



**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the three months period ended**

**March 31, 2026**

**and**

**March 31, 2025**

**(Unaudited)**

**(Expressed in Canadian dollars)**

**Index**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

<b>CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION .....</b>	<b>4</b>
<b>CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS .....</b>	<b>5</b>
<b>CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS .....</b>	<b>6</b>
<b>CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY .....</b>	<b>7</b>
<b>CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS .....</b>	<b>8</b>
<b>NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS.....</b>	<b>9</b>

**KOOTENAY SILVER INC.**  
(Unaudited - Expressed in Canadian dollars)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

	<b>March 31, 2026 Unaudited</b>	<b>December 31, 2025 Audited</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 36,411,911	\$ 21,418,827
Receivables and advances (Note 8)	122,721	29,333
Prepaid expenses	1,040,876	242,348
Marketable securities (Note 4)	1,087,670	1,080,736
	<b>38,663,178</b>	<b>22,771,244</b>
<b>Non-current assets:</b>		
Fixed assets (Note 5)	979,825	973,440
Exploration and evaluation assets (Note 6)	39,909,789	35,955,394
Receivables (Note 8)	1,428,067	1,565,090
Right-of-use asset (Note 15)	53,959	63,481
<b>Total assets</b>	<b>\$ 81,034,818</b>	<b>\$ 61,328,649</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities (Note 10)	\$ 623,381	\$ 439,009
Lease liability (Note 15)	39,964	39,107
<b>Total current liabilities</b>	<b>663,345</b>	<b>478,116</b>
Lease liability long term (Note 15)	32,068	42,386
<b>Total liabilities</b>	<b>695,413</b>	<b>520,502</b>
<b>Shareholders' equity:</b>		
Share capital (Note 7)	164,691,590	142,266,459
Share to be issued on warrant exercise	-	708,034
Reserves (Note 7)	59,413,697	60,116,370
Accumulated other comprehensive income	5,080,403	4,449,764
Deficit	(148,846,285)	(146,732,480)
<b>Total shareholders' equity</b>	<b>80,339,405</b>	<b>60,808,147</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 81,034,818</b>	<b>\$ 61,328,649</b>

Nature of Operations (Note 1)  
Commitments (Note 12)

Approved on Behalf of the Board  
of Directors:

"Ron Miller"  
Director

"James McDonald"  
Director

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

**KOOTENAY SILVER INC.**  
(Unaudited - Expressed in Canadian dollars)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS**

	Three Months Ended March 31,	
	2026	2025
<b>General and administrative expenses</b>		
Office and general (Note 10)	\$ 1,436,167	\$ 496,065
Professional fees	200,829	187,300
Management fees (Note 10)	60,000	60,000
Rent and occupancy costs	26,874	14,432
Regulatory and filing fees	40,985	48,930
Depreciation (Note 5)	8,547	9,479
Stock-based compensation (Note 7)	361,425	93,209
<b>Loss before exploration and other items</b>	<b>2,134,827</b>	<b>909,415</b>
<b>Exploration and evaluation</b>		
Exploration expenditures (Note 6)	314,917	230,468
	<b>314,917</b>	<b>230,468</b>
<b>Other Items</b>		
IVA recovered	(31,118)	(19,821)
Foreign exchange loss	14,875	6,767
Finance income	(319,696)	(39,891)
	<b>(335,939)</b>	<b>(52,945)</b>
<b>Loss for the period</b>	<b>\$ 2,113,805</b>	<b>\$ 1,086,938</b>
<b>Basic and diluted loss per share (Note 7)</b>	<b>\$ (0.02)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of shares outstanding – basic and diluted (Note 7)</b>	<b>95,001,871</b>	<b>61,714,027</b>

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

**KOOTENAY SILVER INC.**  
(Unaudited - Expressed in Canadian dollars)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**

	Three Months Ended March 31,	
	2026	2025
<b>Loss for the period</b>	<b>\$ 2,113,805</b>	<b>\$ 1,086,938</b>
Other comprehensive income:		
Fair value changes to marketable securities arising during the period (Note 4)	<b>(6,934)</b>	(159,180)
Item that will be reclassified to (earnings) or loss:		
Foreign currency translation differences of foreign operations	<b>(623,705)</b>	178,734
Total other comprehensive loss (income)	<b>(630,639)</b>	19,554
<b>Comprehensive loss for the period</b>	<b>\$ 1,483,166</b>	<b>\$ 1,106,492</b>

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

**KOOTENAY SILVER INC.**  
(Unaudited - Expressed in Canadian dollars)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

