Management's Discussion and Analysis

For the three and nine months ended September 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements of Guanajuato Silver Company Ltd. ("GSilver" or the "Company"), for the three and nine months ended September 30, 2023, and the related notes contained therein (the "Financial Statements") which were prepared in accordance with International Accounting Standard No 34, Interim Financial Reporting ("IAS 34"), using accounting policies consistent with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the Company's audited consolidated financials statements for the year ended December 31, 2022. The Company uses certain non-IFRS financial measures in this MD&A as described under "Non-IFRS Measures". Additional information relating to the Company, including the most recently filed Annual Information Form (the "Annual Information Form"), is available on SEDAR at www.sedar.com. All amounts are expressed in United States ("US") dollars unless otherwise stated. Certain amounts shown in this MD&A may not add exactly to total amounts due to rounding differences.

This MD&A contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained therein. All information contained in this MD&A is current and has been approved by the Board of Directors of the Company as of November 24, 2023, unless otherwise stated.

QUALIFIED PERSON

The scientific and technical information contained in this MD&A relating to the Company's mines and mineral projects has been reviewed and approved by Reynaldo Rivera, a member of the Australasian Institute of Mining and Metallurgy (AusIMM – Registration Number 220979), VP of Exploration of the Company and a Qualified Person with the meaning of National Instrument 43-101, "Standards for Disclosure of Mineral Projects."

FORWARD-LOOKING STATEMENTS

Certain sections of this MD&A contain forward-looking statements and forward-looking information within the meaning of applicable securities legislation. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements or forward-looking information, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Forward-looking statements and forward-looking information contained or incorporated by reference in this MD&A may relate to the Company's future financial condition, results of operations, plans, budgets, objectives, performance or business developments including, among other things, potential acquisitions, mining operations, production forecasts, exploration and work programs, permitting and drilling plans and the timing thereof, the performance characteristics of the Company's mining projects including production rates, quantity and grades of metals produced and revenue derived therefrom, development and exploration programs and anticipated results thereof, projections of market prices and costs, supply and demand for gold, silver and other precious or base metals, expectations regarding the ability to raise capital and to acquire mineral resources or mineral reserves through acquisitions or development, treatment under governmental regulatory regimes and tax laws, and capital expenditure programs and the timing and methods of financing thereof. Forward-looking statements and forward-looking information are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements and information, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

The estimates and assumptions of the Company contained or incorporated by reference in this MD&A, which may prove to be incorrect, include, but are not limited to: (1) there being no significant disruptions affecting operations, whether due to labor disruptions, supply disruptions, power disruptions, damage to equipment, adverse weather conditions, natural disasters, wars, invasions or other armed conflicts, COVID 19 or otherwise; (2) permitting, access, production, development and exploration at the Company's mining projects (including, without limitation, land acquisitions) being consistent with the Company's current expectations; (3) the Company's assessment and interpretation of potential geological structures and mineralization including estimates of the location, quantity and grade of mineral resources and mineralized material at its mining properties being accurate in all material respects; (4) the sufficiency of the Company's current working capital and credit facilities to successfully ramp-up production of concentrate from the Company's Valenciana, San Ignacio and Topia mines in accordance with the Company's budgeted costs, timing and expectations (7) the ability of the Company to successfully integrate, where applicable, its Valenciana and San Ignacio mines into its current CMC mining operations on a basis consistent with the Company's current expectations including the availability of excess processing and tailings capacity at CMC; (8) the ability of the Company to execute its contract mining strategy at the Topia mine and processing plant; (9) actual production rates, quantity and grade of metals, and revenue derived from, and capital and operating costs of, its mining projects being consistent with current expectations; (10) certain price assumptions for gold, silver, zinc, lead and other metals; (11) prices for and availability of equipment, labor, natural gas, fuel oil, electricity, water and other key supplies remaining consistent with current levels; (12) the ability of the Company to generate positive cash flow from operations and the timing thereof, (13) labor and materials costs increasing on a basis consistent with the Company's current expectations; (14) the availability and timing of additional financing being consistent with the Company's current expectations; (15) the Company's ability to obtain regulatory approvals and permits in a timely manner and on terms consistent with current expectations; (16) political developments in Mexico including, without limitation, the implementation of new mining laws and related regulations being consistent with the Company's current expectations; (17) the exchange rate between the Canadian dollar and the U.S. dollar or between the Canadian dollar and the Mexican Peso being approximately consistent with current levels; (18) key personnel will continue their employment with the Company and the Company will be able to obtain and retain additional qualified personnel, as needed, in a timely and cost efficient manner; and (19) the absence of any material adverse effects arising as a result of political instability, wars, terrorism, sabotage, vandalism, theft, labor disputes, natural disasters, adverse weather and climate related events, equipment failures, *rising inflation and interest rates, adverse changes in government legislation or the socio-economic conditions affecting the Company's mining projects or the mining industry in general.*

