



Condensed Interim Consolidated Financial Statements
For the Three Months Ended December 31, 2024

(Unaudited - Expressed in Canadian Dollars)

CAPITAN SILVER CORP.

Index to Condensed Interim Consolidated Financial Statements

Page

NOTICE OF NON-REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS 3

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Condensed Interim Consolidated Statements of Financial Position 4

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss 5

Condensed Interim Consolidated Statements of Cash Flows 6

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity 7

Notes to the Condensed Interim Consolidated Financial Statements 8-14

NOTICE OF NON-REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim consolidated financial statements, they must be accompanied by a notice indicating that these condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The attached condensed interim consolidated financial statements for the three months ended December 31, 2024 have not been reviewed by the Company's auditors.

CAPITAN SILVER CORP.

Condensed Interim Consolidated Statements of Financial Position as at
(Unaudited - Expressed in Canadian Dollars)

	Notes	December 31, 2024	September 30, 2024
Assets			
Cash		\$ 38,751	\$ 568,421
Restricted cash	5	25,000	25,000
Taxes receivable	6	8,931	6,395
Prepaid expenses	7	68,131	61,026
		140,813	660,842
Equipment		2,381	2,554
VAT receivable	6	776,485	747,756
Exploration and evaluation assets	8	11,277,932	10,538,248
Total Assets		\$ 12,197,611	\$ 11,949,400
Liabilities			
Accounts payable and accrued liabilities		\$ 234,616	\$ 40,201
Taxes payable		7,128	7,258
		241,744	47,459
Shareholders' Equity			
Share capital	9	16,152,373	15,847,959
Reserves	9	795,395	920,719
Accumulated other comprehensive loss		(55,516)	(111,103)
Deficit		(4,936,385)	(4,755,634)
		11,955,867	11,901,941
Total Liabilities and Shareholders' Equity		\$ 12,197,611	\$ 11,949,400

Nature and continuance of operations (Note 1)

Subsequent events (Note 14)

On behalf of the Board on February 27, 2025

John-Mark Staude Director

Arturo Bonillas Director

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

CAPITAN SILVER CORP.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the Three Months ended December 31,

(Unaudited - Expressed in Canadian Dollars)

	Notes	2024	2023
Expenses			
Management and consulting fees	10	\$ 63,453	\$ 63,010
Depreciation		198	159
Filing fees		1,137	24,121
Foreign exchange (gain) loss		(9,740)	68
Investor relations and marketing		27,965	10,500
General and administration		10,290	10,707
Professional fees		55,428	29,101
Share-based compensation	9,10	34,064	176
Travel and meals		1,301	5,622
Interest income		(3,345)	(4,113)
Net loss for the period		(180,751)	(139,351)
Foreign exchange movements		55,587	41,022
Comprehensive loss for the period		\$ (125,164)	\$ (98,329)
Weighted average number of common shares outstanding – basic and diluted		84,687,968	70,590,771
Loss per share - basic and diluted		\$ (0.00)	\$ (0.00)

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

CAPITAN SILVER CORP.

Condensed Interim Consolidated Statements of Cash Flows

For the Three Months ended December 31,

(Unaudited - Expressed in Canadian Dollars)

	2024	2023
OPERATING ACTIVITIES		
Net loss for the period	\$ (180,751)	\$ (139,351)
Items not involving cash:		
Depreciation	198	159
Share-based compensation	34,064	176
Foreign exchange	6,818	3,497
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	90,789	16,878
Taxes receivable	(37,707)	(35,393)
Prepaid expenses	(7,105)	8,702
	(93,694)	(145,332)
INVESTING ACTIVITIES		
Exploration and evaluation assets	(446,092)	(195,777)
	(446,092)	(195,777)
FINANCING ACTIVITIES		
Net proceeds from options exercised	10,116	-
	10,116	-
Increase (decrease) in cash	(529,670)	(341,109)
Cash, beginning of the period	568,421	521,614
Cash, end of the period	\$ 38,751	\$ 180,505

During the period ended December 31, 2024, non-cash transaction for mineral property expenditures included in accounts payable was \$107,973 (September 30, 2024 - \$4,477).