	Number of Consolidated Shares	Capital Stock	Funds received for warrant exercise	Reserves	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Equity
<b>Balance, December 31, 2024</b>	61,694,443	\$ 116,584,912	\$ -	\$ 55,366,812	\$ 5,268,635	\$ (140,367,135)	\$ 36,853,224
Shares issued, net of issuance costs	120,800	120,540	-	-	-	-	120,540
Option based compensation	-	-	-	157,881	-	-	157,881
Exercise of share purchase options	-	-	-	-	-	-	-
Exercise of share purchase warrants	-	-	-	-	-	-	-
Fair value changes to marketable securities arising during the period	-	-	-	-	159,180	-	159,180
Foreign currency translation differences of foreign operations	-	-	-	-	(178,734)	-	(178,734)
Loss for the period	-	-	-	-	-	(1,086,938)	(1,086,938)
<b>Balance, March 31, 2025</b>	<b>61,815,243</b>	<b>\$ 116,705,452</b>	<b>\$ -</b>	<b>\$ 55,524,693</b>	<b>\$ 5,249,081</b>	<b>\$ (141,454,073)</b>	<b>\$ 36,025,153</b>
<b>Balance, December 31, 2025</b>	88,262,390	\$ 142,266,459	\$ 708,034	\$ 60,116,370	\$ 4,449,764	\$ (146,732,480)	\$ 60,808,147
Shares issued, net of issuance costs	8,000,001	16,321,315	-	357,624	-	-	16,678,939
Shares issued on warrant exercise	-	956,190	(708,034)	(249,256)	;-	-	(1,100)
Option based compensation	-	-	-	572,644	-	-	572,644
Exercise of share purchase options	112,500	193,313	-	(79,563)	-	-	113,750
Exercise of share purchase warrants	3,578,319	4,873,113	-	(1,222,922)	-	-	3,650,191
Common shares issued for vested RSUs	35,000	81,200	-	(81,200)	-	-	-
Fair value changes to marketable securities arising during the period	-	-	-	-	6,934	-	6,934
Foreign currency translation differences of foreign operations	-	-	-	-	623,705	-	623,705
Loss for the period	-	-	-	-	-	(2,113,805)	(2,113,805)
<b>Balance, March 31, 2026</b>	<b>99,988,210</b>	<b>\$ 164,691,590</b>	<b>\$ -</b>	<b>\$ 59,413,697</b>	<b>\$ 5,080,403</b>	<b>\$ (148,846,285)</b>	<b>\$ 80,339,405</b>

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

**KOOTENAY SILVER INC.**  
(Unaudited - Expressed in Canadian dollars)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

	Three Months ended March 31,	
	2026	2025
<b>Cash flows from operating activities</b>		
Loss for the period	\$ (2,113,805)	\$ (1,086,938)
Add items not involving cash:		
Option based compensation (Note 7)	401,150	93,209
Accretion of lease liability	1,314	2,099
Depreciation fixed and ROU assets (Note 5,15)	18,069	19,001
	<b>(1,693,272)</b>	<b>(972,629)</b>
Changes in non-cash working capital balances:		
Receivable and advances	95,817	(48,309)
Prepaid expenses	(799,507)	(61,710)
Accounts payable and accrued liabilities	224,178	18,837
	<b>(2,172,784)</b>	<b>(1,063,811)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from private placement and equity financing, net of issuance costs (Note 7)	16,678,939	120,540
Proceeds from the exercise of options	113,750	-
Proceeds from the exercise of warrants	3,650,191	-
Lease payments	(10,775)	(10,775)
	<b>20,432,105</b>	<b>109,795</b>
<b>Cash flows from investing activities</b>		
Investment in exploration and evaluation assets	(3,275,622)	(2,135,546)
Investment in equipment	(9,123)	-
	<b>(3,284,745)</b>	<b>(2,135,546)</b>
<b>Effect of foreign exchange rate changes on cash</b>	<b>18,508</b>	<b>28,941</b>
<b>Net change in cash and cash equivalents during the period</b>	<b>14,993,084</b>	<b>(3,060,651)</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>21,418,827</b>	<b>5,367,448</b>
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 36,411,911</b>	<b>\$ 2,306,797</b>

Supplemental disclosure of cash and non-cash activities (Note 9)

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

# KOOTENAY SILVER INC.

(Unaudited - Expressed in Canadian dollars)

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS March 31, 2026 and 2025

### 1 Nature of Operations

Kootenay Silver Inc. and its wholly owned Mexican incorporated subsidiaries (the "Company") is a Canadian exploration stage company incorporated under the *Business Corporations Act* (British Columbia). The address of the Company's registered office is 910 - 810 West Pender St. Vancouver, British Columbia, Canada. The Company is currently listed on the TSX Venture Exchange ("TSX-V") under the symbol "KTN".