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and forward-looking information. Such factors include, but are not limited to: the timing and availability of additional capital, fluctuations in the currency markets; fluctuations in the spot and forward price of gold, silver, zinc, lead or other commodities (such as diesel fuel and electricity); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, Mexico, or other countries in which the Company may carry on business in the future; business opportunities that may be presented to, or pursued by, the Company; the Company's ability to successfully integrate acquisitions; operating or technical difficulties in connection with exploration, development and production activities; employee relations; the speculative nature of silver and gold exploration and development, including the risks of obtaining necessary licenses and permits; competition for, among other things, capital, acquisitions of mineral resources or mineral reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of acquisitions, geological, technical, drilling and processing problems, fluctuations in foreign exchange or interest rates and stock market volatility, changes in income tax laws or changes in tax laws and incentive programs relating to the mineral resource industry; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and silver, gold and other metals concentrate losses including theft (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). See also "Risks and Uncertainties" herein. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements or forward-looking information made by, or on behalf of, the Company. There is also uncertainty about the continued spread and severity of COVID-19, the ongoing war in Ukraine, inflation, rising interest rates, and the impact they will have on the Company's operations, personnel, supply chains, ability to access properties or procure exploration equipment, contractors, and other personnel on a timely basis or at all and economic activity in general. There can be no assurance that forward-looking statements and forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and information. Forward-looking statements and forward-looking information are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements and forward-looking information made in this MD&A are qualified by these cautionary statements and those made in the Company's other filings with applicable securities regulators in Canada including, but not limited to, the Financial Statements and the Annual Information Form. These factors are not intended to represent a complete list of the factors that could affect the Company and readers should not place undue reliance on forward-looking statements or forward-looking information in this MD&A. The Company disclaims any intention or obligation to update or revise any forward-looking statements and forward-looking information, whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements and forward-looking information, except to the extent required by applicable law.

The forward-looking statements and forward-looking information contained herein are based on information available as of November 24, 2023.

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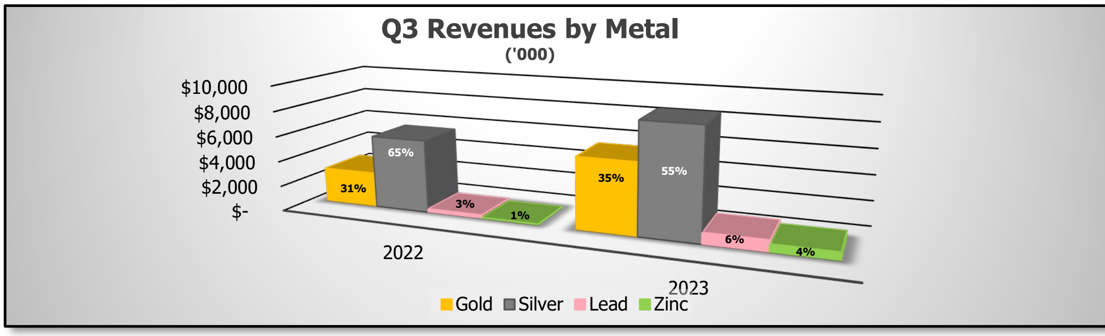
OPERATING AND FINANCIAL HIGHLIGHTS

Commercial production at the El Cubo Mines Complex ("CMC") commenced on October 1, 2021. The Valenciana Mines Complex ("VMC"), which includes the San Ignacio mine and the Cata mill facility, and the Topia Mines Complex ("Topia") were acquired on August 4, 2022. Topia had continuous production throughout the acquisition, the San Ignacio mine recommenced production in August 2022 and production at the Valenciana mine also began in August 2022. Recommissioning of the Cata plant began in December 2022 with processing at the plant commencing in January 2023.

