecasted prices of commodities, exchange rates, production costs or recovery rates may change the economic status of resources and may result in changes to resource estimates.

**b. Amortization**

Plants used directly in mining activities are depreciated using the units-of-production ("UOP") method over a period not to exceed the estimated life of the ore body based on recoverable metal to be mined from estimated resources. Mobile and other equipment are depreciated, net of residual value, on a straight-line basis, over the useful life of the equipment to the extent that the useful life does not exceed the related estimated life of the mine based on estimated recoverable resources.

The calculation of the UOP rate, and therefore depletion expense, could be materially affected by changes in the underlying estimates. Changes in estimates can be the result of actual future production differing from current forecasts of future production, expansion of mineral reserves through exploration activities, differences between estimated and actual costs of mining and differences in metal prices and smelting and refining costs used in the estimation of mineral reserves.

Significant judgment is involved in the determination of useful life and residual values for the computation of depreciation and depletion, and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued...)**

**c. Inventories**

Expenditures incurred, and depreciation and depletion of assets used in mining and processing activities are deferred and accumulated as the cost of ore in stockpiles, concentrate stockpiles, in-process and finished metal inventories. These deferred amounts are carried at the lower of average cost or net realizable value ("NRV"). Write-downs of ore in stockpiles, ore in-process and finished metal inventories resulting from NRV impairments are reported as a component of current period costs. The primary factors that influence the need to record write-downs include prevailing and long-term metal prices and prevailing costs for production inputs such as labour, fuel and energy, materials and supplies, as well as realized ore grades and actual production levels.

**d. Decommissioning and restoration provision**

The Company assesses its provision for reclamation and remediation on an annual basis or when new material information becomes available. Mining and exploration activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing, and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations at each mining operation and exploration and development property. The actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact on the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

**e. Contingencies**

Due to the size, complexity and nature of the Company's operations, various legal and tax matters are outstanding from time to time. In the event that management's estimate of the future resolution of these matters' changes, the Company will recognize the effects of the changes in its consolidated financial statements on the date such changes occur.

**f. Deferred taxes**

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Forecasted cash flows from operations are based on life of mine projections internally developed and reviewed by management. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. At the end of each reporting period, the Company reassesses unrecognized income tax assets.

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**5. TRADE AND OTHER RECEIVABLES**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Trade receivable	\$ 2,616,088	\$ 432,861
Subscription receivables	6,384	-
Supplier advances and other receivables	3,383,577	1,426,993
Reclamation bond	1,306,045	1,317,072
Tax receivables – Peru (IGV)	5,424,650	4,222,527
Tax receivables – Canada (GST)	45,897	35,012
	<b>\$ 12,782,641</b>	<b>\$ 7,434,465</b>
<b>Non-current</b>	<b>(1,306,045)</b>	<b>(1,317,072)</b>
<b>Current</b>	<b>11,476,596</b>	<b>6,117,393</b>

Trade receivables include amounts arising from revenue recognized in late December 2025 for which payments were collected subsequent to year-end. As at December 31, 2025, trade receivables included \$2,384,238 that were current (less than 30 days) and \$231,850 that were between 31 and 60 days past due.

As at December 31, 2025, the Company had subscription receivables of \$6,384 related to proceeds from warrant exercises. The related cash proceeds were received subsequent to the end of the period (Notes 14 and 20).

As at December 31, 2025, supplier advances and other receivables included advance payments and guarantees related to equipment contracted during the fourth quarter of 2025, as well as receivable balances associated with projects in progress at year-end, totaling \$743,525 (December 31, 2024 - \$nil).

Tax receivables – Peru (IGV) represents recoverable input VAT balances outstanding at December 31, 2025, which are expected to be offset against future VAT liabilities.

**6. INVENTORY**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Concentrate inventory	\$ 244,079	\$ 144,349
Stockpile inventory	172,862	69,148
Material and supplies	956,413	282,204
<b>Current</b>	<b>\$ 1,373,354</b>	<b>\$ 495,701</b>

Stockpile inventory at December 31, 2025, totaled 1,756 tonnes (December 31, 2024 - 75 tonnes) and represents ore held at the operating site at year-end.

Materials and supplies consist of consumables and spare parts required for ongoing operations and projects. As at December 31, 2025, materials and supplies included \$635,536 (December 31, 2024 - \$nil) of inventories in transit, which were received at the operating site in early January 2026.

The Company reports no impaired concentrate, inventory stockpile, materials or supplies for the reporting period.

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**7. PROPERTY AND EQUIPMENT**

<b>COST</b>	<b>As at December 31, 2024</b>	<b>Purchases and reclassifications</b>	<b>Foreign exchange impact</b>	<b>As at December 31, 2025</b>
Building and facilities	\$ 418,916	\$ 48,308	\$ (2,550)	\$ 464,674
Machinery and equipment	2,002,481	254,983	(12,322)	2,245,142
Vehicles	16,670	-	(91)	16,579
Furniture and fixtures	45,997	-	(251)	45,746
Other equipment	516,711	56,049	(3,126)	569,634
Plant	6,861,097	2,325,001	(50,140)	9,135,958
Assets under construction	623,589	833	(3,408)	621,014
	<b>\$ 10,485,462</b>	<b>\$ 2,685,174</b>	<b>\$ (71,889)</b>	<b>\$ 13,098,747</b>

