

REGENCY SILVER CORP.

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2026 AND 2025**

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW
OF
INTERIM FINANCIAL STATEMENTS

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

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

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Regency Silver Corp.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	June 30, 2026	December 31, 2025
ASSETS			
Current Assets			
Cash	\$	1,680,130	\$ 3,517,828
Amounts receivable		554,047	58,967
Prepaid expenses	8	380,494	268,613
		2,614,671	3,845,408
Non-current Assets			
Deposit	5	-	112,252
Fixed asset	11	11,330	12,948
Exploration and evaluation assets	5	11,911,734	8,317,767
TOTAL ASSETS	\$	14,537,735	\$ 12,288,375
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	8 \$	762,203	\$ 670,513
Notes payable	7	37,892	37,892
		800,095	708,405
SHAREHOLDERS' EQUITY			
Share capital	6	26,116,702	21,842,014
Share subscription liability	6	(204,400)	-
Reserves	6	5,552,700	5,140,657
Accumulated deficit		(17,727,362)	(15,402,701)
Total shareholders' equity		13,737,640	11,579,970
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$	14,537,735	\$ 12,288,375

Nature of operations – Note 1
Going concern – Note 2
Commitments – Note 13
Contingency – Note 15

Approved on behalf of the Board of Directors:

"Rajinder Chowdhry", Director

"Bruce Bragagnolo", Director

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

Regency Silver Corp.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

		Three Months Ended		Six Months Ended	
	Note	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
EXPENSES					
Amortization	11	\$ 1,618	\$ 810	\$ 1,618	\$ 1,619
Consulting	8	330,033	86,000	1,125,095	163,500
Exchange and filing fees		33,077	6,256	58,703	21,161
Management fees	8	443,248	45,000	506,748	101,500
Marketing		145,592	1,721	178,645	27,127
Office		264,666	22,879	293,531	51,734
Professional fees		3,080	57,736	78,937	57,736
Property investigation costs		-	-	-	-
Rent		5,000	-	12,500	2,232
Share-based payments	6	412,043	-	412,043	-
		(1,638,356)	(220,402)	(2,667,820)	(426,609)
OTHER ITEMS					
Foreign exchange		427,149	(36,217)	343,159	(23,445)
LOSS AND COMPREHENSIVE LOSS		\$ (1,211,207)	\$ (256,619)	\$ (2,324,661)	\$ (450,054)
Loss per share, basic and diluted		\$ (0.01)	\$ (0.00)	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding		138,026,099	54,652,286	126,434,875	50,093,190

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

Regency Silver Corp.
Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited - Expressed in Canadian dollars)

		Share Capital		Share subscription received	Reserves	Deficit	Total
	Note	Number	Amount				
			\$	\$	\$	\$	\$
Balance, December 31, 2024		53,791,601	16,738,955	(120,000)	2,470,418	(12,818,563)	6,270,810
Shares issued for private placement	6	2,200,000	220,000	117,007	-	-	337,007
Share issuance costs		-	(250)	-	-	-	(250)
Net loss		-	-	-	-	(450,054)	(450,054)
Balance, June 30, 2025		55,991,601	16,958,705	(2,993)	2,470,418	(13,268,617)	6,157,513
Balance, December 31, 2025		120,262,600	21,842,014	-	5,140,657	(15,402,701)	11,579,970
Shares issued for private placement	6	16,990,000	4,247,500	(204,400)	-	-	4,043,100
Shares issued on exercise of warrants	6	773,500	169,220	-	-	-	169,220
Share issuance costs	6	-	(142,032)	-	-	-	(142,032)
Share-based payments	6	-	-	-	412,043	-	412,043
Net loss		-	-	-	-	(2,324,661)	(2,324,661)
Balance, June 30, 2026		138,026,100	26,116,702	(204,400)	5,552,700	(17,727,362)	13,737,640