Consolidated	Three months ended September 30 2023	Three months ended September 30 2022	% Change	Nine Months ended September 30 2023	Nine Months ended September 30 2022	% Change
Operating						
Tonnes mined	134,865	107,379	26%	463,152	278,762	66%
Tonnes milled	132,484	107,009	24%	456,460	287,509	59%
Silver ounces produced	425,488	329,298	29%	1,361,940	610,633	123%
Gold ounces produced	3,441	3,226	7%	12,573	7,267	73%
Lead produced (lbs)	935,738	537,608	74%	2,718,236	537,608	406%
Zinc produced (lbs)	857,660	677,127	27%	2,908,056	677,127	329%
Silver equivalent ("Ag/Eq") ounces produced (1)	787,086	700,264	12%	2,666,470	1,313,847	103%
Silver ounces sold	423,855	311,754	36%	1,361,726	605,875	125%
Gold ounces sold	3,773	2,997	26%	12,786	7,199	78%
Lead sold (lbs)	884,204	504,408	75%	2,670,212	504,408	429%
Zinc sold (lbs)	827,101	273,327	203%	2,940,818	273,327	976%
Ag/Eq ounces sold (1)	808,742	628,256	29%	2,679,817	1,266,085	112%
Cost per tonne ($) (5)	121.82	90.37	35%	105.77	72.89	45%
Cash cost per Ag/Eq ounce ($) (1)(2)(5)	20.79	13.86	50%	18.39	16.03	15%
AISC per Ag/Eq ounce ($) (1)(3)(5)	26.22	19.53	34%	23.35	22.03	6%
Financial						
Revenue	15,643,649	8,871,863	76%	49,585,115	21,392,490	132%
Cost of Sales	19,968,655	12,213,605	63%	59,451,052	28,127,651	111%
Mine operating loss	(4,325,006)	(3,341,742)	29%	(9,865,937)	(6,735,161)	46%
Mine operating cashflow before taxes (5)	(1,576,212)	(350,164)	350%	(994,721)	(329,608)	202%
Net loss	(7,062,158)	(8,405,337)	(10%)	(24,318,773)	(16,865,880)	44%
EBITDA (4)(5)	(3,029,670)	(4,192,955)	(18%)	(11,673,138)	(7,827,068)	49%
Adjusted EBITDA (4)(5)	(3,612,172)	(2,684,927)	(6%)	(9,783,963)	(7,203,755)	52%
Realized silver price per ounce (6)	23.60	19.06	24%	23.46	21.07	11%
Realized gold price per ounce (6)	1,929.31	1,724.81	12%	1,935.76	1,809.21	7%
Realized lead price per pound (6)	0.99	0.86	15%	0.97	0.86	13%
Realized zinc price per pound (6)	1.10	1.44	(23%)	1.25	1.64	(24%)
Working capital (5)	(19,558,888)	(2,591,389)	655%	(19,558,888)	(2,591,389)	655%
Shareholders						
Loss per share – basic and diluted	(0.02)	(0.03)	(33%)	(0.07)	(0.07)	173%
Weighted Average Shares Outstanding	341,055,800	271,509,812	26%	330,510,136	240,872,526	2%

1. Silver equivalents are calculated using an 81.83:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q3 2023, an 89.97:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.08:1 (Ag/Zn) ratio for Q3 2022; an 82.21:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2023 and an 82:22:1 (Ag/Au) ratio for YTD 2022.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 29.
3. AISC per Ag/Eq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 29.
4. See Reconciliation of earnings before interest, taxes, depreciation, and amortization on page 28.
5. Mine Operating Cashflow Before Taxes, Cash cost per silver equivalent, cost per tonne, AISC per Ag/Eq ounce, EBITDA, Adjusted EBITDA and working capital are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 27.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.
   Mine operating cash flow before taxes is calculated by adding back depreciation, depletion, and inventory write-downs to mine operating loss. See Reconciliation to IFRS on page 27.