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

CAPITAN SILVER CORP.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Unaudited - Expressed in Canadian Dollars)

	Note	Share Capital		Reserves	Accumulated Other Comprehensive (Income)/Loss	Deficit	Total
		Shares	Amount				
Balance at September 30, 2023		70,590,771	\$ 13,827,959	\$ 380,192	\$ 931,946	\$ (3,442,078)	\$ 11,698,019
Share-based payments	9	-	-	176	-	-	176
Foreign exchange movement		-	-	-	41,022	-	41,022
Loss for the period		-	-	-	-	(139,351)	(139,351)
Balance at December 31, 2023		70,590,771	\$ 13,827,959	\$ 380,368	\$ 972,968	\$ (3,581,429)	\$ 11,599,866
Balance at September 30, 2024		84,057,438	\$ 15,847,959	\$ 920,719	\$ (111,103)	\$ (4,755,634)	\$ 11,901,941
Shares issued for property acquisition	8	934,280	294,298	(159,388)	-	-	134,910
Option exercised	9	101,166	10,116	-	-	-	10,116
Share-based payments	9	-	-	34,064	-	-	34,064
Foreign exchange movement		-	-	-	55,587	-	55,587
Loss for the period		-	-	-	-	(180,751)	(180,751)
Balance at December 31, 2024		85,092,884	\$ 16,152,373	\$ 795,395	\$ (55,516)	\$ (4,936,385)	\$ 11,955,867

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

CAPITAN SILVER CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months ended December 31, 2024

(Unaudited - Expressed in Canadian Dollars)

1. Nature and continuance of operations

Capitan Silver Corp. was incorporated on October 30, 2019, under the laws of the Business Corporation Act (British Columbia) as part of a plan of arrangement (the “Plan of Arrangement”) to reorganize Riverside Resources Inc. (“Riverside”). The Company’s head office address is 550 – 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6. On August 21, 2020, the Company listed on the TSX Venture Exchange (the “Exchange”) with the symbol CAPT.

The Company’s business activity is the acquisition and exploration of mineral properties in Mexico.

The Company’s ability to continue operations is uncertain and is dependent upon the ability of the Company to obtain necessary financing to meet the Company’s liabilities and commitments as they become payable, acquiring assets or a business, and the ability to generate future profitable production or operations or sufficient proceeds from the disposition thereof. The outcome of these matters cannot be predicted at this time. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. The Company incurred a net loss of \$180,751 for the period ended December 31, 2024 and accumulated losses of \$4,936,385 as of December 31, 2024. Management believes that the Company has sufficient working capital to maintain its operations.

There are many external factors that can adversely affect general workforces, economies and financial markets globally such as global health conditions and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of the adverse results of these factors and its effects on the Company’s business or ability to raise funds.

2. Basis of presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments, which are stated at their fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. Statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS 34”), “Interim Financial Reporting” using accounting policies consistent with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and International Financial Reporting Interpretations Committee (“IFRIC”). Therefore, these interim financial statements comply with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting”.

4. Material accounting policy information

These condensed interim consolidated financial statements as at December 31, 2024 have been prepared following the same accounting policies as the annual consolidated financial statements as at September 30, 2024.

5. Restricted cash

As at December 31, 2024 and 2023, the Company’s restricted cash of \$25,000 related to a GIC earning a variable rate of 2.95% (2023 – 2.70%) interest per annum held as collateral in respect to the corporate credit card facility with a financial institution.

CAPITAN SILVER CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months ended December 31, 2024

(Unaudited - Expressed in Canadian Dollars)

6. Taxes and VAT receivable

Taxes and VAT receivable consist of tax refunds from the Federal Government of Canada and Mexico.

	December 31, 2024	September 30, 2024
GST recoverable amounts in Canada	\$ 8,931	\$ 6,395
VAT recoverable amounts in Mexico	776,485	747,756
	<u>\$ 785,416</u>	<u>\$ 754,151</u>

7. Prepaid expenses

The breakdown of prepaid expenses is as follows:

	December 31, 2024	September 30, 2024
Expense advances	\$ 55,565	\$ 40,153
Insurance	6,562	14,877
Rent	1,004	996
Prepaid deposit	5,000	5,000
	<u>\$ 68,131</u>	<u>\$ 61,026</u>

8. Exploration and evaluation assets

The exploration and evaluation assets in which the Company has an interest are located in Mexico. Title to exploration and evaluation asset interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its exploration and evaluation asset interests and, to the best of its knowledge, title to all of its interests is in good standing.

Cruz de Plata, Durango, Mexico

On January 10, 2022 and as amended on March 1, 2022, the Company entered into an option agreement to acquire all outstanding net smelter royalties ("NSR's") on mining claims in the Cruz de Plata Property from Exploraciones del Altiplano ("Altiplano"), a private Mexican exploration company (the "Royalty Purchase"). This included a 2% NSR on the Capitan Hill claims, 0.75% on claims covering the Jesús María, San Rafael, Pinchazo and Capitan 2 claims and 0.5% on third-party claims. The total consideration for the Royalty Purchase is US\$1,000,000, of which US\$550,000 will be paid in cash and US\$450,000 in the Company's common shares to be issued over 2 years. The Company will also retain a right of first refusal on any shares distributed to Altiplano as consideration.