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

Regency Silver Corp.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Six Months Ended	
	June 30, 2026	June 30, 2025
OPERATING ACTIVITIES:		
Net loss	\$ (2,324,661)	\$ (450,054)
Items not affecting cash:		
Share-based payments	412,043	-
Amortization	1,618	1,619
Net changes in non-cash working capital items:		
Amounts receivable	(495,080)	19,172
Prepaid expenses	(111,881)	(38,729)
Deposits	112,252	-
Accounts payable and accrued liabilities	91,690	59,341
Cash used in operating activities	(2,314,019)	(408,651)
INVESTING ACTIVITIES		
Exploration and evaluation assets	(3,593,967)	(191,040)
Cash used in investing activities	(3,593,967)	(191,040)
FINANCING ACTIVITIES		
Proceeds from issuance of common shares	3,901,068	219,750
Proceeds from subscription receivable	-	117,007
Proceeds received from issuance of note	-	250,000
Proceeds from exercise of warrants	169,220	-
Cash provided by financing activities	4,070,288	586,757
Change in cash	(1,837,698)	(12,934)
Cash, beginning of period	3,517,828	14,973
Cash, end of period	\$ 1,680,130	\$ 2,039

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Regency Silver Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Six Months Ended June 30, 2026 and 2025
(Unaudited - Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Regency Silver Corp. (the “Company”) was incorporated on March 23, 2017, under the laws of the Province of British Columbia, Canada, and its principal activity is the identification, evaluation, acquisition and exploration of mineral properties in Mexico. The Company’s shares are listed on the TSX Venture Exchange (“TSX-V”). The corporate head office, principal address and registered and records offices of the Company are located at Suite 1100, 570 Granville Street, Vancouver, British Columbia, V6C 3P1, Canada.

On August 26, 2025, the Company consolidated its issued and outstanding common shares and all associated instruments on a two for one basis (“stock consolidation”). This stock consolidation has been retroactively applied throughout these condensed interim consolidated financial statements.

The recoverability of amounts shown as exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the Company’s ability to obtain financing to develop the properties and the ultimate realization of profits through future production or sale of the properties. Realized values may be substantially different than carrying values as recorded in these condensed interim consolidated financial statements.

2. GOING CONCERN

These condensed interim consolidated financial statements are presented on a going concern basis, which assumes the Company will continue to realize its assets and discharge its liabilities in the normal course of operations. There are conditions and events that form a material uncertainty which may cast significant doubt on the validity of this assumption. As at June 30, 2026, the Company incurred a loss of \$2,324,661 and an accumulated deficit of \$17,727,362. The Company has no source of revenue and does not generate cash flows from operations and has therefore relied principally on the issuance of equity securities to finance its operation activities to the extent that such instruments are issuable under terms acceptable to the Company. If future financing is unavailable, the Company may not be able to fund operations and develop its exploration properties, in which case the realizable values of its assets may decline materially from current estimates. These factors form a material uncertainty that may cast significant doubt as to the ability of the Company to continue as a going concern. The condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations, and exploration and development activities.

3. BASIS OF PRESENTATION

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the Company’s audited consolidated financial statements for the year ended December 31,

Regency Silver Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Six Months Ended June 30, 2026 and 2025
(Unaudited - Expressed in Canadian dollars)

2025. The policies applied in these condensed consolidated interim financial statements are based on IFRS issued as of the date the Board of Directors approved the financial statements. These condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2025.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 31, 2026.

3.1. Basis of Consolidation

These condensed interim consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries, Regency Silver S.A. de C.V., incorporated and located in Mexico ("Regency Mexico") and an inactive Regency Mining SAC, incorporated and located in Peru ("Regency Peru"). All significant intercompany transactions and balances have been eliminated on consolidation.

3.2. Significant judgments, estimates and assumptions

The preparation of the Company's condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Functional currency

Determination of an entity's functional currency involves judgment taking into account the transactions, events, and conditions relevant to the entity. Determination of functional currency involves evaluating evidence about the primary economic environment in which the entity operations and is re-evaluated when facts and circumstances indicate that conditions have changed.

Going concern

The assessment of the Company's ongoing viability as an operating entity and determination of the related disclosures require significant judgment. The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Impairment of exploration and evaluation assets

The Company is required to make significant judgments regarding the capitalization of the costs incurred in respect to its exploration and evaluation assets. The Company is also required to make critical judgments on the ongoing feasibility of mineral exploration, and whether there are indicators that the development of a specific area is unlikely, and exploration and evaluation assets should be impaired.

Income Taxes

The determination of income tax is inherently complex and requires making certain judgments and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and

Regency Silver Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Six Months Ended June 30, 2026 and 2025
(Unaudited - Expressed in Canadian dollars)

circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

Rehabilitation Provisions

Rehabilitation provisions have been determined to be \$Nil based on the Company's judgment. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These assumptions take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period.