CONSOLIDATED	Three Months Ended September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Operating						
Tonnes mined	134,865	166,171	162,116	131,543	107,379	90,045
Tonnes milled	132,484	163,793	160,182	131,341	107,009	94,212
Silver ounces produced	425,488	477,649	458,803	401,244	329,298	155,912
Gold ounces produced	3,441	4,719	4,413	3,907	3,226	2,161
Lead produced (lbs)	935,738	875,802	906,696	811,492	537,608	-
Zinc produced (lbs)	857,660	897,258	1,153,138	1,261,554	677,127	-
Silver equivalent ("Ag/Eq") ounces produced [1]	787,086	941,338	938,047	836,375	700,264	337,760
Silver ounces sold	423,855	462,917	474,954	405,384	311,754	159,840
Gold ounces sold	3,773	4,427	4,586	3,865	2,997	2,195
Lead sold (lbs)	884,204	830,567	955,441	846,281	504,408	-
Zinc sold (lbs)	827,101	871,328	1,242,389	1,600,811	273,327	-
Ag/Eq ounces sold [1]	808,742	901,474	969,603	866,319	628,256	342,987
Cost per tonne ($) [5]	121.82	100.22	98.16	98.30	90.37	60.89
Cash cost per Ag/Eq ounce ($) [1][2][5]	20.79	17.71	17.06	15.55	13.86	17.08
AISC per Ag/Eq ounce ($) [1][3][5]	26.22	22.47	21.83	20.80	19.53	24.15
Financial	**$**	**$**	**$**	**$**	**$**	**$**
Revenue	15,643,649	16,823,042	17,118,424	15,487,714	8,871,863	6,133,989
Cost of Sales	19,968,655	19,213,281	20,269,116	15,635,541	12,213,604	7,790,285
Mine operating loss	(4,325,006)	(2,390,239)	(3,150,692)	(147,830)	(3,341,741)	(1,656,296)
Mine operating cashflows before taxes [5]	(1,576,212)	394,276	187,214	2,367,522	(350,164)	7,923
Net loss	(7,062,158)	(8,557,538)	(8,699,078)	(9,905,707)	(8,405,337)	(3,521,391)
EBITDA [4][5]	(3,029,670)	(4,576,059)	(4,093,976)	(5,997,153)	(4,192.955)	(1,132,279)
Adjusted EBITDA [4][5]	(3,612,172)	(3,409,928)	(2,299,797)	(1,500,059)	(2,684,927)	(2,349,805)
Realized silver price per ounce [6]	23.60	24.33	22.50	21.23	19.06	22.56
Realized gold price per ounce [6]	1,929.31	1,988.05	1,890.60	1,783.36	1,724.81	1,873.26
Realized lead price per pound [6]	0.99	0.97	0.96	0.92	0.86	-
Realized zinc price per pound [6]	1.10	1.14	1.42	1.42	1.44	-
Working capital [5]	(19,558,888)	(17,831,378)	(11,029,888)	(5,972,704)	(2,591,389)	(2,046,261)
Shareholders						
Loss per share - basic and diluted	$(0.02)	$(0.03)	$(0.03)	$(0.03)	$(0.03)	$(0.02)
Weighted Average Shares Outstanding	341,055,800	327,386,045	322,849,823	302,153,922	271,509,812	226,033,272

1. Silver equivalents are calculated using an 81.83:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q3 2023; an 81.33:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2023, an 83.78:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q1 2023; an 81.35:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q4 2022; 89.97:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.08:1 (Ag/Zn) ratio for Q3 2022; and 83.4:1 (Ag/Au) ratio for Q2 2022.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 29.
3. AISC per Ag/Eq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation and sustaining capital. See Reconciliation to IFRS on page 29.
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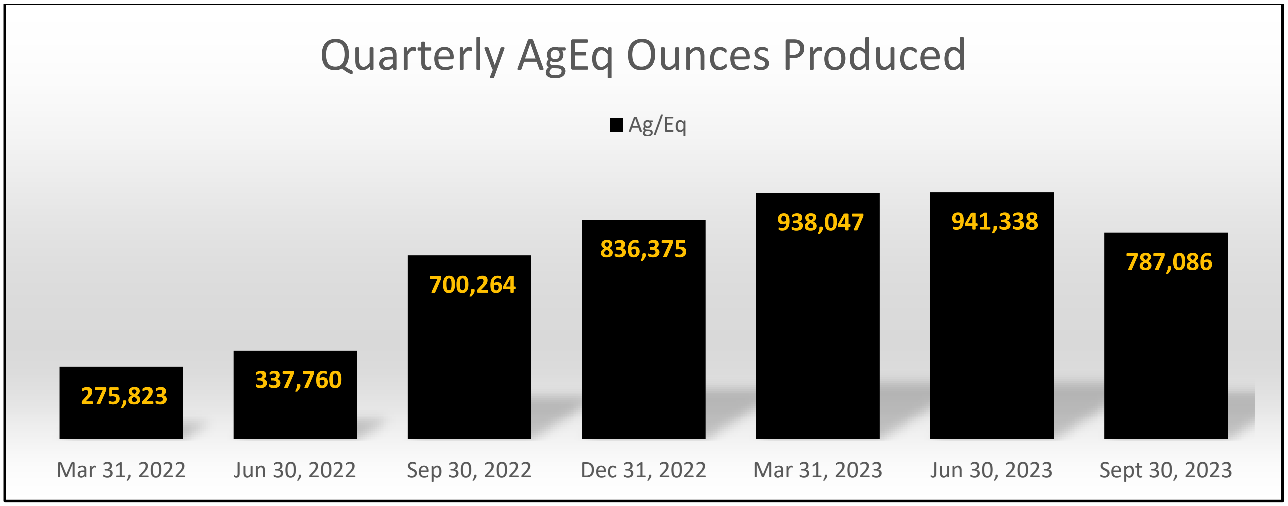

The above highlights are key measures used by management; however, they should not be the sole measures used in determining the performance of the Company's operations.