<b>ACCUMULATED DEPRECIATION</b>	<b>As at December 31, 2024</b>	<b>Depreciation</b>	<b>Foreign exchange impact</b>	<b>As at December 31, 2025</b>
Building and facilities	\$ 39,608	\$ 20,095	\$ (326)	\$ 59,378
Machinery and equipment	1,069,903	213,621	(7,006)	1,276,518
Vehicles	13,139	3,446	(91)	16,494
Furniture and fixtures	17,389	6,093	(128)	23,353
Other equipment	256,514	117,808	(2,043)	372,278
Plant	1,856,242	313,047	(11,841)	2,157,448
	<b>\$ 3,252,795</b>	<b>\$ 674,110</b>	<b>\$ (21,434)</b>	<b>\$ 3,905,471</b>

<b>NET CARRYING VALUE</b>	<b>As at December 31, 2025</b>	<b>As at December 31, 2024</b>
Building and facilities	\$ 405,296	\$ 379,307
Machinery and equipment	968,624	932,578
Vehicles	85	3,531
Furniture and fixtures	22,393	28,609
Other equipment	197,355	260,197
Plant	6,978,509	5,004,855
Asset under construction	621,014	623,589
	<b>\$ 9,193,276</b>	<b>\$ 7,232,667</b>

**8. LEASES**

The Company's leases relate to equipment and offices in Peru. Depreciation of right-to-use assets is calculated using the straight-line method over the remaining lease term. During the year ended December 31, 2024, the Company cancelled a lease agreement for office space previously recognized under IFRS 16. This cancellation led to the derecognition of the right-of-use asset with a net book value of \$125,040. Additionally, the lease liability of \$166,270 was derecognized, resulting in a gain of \$41,230, which was recognized in the consolidated statement of loss and comprehensive loss under 'Other Income'.

On January 10, 2024, the Company entered into a new lease agreement for office space with a two-year term and monthly payment of \$2,150, using an implicit interest rate of 15% per annum. The present value of the lease payments resulted in a right-of-use asset and lease liability of \$48,896. The lease expired on December 31, 2025. Subsequent to year-end, the Company renewed the office lease for an additional one-year term from January 26, 2026 to January 25, 2027. Under the renewed agreement, the monthly lease payment is \$2,714 plus applicable taxes.

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**8. LEASES (continued...)**

Right of use assets associated with the Company's lease obligation as at December 31, 2025:

**a) Right-of-Use Asset**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Opening balance	\$ 24,447	\$ 309,434
Additions during the year	-	48,896
Written off during the year	-	(125,040)
Less: depreciation	(24,447)	(208,843)
	<b>\$ -</b>	<b>\$ 24,447</b>

**b) Lease Obligations**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Opening balance	\$ 186,506	\$ 320,891
Additions during the year	-	48,896
Written off during the year	-	(166,270)
Plus: interest	1,979	12,789
Less: lease payments	(25,800)	(29,800)
	<b>\$ 162,685</b>	<b>\$ 186,506</b>

Discounted lease obligation associated with the Company's lease obligation as at December 31, 2025:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Current	\$ 162,685	\$ 186,506

Undiscounted lease obligation associated with the Company's lease obligation as at December 31, 2025:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Within a year	\$ 166,985	\$ 188,485

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**9. MINERAL PROPERTY**

<b>As at December 31, 2023</b>	<b>\$</b>	<b>37,001,484</b>
Property development and additions		3,499,189
Depreciation and amortization		(2,519,024)
Write-off during the period		(126,602)
Foreign exchange		(252,016)
<b>As at December 31, 2024</b>	<b>\$</b>	<b>37,603,031</b>
Property development and additions		4,361,771
Change in estimates of rehabilitation provision		142,750
Depreciation and amortization		(305,628)
<b>As at December 31, 2025</b>	<b>\$</b>	<b>41,801,924</b>

For the year ended December 31, 2025, the Company incurred \$4,361,771 in further developing the Nueva Recuperada Project. During the year ended December 31, 2024, the Company wrote off \$126,602 to Exploration and Evaluation expenses related to the Coriorcco property that was fully impaired in the year ended December 31, 2023.

On November 28, 2023, the Company entered into an agreement amending the terms of the original royalty agreement with Maverix Metals Inc., a subsidiary of Triple Flag Precious Metals Corp. ("**Triple Flag**"), to expand the royalty to cover the entire Tangana Mining Unit (the "**Mine**") in the Nueva Recuperada Mining District in Central Peru.

Royalty Restructuring: The prior 3.0% NSR royalty, which covered only a portion of the Mine, was replaced by a more comprehensive 3.0% NSR royalty that spans the entire Mine.

Purchase Agreement: Triple Flag paid an aggregate consideration of US\$2,420,000 comprised of US\$1,670,000 of cash and an offset of amounts to be paid under the royalty agreement through the end of 2023. The US\$1,670,000 cash was received on November 28, 2023.

Strategic Rights Secured: Triple Flag was granted both a Right of First Refusal and a Right of First Offer over future royalty or stream-like financings.