The Company is focused on acquiring and exploring mineral properties principally located in Mexico, with the objective of identifying mineralized deposits economically worthy of subsequent development, mining or sale.

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. While the Company has been successful in the past at raising funds, there can be no assurance that it will be able to do so in the future.

The Company has predominately experienced operating losses and negative operating cash flows; operations of the Company having been primarily funded by the issuance of share capital. The Company expects to incur further losses in the development of its business. Management has estimated that the Company has sufficient financing to complete current work plans; however, future development will require additional financing in order to complete all anticipated exploration and other programs during the forthcoming year and thereafter.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of resource property expenditures is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties. The Company will need access to capital to continue advancing its projects in Mexico.

These condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments to the carrying values of assets and liabilities would be necessary. Such adjustments may be material.

	<b>Three months ended March 31, 2026</b>	Year ended December 31, 2025
Loss	<b>\$ 2,113,805</b>	\$ 6,365,345
Working capital	<b>\$ 37,999,833</b>	\$ 22,293,128

**KOOTENAY SILVER INC.**  
(Unaudited - Expressed in Canadian dollars)

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**March 31, 2026 and 2025**

---

**2 Basis of Presentation:**

**Statement of Compliance**

These condensed consolidated interim financial statements, including comparatives have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB"), and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed consolidated interim financial statements are for the three months ended March 31, 2026 and 2025, and have been prepared in accordance with IAS 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board (IASB). They do not include all the information required in annual financial statements in accordance with IFRS® and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2025. The policies applied in these condensed consolidated interim financial statements are consistent with the accounting policies disclosed in Notes 2 and 3 of the audited consolidated financial statements for the year ended December 31, 2025.

These consolidated financial statements were authorized for issue by the Audit Committee of the Board of Directors on May 25, 2026.

**Functional and presentation currency**

These condensed consolidated interim financial statements are presented in Canadian dollars. Under IFRS, the Canadian dollar is the functional currency of the Company and its wholly owned subsidiary's, Northair Silver Corp. The functional currency of wholly owned subsidiaries of the Company, Minera JM S.A. de C.V., Grupo Northair de Mexico S.A. de C.V. and Kootenay Gold (US) Corp., is the US dollar and for Servicios de Exploraciones Sonora, S.A. de C.V., is the Mexican Peso.

Assets and liabilities of the subsidiaries with a functional currency in US dollars and Mexican pesos are translated at the period-end exchange rates, and the results of its operations are translated at average exchange rates for the period. The resulting translation adjustments are recorded in accumulated other comprehensive loss (income) in shareholders' equity. Additionally, foreign exchange gains and losses related to certain intercompany loans that are permanent in nature are included in accumulated other comprehensive loss.

**3 Material Accounting Policies:**

The material accounting policies, significant estimates and judgements applied in the preparation of these condensed consolidated interim financial statements are consistent with the accounting policies disclosed in Note 3 of the audited consolidated financial statements for the year ended December 31, 2025, except if noted below. These condensed consolidated interim statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2025.

**4 Marketable Securities**

As at March 31, 2026, the fair value of marketable securities held was \$1,087,670 (December 31, 2025 – \$1,080,736) related to investments in publicly traded companies which was issued to the Company in consideration of various property earn-in option agreements. During the three months ended March 31, 2026, the Company recorded in other comprehensive loss, a gain of \$6,934 (March 31, 2025 – a gain of \$159,180) for fair value adjustments to marketable securities. During the period ended March 31, 2026, the Company received proceeds from sale of marketable securities \$nil (2025 - \$nil) and recorded a gain of \$nil (March 31, 2025 – a gain of \$nil).