Valuation of share-based compensation

The Company uses the Black-Scholes option pricing model for valuation of share-based. Option pricing models require the input of subjective assumptions including expected price volatility and interest rate. Changes in input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves. Common shares issued for compensation are valued based on the quoted market price of the Company's shares.

4. MATERIAL ACCOUNTING POLICY INFORMATION

In the preparation of these financial statements, the Company used the same accounting policies as those applied and disclosed in the Annual Financial Statements.

Regency Silver Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Six Months Ended June 30, 2026 and 2025
(Unaudited - Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

A continuity of the Company's exploration and evaluation assets is as follows:

	Dios Padre
	\$
Balance, December 31, 2024	6,886,829
Assaying	14,280
Camp costs	215,743
Consulting and professional fees	21,695
Drilling	597,322
Equipment	29,802
Geologist fees	14,375
Property taxes and payments	119,899
Wages and salaries	312,295
IVA paid	105,527
Balance, December 31, 2025	8,317,767
Assaying	-
Camp costs	586,626
Consulting and professional fees	41,782
Drilling	2,148,032
Equipment	40,172
Geologist fees	234,797
Other payments	10,583
Property taxes and payments	413,713
Wages and salaries	118,262
IVA paid	-
Balance, June 30, 2026	11,911,734

Dios Padre Property, Mexico

The Company's subsidiary, Regency Mexico, exercised its option and acquired the Dios Padre mineral property in 2022. Regency Mexico entered into an Option to Purchase and Promise to Assignment Agreement dated November 27, 2017 ("Option Agreement"), subsequently amended, with Minera Pena Blanca, S.A. de C.V. ("Minera Pena"), pursuant to which Regency Mexico was granted an option to purchase 100% title to the mineral concessions comprising the Dios Padre mineral property located in Yecora, Sonora, Mexico in consideration of:

1. the payment of US\$145,000 plus IVA value-added tax as follows:
 - US\$25,000 on the date of signing (paid);
 - US\$30,000 on or before November 27, 2018 (paid);
 - US\$30,000 on or before November 27, 2019 (paid);
 - US\$30,000 on or before November 27, 2020 (paid); and
 - US\$30,000 on or before November 27, 2021 (paid).

Regency Silver Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Six Months Ended June 30, 2026 and 2025
(Unaudited - Expressed in Canadian dollars)

2. incurring aggregate exploration expenditures of not less than US\$1,000,000 as follows:
- US\$250,000 on or before November 27, 2018; (incurred)
 - US\$500,000 on or before November 27, 2021 (incurred);
 - US\$250,000 on or before April 30, 2022 (waived – see disclosure below).

Pursuant to the Option Agreement, Minera Pena will retain a 3% net smelter return royalty, 2% of which can be purchased by the Company for US\$1.5 million. Minera Pena may be obligated to pay an underlying 2.5% net smelter return royalty in favour of a third party. In the event the underlying royalty is valid, Regency may not be able to reduce the NSR to 1%. The Dios Padre Property may be subject to advance minimum royalty payments of US\$100,000 due January 1st of each year, payable by Minera Pena to third parties.

On October 7, 2022, the Company entered into an option exercise agreement pursuant to which Minera Pena agreed to waive the last exploration expenditure of US\$250,000 required to exercise the option for a 100% interest in the Dios Padre property. Consideration for the early exercise was the issuance of 150,000 common shares in the capital of the Company (the “Common Shares”) at a price of \$0.85 per share. The Common Shares were subject to a four month hold period from the date of issue in accordance with applicable securities legislation.

As at June 30, 2026, legal title to the Dios Padre mineral concessions has not yet been registered in the name of Regency Mexico. The Company retains the contractual rights and obligations associated with the Dios Padre property after the exercise of the Option Agreement in 2022. The Company is in the process of completing the required legal and administrative steps to finalize the transfer and registration of title with the relevant Mexican authorities.

Ejido La Trinidad Agreement

To acquire necessary surface access and use, Regency Mexico executed a four-year agreement with the Ejido “La Trinidad” on November 29, 2017, requiring the Company to make annual payments of US\$6,000 and minor improvement costs. During the year ended December 31, 2021, the Ejido La Trinidad Agreement expired, and no further amendments were made. A payment of US\$7,500 was made during the year ended December 31, 2022 to the Ejido La Trinidad for annual surface access and use for 2022. On June 18, 2022, the agreement was amended such that the Company is required to make annual payments of US\$7,500 per year for three years, and on August 29, 2025, the agreement was amended again to increase the annual payments to US\$8,000 per year for three years.