**10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>December 31,</b>		<b>December 31,</b>	
	<b>2025</b>		<b>2024</b>	
Trade payable	<b>\$</b>	8,981,340	<b>\$</b>	9,565,001
Accrued liabilities		12,570,137		9,840,116
Other current liabilities		4,932,155		-
	<b>\$</b>	<b>26,483,632</b>	<b>\$</b>	<b>19,405,117</b>
<b>Non-current</b>		<b>(310,291)</b>		<b>(277,204)</b>
<b>Current</b>		<b>26,173,341</b>		<b>19,127,913</b>

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (continued)**

During the year ended December 31, 2025, the Company recognized a provision of \$4,932,155 related to administrative sanctions arising from regulatory processes involving Recuperada S.A.C. and its related entities. These matters relate to regulatory proceedings initiated by certain Peruvian authorities over the period from 2018 to 2025, which progressed through multiple stages of administrative review and enforcement over time. The amount recorded reflects management’s estimate of the expected settlement of these matters, which were addressed and evaluated during the year ended December 31, 2025, and has been included under ‘Other items’ within consolidated statements of loss and comprehensive loss.

**11. DEBENTURES**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Trafigura PTE Ltd. (i)	\$ 1,972,184	\$ 2,473,850
Blanco SAFI S.A.C (ii)	276,317	276,317
Herr - Glass (iii)	212,764	212,764
Other	9,000	8,040
	<b>\$ 2,470,265</b>	<b>\$ 2,970,971</b>
<b>Non-current (i)</b>	<b>-</b>	<b>700,000</b>
<b>Current</b>	<b>2,470,265</b>	<b>2,270,971</b>

- i) On December 20, 2024, the Company entered into a loan facility agreement with Trafigura PTE Ltd. (“Trafigura”) for \$1,400,000 to be repaid in 25 months from January 2025 to December 2026, with December 2024 being considered a grace period. In addition, the Company issued a loan bonus of 1,500,000 warrants to purchase common shares to an affiliate of Trafigura, Urion Holdings (Malta) Limited on March 5, 2025. Under the agreement, monthly payments began in January 2025 and will consist of 24 installments of \$58,333. The loan bears interest at 6.0% + SOFR (3M) per year. As at December 31, 2025, the outstanding balance on the loan was \$717,494.

In addition, the Company has a \$500,000 short-term revolving line of credit with the same lender. The line of credit bears interest at 5.5% + Libor. As at December 31, 2025, the outstanding balance of this revolving credit is \$404,690.

On June 25, 2025, the Company entered into a US\$2,000,000 prepayment facility and copper offtake agreement with Trafigura for its Nueva Recuperada project. The facility will be disbursed in tranches and bears interest at a rate of SOFR plus 7%. Repayment is scheduled over a 20-month term, commencing from the date of the initial drawdown. As at December 31, 2025, the Company has drawn down a total of \$850,000 under the facility.

As part of the facility agreement, the Company agreed to issue Trafigura 2,500,000 warrants in connection with the facility. These warrants will be exercisable for a period of 15 months at an exercise price equal to a 25% premium to the average trading price over the 20-day period ending June 24, 2025, the day prior to the signing date of the agreement. As of December 31, 2025, the warrants had not yet been issued, as the parties were in the process of finalizing the plan. These warrants were issued subsequently to December 31, 2025 (Note 19).

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**11. DEBENTURES (Continued...)**

The Company is subject to the following financial covenants regarding the prepayment facility:

<b>Ratio</b>	<b>Requirement</b>	<b>Calculation method</b>
Net debt to EBITDA	≤ 2.00	Calculated as the Company's consolidated total interest-bearing debt, after deducting cash and cash equivalents, divided by earnings before interest, taxes, depreciation and amortization ("EBITDA").
Debt Service Coverage Ratio	≥ 1.35	Calculated as the Company's Adjusted EBITDA divided by the total interest and principal payments due under its interest-bearing debt obligations for the reporting period.

As at December 31, 2025, the Company did not meet the financial covenant requirements. Subsequently to the year ended December 31, 2025, the Company fully repaid Trafigura's revolving line of credit and prepayment facilities outstanding balance (Note 19).

- ii) On June 14, 2024, both parties agreed to restructure the debt, including any unpaid interest, in 10 equal monthly installments of \$34,506, starting from July 19, 2024, to April 18, 2025, with the interest rate increased from 1.5% to 2.0%. As at December 31, 2025, the Company has not made any payments toward the restructured loan. Additionally, all interest payments have been frozen since January 1, 2025, due to ongoing debt renegotiations.
- iii) The loan bears an interest of 5% per annum with a private lender and was due as at December 9, 2022. As of December 31, 2025, the loan remains outstanding. The Company is negotiating with the lender to agree upon a revised repayment schedule. Interest payments are frozen since January 1, 2025, pending the outcome of these negotiations.

**12. ASSET RETIREMENT OBLIGATION**

The Company includes a provision on its Statement of Financial Position for the future cost of remediation of mineral property. The carrying balance represents the present value of the remediation cost. Remediation is expected to begin in 2030 and end during 2039. The provision is based on a third-party plan commissioned by the Company and approved by the Peruvian Directorate General of Mining Environmental Affairs of the Ministry of Energy and Mines.