**KOOTENAY SILVER INC.**  
(Unaudited - Expressed in Canadian dollars)

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**March 31, 2026 and 2025**

**5 Fixed Assets:**

	Vehicle	Office Equipment	Computer Equipment	Land	Total
<b>Cost</b>					
Balance December 31, 2024	\$ 266,329	\$ 67,252	\$ 504,399	\$ 803,304	\$ 1,641,284
Addition	-	-	33,229	-	33,229
Disposal	-	-	-	-	-
Effect of foreign exchange	(4,524)	-	(15,003)	-	(19,527)
Balance December 31, 2025	\$ 261,805	\$ 67,252	\$ 522,625	\$ 803,304	\$ 1,654,986
Addition	-	9,123	-	-	9,123
Effect of foreign exchange	-	-	13,979	-	13,979
Balance December 31, 2026	<b>\$ 261,805</b>	<b>\$ 76,375</b>	<b>\$ 536,604</b>	<b>\$ 803,304</b>	<b>\$ 1,678,088</b>
<b>Accumulated Depreciation</b>					
Balance December 31, 2024	\$ 196,444	\$ 63,789	\$ 397,922	\$ -	\$ 658,155
Depreciation for the period	12,565	3,517	18,136	-	34,218
Disposal	-	-	-	-	-
Effect of foreign exchange	(16,174)	(2,825)	8,172	-	(10,827)
Balance December 31, 2025	\$ 192,835	\$ 64,481	\$ 424,230	\$ -	\$ 681,546
Depreciation for the period	3,369	977	4,202	-	8,548
Effect of foreign exchange	(3,212)	(838)	12,219	-	8,169
Balance March 31, 2026	<b>\$ 192,992</b>	<b>\$ 64,620</b>	<b>\$ 440,651</b>	<b>\$ -</b>	<b>\$ 698,263</b>
<b>Carrying value</b>					
December 31, 2025	\$ 68,970	\$ 2,771	\$ 98,395	\$ 803,304	\$ 973,440
<b>March 31, 2026</b>	<b>\$ 68,813</b>	<b>\$ 11,755</b>	<b>\$ 95,953</b>	<b>\$ 803,304</b>	<b>\$ 979,825</b>

**KOOTENAY SILVER INC.**  
(Unaudited - Expressed in Canadian dollars)

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**March 31, 2026 and 2025**

**6 Exploration and evaluation assets:**

	MEXICO				2026 Total \$	2025 Total \$
	Promontorio \$	La Cigarra \$	Columba \$	Generative Anomalies \$		
<b>Acquisition Costs</b>						
Balance, beginning	3,658,642	30,548,524	4,929,645	996,787	<b>40,133,598</b>	39,975,675
Incurred	-	-	56,578	41,560	<b>98,138</b>	157,923
Balance, ending	<b>3,658,642</b>	<b>30,548,524</b>	<b>4,986,223</b>	<b>1,038,347</b>	<b>40,231,736</b>	40,133,598
<b>Exploration Expenditures</b>						
Balance, beginning	32,687,917	6,480,154	29,152,400	7,886,879	<b>76,207,350</b>	67,555,536
Assaying and Lab	-	-	170,425	-	<b>170,425</b>	471,360
Camp Costs	-	-	536,359	-	<b>536,359</b>	1,041,635
Drafting	-	-	-	-	-	-
Drilling	-	-	1,447,777	-	<b>1,447,777</b>	4,197,274
Geological mapping	-	-	-	-	-	1,189
Geophysics	-	-	486,970	-	<b>486,970</b>	-
Maintenance	-	-	-	17,374	<b>17,374</b>	30,126
Miscellaneous	-	-	-	6,962	<b>6,962</b>	15,985
Geological Consulting and Prospecting	-	-	628,069	251	<b>628,320</b>	2,894,245
Incurred	-	-	<b>3,269,600</b>	<b>24,587</b>	<b>3,294,187</b>	8,651,814
Balance, ending	32,687,917	6,480,154	32,422,000	7,911,466	<b>79,501,537</b>	76,207,350
Total properties balance	<b>36,346,559</b>	<b>37,028,678</b>	<b>37,408,223</b>	<b>8,949,813</b>	<b>119,733,273</b>	116,340,948
Balance, beginning	<b>(36,346,559)</b> *	<b>(37,028,678)</b> *	<b>8,581</b>	<b>(7,018,898)</b>	<b>(80,385,554)</b>	(79,057,385)
Impaired or disposed	-	-	-	-	-	-
Mineral exploration refund	-	-	-	-	-	-
Change in foreign currency translation	-	-	529,521	32,549	<b>562,070</b>	(1,328,169)
Carrying value exploration and evaluation assets	-	-	<b>37,946,325</b>	<b>1,963,464</b>	<b>39,909,789</b>	35,955,394

\* Impaired beginning

# KOOTENAY SILVER INC.

(Unaudited - Expressed in Canadian dollars)

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS March 31, 2026 and 2025

---

### 6 Exploration and evaluation assets *(continued)*:

#### **Columba** – Chihuahua State, Mexico

On November 12, 2018, the Company entered into an option agreement to acquire a 100% undivided interest in the Columba project. The Company having fulfilled its requirements under the option agreement through staged payments totalling US\$3,290,000 of which US\$215,000 was settled by issuing 245,233 common shares during 2023 and completed work commitments, holds 100% of the Columba project.

The vendors retain a 2% net smelter royalty of which 1% can be purchased by the Company for US\$750,000. The Company have registered a surface access agreement which allows exploration and exploitation until December 31, 2047. The agreement includes annual operating payments, certain bonus payments and for a 2% n.s.r. of which 1% can be bought by the Company for US\$4,500,000.

