FOR THE THREE MONTHS ENDED MARCH 31, 2025
MANAGEMENT DISCUSSION AND ANALYSIS

TABLE OF CONTENTS

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DATE

This Management Discussion & Analysis ("MD&A") of Kootenay Silver Inc. and its subsidiaries (referred to as the "Company" or "Kootenay") was prepared by management as at May 18, 2025 and has been reviewed and approved by the Audit Committee of the Board of Directors of Kootenay. The following discussion of performance, financial condition and future prospects should be read in conjunction with the interim consolidated financial statements for the three months ended March 31, 2025 and the audited consolidated financial statements for the year ended December 31, 2024 and 2023, and notes thereto (the "Financial Statements"), which have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB"). The information provided herein supplements but does not form part of the Financial Statements. This discussion covers the three months ended March 31, 2025, and the subsequent period up to the date of issue of this MD&A. Additional information relating to the Company is available on the Company's website or at www.sedarplus.ca.

The Company has prepared this MD&A following the requirements of National Instrument 51-102 ("NI-51-102"). These statements are filed with the relevant regulatory authorities in Canada. All currency amounts are expressed in Canadian dollars unless otherwise noted.

Unless otherwise indicated the technical disclosure contained within this MD&A has been reviewed and approved by Kootenay's President & CEO, James McDonald, P. Geo (a qualified person for the purpose of National Instrument 43-101 ("NI 43-101"), Standards of Disclosure for Mineral Projects). Mr. McDonald is also a director of Kootenay.

Forward-Looking Information

This MD&A contains "forward-looking information" within the meaning of Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, "forward-looking statements"). All statements, other than statements of historical fact, which address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are forward-looking statements. Forward-looking statements contained in this MD&A include, but are not limited to, statements with respect to anticipated developments in the Company's continuing and future operations, the adequacy of the Company's financial resources and financial projections; statements concerning or the assumptions related to the estimation of mineral resources, methodologies and models used to prepare resource estimates; the conversion of mineral properties to resources; the potential to expand resources; future exploration budgets, plans, targets and work programs; development plans; activities and timetables; grades; metal prices; exchange rates; results of drill programs; environmental risks; political risks and uncertainties; unanticipated reclamation expenses; statements about the Company's plans for its mineral properties; acquisitions of new properties and the entering into of options or joint ventures; and other events or conditions that may occur in the future.

Forward-looking statements are frequently, but not always, identified by words such as "expects," "anticipates," "believes," "intends," "estimated," "potential," "possible" and similar expressions, or statements that events, conditions or results "will," "may," "could" or "should" occur or be achieved. Forward-looking statements are statements concerning the Company's current beliefs, plans and expectations about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, the risks that: (i) any of the assumptions in the resource estimates turn out to be incorrect, incomplete, or flawed in any respect; (ii) the methodologies and models used to prepare the resource estimates either underestimate or overestimate the resources due to hidden or unknown conditions, (iii) operations are disrupted or suspended due to acts of god, internal conflicts in the country of Mexico, unforeseen government actions or other events; (iv) the Company experiences the loss of key personnel; (v) the Company's exploration and development activities are adversely affected by other political or military, or terrorist activities; (vi) the Company becomes involved in any material disputes with any of its key business partners, lenders, suppliers or customers; or (vii) the Company is subjected to any hostile takeover or other unsolicited attempts to acquire control of the Company. Other factors that could cause the actual results to differ materially from current expectations include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory approvals and general market conditions, as well as those risks described under the heading "RISKS AND UNCERTAINTIES" below. These forward-looking statements are based on a number of assumptions, including assumptions regarding general market conditions, the timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company assumes no obligation to update such forward-looking statements in the future, except as required by law. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. For the reasons set forth above, investors should not place undue reliance on the Company's forward-looking statements.

DESCRIPTION OF BUSINESS

The Company is an exploration stage mining company involved in the exploration and development of mineral properties in Mexico. The Company is classified as a Tier One issuer on the TSX Venture Exchange ("TSX-V") and its common shares are listed and trade under the symbol "KTN" and the OTCQX under the symbol "KOOYF". The management and technical team have extensive experience in mineral exploration, development and mining, public company management, operations and Canadian venture capital markets.

OBJECTIVES AND STRATEGY

The primary objective and business plan of the Company is to discover or acquire silver dominant mineral deposits that have the potential to become economically viable for further development. The Company assesses financial, technical and market risk associated with a particular project before deciding whether to advance the project with its own capital or share the risk by optioning all or a portion of the project to a partner to conduct further exploration work or to provide funding to advance the project. If a project demonstrates potential to be economically viable via completion of a preliminary economic assessment, prefeasibility or feasibility study then it will be moved to a production decision and, when appropriate, funding will be sought to build a mine through traditional mine finance sources, joint venture or sale of the company or project. The rate at which a given project is advanced is dependent on several factors including management's assessment of project and the risks of development, including the probability of discovery and potential economic viability based on past work, results of additional drilling, resource estimates, metallurgy, environmental impact, community involvement to operate and permitting among others. It is also strongly influenced by access to capital to advance the various stages of assessment. When markets for commodities are favorable towards precious metals and exploration then capital is more accessible, allowing the Company more flexibility in the balance between advancing select projects while maintaining a 100% interest and seeking partner funded programs on other projects through option or joint venture agreements. When markets are not favorable towards equity investment more emphasis is given to seeking funding through option or joint venture agreements to advance projects for ongoing development.

The Company has been successful in discovering mineral resources through grassroots exploration with three significant silver discoveries two of which are on its Promontorio property in Sonora, Mexico, namely Promontorio and La Negra and the third being La Cigarra property in Chihuahua, Mexico.

Since late 2018, the Company has been focussed on exploration plans and activities on its Columba Project in Chihuahua State, Mexico which is a classic epithermal vein system demonstrating size potential for discovery of a high-grade resource.

OVERVIEW OF PERFORMANCE - 2025

During the three months ended March 31, 2025, the Company focused on completing its 20,000 meter drill program on Columba, which commenced in April 2024. As of the date of this MD&A, with the completion of the current stage of the drill program the Company has commenced the preparation of a maiden resource estimate for Columba.

On January 16, 2025, the Company reported assay results from seven drill holes from Columba from three areas: F-Vein, D-Vein and B-Vein Corridor which is the extension of the historically mined F-Vein. The results are a continuation of ongoing drill testing of those three trends.

Hole CDH-24-183

- Encountered a broad zone of stockwork mineralization including a high-grade vein intercept at F-Vein in a large lateral gap of about 200 meters between previous holes.
- Main Zone – Historically mined F-Vein
    - 210 gpt silver, 0.1% lead and 0.4% zinc over 32.0 meters core length (14.7 meters estimated true width (“e.t.w.”)) includes;
    - 468 gpt silver, 0.40% lead and 1.1 % zinc over 6.65 meters (3.05 meters e.t.w.)
    - 1,440 gpt silver, 0.46% lead and 2.55% zinc over 0.79 meters of core length (0.36 meters e.t.w.) and,
    - 1,050 gpt silver, 0.9% lead and 2.90% zinc over 1.0 meters core length (0.46 meters e.t.w.)
- Second Zone – Lower grade mineralization in footwall to F-Vein
    - 82 gpt silver, 0.05% lead and 0.12 % zinc over 16 meters core length (7.36 meters e.t.w.)

Hole CDH-24-177

- Designed as a Scissor hole to test for presence of veining at different orientation to the D-Vein trend.
- Encountered 10.12m a wide zone of mineralization representing a high-level portion of D-Vein, It was well mineralized despite being well above the grade line representing the upper limits of mineralization within the system.
- Core of interval measured 4.62 meters (3.50 meters e.t.w.) of 222 gpt silver, 0.1% lead and 0.3% zinc includes:

On February 12, 2025 the Company reported results from eleven new drill holes from Columba testing the F and I-Veins and the first holes into a new target area, La Preciosa.

Drill Highlights included:

F Vein

Hole CDH-24-184

- Hit an old working at the F vein projection. Intercepted a hanging wall vein grading 411 gpt silver, 0.184% lead, and 0.323% zinc over 0.63 meters drill length from 63.15m downhole.

Hole CDH-24-186

- 522 gpt silver, 0.46% lead, and 0.8% zinc over 2.33 meters core length within 21 meters of 126 gpt silver from 142.67 meters downhole.
- Plus 5 other veins
    - Footwall
        - 490 gpt silver over 0.95 meters from 37.23 meters downhole
        - 214 gpt silver over 1.24 meters from 96.76 meters downhole
    - Hanging Wall
        - 511 gpt silver over 1 meter core length from 177 meters downhole
        - 607 gpt silver over 1 meter core length from 194 meters downhole
        - 457 gpt silver over 1 meter core length within a 5.75 meter zone grading 218 gpt silver from 230.25 meters downhole
- CDH-24-186 fills a gap in dip of 100 meters with high grades found previously up dip and down dip in CDH-19-010 and CDH-21-090 plus five high grade veins on either side of F Vein.