The undiscounted provision for environmental rehabilitation is estimated at \$2.6M as at December 31, 2025 (December 31, 2024 - \$2.6M), over a period of 5-10 years, using an inflation rate of 3.3% (December 31, 2024 - 3.7%) and discounted using a risk-free rate of 4.1% to 5.5% (December 31, 2024 - 5.6% to 6.8%) per annum. As at December 31, 2025, the Company had a reclamation bond of \$2.9 million in place, secured by cash collateral of \$1.3 million. Subsequent to year-end, on January 14, 2026, the Company renewed and increased the bond to \$3.0 million and provided an additional \$1.7 million in cash collateral, resulting in total cash collateral of \$3.0 million and fully securing the bond, which will remain valid until January 14, 2027.

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**12. ASSET RETIREMENT OBLIGATION (continued)**

	<b>Total</b>
<b>As at December 31, 2023</b>	<b>\$ 2,217,972</b>
Accretion	82,404
Foreign exchange and other	78,271
<b>As at December 31, 2024</b>	<b>\$ 2,378,647</b>
Accretion	56,348
Change in estimates	142,750
<b>As at December 31, 2025</b>	<b>\$ 2,577,745</b>

**13. SHARE CAPITAL AND RESERVES**

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

*During the year ended December 31, 2025*

- a) On March 5, 2025, the Company, in relation to the loan facility agreement, issued a loan bonus of 1,500,000 warrants to purchase common shares to an affiliate of Trafigura, Urion Holdings (Malta) Limited. The Warrants are subject to a holding period under Canadian securities law expiring four months and one day from the date of issuance, exercisable for an equivalent number of common shares for a period of 25 months at a 25% premium to the 20-day VWAP of Silver X's shares on the TSX.V as of the day before announcing the signing date. The fair value of the warrants issued was \$64,718 (C\$93,000) which was expensed as part of share-based compensation.
- b) On March 13, 2025, the Company closed its private placement offering of 20,588,235 units at a price of C\$0.17 per unit for gross proceeds of \$2,429,040 (C\$3,500,000). Each unit consists of one common share and one warrant entitling the holder to purchase one share of the common stock of the Company at a price of C\$0.25 per share for a period of 36 months from the date of closing of the private placement. The Company paid its broker a commission of \$145,034 (C\$208,980), and other legal fees and disbursements of \$93,289 (C\$134,418). Furthermore, the Company issued 1,229,294 broker warrants. Each broker warrant is exercisable for one common share at a price of C\$0.17 per share at any time on or before March 13, 2028.
- c) On March 31, 2025, the Company granted 450,000 restricted share units with a term of 1 year and 700,000 stock options to directors and officers of the Company, in accordance with the Company's omnibus incentive plan dated August 9, 2024. Each stock option will have an exercise price of C\$0.17 and will have a term of 5 years.
- d) On September 29, 2025, the Company closed a private placement offering of 43,000,000 units at a price of C\$0.50 per unit for gross proceeds of \$15,444,291 (C\$21,500,000). Each unit consists of one common share and one-half warrant. Each whole warrant entitles the holder to purchase one share of the common stock of the Company at a price of C\$0.70 per share for a period of 36 months from the date of closing of the private placement.

The Company paid commissions and related legal fees totaling \$953,475 (C\$1,327,333). In addition, the Company issued 2,516,040 broker warrants. Each broker warrant is exercisable for one common share at a price of C\$0.50 per share at any time on or before September 29, 2028.

- e) The Company issued 10,505,617 common shares upon the exercise of 10,505,617 share purchase warrants for proceeds of \$1,927,949 (C\$2,677,414). As a result, \$501,742 previously recorded in reserves was reclassified to share capital.

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**13. SHARE CAPITAL AND RESERVES (continued...)**

Of the total proceeds from the warrant exercises, \$6,384 (C\$8,750) relating to 35,000 warrants with an exercise price of C\$0.25, expiring March 13, 2028, was received subsequent to December 31, 2025.

In addition, proceeds include amounts from 48,500 warrants with an exercise price of C\$0.30, expiring April 4, 2027, for which the corresponding 48,500 common shares were issued subsequent to December 31, 2025. The related cash proceeds together with the portion reclassified from reserves total \$13,157 and were recorded as an obligation to issue shares as at December 31, 2025.

- f) The Company issued 950,000 common shares upon the exercise of 950,000 options for proceeds of \$177,948 (C\$245,750). As a result, \$140,653 previously recorded in reserves was reclassified to share capital.

*During the year ended December 31, 2024*

- a) On December 2, 2024, 175,000 common shares were issued in relation to the vesting of RSUs.
- b) On October 24 2024, 25,000 common shares were issued in relation to the exercise of options with an exercise price of C\$0.25 for total proceeds of \$4,491.
- c) On October 30 2024, 66,500 common shares were issued in relation to the exercise of warrants with an exercise price of C\$0.30 for total proceeds of \$14,336.
- d) On August 20, 2024, the Company issued 1,261,956 common shares at a price of C\$0.23 per share, resulting in a share-based payment of \$213,355. These shares were issued to a former officer as part of a severance agreement. The Company incurred share issuance costs amounting to \$1,802.
- e) On April 4, 2024, the Company closed the first tranche of a non-brokered private placement offering of 6,156,199 Units (the "Units") at a price of C\$0.18 per Unit for gross proceeds of \$808,750 (C\$1,108,116). On April 12, 2024, the Company closed the second and final tranche of the Private Placement of 21,621,577 Units at a price of C\$0.18 per Unit for gross proceeds of \$2,840,462 (C\$3,891,884). In total, the Company placed 27,777,776 Units for aggregate proceeds of \$3,562,255, net of \$86,956 share issuance cost.