The transaction details as below:

Due date	Cash	Common shares in value
Upon the closing date (January 11, 2022)	US\$100,000 (paid)	-
On or before the first anniversary of the closing date (January 11, 2023)	US\$150,000 (paid)	US\$150,000 (issued)
On or before the second anniversary of the closing date (January 11, 2024)*	US\$300,000	US\$300,000

*As of April 1, 2024, an amendment agreement was executed with Altiplano. This agreement replaces the third payment of US\$300,000 and the share issuance of US\$300,000 with the following:

CAPITAN SILVER CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months ended December 31, 2024

(Unaudited - Expressed in Canadian Dollars)

Due date	Cash	Common shares in value
Within five business days of the execution and delivery of the agreement	US\$87,500 (paid)	-
On or before 6 months following the effective date (October 1, 2024)*	US\$100,000	US\$100,000(issued)
On or before 12 months following the effective date (April 1, 2025)	US\$150,000	US\$150,000

*On November 4, 2024, an amendment agreement has been made with Altiplano, wherein the second payment is replaced by the following:

Due date	Cash
As of November 4, 2024	US\$34,000 (paid)
On or before December 2, 2024	US\$33,000 (paid)
On or before January 2, 2025	US\$33,000**

**Subsequent to the period end, Altiplano approved the extension of the payment date to February 1, 2025. The Company intends to settle this payment upon the closing of the announced private placement. (Note 14)

In addition to the NSR's held by Altiplano, the Cruz de Plata Property has a 1% NSR owned by Riverside which was created as part of the Plan of Arrangement. The Company has the option to purchase and retire the Riverside royalty for \$250,000 at any time.

On November 28, 2022, the Company executed an option agreement with Minera Fresnillo S. A. de C. V. (a wholly owned subsidiary of Fresnillo plc) ("Minera"), to acquire a 100% interest for certain mineral concessions at the Cruz de Plata Project.

The terms of the option agreement include the right to explore and an option to acquire 100% interest in the mineral concessions for total payable amount of US\$1,000,000 over the three-year period. In the event the Company acquires 100% interest, Minera will maintain a 1% NSR which the Company can buy-back for US\$1,000,000.

The transaction details as below:

Due date	Cash
Upon the closing date (November 28, 2022)	US\$50,000 (paid)
18 months from the date of signing (May 28, 2024)*	US\$156,300 (paid)
On or before the second anniversary of the closing date (November 28, 2024)	US\$150,000(paid)
30 months from the date of signing (May 28, 2025)	US\$150,000
On or before the third anniversary of the closing date (November 28, 2025)	US\$500,000

*On November 29, 2023, an amendment agreement was established with Minera, extending the second payment date from November 28, 2023, to May 28, 2024, with a total payment due of US\$156,300.

CAPITAN SILVER CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months ended December 31, 2024
(Unaudited - Expressed in Canadian Dollars)

The breakdown of exploration and evaluation assets is as follows:

	December 31, 2024	September 30, 2024
Acquisition costs	\$ 454,360	\$ 387,095
Exploration costs:		
Assaying	1,499	15,855
Data acquisition	28,365	-
Field & camp costs	5,475	15,956
Geological consulting	146,328	537,512
Drilling	-	-
Transport & support	32,796	103,111
Total current exploration costs	214,463	672,434
Professional fees:		
Legal fees	11,761	29,173
Community relations	3,914	46,178
Total current professional & other fees	15,675	75,351
Total costs incurred during the period	684,498	1,134,880
Balance, Opening	10,538,248	10,260,774
Foreign exchange movements	55,186	(857,406)
Balance, End of the period	\$ 11,277,932	\$ 10,538,248
Cumulative costs:		
Acquisition	\$ 5,081,959	\$ 4,627,599
Exploration	5,708,033	5,493,570
Professional & other fees	238,321	222,646
Foreign exchange movements	249,619	194,433
	\$ 11,277,932	\$ 10,538,248

9. Share capital and reserves

The common shares have no par value and the number of authorized shares is unlimited.

Shares issued for the period ended December 31, 2024

On November 4, 2024, the Company issued 934,280 commons shares valued at US\$100,000 to Altiplano pursuant to the net smelter royalties (“NSR’s”) purchase agreement (Note 8).

On November 14, 2024, the Company issued 101,166 common shares pursuant to the exercise of 101,166 stock options at a price of \$0.10 per share for gross proceed \$10,116.

Shares issued for the period ended December 31, 2023

There were no common shares issued during the period.

Stock options

The Company has established a rolling stock option plan (“Option Plan”) enabling the directors to grant options to employees, officers, directors, and consultants of the Company. From time to time, shares may be reserved by the Board, in its discretion, for options under the Option Plan, provided that the total number of shares reserved for issuance by the

CAPITAN SILVER CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months ended December 31, 2024

(Unaudited - Expressed in Canadian Dollars)

Board shall not exceed 10% of the issued and outstanding listed shares (on a non-diluted basis). Options are non-assignable and may be granted for a term not exceeding that permitted by the Exchange, currently ten years.