I Vein

Hole CDH-24-185

- Two zones
    - 207 gpt silver, 0.11 % lead and 0.36% zinc over 5.53 meters core length from 93 meters downhole, includes;
        - 394 gpt silver, 0.06% lead, and 0.29% zinc over 0.46 meters core length from 95.54 meters downhole
    - 263 gpt silver, 0.31 % lead, and 1.37 % zinc over 0.56 meters from 142.93 meters downhole

CDH-24-188

- Four zones
    - 551 gpt silver, 0.6% lead, 0.49% zinc over 3.73 meters core length from 76 meters downhole
    - 155 gpt silver, 0.2% lead, 0.7% zinc over 5 meters core length from 139 meters downhole
    - 139 gpt silver, 4.33% lead, and 1.71% zinc over 4.2 meters core length from 233.8 meters downhole, includes;
        - 440 gpt silver, 10% lead, 0.05% zinc over 1 meter core length from 236 meters downhole
    - 38 gpt silver over 11 meters core length from a deeper alteration zone starting at 300 meters downhole.

CDH-24-194

- Three zones
    - 119 gpt silver over 1.0 meters core length from 120 meters downhole
    - 1455 gpt silver, 0.78% lead, 2.21% zinc over 0.5 meters core length from 219.2 meters downhole
    - 181 gpt silver, 3.92% lead, 5.83% zinc from 0.88 meters core length from 278.12 meters downhole

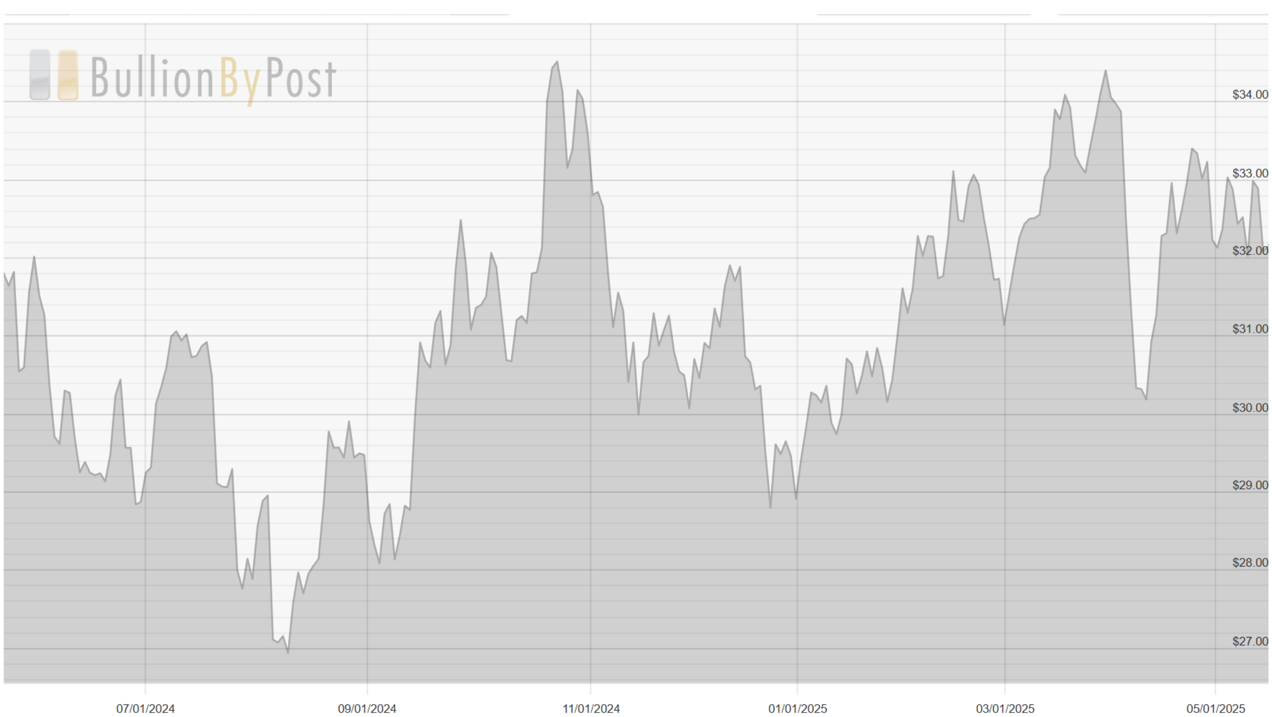
La Preciosa
La Preciosa is an outcropping structure that shows a pattern of improving grades with depth. A pattern seen across Columba that is well documented by drilling at the D and F-Veins. This pattern is illustrated in holes CDH 24-187 and 189 where grades at surface of less than 1 ppm silver sequentially increase to 55 gpt silver ~ 100 meters below surface and again to 2 meters of 75 gpt silver ~ 180 meters below surface. Similarly, an increase in barium, antimony, lead, and zinc can be seen with increasing, which are indicators for potential higher grade mineralization, is observed at depth .

On March 12, 2025, the Company announced that its common shares began trading on the OTCQX Best Market a decentralized marketplace for trading securities in the United States not listed on major exchanges, under the ticker symbol "KOOYF".

SILVER MARKET

According to BullionByPost, an online bullion dealer, over the past rolling year interest in global silver investment has risen significantly. The silver price, which ended the 2024 year at US$28.90 per ounce, and hit a rolling 12-month high of US$34.51 on October 31, 2024, and a low of US$26.93 hit on August 8, 2024. The silver spot price as at the date of this MD&A is US$32.35 per ounce.

Chart: One-year rolling Silver price



Source: www.bullionbypost.com

For most commodities, supply and demand fundamentals dominate price behaviour, however this does not always apply to silver and gold because of their monetary qualities and reactions to macroeconomic factors. Although the price of silver can be strongly linked to gold, silver differs from gold in the fact that it is also considered to be an industrial metal and can also be linked to the performance of base metals production and industrial demand. That said a gold: silver divergence can emerge when the macroeconomic environment deteriorates, however because of its lower liquidity, silver can outperform gold in the event of a financial crisis. The gold to silver ratio as of the date of this MD&A is approximately

1:100 ounces, and ended the 2024 year at approximately 1:90, with the 12-month rolling high of 1:106 on April 22, 2025 and a low of 1:73 ounces hit on May 29, 2024.

Chart: One-year rolling Gold to Silver Ratio

Source: www.bullionbypost.com

SUBSEQUENT EVENTS

On May 5, 2025, the Company reported drill results from the final holes of the 20,000 meter drill program at the Columba Project.

Highlights from the D-Vein include:
Hole CDH-25-199

- 620 gpt silver, 0.31 gpt gold, 1.01% lead and 3.61% zinc over 16.50 meters (5.78 meters etw) from 405.50 meters downhole including;
  - 1,775 gpt silver, 0.62 gpt gold, 2.34% lead and 9.26% zinc over 5.50 meters core length (1.93 metres etw) includes individual sample intervals of;

CDH-24-196A, as well as holes 196 and 196B represent directional drillholes on the western most extent of D-Vein drilling, all three intercepted a well mineralized calcite-quartz vein located in the hangingwall of the formal D-Vein structure.
Hole CDH-24-196A

- 123 gpt silver, 0.09% lead and 0.25% zinc over 84 meters core length (63 meters etw) from 192 meters downhole including;
  - Two hangingwall vein with high grades above D-Vein.
  - 1,525 gpt silver, 1.23% lead and 3.27% zinc over 0.92 meters (0.75 meters etw) in a hangingwall vein.
  - 794 gpt silver, 0.74% lead and 6.92% zinc over 0.94 meters (0.75 meters etw) from 206.80 meters downhole in a hangingwall vein.
  - 245 gpt silver, 0.17 gpt gold, 0.16% lead and 0.21% zinc over 22.45 meters (16.50 meters etw) on D-Vein.

Hole CDH 24-195B

- High grade hanging wall vein with 308 gpt silver over 3 meters. May correspond to similar veins in holes CDH 24-175 with 8 meters of 270 gpt silver and CDH 24-173 with 2 meters of 401 gpt silver and 2.49 meters of 377 gpt silver that are 60 and 180 meters away.
- Returned elevated gold values including 0.70 meters (0.29 meters etw) of 2.60 gpt gold from 402.9 meters downhole

Full details of each news release can be found on the Company's website.