Each Unit consists of one common share and one Warrant entitling the holder to purchase one common share of the Company at a price of C\$0.30 per share for a period of 36 months from the date of closing of the private placement.

The Company paid fees to eligible finders consisting of (i) \$51,605 (C\$70,111) in cash and (ii) 382,843 finder's warrants (the "Finder's Warrants") exercisable into one Share at a price of C\$0.30. The Finder's Warrants are exercisable for a period of 36 months from the Closing Date.

- f) On April 12, 2024, the Company settled \$2,181,458 of accounts payable through the issuance of 6,000,000 common shares valued at the current market price of C\$0.24 per share. The settlement of accounts payable balances resulted in a gain of \$1,132,260. The Company incurred \$11,018 of share issuance costs on the settlement.

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**13. SHARE CAPITAL AND RESERVES (continued...)**

**Warrants**

The continuity of warrants for the period are as follows:

	Number of warrants	Weighted average exercise price
<b>Outstanding warrants, December 31, 2023</b>	<b>15,478,814</b>	<b>C\$0.40</b>
Granted	14,271,729	C\$0.30
Exercised	(66,500)	C\$0.21
Expired	(6,680,919)	C\$0.33
<b>Outstanding warrants, December 31, 2024</b>	<b>23,003,124</b>	<b>C\$0.36</b>
Granted	47,333,569	C\$0.47
Exercised	(10,554,117)	C\$0.25
Expired	(8,797,895)	C\$0.45
<b>Outstanding warrants, December 31, 2025</b>	<b>50,984,681</b>	<b>C\$0.46</b>

As at December 31, 2025, warrants enabling the holders to acquire common shares are as follows:

	Number of warrants	Weighted average remaining life in years	Weighted average exercise price
January 19, 2027	1,500,000	1.05	C\$0.24
April 4, 2027	2,209,761	1.26	C\$0.30
April 12, 2027	10,651,480	1.28	C\$0.30
March 13, 2028	12,783,900	2.20	C\$0.25
September 29, 2028	21,323,500	2.75	C\$0.70
September 29, 2028	2,516,040	2.75	C\$0.50
	<b>50,984,681</b>	<b>2.19</b>	<b>C\$0.46</b>

**Options**

*Option Plan*

The Company has a share purchase option plan (“the Plan”), which allows the Company to issue options to directors, officers, employees, and consultants of the Company. The maximum aggregate number of securities reserved for issuance is 10% of the number of common shares issued and outstanding. Options granted under the Plan may have a maximum term of ten years. Vesting restrictions may be imposed at the discretion of the directors.

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**13. SHARE CAPITAL AND RESERVES (continued...)**

*Share Purchase Options*

The continuity of share purchase options for the periods presented is as follows:

	<b>Number of options</b>	<b>Weighted average exercise price</b>
<b>Outstanding options, December 31, 2023</b>	<b>8,825,000</b>	<b>C\$ 0.46</b>
Exercised	(25,000)	C\$ 0.25
Forfeited	(2,875,000)	C\$ 0.50
<b>Outstanding options, December 31, 2024</b>	<b>5,925,000</b>	<b>C\$ 0.43</b>
Granted	4,025,000	C\$ 0.56
Reinstated	2,875,000	C\$ 0.50
Exercised	(950,000)	C\$ 0.26
Expired	(2,350,000)	C\$ 0.58
<b>Outstanding options, December 31, 2025</b>	<b>9,525,000</b>	<b>C\$ 0.49</b>

On March 31, 2025, the Company granted 700,000 stock options to its directors and officers with an exercise price of \$0.17 and an expiry date of March 31, 2030. The options vest 50% on the grant date, 25% on September 30, 2025, and the remaining 25% on March 31, 2026.

On August 25, 2025, the Company reinstated 2,875,000 share purchase options previously held by a former director, which were exercisable until October 23, 2025. During the year ended December 31, 2025, 800,000 of these options were exercised, with the remaining options expiring unexercised.

On October 24, 2025, the Company granted 350,000 stock options to consultants with an exercise price of \$0.54 and an expiry date of October 24, 2028. The options vest 20% on the grant date, with the remaining 80% vesting in equal 20% installments every three months thereafter.

On November 26, 2025, the Company granted 2,075,000 stock options to one consultant with an exercise price of \$0.60. Of these, 1,900,000 options expire on July 21, 2026, and 175,000 options expire on August 23, 2026. All options vested immediately on the grant date.

On December 13, 2025, the Company granted 900,000 stock options to its directors and officers with an exercise price of \$0.79 and an expiry date of December 13, 2031. The options vested immediately on the grant date.