#### **La Cigarra** – Chihuahua State, Mexico

The Company acquired the La Cigarra project through the acquisition of Northair and its wholly owned Mexican subsidiary Grupo Northair.

The La Cigarra project is 100% owned by the Company with no underlying royalty on the resource. However certain concessions are subject to a 1% net smelter royalty under an agreement with DFX Exploration Ltd. (the "DFX Agreement"). Pursuant to the terms of the DFX Agreement, a royalty will be paid of \$0.10 per silver equivalent ounce from production to a maximum of 185 million ounces from the Parral 2 concession.

During the year ended December 31, 2022, the Company recorded an impairment expense for accounting purposes of \$36,882,567 to the carrying value of La Cigarra. The Company maintains the project in good standing. The recognition of impairment was determined primarily due to a lack of financing and no significant exploration work planned at the time because of the lack of financing. The company has successfully completed sufficient financing to further evaluate the potential for further development and advancement of La Cigarra and has commenced a Preliminary Economic Assessment ("PEA") on this project during the three months ended March 31, 2026.

#### **Promontorio** – Sonora State, Mexico

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. The Company may upon commencement of commercial production or sooner purchase 50% of this net smelter return for US\$1,000,000. The Company also has a right of first refusal on the remaining 50% of this royalty. During the year ended December 31, 2022, the Company recorded an impairment expense for accounting purposes of \$33,693,642 to the carrying value of Promontorio. The Company maintains the project in good standing. The recognition of impairment was determined appropriate at that time primarily due to the lack of financing and as a result no significant exploration was planned or conducted with December 31, 2022. Based on Company's current financial position, it may consider various alternatives to advance the property, which may include conducting work on the property or optioning or partnering with a third party for further development of the property."

# KOOTENAY SILVER INC.

(Unaudited - Expressed in Canadian dollars)

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS March 31, 2026 and 2025

---

### 6 Exploration and evaluation assets *(continued)*:

#### Property Investigation and Impairment

During the period ended March 31, 2026, the Company expended \$nil (2025 - \$nil) related to other property investigation expense and \$314,917 (2025 - \$230,468) related to exploration expenditures incurred on previously impaired properties that are still held by the Company.

The Company reviews periodically for indicators of impairment in the carrying value of its mineral assets. During the three months ended March 31, 2026, no impairment was recorded.

#### Title to mineral property interests

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

### 7 Share Capital and Reserves:

#### Authorized share capital and share consolidation:

The authorized share capital is an unlimited number of common shares without par value. All issued shares, consisting of only common shares are fully paid. There were 99,988,210 (2025 – 88,262,390) fully paid common shares on issue as at March 31, 2026.

#### Issued:

##### Three months ended March 31, 2026

On February 10, 2026, the Company closed a "bought deal" private placement (the "Offering") for gross proceeds of \$18,000,002 which includes the exercise in full of the over-allotment option and incurred cash shares issuance cost of \$1,080,000. Pursuant to Offering, the Company sold 8,000,001 common shares of the Company (the "Offered Shares") at a price of \$2.25 per Offered Share (the "Offering Price"). The underwriters of the Offering received aggregate cash fees of C\$1,080,000.14 and 480,000 non-transferable common share purchase warrants (the "Broker Warrants"). Each Broker Warrant is exercisable to acquire one common share of the Company at the Offering Price at any time on or before February 10, 2028.

##### Year ended December 31, 2025

During the year ended December 31, 2025, under the terms "at-the-market" equity distribution program (the "ATM Program") as announced on July 10, 2024, the Company issued 500,000 shares under the ATM program for gross proceeds of \$708,172 and incurred cash shares issuance costs of \$17,704 for net proceeds of \$690,468.

During the year ended December 31, 2025, 448,205 common shares were issued upon exercise of share options for gross proceeds of \$471,276 and 6,111,942 common shares were issued upon exercise of warrants for gross proceeds of \$8,055,929. Additionally, the Company received \$708,034 for the exercise of warrants which were issued subsequent to December 31, 2025.

# KOOTENAY SILVER INC.

(Unaudited - Expressed in Canadian dollars)

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS March 31, 2026 and 2025

### 7 Share Capital and Reserves (continued):

On July 21, 2025, the Company announced stock options have been granted to officers, directors, employees, and consultants to purchase up to an aggregate of 2,500,000 shares and issued restricted share and deferred units totalling 1,500,000 common shares. The stock options have been granted at an exercise price of \$1.10 per common share for a period of five years. On August 22, 2025, the Company announced 250,000 stock options have been granted to a consultant to the Company at an exercise price of \$1.19 per common share for a period of two years.