PORTFOLIO OF EXPLORATION AND EVALUATION ASSETS

The Company has pursued drilling and advancement of its Promontorio, La Negra and La Cigarra Projects, which are part of the Company's resource projects. As of late 2018, the Company has principally been focussed on exploration activities at its Columba Project. The Company continues to seek joint venture partners to option other generative exploration projects to conduct exploration and make option payments to the Company to obtain a right to an earn-in interest in the Company's generative projects.

THE COLUMBA PROJECT

On November 19, 2018, the Company announced that it had entered into an option agreement to acquire a 100% interest in the Columba silver project, which hosts a past producing, high-grade silver mine operated circa 1910. Work reportedly ceased in the region during the Mexican Revolution. A second period of mining occurred in the late 1950's to early 1960's. Columba is approximately 1,000 hectares in size and covers a high-grade silver epithermal system comprised of numerous veins, which the Company has mapped over strike lengths from 200 meters to 2 kilometers.

Under the terms of the Agreement, the Company acquired a 100% ownership in the concessions by making staged payments over a 4-year period totaling US$3,290,000 (completed). A total of US$3,290,000 has been paid with US$1,155,000 paid in staged payments during 2023, with the final payment on May 18, 2023, which included US$215,000 settled in common shares of the Company. A work commitment of US$250,000 and US$750,000 by the first and second anniversary, respectively of the Agreement has been met. Per the Agreement, the vendors retain a 2% n.s.r. of which 1% can be bought by the Company for US$750,000 (see November 5, 2018 news release for full details).

A 24-year surface access agreement until December 31, 2047, which covers all the mineralized areas drilled to date has been registered with the appropriate Mexican government authorities. The agreement includes annual payments, certain bonus payments and for a 2% n.s.r. of which 1% can be bought by the Company for US$4.5M and allows for both exploration and exploitation.

Results to date are in line with historic data bolstering the confidence in the potential for the discovery of high-grade silver deposits on the property.

The Company has completed ~53,000 meters of drilling on the Columba project, of which ~19,000 meters were drilled during 2024, and ~4,000 meters were completed in the three months ended March 31, 2025. The Company is in the process of preparing a maiden resource estimate on Columba with an estimated release date late second quarter 2025.

Highlights of the Company's drill programs can be found here: Project Highlights Columba. A complete table of drill results can be found here: Columba Drilling. A technical report on the Columba Project was filed on SEDAR+ on August 9, 2023.

See Overview of Performance – 2025, Subsequent Events and Outlook section of this MD&A.

LA CIGARRA PROJECT - EXPLORATION

Since acquiring the La Cigarra silver project in April 2016 from Northair Silver Corp, the Company completed several exploration programs including drilling, relogging of core and mapping of large areas of the project.

Further exploration work on the La Cigarra Project was curtailed due to capital market conditions and in order for the Company to continue to advance its exploration efforts on the Columba project. A new internal geological model was completed and a new resource estimate has been prepared and filed on March 7, 2024. The new geological model positions the Company to conduct additional exploration work in the future, and if warranted, to prepare an updated resource upon more drilling and make decision to undergo a PEA on the project.

LA CIGARRA PROJECT – RESOURCE ESTIMATE

On January 25, 2024, the Company announced an updated mineral resource estimate on its La Cigarra Project located in the Parral Silver District of Chihuahua State, Mexico. The updated resource estimate, calculated by Allan Armitage, Ph.D., P.Geo., of SGS Geological Services in the La Cigarra Report prepared in accordance with NI 43-101 standards

(May 9, 2016), CIM Definition Standards (May 19, 2014) with guidance from CIM Best Practice Guidelines (November 29, 2019), supersedes a 2015 mineral resource estimate, also prepared by Dr. Armitage for NorthAir which was acquired by the Company in 2016. The La Cigarra Project is situated within a well established Mexican mineral district.

The 2024 mineral resource estimate incorporates a significantly revised geological model compared to the previous resource and features a database of 201 surface diamond and RC drillholes totaling 36,988 meters and 26,419 assay intervals.

Resource Class	***Tonnes (MT)***	***Grade***					***Total Metal***				
		Ag g/t	***Au g/t***	***Pb %***	***Zn %***	***AgEq (g/t)***	***Ag (Moz)***	***Au (koz)***	***Pb (Mlbs)***	***Zn (Mlbs)***	***[1]AgEq (Moz)***
Measured	2.08	103	0.06	0.16	0.22	121	6.90	4.30	7.6	9.9	8.10
Indicated	13.65	102	0.07	0.16	0.21	120	44.66	29.60	47.3	63.6	52.46
Mea. + Ind.	**15.73**	**102**	**0.07**	**0.16**	**0.21**	**120**	**51.57**	**33.90**	**54.8**	**73.5**	**60.56**
Inferred	3.37	102	0.06	0.20	0.19	119	11.00	6.00	14.8	13.8	12.85

The base-case AgEq Cut-off grade of 50 g/t AgEq considers metal prices of $23.50/oz Ag, $1,800/oz Au, $1.00/lb Pb and $1.30/lb Zn, and considers variable metal recoveries for Ag, Au, Pb and Zn: for oxide mineralization - 85% for Ag, 40% for Au, 75% for Pb and 65% for Zn; for sulphide mineralization - 92% for Ag, 40% for Au, 91% for Pb and 85% for Zn.

[1]AgEq = Ag ppm + (((Au ppm x Au price/gram) + (Pb% x Pb price/t) + (Zn% x Zn price/t))/Ag price/gram). Metal price assumptions are $23.50/oz silver, $1,800/oz gold, $1.00/lb lead and $1.30/lb zinc.

La Cigarra Mineral Resource Estimate Notes:

(1) The Mineral Resource Estimate was estimated by Allan Armitage, Ph.D., P. Geo. of SGS Geological Services and is an independent Qualified Person as defined by NI 43-101. Dr Armitage conducted a recent site visit to the La Cigarra Project on November 28 and 29, 2023.

(2) The classification of the current Mineral Resource Estimate into Measured, Indicated and Inferred mineral resources is consistent with current 2014 CIM Definition Standards - For Mineral Resources and Mineral Reserves. The effective date for the Updated Mineral Resource Estimate is November 29, 2023.

(3) All figures are rounded to reflect the relative accuracy of the estimate and numbers may not add due to rounding.

(4) The mineral resource is presented undiluted and in situ, constrained by continuous 3D wireframe models, and are considered to have reasonable prospects for eventual economic extraction.

(5) Mineral resources which are not mineral reserves do not have demonstrated economic viability. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that most Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

(6) The La Cigarra Project mineral resource estimate is based on a validated database which includes data 201 surface diamond and RC drill holes totalling 36,988 m. The resource database totals 26,419 assay intervals representing 34,447 m of drilling. The average assay sample length is 1.30 m.

(7) The mineral resource estimate is based on 9 three-dimensional ("3D") resource models, constructed in Leapfrog. Grades for Ag, Au, Pb and Zn were estimated for each mineralization domain using 1.5 metre capped composites assigned to that domain. To generate grade within the blocks, the inverse distance squared (ID2) interpolation method was used for all domains. Each domain was then subdivided into oxide and sulphide domains.

(8) Average density values were assigned to oxide and sulphide domains and a waste domain based on based on a database of 1,412 samples.

(9) It is envisioned that the La Cigarra Project deposit may be mined using open-pit mining methods. Mineral resources are reported at a base case cut-off grade of 50 g/t AgEq. The in-pit Mineral Resource grade blocks are quantified above the base case cut-off grade, above the constraining pit shell, below topography and within the constraining mineralized domains (the constraining volumes).

(10) The results from the pit optimization are used solely for the purpose of testing the "reasonable prospects for economic extraction" by an open pit and do not represent an attempt to estimate mineral reserves. There are no mineral reserves on the Property. The results are used as a guide to assist in the preparation of a Mineral Resource statement and to select an appropriate resource reporting cut-off grade.

(11) The base-case AgEq Cut-off grade considers metal prices of $23.50/oz Ag, $1,800/oz Au, $1.00/lb Pb and $1.30/lb Zn, and considers variable metal recoveries for Ag, Au, Pb and Zn: for oxide mineralization - 85% for Ag, 40% for Au, 75% for Pb and 65% for Zn; for sulphide mineralization - 92% for Ag, 40% for Au, 91% for Pb and 85% for Zn.

(12) The pit optimization and base case cut-off grade of 50 g/t AgEq considers a mining cost of US$2.50/t mined, and processing, treatment, refining, G&A and transportation cost of USD$22.40/t of mineralized material.