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**13. SHARE CAPITAL AND RESERVES (continued...)**

As at December 31, 2025, options enabling the holders to acquire common shares are as follows:

<b>Expiry date</b>	<b>Number of options</b>	<b>Number of vested options</b>	<b>Weighted average remaining life in years</b>	<b>Weighted average exercise price</b>
June 21, 2026	2,000,000	2,000,000	0.47	C\$0.60
July 21, 2026	1,900,000	1,900,000	0.55	C\$0.60
August 23, 2026	1,025,000	1,025,000	0.64	C\$0.60
November 30, 2026	250,000	250,000	0.92	C\$0.27
August 9, 2027	800,000	800,000	1.61	C\$0.25
November 4, 2027	350,000	350,000	1.84	C\$0.23
October 24, 2028	350,000	70,000	2.82	C\$0.54
November 30, 2028	1,250,000	1,250,000	2.92	C\$0.27
March 31, 2030	700,000	525,000	4.25	C\$0.17
December 13, 2031	900,000	900,000	5.95	C\$0.79
	<b>9,525,000</b>	<b>9,070,000</b>	<b>1.87</b>	<b>C\$0.49</b>

The Company granted the following stock options to the Company's management, directors and consultants. The fair value of the options was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions:

	<b>March 31, 2025</b>	<b>October 24, 2025</b>	<b>November 26, 2025</b>	<b>December 13, 2025</b>
Number of options granted	700,000	350,000	2,075,000	900,000
Risk free interest rate	4%	2.4%	2.2%	3.1%
Expected dividend yield	0%	0%	0%	0%
Exercise price	C\$0.17	C\$0.54	C\$0.60	C\$0.79
Fair value of options	\$ 46,745	\$ 76,174	\$ 221,424	\$ 344,469

There were no new options granted in 2024. For the year ended December 31, 2025, the share-based compensation expense related to options was \$646,476 (2024 - \$102,115).

**Restricted Share Units ("RSU")**

The continuity of RSUs for the periods presented is as follows:

	<b>Number of RSUs</b>
Outstanding RSUs, December 31, 2023	225,000
Forfeited	(50,000)
Vested	(175,000)
<b>Outstanding RSUs, December 31, 2024</b>	<b>-</b>
Granted	900,000
<b>Outstanding RSUs, December 31, 2025</b>	<b>900,000</b>

For the year ended December 31, 2025, share-based compensation expense related to RSUs was \$48,797 (2024 - \$31,158).

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**14. RELATED PARTY TRANSACTIONS**

The Company's related parties with transactions during the year ended December 31, 2025, consist of directors, officers and the following companies with common directors:

Related party	Nature of transactions
Mysterybelle Ltd (Director)	Director fees
Altitude Exploraciones (Director, Officer)	Exploration and evaluation expenses
Vihren Management LTD. (Former Officer)	Compensation expense
Freddy Mayor (Former Officer)	Compensation expense
Catapult Consulting Corp (Former Officer)	Compensation expense and professional fees
Serebro Corp. (Director, Officer)	Compensation expense
Darryl Cardey (Officer)	Director fees
David Gleit (Officer)	Compensation expense
Alvaro Domingo (Officer)	Compensation expense

As at December 31, 2025, the Company had \$nil outstanding in accounts payables and accrued liabilities (December 31, 2024 - \$40,470) and \$129,348 outstanding in supplier advances (December 31, 2024 - \$93,499) associated with related parties.

**Key Management Compensation**

Key management personnel are persons responsible for planning, directing, and controlling the activities of the Company, and include certain directors and officers. Key management compensation, including amounts discussed above, is comprised of:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Compensation expense	\$ 408,998	\$ 684,778
Consulting fees	-	67,893
Directors' fees	91,816	101,082
Share based payment	433,477	329,224
	<b>\$ 934,291</b>	<b>\$ 1,182,977</b>

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**15. SEGMENTED INFORMATION**

The Company operates in two reportable operating segments, the exploration, development and production of mineral properties. The Company's total assets, total liabilities and net loss are distributed in two geographic regions, Canada, and Peru, as follows:

<b>December 31, 2025</b>	<b>Canada – Corporate</b>		<b>Peru</b>	<b>Total</b>
Cash and cash equivalents	\$ 9,246,887	\$	805,338	\$ 10,052,225
Inventory	-		1,373,354	1,373,354
Receivables	52,281		11,424,315	11,476,596
Prepaid	226,744		3,453	230,197
	<b>9,525,912</b>		<b>13,606,460</b>	<b>23,132,372</b>
Mineral Property	-		41,801,924	41,801,924
Equipment	-		9,193,276	9,193,276
Receivable – non current	-		1,306,045	1,306,045
<b>Total assets</b>	<b>\$ 9,525,912</b>	<b>\$</b>	<b>65,907,705</b>	<b>\$ 75,433,617</b>

<b>December 31, 2024</b>	<b>Canada – Corporate</b>		<b>Peru</b>	<b>Total</b>
Cash and cash equivalents	\$ 134,442	\$	649,987	\$ 784,429
Inventory	-		495,701	495,701
Receivables	35,012		6,082,381	6,117,393
Prepaid	220,584		-	220,584
	<b>390,038</b>		<b>7,228,069</b>	<b>7,618,107</b>
Mineral Property	-		37,603,031	37,603,031
ROU Assets	-		24,447	24,447
Equipment	-		7,232,667	7,232,667
Receivable – non current	-		1,317,072	1,317,072
<b>Total assets</b>	<b>\$ 390,038</b>	<b>\$</b>	<b>53,405,286</b>	<b>\$ 53,795,324</b>

	<b>Canada – Corporate</b>		<b>Peru</b>	<b>Total</b>
<b>Net loss – year ended December 31, 2025</b>	<b>\$ (3,125,939)</b>	<b>\$</b>	<b>(1,633,799)</b>	<b>\$ (4,759,738)</b>
<b>Net loss – year ended December 31, 2024</b>	<b>\$ (3,124,421)</b>	<b>\$</b>	<b>(1,326,801)</b>	<b>\$ (4,451,222)</b>