San Dimas, Mexico

The Company entered into a term sheet option agreement dated December 27, 2023 (the “Option Agreement”) to option a 100% undivided interest in the El Milagro, El Milagro II, El Milagro III and Dorada claims (the “San Dimas Claims”) located in the State of Sinaloa, Mexico.

In order to exercise the option, the Company must pay US\$100,000 with US\$50,000 due on receipt of Exchange acceptance and \$50,000 due on or before July 1, 2024, and issue a total of 500,000 common shares (issued in February 2024 (see Note 6)). The Company must also pay a US\$1,000,000 bonus upon a NI 43-101 resource being published, which estimates the San Dimas Claims contain a minimum of 70 million silver equivalent ounces or 1 million gold ounces in the measure or indicated categories. The shares are subject to a four month hold period.

Regency Silver Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Six Months Ended June 30, 2026 and 2025
(Unaudited - Expressed in Canadian dollars)

The Company has not exercised its option to acquire the San Dimas Claims as management does not yet have a substantive work plan and accordingly costs incurred to date have been expensed as project investigation costs.

La India, Mexico

The Company entered into an exploration and exploitation agreement with an option to acquire a mining concession (“Option Agreement”) for a 100% undivided interest in the La India Property (the “Property”) for a term of sixty months. Pursuant to the Option Agreement, the Company is required to make an initial payment of US\$60,000 (CAD 83,478), additional option payments totaling US\$580,000 (CAD 806,954) over a five-year period and pay estimated taxes of US\$145,000 (CAD 201,739). Additionally, if a NI 43-101 resource is later published estimating at least one million ounces of gold or silver equivalent within the concession, the Company will be required to make a one-time payment of US\$1,000,000 (CAD 1,391,300), net of prior option payments and taxes. The Property is subject to a 2% net smelter return royalty, of which 1% may be purchased by the Company for US\$1,000,000 (CAD 1,391,300).

6. SHARE CAPITAL

Authorized Capital

The authorized capital of the Company consists of an unlimited number of common shares without par value.

Issued Share Capital

During the six months ended June 30, 2026, the Company issued a total of 17,763,500 common shares as follows:

- During the period from January to February 2026, the Company issued a total of 773,000 common shares pursuant to the exercise of warrants at exercise prices ranging from \$0.10 to \$0.26 per common share.
- The Company issued 16,990,000 units of the Company (the “Units”) at a price of \$0.25 per Unit for aggregate gross proceeds of \$4,247,500. Of this amount, \$204,400 is receivable. Each Unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of \$0.35 per share for a period of two years from the date of issuance. In connection with this closing, the Company paid aggregate cash advisory and finders fees of \$142,032.

During the year ended December 31, 2025, the Company issued a total of 66,470,999 common shares as follows:

- On August 28, 2025, the Company issued 40,000,000 units at a price of \$0.10 per unit for gross proceeds of \$4,000,000. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable to purchase one common share at a price of \$0.20 per share for a period of two years from the date of issuance.

In connection with this closing, the Company paid cash finder’s fees of \$400,000 and issued 3,200,000 broker warrants units. Each broker warrant unit will entitle the holder to purchase one

Regency Silver Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Six Months Ended June 30, 2026 and 2025
(Unaudited - Expressed in Canadian dollars)

common share and one-half additional warrant of the Company at a price of \$0.10 per unit for a period of two years from the date of issuance. Each additional warrant entitles the holder to acquire one additional common share of the Company at an exercise price of \$0.20 per common share. The broker's warrants were valued at \$469,241 using the Black-Scholes option pricing model with the following weight average assumptions: risk-free interest rate – 2.63%; volatility – 114%; expected dividend yield – 0.0%; expected option life in years – 2.

The Company also issued 2,000,000 corporate finance fee units for services. Each corporate finance unit consists of one common share of the Company and one-half corporate finance warrant. Each corporate finance warrant entitles the holder to acquire one additional common share of the Company at an exercise price of \$0.20 per common share for two years. The fair value of the corporate finance fee shares were measured to be \$310,250 and the corporate finance warrants were valued at \$147,062 using the Black-Scholes option pricing model with the following weight average assumptions: risk-free interest rate – 2.63%; volatility – 114%; expected dividend yield – 0.0%; expected option life in years – 2.