(13) The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

PROMONTORIO SILVER PROJECT

The Promontorio Discovery

The Company entered into an agreement on October 20, 2006 with Siete Campanas de Plata, S.A de C.V. ("Siete"), Exploration Canada De Oro, SA de CV ("ECO") and the Mexican Government Agency ("FIFOMI") to acquire an unencumbered 100% registered and beneficial interest in the Promontorio Concession, which includes the former producing Promontorio Mine Site. Upon completion of a bankable feasibility study or commencement of production, the Company must pay the remaining cash balance of US$210,000 to ECO.

A 1% net smelter royalty is payable to Siete on the core claims of Promontorio of which the Company can purchase 50% of this net smelter royalty at any time for US$500,000. The Company also has a right of first refusal to purchase the remaining 50% of this royalty. Additionally, a 2% net smelter royalty is payable to ECO on the core and surrounding claims.

An updated resource estimate was issued on October 12, 2023. The updated Measured and Indicated Resource contains an estimated 42,115,000 tonnes containing an estimated 140,790,000 oz. silver equivalent ("AgEq") grading 104 gpt AgEq with another 14,475,000 oz. AgEq grading 84.90 gpt AgEq categorized as Inferred.

The La Negra Discovery

The La Negra discovery is a hydrothermal-diatreme breccia exposed over a 100 to 150 x 500-meter area and is contained within the Promontorio claim block, approximately 7.0 km north of the Promontorio resource. The Company drilled a total of 6,213 meters over 41 core drill holes and Pan American drilled 56 holes totaling about 11,000 meters into the La Negra Breccia. The Company completed an initial resource estimate but additional exploration work has been curtailed at this time in order for the Company to continue to advance its exploration efforts on its Columba project.

A complete table of drill results can be found here: La Negra Drilling.

PROMONTORIO & LA NEGRA SILVER PROJECTS – RESOURCE ESTIMATE

The Promontorio-La Negra Project ("Promontorio-La Negra", "the Project" or "the Property") includes the La Negra and Promontorio resource areas. High-grade silver and gold with associated lead and zinc mineralization is hosted in hydrothermal diatreme breccias. The Resource Estimate for the Promontorio-La Negra deposit is summarized in the following tables.

Table-1 summarizes the Total Project resource estimate at a Silver Equivalent (AgEq) cutoff of 25g/t for Promontorio and at a AgEq cutoff of 40g/t for the La Negra deposit. The effective date of the Promontorio-La Negra resource estimates is August 27, 2023.

Table-1: 2023 Total Promontorio-La Negra Project Mineral Resource Estimate

Pit	Class	In Situ Tonnage, Grades and Metal Content										
		Tonnage (kt)	AgEq (g/t)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	AgEq Metal (kOz)	AG Metal (kOz)	Au Metal (kOz)	Pb (klb)	Zn (klb)
Promontorio	Measured	12,451	111.7	37.0	0.456	0.53	0.61	44,718	14,823	183	146,033	166,620
	Indicated	29,664	100.7	33.5	0.412	0.47	0.55	96,072	31,950	393	306,716	360,996
	Meas+Ind	42,115	104.0	34.5	0.425	0.49	0.57	140,790	46,773	575	452,748	527,616
	Inferred	14,575	84.9	27.9	0.348	0.42	0.45	39,782	13,069	163	136,241	143,632
La Negra	Indicated	5,285	129.3	126.3	0.067			21,966	21,454	11	0	0
	Inferred	1,257	114.8	112.2	0.060			4,639	4,536	2	0	0
Total	Measured	12,451	111.7	37.0	0.456	0.53	0.61	44,718	14,823	183	146,033	166,620
	Indicated	34,949	105.0	47.5	0.360	0.40	0.47	118,038	53,404	404	306,716	360,996
	Meas+Ind	47,400	106.8	44.8	0.385	0.43	0.50	162,755	68,227	587	452,748	527,616
	Inferred	15,832	87.3	34.6	0.325	0.81	0.89	44,421	17,606	165	282,274	310,251

Table-2: 2023 Mineral Resource Estimate for the Promontorio Deposit

Class	Cutoff	In situ Tonnage, Grade and Metal Content										
	AgEq (g/t)	Tonnage (kt)	AgEq (g/t)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	AgEq Metal (kOz)	AG Metal (kOz)	Au Metal (kOz)	Pb (klb)	Zn (klb)
Measured	15	13,538	104.3	34.5	0.428	0.49	0.57	45,419	15,012	186	147,440	168,631
	20	13,011	107.9	35.7	0.441	0.51	0.59	45,122	14,934	184	146,864	167,803
	25	12,451	111.7	37.0	0.456	0.53	0.61	44,718	14,823	183	146,033	166,620
	30	11,903	115.6	38.4	0.470	0.55	0.63	44,233	14,691	180	144,854	164,797
	40	10,793	123.9	41.3	0.500	0.59	0.68	42,984	14,324	174	141,339	160,851
	50	9,710	132.7	44.4	0.532	0.64	0.73	41,423	13,848	166	136,790	155,200
Indicated	15	32,225	94.3	31.3	0.387	0.44	0.52	97,728	32,439	401	311,172	366,586
	20	30,993	97.4	32.4	0.399	0.45	0.53	97,033	32,235	398	309,525	364,187
	25	29,664	100.7	33.5	0.412	0.47	0.55	96,072	31,950	393	306,716	360,996
	30	28,179	104.6	34.8	0.426	0.49	0.57	94,756	31,564	386	302,544	355,970
	40	24,961	113.6	37.9	0.461	0.53	0.62	91,133	30,447	370	291,656	342,834
	50	21,907	123.1	41.3	0.497	0.58	0.68	86,721	29,089	350	278,188	326,002
Measured + Indicated	15	45,763	97.3	32.3	0.399	0.45	0.53	143,147	47,451	587	458,612	535,217
	20	44,004	100.5	33.3	0.411	0.47	0.55	142,155	47,169	582	456,389	531,990
	25	42,115	104.0	34.5	0.425	0.49	0.57	140,790	46,773	575	452,748	527,616
	30	40,082	107.9	35.9	0.439	0.51	0.59	138,989	46,256	566	447,397	520,768
	40	35,754	116.7	38.9	0.473	0.55	0.64	134,117	44,772	543	432,996	503,684
	50	31,617	126.1	42.2	0.508	0.60	0.69	128,144	42,937	516	414,978	481,202
Inferred	15	16,637	76.8	25.1	0.319	0.38	0.40	41,072	13,415	171	139,011	147,447
	20	15,433	81.4	26.7	0.335	0.41	0.43	40,401	13,238	166	137,797	145,622
	25	14,575	84.9	27.9	0.348	0.42	0.45	39,782	13,069	163	136,241	143,632
	30	13,671	88.7	29.2	0.362	0.44	0.47	38,980	12,830	159	133,819	141,052
	40	11,778	97.3	32.1	0.395	0.49	0.51	36,847	12,152	150	127,493	133,206
	50	9,980	106.8	35.3	0.432	0.54	0.56	34,256	11,327	139	119,031	123,652

Notes to the 2023 Promontorio Resource Table:

1. Resources are reported using the 2014 CIM Definition Standards and were estimated using the 2019 CIM Best Practices Guidelines, as required by NI43-101
2. The base case Mineral Resource has been confined by "reasonable prospects of eventual economic extraction" shape using the following assumptions:
    - Metal prices of US$22/oz Silver, US$1800/oz Gold, US$0.95/lb Lead and US$1.25/lb Zinc.
    - At Promontorio: Metallurgical recovery of 74% Silver, 70% Gold, 81% Lead and 88% Zinc.

- Payable metal of 95% Silver, 99% Gold in dore 95% Au in Pb concentrate, 95% Lead and 85% Zinc. Lead payable assumes a concentrate grade of 65% Pb and a 3% unit deduction. Zinc payable assumes a concentrate grade of 52% Pb and an 8% unit deduction. Offsite costs (transport, smelter treatment and refining) of US$1.5/oz Silver and gold in the Pb concentrate, US$10 oz Gold, US$ 0.15/lb Lead and US$0.31/ lb Zinc. Lead offsite costs assume 100 $US/dmt transport, 100 $US/ dmt treatment. Zinc offsite costs assume 100 $US/dmt transport, 200 $US/ dmt treatment.
- Processing, General, and Administrative ("G&A") costs of US$ 12/ tonne milled. Mining cost of US$2.00 / tonne
- 50 degree pit slopes with the 150% price case pit shell is used for the confining shape

3. The resulting NSR = Ag*US$0.63/g*74% + Au*US$56.71/g*70% + 22.0462*(Pb*US$0.77/lb*81% + Zn*US$ 0.80/lb*88%)
4. The specific gravity of the resource averages 2.79 and is calculated from the Lead and Zinc content. Non-mineralized material is assigned an SG of 2.73.
5. Numbers may not add due to rounding.