On October 31, 2024, the Company granted a total of 400,000 stock options to a new director of the Company. The options are exercisable at \$0.30 per share and expire on October 31, 2029. The options vest over 24 months with 1/3 available upon issuance and 1/3 every 12 months thereafter.

Share-based payments relating to options vested during the period ended December 31, 2024, using the Black-Scholes option pricing model was \$34,064 (2023 - \$176) which was recorded as reserves on the statements of financial position and as share-based compensation expense on the statements of loss and comprehensive loss. The share-based payment expense for the options granted during the period was calculated based on the following weighted average assumptions:

	December 31, 2024	December 31, 2023
Risk-free interest rate	2.19%	N/A
Expected life of options	5 years	N/A
Expected annualized volatility	97.52%	N/A
Expected dividend rate	-	N/A
Fair value per option	\$0.20	N/A

The number and weighted average exercise prices of the stock options are as follows:

	Number of options	Weighted average exercise price
Outstanding options, September 30, 2023	2,282,313	\$ 0.24
Granted	3,940,000	0.20
Expired	(50,583)	0.16
Outstanding options, September 30, 2024	6,171,730	\$ 0.22
Granted	400,000	0.30
Exercised	(101,166)	0.10
Expired	(15,564)	0.10
Outstanding options, December 31, 2024	6,455,000	\$ 0.22

During the period ended December 31, 2024, the Company granted 400,000 options (2023 – nil), 101,166 stock options (2023 - nil) were exercised and 15,564 stock options (2023 – nil) expired unexercised.

As at December 31, 2024, the Company has outstanding stock options exercisable as follows:

Expiry date (mm/dd/yyyy)	Number of options outstanding	Weighted average remaining life in years	Exercise price	Number of options exercisable
09/08/2025	2,065,000	0.69	\$ 0.25	2,065,000
07/16/2026	50,000	1.54	\$ 0.27	50,000
06/11/2029	3,940,000	4.45	\$ 0.20	3,940,000
10/31/2029	400,000	4.84	\$ 0.30	133,333
	6,455,000	3.25		6,188,333

10. Related party transactions**(a) Transactions:**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel during the period ended December 31, 2024 is as follows:

CAPITAN SILVER CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months ended December 31, 2024
(Unaudited - Expressed in Canadian Dollars)

	December 31, 2024	December 31, 2023
Management and consulting fees (i)	\$ 70,500	\$ 70,500
Share-based compensation	34,064	-
	<u>\$ 104,564</u>	<u>\$ 70,500</u>

- (i) Management and consulting fees of the key management personnel for the period ended December 31, 2024 were allocated as follows: \$33,000 (2023 - \$33,000) expensed to management and consulting fees and \$37,500 (2023 - \$37,500) capitalized to exploration and evaluation assets.

- (b) Due to related parties:

	December 31, 2024	September 30, 2024
Consulting and management fees	\$ 23,100	\$ -
Mineral Property - exploration and evaluation assets	28,778	-
	<u>\$ 55,186</u>	<u>\$ -</u>

Amounts due to related parties are included in accounts payable and accrued liabilities and are unsecured, have no fixed repayments, and are non-interest bearing.

11. Financial instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

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

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

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

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

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2024, the Company had cash of \$38,751 (September 30, 2024 - \$568,421) to settle current liabilities of \$241,744 (September 30, 2024 - \$47,459). As the Company completed a financing subsequent to the period end (Note 14), The Company believes it has sufficient funds to meet its current liabilities as they become due.

Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, silver and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

CAPITAN SILVER CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months ended December 31, 2024

(Unaudited - Expressed in Canadian Dollars)

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to accounts payable and accrued liabilities that are denominated in Mexican pesos.

Sensitivity analysis

The Company operates in Mexico and is exposed to risk from changes in the Mexican peso. A 10% fluctuation in the Mexico peso against the Canadian dollar would affect loss for the period by \$65,134 (September 30, 2024 - \$88,007).

12. Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation assets. In the management of capital, the Company includes components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company is not currently subject to externally imposed capital requirements. There were no change in the Company's approval to capital management.

13. Segmented information

The Company operates in one reportable segment, being the acquisition and exploration of mineral property interests in Mexico.

14. Subsequent events

On February 24, 2025, the Company closed a private placement, issuing 13,250,000 units at a price of \$0.40 per unit for gross proceeds of \$5,300,000. Each Unit is comprised of one common share in the Company and one common share purchase warrant. Each warrant will be exercisable for a period of 12 months from the Closing Date at an exercise price of \$0.50 per share. No finder's fees were disbursed in relation to this private placement.