On June 27, 2025, the Company closed a bought deal public offering (the "Shelf Offering") for gross proceeds of up to \$20,010,690, which consisted of a sale of up to 19,057,800 units of the Company (each, a "Shelf Unit") including the full exercise of the over-allotment option, at a price of \$1.05 per Unit (the "Shelf Offering Price"). The Company recorded \$1,479,160 in cash share issuance costs and \$784,589 being the fair value of 1,114,897 finders warrants issued, at an exercise price of \$1.05, from the Shelf Offering. 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 \$1.58 at any time before June 27, 2028. The net proceeds will be used for the advancement of the Company's Columba Silver Project as well as for general working capital and corporate purposes. Additionally, an aggregate total of 4,909,308 share purchase warrants with an average exercise price of \$2.04 per share purchase warrant expired unexercised.

#### Options and Warrants:

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants		Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, December 31, 2024	21,172,279	\$ 1.54	3,300,000	\$ 1.35
Granted	10,643,797	1.52	2,750,000	1.11
Exercised	(6,111,942)	1.32	(448,205)	1.05
Expired	(4,909,308)	2.04	-	-
Outstanding, December 31, 2025	20,794,826	\$ 1.45	5,601,795	\$ 1.25
Granted	605,955	2.25	-	-
Exercised	(3,584,988)	1.21	(112,500)	1.01
Expired	-	-	-	-
<b>Outstanding, March 31, 2026</b>	<b>17,815,793</b>	<b>\$ 1.56</b>	<b>5,489,295</b>	<b>\$ 1.26</b>

# KOOTENAY SILVER INC.

(Unaudited - Expressed in Canadian dollars)

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS March 31, 2026 and 2025

### 7 Share Capital and Reserves (continued):

#### Warrants

As at March 31, 2026, the Company had outstanding share purchase warrants, enabling holders to acquire common shares as follows:

Number of Warrants	Exercise Price	Expiry Date
3,854,585	1.68	April 25, 2026
2,984,000	1.40	May 23, 2026
31,161	1.00	May 23, 2026
9,351,150	1.58	June 27, 2028
1,114,897	1.05	June 27, 2028
480,000	2.25	February 10, 2028
17,815,793		

The weighted average remaining life of the outstanding warrants is 1.41 years (December 31, 2025 – 1.41 years).

The fair value of warrants is estimated using the Black Scholes option-pricing model. Warrants are included in reserves until exercised, at which time they are transferred into share capital.

The following assumptions were used for the Black-Scholes option pricing model for the three months ended March 31, 2026 and for the year ended December 31, 2025.

	2026	2025
Risk-free interest rate	2.42%	2.66%
Expected life of warrants	24 months	36 months
Annualized volatility	78%	91%
Dividend rate	0.00%	0.00%

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. The Company has used historical volatility in its share price to estimate expected volatility. Changes in the subjective input assumptions can materially affect the fair value estimated.

#### Options / Restricted and Deferred Share Units

The Company has adopted an incentive stock option plan under the rules of the TSX-V pursuant to which it is authorized to grant options to executive officers, directors, employees and consultants, enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option is equal to the market price of the Company's shares on the date of grant. The options can be granted for a maximum term of 10 years and generally vest 25% in specified increments. No individual may hold options to purchase common shares of the Company exceeding 5% of the total number of common shares outstanding from time to time.

During the three months ended March 31, 2026, stock-based compensation including options, restricted and deferred share units totalling \$572,644 (2025 - \$157,881) of which \$171,494 (2025 - \$64,672) was capitalized under mineral properties, \$361,425 (2025 - \$93,209) was expensed under stock-based compensation and \$39,725 (2025 - \$nil) under consulting. As at March 31, 2026, 4,991,451 options (December 31, 2025 – 4,517,669) with a weighted average exercise price of \$1.27 per option (December 31, 2025 - \$1.29) were fully vested and exercisable.

# KOOTENAY SILVER INC.

(Unaudited - Expressed in Canadian dollars)

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS March 31, 2026 and 2025

### 7 Share Capital and Reserves (continued):

During the three months ended March 31, 2026, the Company issued 35,000 common shares related to granted and fully vested RSUs.

As at March 31, 2026, the Company had outstanding stock options enabling holders to acquire common shares of the Company as follows:

Number of Options	Exercise Price	Expiry Date
65,000	\$ 2.70	July 06, 2026
2,095,000	1.55	January 12, 2028
981,250	0.90	March 6, 2029
2,098,045	1.10	July 18, 2030
250,000	1.19	August 21, 2027
5,489,295		

The weighted average remaining life of the options is 2.9 years (December 2025 – 3.2 years). For stock options granted to employees, officers, directors and consultants, share based payment expense is measured at fair value and recognized over the vesting period from the date of grant. The fair value of stock options granted during the three months ended March 31, 2026 and year ended December 31, 2025 were estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2025
Risk-free interest rate	2.70-3.00%
Expected life of options	2-5 years
Exercise price per option granted	\$1.10-1.19
Annualized volatility	86-82.0%
Dividend rate	0.00%

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. The Company has used historical volatility in its share price to estimate expected volatility. Changes in the subjective input assumptions can materially affect the fair value estimated.