Table-3 summarizes the La Negra total Mineral Resource estimate.

Table-3: 2023 Resource Statement for the La Negra Deposit

ZONE	CLASS	Cutoff	In Situ Tonnage, Grades and Metal Content						
		AgEq (g/t)	Tonnage (kt)	AgEq (g/t)	Ag (g/t)	Au (g/t)	AgEq Metal (kOz)	Ag Metal (kOz)	Au Metal (kOz)
Total	Indicated	25	7,282	102.5	99.8	0.061	24,000	23,370	14.2
		30	6,463	112.0	109.2	0.063	23,280	22,690	13.2
		35	5,821	120.8	117.9	0.065	22,610	22,060	12.2
		40	5,285	129.3	126.3	0.067	21,970	21,450	11.4
		45	4,821	137.6	134.5	0.069	21,330	20,850	10.7
		50	4,425	145.7	142.5	0.071	20,730	20,280	10.0
	Inferred	25	1,831	88.8	86.5	0.055	5,230	5,090	3.2
		30	1,607	97.3	94.9	0.057	5,030	4,900	3.0
		35	1,415	106.1	103.7	0.059	4,830	4,720	2.7
		40	1,257	114.8	112.2	0.060	4,640	4,540	2.4
		45	1,111	124.2	121.6	0.061	4,440	4,340	2.2
		50	993	133.5	130.8	0.061	4,260	4,180	2.0

Notes to the 2023 La Negra Resource Tables:

1. Resources are reported using the 2014 CIM Definition Standards and were estimated using the 2019 CIM Best Practices Guidelines, as required by NI43-101
2. The base case Mineral Resource has been confined by "reasonable prospects of eventual economic extraction" shape using the following assumptions:
   - Metal prices of US$22/oz Silver, US$1800/oz Gold
   - Recovery is assumed to be as for dore. Metallurgical recovery of 82% Silver and 77% Gold in the Oxide zone, 85% Silver and 73% Gold in the Mixed zone, and 90% Silver and 31% Gold in the Sulfide zone.
   - Payable metal of 99% for Silver and Gold. Offsite costs (transport, smelter treatment and refining) of US$0.25/oz Silver and US$10/oz gold.
   - Processing, General, and Administrative (G&A) costs of US$ 12/ tonne milled. Mining cost of US$2.00/tonne
   - 50 degree pit slopes with the 150% price case pit shell is used for the confining shape
3. The resulting NSR = Ag*US$0.69/g*Zone Ag Recovery% + Au*US$56.97/g*Zone Au Recovery%
4. Silver Equivalent (AgEq) = NSR / (US$0.69/g* Ag Recovery%)
5. The specific gravity is assigned by rock type as 2.52 in Oxides, 2.59 in Mixes and 2.61 in Sulfides
6. Numbers may not add due to rounding.

The mineral resource estimates were prepared by Sue Bird, M Sc., P.Eng., Geological and Mining Engineer of by Moose Mountain Technical Services ("MMTS") in accordance with NI 43-101 standards (May 9, 2016), CIM Definition Standards (May 19, 2014) with guidance from CIM Best Practice Guidelines (November 29, 2019).The NI 43-101 compliant Technical Report will be available for review on SEDAR+ (www.sedarplus.ca) by late November 2023.

GENERATIVE EXPLORATION PROJECTS

The Company continues to seek partners to option La Cigarra and Promotorio which are generative exploration projects La Cigarra and Promotorio which are generative exploration projects under its generative model. This approach minimizes financial and exploration risk to the Company by seeking to advance these properties by granting external exploration companies an option to earn an interest in properties, subject to meeting certain yearly exploration expenditure requirements and making cash and share payments to the Company. The Company continues to market generative properties including properties that have been returned after termination of option agreements.

FINANCING ACTIVITIES

During the three months ended March 31, 2025, under the terms "at-the-market" equity distribution program (the "ATM Program") as announced on July 10, 2024, the Company issued 120,800 shares under the ATM program for gross proceeds of $126,689 and incurred cash shares issuance costs of $3,167 for net proceeds of $123,522. Additionally, an aggregate total of 4,132,337 share purchase warrants with an average exercise price of $2.17 per share purchase warrant expired unexercised. Subsequent to March 31, 2025, and pursuant to the ATM Program, the Company issued 60,200 common shares at an average price of $1.0374 per common share. The Company raised aggregate gross proceeds of $62,451 and share issuance costs of $1,561, resulting in aggregate net proceeds to the Company of $60,890.

During the year ended December 31, 2024, under the terms of the ATM Program, the Company issued 1,000,000 shares under the ATM program for gross proceeds of $1,299,864, with an average share price of $1.29 and incurred shares issue costs of $32,497 for net proceeds of $1,267,368.

On April 25, 2024, the Company closed a public offering (the "Shelf Offering") for gross proceeds of $10.35 million, which consisted of a sale of 9,241,071 units of the Company (each, a "Shelf Unit") at a price of $1.12 per Unit (the "Shelf Offering Price"). The completed Offering includes the exercise in full of the Agents' (as defined herein) over-allotment option for the sale of 1,205,357 Units for proceeds of $1,350,000. The Shelf Offering was conducted by lead agent and sole bookrunner Red Cloud Securities on behalf of a syndicate of agents that would include Research Capital Corporation (together, the "Shelf Agents").

Each Shelf Unit consisted of one common share of the Company and one-half Common Share purchase warrant (each whole warrant, a "Shelf Warrant"). Each whole Shelf Warrant entitles the holder to purchase one Common Share of the Company at a price of $1.68 at any time before April 25, 2026. The net proceeds raised under the Offering will be used for the advancement of the Company's Columba Silver Project in Mexico as well as for general working capital and corporate purposes. The Company paid the Shelf Agents a cash commission of $591,000 and issued to the Agents 527,678 Common Share purchase warrants (the "Broker Warrants"). Each Broker Warrant entitles the holder thereof to acquire one Common Share at a price of $1.12 per Common Share at any time on or before April 25, 2026. The Company also paid aggregate cash finder's fees of $28,380 to certain arm's length finders in connection with Units purchased by certain president's list purchasers.

The Offering was completed pursuant to a prospectus supplement of the Company filed in all of the provinces of Canada and dated April 17, 2024 that supplemented the short form base shelf prospectus of the Company dated March 27, 2024.

On February 16 and 22, 2024, the Company announces that it has closed a non-brokered private placement (the "February 2024 Private Placement") of units of the Company (the " February 2024 Units"), at a price of $0.75 per February 2024 Unit (the "February 2024 Offering Price"). The Company received total aggregate gross proceeds of $3,720,587 from the Offering.

Each February 2024 Unit is comprised of one Common Share and one-half of one Common Share purchase warrant (each whole warrant, a "February 2024 Warrant"). Each February 2024 Warrant is exercisable to acquire one Common Share at a price of $1.10 per share for a period of 24 months. An aggregate total of 4,960,782 Common Shares and 2,480,391 Warrants were issued under the February 2024 Private Placement. In connection with the February 2024 Private Placement, Research Capital Corporation received a cash fee of $50,628 and 77,004 non-transferable compensation warrants (the "February 2024 Compensation Warrants").

Each February 2024 Compensation Warrant entitles the holder thereof to purchase one February 2024 Unit at an exercise price of $0.75 per February 2024 Unit for a period of 24 months following the closing of the February 2024 Private Placement. The Company also paid aggregate cash finders' fees of $149,627 and issued an aggregate 61,102 non-transferable finder's warrants ("February 2024 Finder's Warrants") to six other arm's length finders. Each February 2024 Finder's Warrant entitles the holder thereof to purchase one Common Share at an exercise price of $0.75 per Common Share for a period of 24 months from the closing of the February 2024 Private Placement.

The net proceeds from the February 2024 Private Placement would be used for exploration activities, property commitments on the Company's projects, working capital and general corporate purposes.

The Company has completed the financings set out below during the year ended December 31, 2024 with no variance expected between projected use of proceeds and actual use of proceeds.

Date	Financing	Funding (Gross)	Funding (net)	Use of Proceeds	Variance
February 22, 2024	Private placement Units at $0.75	4,960,782	3,720,587	Exploration activities, working capital requirements and other general corporate purposes.	Nil[1]
April 25, 2024	Private placement Units at $1.12	10,350,000	9,664,469	Exploration activities, working capital requirements and other general corporate purposes.	In process

[1] There was no variance between projected and disclosed use of proceeds and actual use of proceeds.

INVESTING ACTIVITIES

As at March 31, 2025, capitalized mineral property expenditure totaled $30,404,010 (2024 - $28,473,826). During the three months ended March 31, 2025, the Company incurred $2,159,603, which includes acquisition and exploration costs, translation cost as disclosed in the table below.