- On December 19, 2025, the Company issued 23,305,714 units at a price of \$0.175 per unit for gross proceeds of \$4,078,500. Each unit is comprised of one common share and one common share purchase warrant. Each whole warrant is exercisable to purchase one common share at a price of \$0.26 per share for a period of three years from the date of issuance. The fair value of the warrants under the residual value method was measured to be \$815,700.

In connection with this closing, the Company paid cash finder's fees of \$471,280 and issued 1,864,457 broker warrants units. Each broker warrant unit will entitle the holder to purchase one common share and one additional broker warrant of the Company at a price of \$0.175 per unit for a period of three years from the date of issuance. Each additional warrant entitles the holder to acquire one additional common share of the Company at an exercise price of \$0.26 per common share. The broker's warrants were valued at \$322,920 using the Black-Scholes option pricing model with the following weight average assumptions: risk-free interest rate – 2.77%; volatility – 114%; expected dividend yield – 0.0%; expected option life in years – 3.

The Company also issued 1,165,285 corporate finance fee units for services. Each corporate finance unit consists of one common share of the Company and one warrant. Each corporate finance warrant entitles the holder to acquire one additional common share of the Company at an exercise price of \$0.26 per common share for three years. The fair value of the corporate finance shares were measured to be \$163,140 and the corporate finance warrants were valued at \$191,089 using the Black-Scholes option pricing model with the following weight average assumptions: risk-free interest rate – 2.77%; volatility – 114%; expected dividend yield – 0.0%; expected option life in years – 3.

In connection to the private placements, the Company paid other professional and regulatory share issuance cost of \$158,419.

Regency Silver Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Six Months Ended June 30, 2026 and 2025
(Unaudited - Expressed in Canadian dollars)

Warrants

A summary of the changes in warrants is presented below:

	Share Purchase Warrants	
	Number	Weighted average exercise price
Outstanding, December 31, 2024	8,601,970	\$ 0.45
Issued	50,535,187	0.23
Expired	(685,001)	0.50
Outstanding, December 31, 2025	58,452,156	0.45
Issued	8,495,000	0.25
Exercised	(773,500)	0.22
Expired	(3,542,017)	0.60
Outstanding, June 30, 2026	62,631,639	0.24
Exercisable, June 30, 2026	62,631,639	\$ 0.24

The following warrants were outstanding as at June 30, 2026:

Number	Exercise price	Expiry Term
627,486	\$ 0.30	September 3, 2026
1,008,250	\$ 0.30	October 23, 2026
1,674,217	\$ 0.30	November 22, 2026
1,000,000	\$ 0.30	December 17, 2026
23,668,500	\$ 0.20	August 29, 2027
26,158,186	\$ 0.26	December 19, 2028
8,495,000	\$ 0.25	February 24, 2028
62,631,639		

Stock Option Plan

The Company adopted a Stock Option Plan where directors, officers, employees, consultants and related persons of the Issuer, or persons engaged in investor relations activities on behalf of the Issuer are eligible to receive grants of options under the Stock Option Plan. The maximum number of common shares reserved for issuance upon exercise of options granted pursuant to the provisions of the Stock Option Plan at any time shall not exceed 10% of the issued and outstanding common shares of the Issuer at the relevant time less any common shares required to be reserved with respect to any other options granted prior to the adoption and implementation of the Stock Option Plan. The exercise price of any options granted is determined by the Board of Directors in its sole discretion as of the date the Board of Directors grants the options and shall not be less than the discounted Market Price as calculated and defined in accordance with the policies of the Exchange. Vesting terms are also determined by the Board of Directors.

Regency Silver Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Six Months Ended June 30, 2026 and 2025
(Unaudited - Expressed in Canadian dollars)

A summary of the changes in stock options is presented below:

	Stock Options	
	Number	Weighted average exercise price
Outstanding, December 31, 2024	4,895,000	\$ 0.46
Granted	4,800,000	0.20
Outstanding, December 31, 2025	9,695,000	0.32
Issued	5,100,000	0.13
Outstanding, June 30, 2026	14,795,000	0.26
Exercisable, June 30, 2026	14,795,000	\$ 0.26

On May 15, 2026, the Company granted 5,100,000 stock options to officers, directors, and consultants of the Company. The stock options vest immediately. The stock options were valued at \$412,043 using the Black-Scholes option pricing model with the following weight average assumptions: risk-free interest rate – 2.25%; volatility – 100%; expected dividend yield – 0.0%; expected option life in years – 5.