RSU and DSU transactions are summarized as follows:

	Number of RSUs	Number of DSUs
Outstanding, December 31, 2025	910,000	1,045,000
Settled in common share	(35,000)	-
Outstanding, March 31, 2026	875,000	1,045,000

### Loss per share

The calculation of basic loss per share for the three months ended March 31, 2026 was based on the loss of \$2,113,805 (2025 - \$1,086,938) and the weighted average number of common shares outstanding of 95,001,871 (2025 – 61,714,027), respectively. The Company does not have any instruments that would give rise to a dilution effect as of March 31, 2026 and 2025. As at March 31, 2026, the Company has 5,489,295 options (2025 – 3,300,000) 1,920,000 (2025 – 1,955,000) restricted and deferred share units and 17,815,793 warrants (2025– 20,794,826) that are anti-dilutive and thus, not included in diluted loss per share.

# KOOTENAY SILVER INC.

(Unaudited - Expressed in Canadian dollars)

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS March 31, 2026 and 2025

### 8 Receivables and Advances:

The Company's receivables are as follows:

	<b>March 31, 2026</b>	December 31, 2025
Net IVA/GST receivable	\$ 1,428,067	\$ 1,565,090
Other receivable	122,721	29,333
<b>Total</b>	<b>\$ 1,550,788</b>	<b>\$ 1,594,423</b>

During the three months ended March 31, 2026, the Company collected \$31,118 IVA refund (2025 - \$19,821). As at March 31, 2026 the Company held \$1,444,355 (2025 - \$1,565,090) of IVA & GST receivable as non-current assets based on the expected timing of realization.

### 9 Supplemental Disclosure of Cash and Non-Cash Activities:

The following transactions incurred during the period did not include cash:

	<b>March 31, 2026</b>	March 31, 2025
Option based compensation capitalized in mineral property (Note 7)	\$ 171,494	\$ 64,672
Mineral property costs included in accounts payable	\$ 27,871	\$ 16,803

### 10 Related Party Transactions and Balances:

Except as disclosed elsewhere in these consolidated financial statements the following related party transactions were incurred in the normal course of business and were measured at the exchange amount.

Key management remuneration:

Key management personnel comprise the Company's Board of Directors and executive officers.

	March 31, 2026	March 31, 2025
Management fees charged by companies controlled by a director and/or officers (a and b)	\$ 164,250	\$ 152,636
Director fees (c)	27,000	20,000
	<b>\$ 191,250</b>	<b>\$ 172,636</b>

- a) The Company has entered into a consulting agreement dated January 1, 2008 with Makwa Exploration Ltd. ("Makwa") for the services of James McDonald to act as the Company's President and CEO. The base monthly fee for Makwa was amended to \$20,833.
- b) The Company capitalized \$104,250 (March 31, 2025 - \$92,636) under exploration expenditures related to management fees,
- c) For the three months ended March 31, 2026, the Company incurred \$27,000 (March 31, 2025 - \$20,000) for compensation to directors and is recorded under the office and general line. As at March 31, 2026, \$27,000 (March 31, 2025 - \$20,000) was held in accrued liabilities as owing to directors for compensation.

# KOOTENAY SILVER INC.

(Unaudited - Expressed in Canadian dollars)

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS March 31, 2026 and 2025

### 10 Related Party Transactions and Balances *(continued)*:

In addition to the above:

- d) For the three months ended March 31, 2026, the Company recorded \$237,953 (2025 - \$78,607) for non-cash stock-based compensation to officers and directors of the Company, related to the grant of stock purchase options, of which \$52,776 (2025 - \$28,584) was recorded under exploration and evaluation assets.

Related party balances are non-interest bearing with no specific terms of repayment and are unsecured.

### 11 Segmented Information:

The Company has one reportable operating segment, being the acquisition and exploration and future development of mineral properties.