	MEXICO					
	Promontorio	La Cigarra	Columba	Generative Anomalies	2025 Total	2024 Total
	$	$	$	$	$	$
Acquisition Costs						
Balance, beginning	3,658,642	30,548,524	4,825,563	942,946	**39,975,675**	39,747,810
Incurred	-	-	43,293	27,019	**70,312**	227,865
Balance, ending	**3,658,642**	**30,548,524**	**4,868,856**	**969,965**	**40,045,987**	39,975,675
Exploration Expenditures						
Balance, beginning	32,687,917	6,480,154	20,550,107	7,837,358	**67,555,536**	60,233,283
Assaying and Lab	-	-	-	-	**-**	35,554
Camp Costs	-	-	303,404	-	**303,404**	301,593
Drafting	-	-	-	-	**-**	-
Drilling	-	-	957,578	-	**957,578**	4,427,497
Geological mapping	-	-	594	-	**594**	2,972
Maintenance	-	-	-	14,849	**14,849**	15,936
Miscellaneous	-	-	-	5,950	**5,950**	12,772
Geological Consulting and Prospecting	-	-	806,635	281	**806,916**	2,525,929
Incurred	**-**	**-**	**2,068,211**	**21,080**	**2,089,291**	7,322,253
Balance, ending	32,687,917	6,480,154	22,618,318	7,858,438	**69,644,827**	67,555,536
Total properties balance	**36,346,559**	**37,028,678**	**27,487,174**	**8,828,403**	**109,690,814**	107,531,211
Balance, beginning	**(2,652,917)**	**(146,111)**	**1,246,071**	**(6,926,916)**	**(8,479,873)**	(10,261,404)
Impaired or disposed	(33,693,642)	(36,882,567)	-	(1,303)	**(70,577,512)**	(70,577,512)
Mineral exploration refund	-	-	-	-	**-**	-
Change in foreign currency translation for the period	-	-	(227,826)	(1,593)	**(229,419)**	1,781,531
Carrying value exploration and evaluation assets	**-**	**-**	**28,505,419**	**1,898,591**	**30,404,010**	28,473,826

RESULTS OF OPERATIONS

Three-month period ended March 31, 2025

The Company recorded a net loss of $1,086,938 or $0.02 per share (2024 – $1,261,918 or $0.03 per share) for the three-month period ended March 31, 2025, based on a greater weighted average number of shares outstanding.

Corporate general and administrative expenditure for the three-month period ended March 31, 2025 totaled $909,415 (2024 – $1,003,954), which included non-cash option-based payment expense of $93,209 (2024 – $386,627). Office and general costs increased to $496,065 (2024 – $235,668) which includes the Company's offices and staff in Vancouver and exploration offices in Hermosillo. Also included in office and general is the Company's promotional, travel and investor relations expenses, which increased versus the prior comparable period and totaled $291,245 (2024 – $112,426) due to new initiatives and promotion conducted during the period. Management fees $60,000 (2024 – $60,000). Professional fees decreased versus the prior comparable period totaling $187,300 (2024 – $228,668) which includes a decrease in consulting and legal work and includes an accrual for director's fees of $20,000 (2024 – $20,000). Regulatory and filing fees decreased to $48,930 (2024 – $56,775).

For the three-month period ended March 31, 2025, the Company recorded a foreign exchange loss of $6,767 (2024 – $22,341). The Company maintains foreign currency in both Mexican peso and US dollar accounts and incurs certain operating expenditures in each of those currencies, which coupled with consolidating its Mexican subsidiary gives rise to exchange risk. The Company recorded IVA receivable recovered of $19,821 (2024 – $nil). Exploration expenditures relate to holding, concession taxes and work related on technical report writing related to Promontorio, La Negra and La Cigarra totaled $230,468 (2024 – $279,701). Property investigation of mineral properties costs totaling $nil (2024 – $5,293) were expensed in the period. Finance income increased versus the prior comparable period and totaled $39,891 (2024 – $25,118).

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2025, the Company had working capital of $3,134,911 (2024 - $5,934,283), with cash and cash equivalents totaling $2,306,797 (2024 - $5,367,448). The Company has seen a slowdown in the refunding of IVA tax, which the Company is owed by the Mexican tax authority. The Company continues to maintain filing for such refunds including the use of third-party consultants to assist in obtaining these refunds and expects that such refunds will be ultimately collected.

See Subsequent Events and also Financing Activities section of the MD&A for financing details.

The Company plans, subject to financing to continue its exploration efforts in 2025 in Mexico with the focus remaining on the Columba project, see Subsequent Events and Outlook section of the MD&A. It also plans to generate opportunities to acquire new properties and to enter into options or joint ventures with third parties to manage risk. The Company also plans to finance its future activities primarily through raising capital from private placements of equity capital in the Company and through payments it receives from option and joint ventures of the Company's properties to qualified mineral exploration companies. There can be no assurance that the Company will succeed in obtaining financing, now or in the future or that it will be successful in obtaining payments through optioning and joint venturing some or all its properties. Failure to raise sufficient funding for its operations and ongoing business activities on a timely basis could cause the Company to suspend its operation and eventually to forfeit or sell its interest in its mineral properties.

The Company's ability to raise additional capital or to receive option payments from third parties is subject to a number of factors, uncertainties and risks including market conditions that could make it difficult or impossible for the Company to raise necessary funds to meet our capital and operating requirements. If we are unable to obtain financing through equity investments, we plan to consider other financing solutions including, but not limited to, joint ventures, credit facilities or debenture issuances. We are also attuned to the effect of capital markets on many of our joint venture partners who may not be able to meet their obligations under their option or joint venture agreements.

All cash is held with Schedule A banks either in deposit accounts or guaranteed investment certificates, and the Company has no joint ventures with any parties that potentially create derivative or hedge risk.

OUTLOOK

The Columba drill program which commenced in April 2024, was planned for 20,000 meters of drilling, which is part of a staged 50,000 meters of drilling. A total of 23,000 meters were completed and the Company subject to financing, is planning the next stage of its aforementioned 50,000 meter drill program. The drilling program will continue step out drilling to expand on the wide high grade intercepts on the D Vein with targets on other veins such as the B, J and other Veins planned.

The Company is also in the process of preparing a maiden resource estimate.

Generative Projects
The Company hopes to continue to fund modest grass roots exploration that generates new mineral discoveries with the objective of seeking partners to finance the advancement of these projects.

The Company continues to review and investigate the progression of its generative portfolio of properties including projects that have been returned from third parties.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected quarterly financial information prepared in accordance with IFRS® for each of the Company's last eight quarters:

	Q1 2025 $	Q4 2024 $	Q3 2024 $	Q2 2024 $	Q1 2024 $	Q4 2023 $	Q3 2023 $	Q2 2023 $
Finance Income [1, 2]	39,891	56,068	135,143	120,202	25,118	17,410	30,811	14,551
Net Loss	(1,086,938)	(1,173,551)	(998,147)	(1,009,329)	(1,261,918)	(765,869)	(1,356,423)	(951,723)
Loss Per Share[3]	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.03)	(0.02)

(1) Finance Income is derived from administration fees, interest income and recovery of IVA taxes.
(2) The Company recovered IVA from the Mexican tax authority, which is being booked to income directly.
(3) Loss per share reflects the effect of the share consolidation effective November 14, 2023 being a 10:1 rollback.

SELECTED ANNUAL INFORMATION

The financial statements have been prepared in accordance with IFRS® for fiscal years 2024, 2023, and 2022, and are expressed in Canadian dollars.

As at December 31:	**2024**	**2023**	**2022**
Total Assets	$ 37,262,824	$ 23,538,330	$ 22,510,098
Total Liabilities	409,600	438,566	324,531
Shareholders' Equity	36,853,224	23,099,764	22,185,567
Total Shareholders' Equity & Liabilities	$ 37,262,824	$ 23,538,330	$ 22,510,098

For the year ended December 31:	**2024**	**2023**	**2022**
Finance Income [1]	$ 336,531	$ 78,042	$ 55,974
Net Loss [2][3]	(4,442,945)	(4,435,436)	(77,900,130)
Basic and diluted loss per share[4]	$ (0.08)	$ (0.10)	$ (2.16)
Weighted average number of common shares outstanding[4]	56,760,083	44,116,653	36,066,974

(1) Finance Income is derived from administration fees, recovery of IVA taxes and interest income
(2) Net Loss for 2022 includes impairment expense related to the carrying value of its Promontorio, La Negra and La Cigarra projects totalling $70,576,209; impairment expense of $3,980,948 related to the carrying value of the Copalito project; and $2,141,337 provision for uncollectible Mexican IVA
(3) Net Loss for 2021 includes $2,378,027 in loss on the spinout of Kootenay Resources Inc.
(4) Basic and diluted loss per share and Weighted average number of common shares outstanding reflects the effect of the share consolidation effective November 14, 2023 being a 10:1 rollback.