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

**General Objectives, Policies and Processes**

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management. The Board of Directors receives periodic reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

**a) Credit Risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and other receivables. The Company has concentrate contracts to sell concentrates produced. Concentrate contracts are a common business practice in the mining industry. The terms of the concentrate contracts may require the Company to deliver concentrate that has a value greater than the payment received at the time of delivery, thereby introducing the Company to credit risk of the buyers of concentrates. Should any of these counterparties not honor the purchase arrangements, or should any of them become insolvent, the Company may incur losses for products already shipped and be forced to sell its concentrates on the spot market or it may not have a market for its concentrates and therefore its future operating results may be materially adversely impacted. The majority of the Company's concentrate is sold to one concentrate buyer. The Company limits exposure to credit risk by maintaining its cash with large financial institutions and by monitoring the risk associated with its concentrate sales. The Company does not have cash invested in asset-based commercial paper.

**b) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The Company is exposed to liquidity risk.

**c) Commodity Price Risk**

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign currency rates and other market prices. Management closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

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

**d) Foreign Currency Risk**

The Company's operations in Canada and Peru create exposure to foreign currency fluctuation. Some of the Company's operating expenditures are incurred in Peruvian SOL or Canadian Dollar, and the fluctuation of foreign currencies with the US dollar will have an impact upon the profitability of the Company and may also affect the value of the Company's financial assets and liabilities. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks.

The Company's financial assets and liabilities in various currencies as at December 31, 2025, are set out in the following table:

<b>December 31, 2025</b>	<b>Canadian Dollar</b>	<b>US Dollar</b>	<b>Peruvian SOL</b>	<b>Total (USD)</b>
Cash and cash equivalents	\$ 9,163,409	\$ 782,811	\$ 106,005	\$ 10,052,225
Receivables	52,281	8,394,637	3,029,678	11,476,596
	<b>9,215,690</b>	<b>9,177,448</b>	<b>3,135,683</b>	<b>21,528,821</b>
Accounts payables and accruals	(27,429)	(16,728,669)	(9,417,243)	(26,173,341)
Lease	-	(162,685)	-	(162,685)
Debenture	-	(2,470,265)	-	(2,470,265)
<b>Net asset (liabilities)</b>	<b>\$ 9,188,262</b>	<b>\$ (10,184,172)</b>	<b>\$ (6,281,560)</b>	<b>\$ (7,277,470)</b>

The Company's financial assets and liabilities in various currencies as at December 31, 2024, are set out in the following table:

<b>December 31, 2024</b>	<b>Canadian Dollar</b>	<b>US Dollar</b>	<b>Peruvian SOL</b>	<b>Total (USD)</b>
Cash and cash equivalents	\$ 1,522	\$ 782,907	\$ -	\$ 784,429
Receivables	35,012	5,621,415	460,966	6,117,393
	<b>36,534</b>	<b>6,404,322</b>	<b>460,966</b>	<b>6,901,822</b>
Accounts payables and accruals	(327,538)	(11,476,013)	(7,324,361)	(19,127,913)
Lease	-	(186,506)	-	(186,506)
Debenture	-	(2,962,903)	(8,068)	(2,970,971)
<b>Net asset (liabilities)</b>	<b>\$ (291,005)</b>	<b>\$ (8,221,100)</b>	<b>\$ (6,871,463)</b>	<b>\$ (15,383,568)</b>

As at December 31, 2025, a 10% depreciation of the Canadian Dollar relative to the US Dollars would have decreased net financial asset by approximately \$835,000 (December 31, 2024 - \$32,000). A 10% appreciation of the Canadian Dollar relative to the US Dollar would have had the equal but opposite effect. As at December 31, 2025, a 10% depreciation of the Peruvian SOL relative to the US Dollars would have decreased net financial liabilities by approximately \$571,000 (December 31, 2024 - \$625,000). A 10% appreciation of the Peruvian SOL relative to the US Dollar would have had the equal but opposite effect.

**e) Interest Rate Risk**

Interest rate risk consists of two components:

- i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

As at December 31, 2025, a 1% change in market interest rates would result in no material change in value of the assets or liabilities of the Company.

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

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

**f) Other Price Risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk, currency risk, or equity price risk. The Company is not exposed to any other price risk.

**Determination of Fair Value**

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The carrying amounts for cash, receivables, accounts payable and accrued liabilities, due to related parties, and debentures approximate fair values due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

**Fair Value Hierarchy**

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

**Valuation techniques for receivables from provisional concentrate sales:**

A portion of the Company's trade receivables arose from provisional concentrate sales and are valued using quoted market prices based on the forward London Metal Exchange for gold, copper, zinc and lead and the London Bullion Market Association P.M. fix for silver.

**17. CAPITAL MANAGEMENT**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to advance its mineral properties and pursue growth opportunities. The Company defines its capital as shareholders' equity. The Company manages its capital structure and makes adjustments to it to effectively support the acquisition and exploration of mineral properties.