The Company's current assets, non-current assets, current liabilities, and mineral properties and non-current liabilities by geographic location are as follows:

	March 31, 2026	December 31, 2025
Canada:		
Current assets	\$ 37,177,808	\$ 21,371,882
Non-current assets	968,552	915,613
Current liabilities	(633,009)	(440,148)
Non-current liabilities	(32,068)	(42,386)
	<u>\$ 37,481,283</u>	<u>\$ 21,804,961</u>
Mexico:		
Current assets	\$ 1,485,370	\$ 1,399,362
Mineral properties	39,909,789	35,955,394
Non-current assets excluding mineral properties	1,493,299	1,686,398
Current liabilities	(30,336)	(37,968)
	<u>\$ 42,858,122</u>	<u>\$ 39,003,186</u>

### 12 Commitments:

The Company entered into various contracts for office and warehouse rent in Canada and Mexico. The following table summarizes the Company's total annual obligations under this agreement as at March 31, 2026:

Year	
2026	\$ 74,694
2027	\$ 48,538

**KOOTENAY SILVER INC.**  
(Unaudited - Expressed in Canadian dollars)

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**March 31, 2026 and 2025**

---

**13 Financial Instruments and Financial Risk Management:**

The Company's financial instruments include cash and cash equivalents, receivable and advances, marketable securities, accounts payable and accrued liabilities. The carrying values of these financial instruments are measured at amortized cost 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 analyse 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 condensed consolidated interim 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 credit risk is primarily attributable to cash and receivables. The Company maintains its cash with high-credit quality financial institutions. 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.

(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.

As at March 31, 2026, the Company's liabilities were comprised of accounts payable, short term lease liabilities and accrued liabilities, which have a maturity of less than one year, and long term lease liability which have a maturity within the next two years.

(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.

**KOOTENAY SILVER INC.**  
(Unaudited - Expressed in Canadian dollars)

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**March 31, 2026 and 2025**

**13 Financial Instruments and Financial Risk Management (continued):**

(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 dollar, 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. Canadian dollars are exchanged when needed to meet foreign denominated liabilities.

The balances denominated in foreign currency are as follows:

	<b>March 31, 2026</b>	December 31, 2025
	<b>US\$</b>	US\$
Cash and cash equivalents	<b>553,220</b>	333,110
Trade accounts payable and accrued liabilities	<b>23,271</b>	65,606
	<b>Mexican Peso</b>	Mexican Peso
Cash and cash equivalents	<b>5,595,799</b>	6,417,829
Receivables and advances	<b>442,864</b>	83,898
Trade accounts payable and accrued liabilities	<b>386,878</b>	667,909

USD closing rate:1.3706

MXN closing rate:0.07622

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 +/- \$117,682 (2025 - \$81,130). 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 consolidated financial statements.

# KOOTENAY SILVER INC.

(Unaudited - Expressed in Canadian dollars)

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS March 31, 2026 and 2025

### 13 Financial Instruments and Financial Risk Management (continued):

#### e) Fair value of financial instruments

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

<b>March 31, 2026</b>		<b>Level 1</b>		<b>Level 2</b>		<b>Level 3</b>		<b>Total</b>
Marketable securities	\$	1,087,670	\$	-	\$	-	\$	1,087,670
<b>December 31, 2025</b>		<b>Level 1</b>		<b>Level 2</b>		<b>Level 3</b>		<b>Total</b>
Marketable securities	\$	1,080,736	\$	-	\$	-	\$	1,080,736

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between levels during the period ended March 31, 2026.

The Company's carrying values of cash and cash equivalents, other receivables and accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

### 14 Capital Management:

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the development of its mineral properties. Therefore, the Company monitors the level of risk incurred in its mineral property expenditures relative to its capital structure.

The Company's capital structure includes working capital and shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the development of its mineral properties, the Company prepares annual expenditure budgets, which are regularly monitored and updated as considered necessary. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms, option its mineral properties for cash and/or expenditure commitments from optionees enter into joint venture arrangements or dispose of mineral properties.

The Company's investment policy is to hold cash in interest bearing, bank accounts and highly liquid short-term interest-bearing investments, with maturities of one year or less which can be liquidated at any time without penalties. The Company is not subject to externally imposed capital requirements. There has been no change in the Company's approach to capital management during the three months ended March 31, 2026.

# KOOTENAY SILVER INC.

(Unaudited - Expressed in Canadian dollars)

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS March 31, 2026 and 2025

### 15 Right of use asset and lease liability:

On September 1, 2024 the Company entered into office leases that resulted in right-of-use assets and lease liabilities. The balances are as follows:

Right-of-use assets:

Balance, December 31, 2025	\$ 63,481
Lease additions	-
Amortization	(9,522)
<b>Balance, March 31, 2026</b>	<b>\$ 53,959</b>

Lease liabilities:

Balance, December 31, 2025	\$ 81,493
Lease accretion	1,314
Lease payments	(10,775)
<b>Balance, March 31, 2026</b>	<b>\$ 72,032</b>
Short term portion, lease liability	39,964
Long term portion, lease liability	\$ 32,068