Regency Silver Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Six Months Ended June 30, 2026 and 2025
(Unaudited - Expressed in Canadian dollars)

Details of stock options outstanding and exercisable as at June 30, 2026 are as follows:

Number	Exercise price	Expiry Date
650,000	\$ 0.14	July 15, 2027
2,050,000	\$ 0.50	April 26, 2027
1,095,000	\$ 0.60	January 16, 2028
250,000	\$ 0.40	July 12, 2028
850,000	\$ 0.40	March 8, 2029
4,800,000	\$ 0.20	November 28, 2030
5,100,000	\$ 0.13	May 15, 2031
<u>14,795,000</u>		

The weighted average remaining contractual life of stock options outstanding at June 30, 2026 was 3.577 years (December 31, 2025 – 3.469 years).

7. NOTES PAYABLE

On May 9, 2024, the Company entered into a promissory note with a shareholder of the Company for a total amount of \$150,000. The Company repaid the loan through the issuance of common shares during the year ended December 31, 2024 (Note 6). The loan bears an interest of 10%, effective September 1, 2024, and is unsecured and is payable on demand. In connection with the note payable, the Company recognized a bonus expense of \$24,112 during the year ended December 31, 2025. As at June 30, 2026, the amount payable related to this promissory note was \$4,397.

On July 16, 2024, the Company entered into a promissory note for a total amount of \$25,000. Under the terms of the promissory note agreement, the Company incurred an additional \$5,000 to the lender as a bonus during the year ended December 31, 2024, effectively increasing the total repayment obligation to \$30,000. The loan bears an interest of 10%, effective September 1, 2024, is unsecured and is payable on demand. As at June 30, 2026, the amount payable related to this promissory note was \$33,495.

Regency Silver Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Six Months Ended June 30, 2026 and 2025
(Unaudited - Expressed in Canadian dollars)

8. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. This would include the Company's senior management, who are considered to be key management personnel by the Company. Parties are also related if they are subject to common control or significant influence. Related parties may be individuals or corporate entities.

Key management personnel include the members of the Board of Directors and officers of the Company who have the authority and responsibility for planning, directing and controlling the activities of the Company. Amounts paid and/or accrued to directors and officers, for management fees and bonuses for prior periods, are as follows:

	For the Six Months Ended	
	June 30, 2026	June 30, 2025
Management and director compensation:		
Management fees	\$ 515,000	\$ 95,500
Consulting fees	65,500	78,000
Share-based payments	222,180	-
Total management compensation	\$ 802,680	\$ 173,500

Included in accounts payable and accrued liabilities is \$38,920 (December 31, 2025 - \$99,710) owed to the directors and officers of the Company. These amounts are unsecured and non-interest bearing with no specific terms of repayment.

Included in prepaid expenses is \$Nil (December 31, 2025 - \$37,519) in travel and operating expense advances paid to officers and directors of the Company.

During the six months ended June 30, 2026, the Company paid directors and officers of the Company \$383,900 in bonuses and back pay for services rendered (June 30, 2025 - \$Nil).

9. MANAGEMENT OF CAPITAL

The Company defines the capital that it manages as its cash and share capital.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements.

Regency Silver Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Six Months Ended June 30, 2026 and 2025
(Unaudited - Expressed in Canadian dollars)

10. RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is high credit quality financial institutions as determined by rating agencies. Receivables are due from a government agency.

Foreign Exchange Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to exchange risk as its mineral property interests are located in Mexico and Peru and certain transactions are conducted in the Mexican Peso and US dollar respectively. The Company is exposed to foreign currency risk to the extent that the following monetary assets and liabilities are denominated in Mexican Peso ("MXN"):

	June 30, 2026	December 31, 2025
Balance in MXN:	\$	\$
Cash	133,455	399,400
Accounts payable	(5,571,378)	(2,095,316)
Net exposure	(5,437,923)	(1,695,916)
Balance in Canadian dollars:	(442,321)	(129,263)

A 10% change in the Mexican Peso to the Canadian dollar exchange rate would not have a significant impact on the Company's net loss for the six months ended June 30, 2026 (December 31, 2025 – \$12,926).