RISKS AND UNCERTAINTIES

The Company is in the business of acquiring, exploring mineral properties. It is exposed to several risks and uncertainties that are common to other mineral exploration companies in the same business. The industry is capital intensive at all stages and is subject to variations in commodity prices, market sentiment, exchange rates for currency, inflation and other risks. The Company currently has no source of revenue other than project management fees, and interest on cash balances. The Company will rely mainly on equity financing to fund exploration activities on its mineral properties.

The risks and uncertainties described in this section are not inclusive of all the risks and uncertainties to which the Company may be subject.

Mining Law Reforms
On June 7, 2023, minority members of the Chamber of Deputies (one of the two Chambers of the Mexican Congress) filed an unconstitutionality action against the Mining Law Reforms in Mexico which became effective May 9, 2023; however, it is uncertain when the outcome of such action will be known or if it will be successful. While it is expected that the Company's existing projects and permits will not be materially impacted by the Mining Law Reforms based on an initial analysis, the process to the enactment of the legislation came very quickly. Given that the legislation contains substantial reforms, and associated regulations have not yet been written/enacted to give effect to the more general provisions of the legislation for the purpose of interpretation and clarification on operating parameters, it is too early to know how the Mining Law Reforms will be interpreted and applies. As such, the legislation and its implementation has not yet been advanced to the level of clarity required for the Company to analyze all potential business impacts. Until such time as a full analysis of the legislation and the pending regulation is complete or the outcome of the unconstitutionality action is known, there can be no assurance that the Mining Law Reforms will not have a material impact on the Company's operations or plans.

Early Stage – Need for Additional Funds
The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to other companies in the same business, including under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered considering its early stage of operations.

The Company anticipates future expenditures will require additional infusions of capital; there can be no assurance that such financing will be available or, if available, will be on reasonable terms. If financing is obtained by issuing common shares from treasury, control of the Resulting Issuer may change, and investors may suffer additional dilution. Furthermore, if financing is not available, lease expiry dates, work commitments, rental payments and option payments, if any may not be satisfied and could result in a loss of the shareholders entire investment.

Exploration and Development
Mineral exploration and development is a speculative business, characterized by several significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, though present, are of insufficient size and/or grade to return a profit from production.

All the mineral claims to which the Company has a right to acquire an interest or owns are in the exploration stages and are without a known body of commercial ore. Upon discovery of a mineralized occurrence, several stages of exploration and assessment are required before its economic viability can be determined. Development of the subject mineral properties would follow only if favorable results are determined at each stage of assessment. Few precious and base metal deposits are ultimately developed into producing mines.

Estimates of mineral resources may not be realized
The mineral resource estimates contained in the Company's Technical Reports are only estimates and no assurance can be given that an identified resource will ever qualify as a commercially mineable (or viable) deposit, which can be legally and economically exploited. In addition, the grade of mineralization ultimately mined may differ from the one indicated by the drilling results and the difference may be material. Material changes in resources, grades and other factors, may affect the economic viability of projects.

Earn-In agreements
The Company continues to enter or seek to enter into separate option agreements with publicly listed companies on its various mineral properties. The terms of such option agreements vary but primarily optioning companies are granted an

option to earn an ownership interest in an exploration property by making cash payments and or issuing shares to the Company and incurring exploration expenditures. These are not firm payments or expenditure commitments and are subject to these companies obtaining sufficient financing to fulfill their earn-in requirements. The agreements are also subject to termination if such payment and expenditure commitments are not fulfilled. On fulfillment of these commitments, the ownership arrangement and future development of the property will be subject to a joint venture agreement whereby the Company will be required to finance its proportionate share of exploration expenditures based on the ownership ratio of each of the parties. There is no certainty that any of these companies will complete the required expenditures on the properties to earn-in on the properties or that they will be able to obtain the necessary financing to complete the expenditure requirements in which case the costs of carrying and developing the properties will be the responsibility of the Company.

Operating Hazards and Risks

Mining operations involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. In the course of exploration, development and production of mineral properties, certain risks, and in particular unexpected or unusual geological operating conditions, including rock bursts, cave-ins, fires, flooding and earthquakes, may occur. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral deposits, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage.

Although the Company maintains liability insurance in an amount that it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial conditions.

Political Risk

The Company's advanced project and certain other property interests are located in Mexico and are subject to that country and jurisdiction's laws and regulations. Obtaining financing, finding or hiring qualified people or obtaining all necessary services for the Company's operations in Mexico may be difficult. The perception of Mexico may make it more difficult for the Company to attract investors or to obtain any required financing for its exploration projects. The Company believes the present attitude of the current Mexican government to foreign investment in the exploration and mining sector has become less supportive of the industry than previous governments. Investors should assess the political risks of investing in a foreign country. Variations from the current regulatory, economic, potential tariff and non-tariff trade actions and political climate present a risk of recession and may cause investors to reduce or delay investment in the Company could have an adverse effect on the affairs of the Company.

Supplies, Infrastructure, Weather and Inflation

The Company's property interests are often located in remote, undeveloped areas and the availability of infrastructures such as surfaces access, skilled labour, fuel and power at an economic cost cannot be assured. These are integral requirements for exploration, production and development facilities on mineral properties. Power may need to be generated on site.

Due to the partial remoteness of its exploration projects, the Company is forced to rely on the accessibility of secondary roads resulting in potentially unavoidable delays in planned programs and/or cost overruns. The rainy season in Mexico during the months of June through September can sometimes flood the main access road causing temporary delays.

Metal Prices

The mining industry, in general, is intensely competitive and there is no assurance that a profitable market will exist for the sale of metals produced even if commercial quantities of precious and/or base metals are discovered. Factors beyond the control of the Company may affect the marketability of metals discovered. Pricing is affected by numerous factors beyond the Company's control, such as international economic and political trends, global or regional consumption and demand patterns, increased production and smelter availability. There is no assurance that the price of metals recovered from any mineral deposit will be such that they can be mined at a profit.

Title Risks

Although the Company has exercised due diligence with respect to determining title to properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral property interest may be subject to prior unregistered agreements, or transfers, or conflicting claims; or indigenous claims, and title may be affected by undetected defects.

Environmental Regulations, Permits and Licenses
The Company's operations are subject to various laws and regulations governing the protection of the environment, exploration, development, production, taxes, labour standards, occupational health, waste disposal, safety and other matters. Environmental legislation in Mexico provides restrictions and prohibition on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines, penalties and work stoppage. In addition, certain types of operations require the submission and approval of environmental impact statements. Environmental legislation is evolving in a direction of stricter standards and enforcement, and higher fines and penalties for non-compliance. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

The current operations of the Company require permits from various government authorities and such operations are governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental, mine safety and other matters.

The Company believes that it is in compliance with all material laws and regulations, which currently apply to its activities. There can be no assurance, however, that all permits which the Company may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake.

Competition and Agreements with Other Parties
The mining industry is intensely competitive in all its phases, and the Company competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

The Company may, in the future, be unable to meet its share of costs incurred under such agreements to which it is a party and it may have its interest in the properties subject to such agreements reduced as a result. Also, if other parties to such agreements do not meet their share of such costs, the Company may not be able to finance the expenditures required to complete recommended programs.

Economic Conditions
Unfavorable economic conditions may negatively impact the Company's financial viability. Unfavorable economic conditions could also increase the Company's financing costs, decrease net income or increase net loss, limit access to capital markets and negatively impact any of the availability of credit facilities to the Company.

Dependence on Management
The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Conflicts of Interest
The Company's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act (BC) ("Corporations Act") dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and the best interest of the Company.

Insurance coverage
The mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability.

The Company's policies of insurance may not provide sufficient coverage for losses related to these or other risks. The Company's insurance does not cover all risks that may result in loss or damages and may not be adequate to reimburse the Company for all losses sustained. In particular, the Company does not have coverage for certain environmental losses or certain types of earthquake damage. The occurrence of losses or damage not covered by insurance could have a material and adverse effect on the Company's cash flows, results of operation and financial condition.

Shareholder dilution

The Company's constating documents permit the issuance of an unlimited number of common shares and a limited number of preferred shares issuable in series on such terms as the Directors determine without the approval of shareholders, who have no pre-emptive rights in connection with such issuances. In addition, the Company is required to issue common shares upon the conversion of its outstanding share purchase warrants and options in accordance with their terms. Accordingly, holders of common shares may suffer dilution.