The properties which the Company currently has an interest in are in exploration, development and production stages; as such, the Company is dependent on external financing to fund its exploration and development activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**17. CAPITAL MANAGEMENT (Continued...)**

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company monitors its cash, investments, common shares, and stock options as capital. There have been no changes to the Company's approach to capital management during the year ended December 31, 2025. The Company's investment policy is to hold cash in interest-bearing bank accounts or highly liquid short-term interest-bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

The Company believes that its current capital resources, including cash on hand and funds raised subsequent to year end, are sufficient to fund its operating capital requirements and planned activities for at least the next twelve months. Management continues to monitor its liquidity position and funding requirements on an ongoing basis. Actual funding requirements may vary due to factors such as the timing and success of operations, commodity price fluctuations, and broader economic conditions.

**18. TAX PROVISION**

A reconciliation of income taxes computed at Canadian statutory rates to the reported income taxes is provided as follows:

	<b>For the year ended December 31, 2025</b>	<b>For the year ended December 31, 2024</b>
Net loss before tax	\$ (3,205,738)	\$ (3,412,222)
Canadian statutory tax rate	27%	27%
Income tax (recovery) expense computed at statutory tax rates	(866,000)	(921,000)
Change in statutory, foreign tax, foreign exchange rates	(150,000)	(33,000)
Permanent differences and other	1,469,000	(91,000)
Share issue costs	(356,000)	(34,000)
Unused tax losses and tax offsets	1,457,000	2,118,000
	<b>\$ 1,554,000</b>	<b>\$ 1,039,000</b>

The tax effects of temporary differences between amounts recorded in the Company's accounts and the corresponding amounts as computed for income tax purposes gives rise to deferred tax assets and liabilities as follows:

	<b>As at December 31, 2025</b>	<b>As at December 31, 2024</b>
Mineral property	\$ (10,147,809)	\$ (10,165,186)
Property and equipment	(648,720)	24,589
Provisions	64,325	-
Non-capital losses	2,467	188,860
	<b>\$ (10,729,737)</b>	<b>\$ (9,951,737)</b>

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**18. TAX PROVISION (continued)**

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	As at December 31, 2025	As at December 31, 2024
Non-capital losses	\$ 38,289,000	\$ 33,590,000
Capital losses	1,284,000	1,225,000
Exploration and evaluation assets	693,000	367,000
Share issue costs	1,183,000	355,000
Property and equipment	502,000	340,000
Asset retirement obligation	2,435,000	2,379,000
<b>Unrecognized future deductible amounts</b>	<b>\$ 44,386,000</b>	<b>\$ 38,256,000</b>

The Company's unrecognized unused non-capital losses have the following expiry dates:

	Canada	US	Peru	Total
2026	-	-	82,497	82,497
2027	-	-	479,641	479,641
2028	-	-	228,633	228,633
2029	-	-	229,032	229,032
2030	-	-	41,671	41,671
2031	146,002	-	-	146,002
2032	659,359	-	-	659,359
2033	1,019,266	-	-	1,019,266
2034	449,177	693,504	-	1,142,681
2035	422,840	1,101,065	-	1,523,905
2036	273,969	-	-	273,969
2037	293,029	94,383	-	387,412
2038	274,019	15,118	-	289,137
2039	225,768	47,926	-	273,694
2040	2,146,477	-	-	2,146,477
2041	2,863,919	6,811	-	2,870,730
2042	2,462,057	228	-	2,462,285
2043	2,862,635	-	-	2,862,635
2044	2,839,600	382	-	2,839,982
2045	2,833,584	66	-	2,833,650
No expiry	-	-	12,225,093	12,225,093
	<b>\$ 19,771,701</b>	<b>\$ 1,959,483</b>	<b>\$ 13,286,567</b>	<b>\$ 35,017,751</b>

**SILVER X MINING CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2025, and 2024  
(Expressed in US Dollars)

**19. SUBSEQUENT EVENTS**

On January 7, 2026, the Company, through its wholly owned subsidiary Silver X Peru S.A.C., entered into a definitive agreement to acquire interests in the Pampas gold-silver project in Peru. The purchase price is payable in staged cash payments, with additional payments subject to future milestones and conditions. In March 2026, the Company paid \$200,000 as partial consideration under the agreement.

On March 18, 2026, the Company closed a brokered private placement of secured convertible debentures for aggregate gross proceeds of C\$69 million, including the full exercise of the agent's over-allotment option. The debentures bear interest at 10.0% per annum, mature five years from issuance, and are convertible into common shares at C\$1.62 per share, subject to customary adjustments.

On March 18, 2026, the Company fully repaid the outstanding balance under Trafigura's revolving line of credit and prepayment facility, including principal and accrued interest, totaling \$1,522,310.

On March 20, 2026, the Company completed the issuance of 2,500,000 warrants to Trafigura in connection with a prepayment facility and copper offtake agreement for the Nueva Recuperada project, which was entered into during the year ended December 31, 2025. These warrants have an exercise price of C\$0.23 and expire 15 months from the date of issuance.

Subsequent to December 31, 2025, the Company issued 6,802,034 common shares upon the exercise of warrants at a weighted average exercise price of C\$0.42, for total proceeds of C\$2,838,628.

Subsequent to December 31, 2025, the Company issued 2,395,000 common shares upon the exercise of options at a weighted average exercise price of C\$0.56, for total proceeds of C\$1,349,050.

Subsequent to December 31, 2025, the Company terminated a consulting services agreement, resulting in the 280,000 options previously granted on October 24, 2025 being forfeited.