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The fair value of the Company's cash accounts is relatively unaffected by changes in short term interest rates.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages this risk by careful management of its working capital. As at June 30, 2026, the Company has working capital of \$1,814,576 to settle liabilities totaling \$800,095 and requires additional financing to fund current operations. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There is no assurance of continued access to significant equity funding. The

Regency Silver Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Six Months Ended June 30, 2026 and 2025
(Unaudited - Expressed in Canadian dollars)

Company requires additional funding to continue with its ongoing operations and exploration commitments and accordingly is exposed to liquidity risks.

Fair value measurement

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 that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability; and
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The carrying values of cash and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity. The Company records its cash at FVTPL and accounts payable and note payable at amortized cost. Cash is measured using level 1 inputs.

The following table summarizes information regarding the carrying and fair values of the Company's financial instruments:

	June 30, 2026		December 31, 2025	
	Fair Value \$	Carrying Value \$	Fair Value \$	Carrying Value \$
FVTPL assets (i)	1,680,130	1,680,130	3,517,828	3,517,828
Amortized cost liabilities (ii)	762,203	762,203	670,513	670,513

(i) Cash

(ii) Accounts payable

The Company's financial assets measured at fair value on a recurring basis are presented on the Company's condensed interim consolidated statements of financial position as of June 30, 2026 are as follows:

Financial Assets	Balance as at June 30, 2026 \$	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	1,680,130	1,680,130	-	-
Total	1,680,130	1,680,130	-	-

Regency Silver Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Six Months Ended June 30, 2026 and 2025
(Unaudited - Expressed in Canadian dollars)

11. PROPERTY AND EQUIPMENT

	Vehicle
Cost	\$
Balance, December 31, 2024	-
Additions	16,185
Balance, December 31, 2025 and June 30, 2026	16,185
Accumulated amortization	
Balance, December 31, 2024	-
Additions	3,237
Balance, December 31, 2025	3,237
Additions	1,618
Balance, June 30, 2026	4,855
Net book value	
Balance, December 31, 2025	12,948
Balance, June 30, 2026	11,330

12. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment being the exploration and evaluation of exploration and evaluation assets. As at June 30, 2026 and December 31, 2025, the full exploration and evaluation asset balance relates to expenditures incurred in Mexico.

13. COMMITMENTS

On June 1, 2020, the Company entered into a management consulting agreement with the Executive Chairman of the Company whereby the Executive Chairman agreed to provide management services to the Company. The agreement provides for the payment of \$10,000 per month commencing June 1, 2020, for services provided. Commencing May 24, 2026, the fees have been increased to \$20,000 per month. In the event of termination of the agreement without cause or a change of control of the Company, the Company must pay severance equal to 12 months of management fees.

On July 27, 2020, the Company entered into an independent consultant agreement with the Chief Financial Officer ("CFO") of the Company for the provision of financial consulting services to the Company. The agreement provides for the payment of \$3,000 per month plus the goods and services tax for the months of August and September 2020. Commencing May 24, 2026, the fees have been \$5,000 per month. The CFO will be entitled to a severance payment of 4 months of consulting fees in the event of early termination of the agreement without cause.

14. INVESTOR RELATIONS

On January 7, 2026, the Company engaged Ares Capital Markets Group, Inc. (“Ares”) to provide certain promotional services to the Company. The engagement was for a 3-month term commencing January 7, 2026 to provide market support services including the provision of assistance with shareholder communications and market awareness initiatives. Ares was paid a total of USD\$250,000 under the terms of the engagement.

15. CONTINGENCY

On September 4, 2025, the former Chief Executive Officer filed an action against the Company in the Supreme Court of British Columbia alleging wrongful termination and breach of contract. The claim seeks payment of unpaid wages for fiscal 2024 and 2025, approximately \$120,000 in damages for failure to provide notice of termination, reinstatement of 750,000 stock options, and unspecified aggravated and punitive damages. The Company is defending the action and believes the claims are without merit; however, the outcome of the litigation is uncertain. In management’s opinion, a sufficient amount has been recorded as a provision. Due to uncertainty, an amount in excess of this provision could result in losses due to any court awarded damages.