Uninsurable risks

In the course of exploration, development and production of mineral properties, certain risks and, in particular, unexpected or unusual geological operating conditions including cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Disclosure Controls and Procedures

Management is responsible for the preparation and integrity of the Financial Statements and maintains appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable. Management is also responsible for the design of the Company's internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with IFRS®.

Readers are cautioned that the Company is not required to certify the design and evaluation of its disclosure controls and procedures and internal controls over financial reporting and has not completed such an evaluation. The inherent limitations on the ability of the Company's certifying officers to design and implement on a cost-effective basis disclosure controls and procedures and internal controls over financial reporting for the Company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial instruments include cash and cash equivalents, receivables and advances, marketable securities, advances and deposits, accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair values due to their relatively short periods to maturity and due to the insignificant carrying values of long-term financial instruments except for marketable securities, which are measured at fair value through other comprehensive income at each reporting period end.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies.

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's accounts receivable relates to receivables from exploration partners who are earning a right to the Company's property via earn-in option agreements, Goods and Services Tax input tax credits and IVA credits (Mexican Value added Tax refunds) from the Mexican Government. Accordingly, accounts receivable in the form of tax credits from Canada and Mexico are regarded with minimal risk and receivables from exploration partners are regarded with moderate risk by the Company.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

The Company prepares annual expenditure budgets, which are regularly monitored and updated as considered necessary. To facilitate its expenditure program, the Company raises funds through private equity placements. The Company anticipates it will have adequate liquidity to fund its financial liabilities through future equity contributions.

As at December 31, 2024, the Company's financial liabilities were comprised of accounts payable and accrued liabilities, which have a maturity of less than one year.

(c) Market risk:

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns.

(i) Currency risk:

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is considered to be in the exploration stage and has not yet developed commercial mineral interests, the underlying market prices in Canada for minerals are impacted by changes in the exchange rate between the Canadian, the United States dollar and the Mexican Peso. The Company's transactions are denominated in Canadian dollars, United States dollars and the Mexican Peso, the Company has not entered into any arrangements to hedge currency risk but does maintain cash balances within each currency with a predominate balance held in Canadian Dollars. Canadian dollars are exchanged when needed to meet foreign denominated liabilities.

The balances denominated in foreign currency are as follows:

	March 31, 2025	December 31, 2024
	US$	US$
Cash and cash equivalents	**264,664**	265,554
Trade accounts payable and accrued liabilities	**16,453**	18,609
	Mexican Peso	Mexican Peso
Cash and cash equivalents	**3,922,512**	2,624,101
Receivables and advances	**315,927**	67,006
Trade accounts payable and accrued liabilities	**547,603**	760,369

The Company has completed a sensitivity analysis to estimate the impact of the change in the foreign exchange rates on net loss for the period. The result of the sensitivity analysis shows a change in +/- 10% in the US Dollar and Mexican Peso exchange rate could have a collective impact of approximately +/- $61,666 on the Company's net loss. This result arises primarily because the Company has Mexican Peso denominated cash accounts, accounts receivable and short-term liabilities. The actual results of a change in foreign exchange rates would depend on the foreign currency denominated assets and liabilities at the time and could cause the impact on the Company's results to differ from above.

(ii) Commodity price risk:

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. The Company is exposed to the price volatilities for precious and base metals that could significantly impact its future operating cash flow. As part of its routine activities, management is closely monitoring the trend of international metal prices.

(iii) Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of cash and cash equivalents is limited because of their short-term investment nature. A variable rate of interest is earned on cash and cash equivalents, changes in market interest rates at the period-end would not have a material impact on the Company's financial statements.

OFF BALANCE SHEET ARRANGEMENTS

The Company had no Off-Balance Sheet Arrangements.

TRANSACTIONS WITH RELATED PARTIES

During the three months ended March 31, 2025, officers of the Company charged management and consulting fees totaling $152,636 (2024 - $152,636) of which $92,636 (2024 - $92,636) has been recorded under Exploration and evaluation assets. These amounts were incurred in the ordinary course of business.

Effective January 1, 2008, the Company entered into a consulting agreement with Makwa Exploration Ltd. for the services of James McDonald to act as the Company's President and CEO. Effective January 1, 2017, the base monthly fee for Makwa was amended to $20,833. The consulting agreement extends in increments of 24 months, until terminated.

In addition to the above:

a) For the three months ended March 31, 2025, the Company incurred $20,000 (2024- $20,000) for compensation to directors of which $20,000 (2024 - $20,000) is included in accounts payable.

b) For the three months ended March 31, 2025, the Company recorded $78,607 (2024 – $307,815) for non-cash share option-based compensation to officers and directors of the Company, of which $28,584 has been recorded under Exploration and evaluation assets.

FUTURE ACCOUNTING STANDARDS

Critical Accounting Estimates

Please refer to Note 3 of the Company's Audited Financial Statements for the year ended December 31, 2024, for additional information under "Significant Accounting Policies".

Significant areas requiring the use of management estimates include the collectability of amounts receivable, balances of accrued liabilities, the fair value of financial instruments, the rates for depreciation of property and equipment, the recoverability of mineral property interests, determination of estimates of deferred tax assets and liabilities, and the determination of variables used in the calculations of share-based payments. While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

OTHER MD&A REQUIREMENTS

Additional Disclosure for Venture Companies without Significant Revenues

The following table sets forth a breakdown of material components of the office and general costs of the Company for the periods indicated.

	Three Months Ended March 31, 2025	Year Ended December 31, 2024	Year Ended December 31, 2023
	$	$	$
Office	**184,386**	565,494	523,841
Telephone and postage	**2,701**	24,609	22,063
Travel, conferences and promotion	**291,245**	900,221	675,802

Disclosure of Outstanding Share Data

The following table states the diluted share capital of the Issuer as at May 18, 2025:

	Number Shares Outstanding (Diluted)
Outstanding as at December 31, 2024	**61,694,443**
Share issued at the market program	120,800
Outstanding as at March 31, 2025	**61,815,243**
Share issued at the market program	60,200
Outstanding as at May 18, 2025	**61,875,443**
Shares reserved for issuance pursuant share purchase warrants outstanding	17,039,942[1]
Shares reserved for issuance pursuant to restricted and deferred share units	905,000
Shares reserved for issuance pursuant share purchase options outstanding	3,300,000[2]
DILUTED TOTAL AS AT May 18, 2025	**83,120,385**

Notes

(1) As at May 18, 2025, the Company had outstanding share purchase warrants, enabling holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
4,999,995	1.35	November 7, 2025
304,387	0.90	November 7, 2025
2,480,391	1.10	February 16, 2026
138,106	0.75	February 16, 2026
527,678	1.12	April 25, 2026
4,620,535	1.68	April 25, 2026
3,772,500	1.40	May 23, 2026
196,350	1.00	May 23, 2026
17,039,942		

(2) As at May 18, 2025, the Company had outstanding share purchase options, enabling holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
65,000	2.70	July 06, 2026
2,095,000	1.55	January 12, 2028
1,140,000	0.90	March 06, 2029
3,300,000		

Commitments

The Company has entered various contracts for office and warehouse rent in Canada and Mexico. The following summarizes the Company's total annual obligations under these agreements as at March 31, 2025:

2025	$ 63,371
2026	43,100
2027	43,100
	$ 149,571

Mineral property payments and project related commitments have been outlined under the property headings found in the 'Portfolio of Exploration and evaluation assets' section of this MD&A and the consolidated financial statements for the three months ended March 31, 2025.

Disclosure Controls and Procedures
Management is responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the Company. Based on an evaluation of the Company's disclosure controls and procedures as of the end period covered by this MD&A, management believes such controls and procedures are effective in providing reasonable assurance that material items requiring disclosure are identified and reported in a timely manner.

Cautionary note regarding preparation of Mineral Reserves and Resources
This MD&A uses the terms "reserves" and "resources" and derivations thereof. These terms have the meanings set forth in Canadian National Instrument 43-101 - Standards of Disclosure for Mineral Projects (NI 43-101) and the Canadian Institute of Mining, Metallurgy and Petroleum's Classification System (CIM Standards). NI 43-101 and CIM Standards may differ significantly from the requirements of the United States Securities and Exchange Commission (the SEC). Accordingly, information concerning descriptions of mineralization and resources contained in this Management's Discussion and Analysis may not be comparable to information made public by US domestic companies subject to the reporting and disclosure requirements of the SEC.

Approval
This MD&A was approved by the Audit Committee of the Board of Directors of the Company on May 23, 2025.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on the Company's website at www.kootenaysilver.com and on SEDAR+ at www.sedarplus.ca.