As at	**September 30 2023**	**December 31 2022**
	$	**$**
Cash and cash equivalents	3,632,902	8,832,936
Total assets	76,691,341	85,648,898
Debt	18,687,047	23,832,319
Shareholders' equity	17,580,126	32,511,787

COMPANY HISTORY, OVERVIEW & STRATEGY

Guanajuato Silver is a precious metals producer; the Company currently operates four silver mines in Central Mexico. In the state of Guanajuato, GSilver produces silver and gold from El Cubo Mines Complex, which includes the Villalpando and Santa Cecilia mines ("Villalpando" and "Santa Cecilia"); mineralized material is processed through the CMC mill. Additionally in Guanajuato, the Company operates the Valenciana Mines Complex, which includes the nearby San Ignacio mine ("San Ignacio"); mineralized material is processed at the Cata mill ("Cata"). GSilver also produces silver, gold, lead and zinc from the Topia Mines Complex located in Durango, Mexico.

The Company was incorporated under the *Business Corporations Act* of British Columbia in 1978 and is a publicly traded company on the TSX Venture Exchange ("TSX.V") and the Aquis Exchange in London, England under the symbol "GSVR" and quoted on the OTCQX over-the-counter market in the USA under the symbol "GSVRF". The Company's head office, as well as its registered and records offices, is located at Suite 578 – 999 Canada Place, Vancouver, British Columbia, Canada, V6C 3E1.

The Company's focus is to develop mining operations within central Mexico through the advancement of its existing mineral concessions and through acquisition of additional operations and mineral resources and reserves.

General location of the Company's mines

Going Concern

For the nine months ended September 30, 2023, the Company generated a mine operating loss of $9,865,937, a net loss of $24,318,773 and negative cash flows from operating activities of $3,501,296. As of September 30, 2023, the Company has an accumulated deficit of $100,545,904 and current liabilities that exceed its current assets by $19,558,888, including accounts payable and accrued liabilities of $22,722,385. These factors give rise to material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Management has taken steps to manage the Company's liquidity, including extending payment terms with suppliers and settling certain liabilities through the issuance of the Company's common shares. Management is also in discussions with existing and new lenders about amending existing debt arrangements or obtaining new debt financing and may also consider raising additional equity financing. The continuing operations of the Company are dependent in the near-term on its ability to obtain additional financing and in the longer-term on a combination of additional financing and the generation of cash flows from operations. Management is of the opinion that sufficient funds will be obtained from external financing and cashflows from operations to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing or cash flows from operations will not be available on a timely basis or on terms acceptable to the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

As a responsible mining company, GSilver understands the significance of Environmental, Social, and Governance ("ESG") factors in the Company's mining operations. The Company pledges to conduct its business sustainably and conscientiously, striving to generate long-term value for its stakeholders while minimizing any adverse impact on the environment and society. GSilver's management firmly believes that responsible mining is both a moral obligation and a business necessity. Consequently, the Company endeavors to adhere to high ethical and compliance standards, ensuring that it operates transparently and with integrity. GSilver's commitment to ESG values is not only fundamental to its business strategy but also critical to securing the trust and support of its customers, investors, employees, and communities where the Company operates. The Company's core areas of focus are outlined below, alongside tangible actions it is taking to accomplish and maintain these objectives.

Health and Safety

- Drug abuse prevention programs in the local community
- Support 2 health clinics adjacent to Cubo and Valenciana and reopening of El Cubo Clinic in synergy with the Mining Union and the Health Authorities
- Health and Environment Educational Programs for our personnel
- Clean water services provided to several local communities

Ethics and Governance

- "Joint efforts" program with local and state governments: roads, infrastructure, transportation, etc.
- 2 of our Senior Board Members are Mexican nationals
- Code of Ethics and Business Conduct, Whistleblower and Anti-Bribery and Anti-Corruption policies in place

Environmental Impact

- Ongoing reforestation and refuse cleanup campaigns
- Synergy with local authorities to fix waste management at communities
- Implementing a hydraulic backfill procedure that will have an immediate positive environmental impact at VMC
- Implementing, once permitting is obtained, drystack tailings at El Cubo
- Inaugural climate change report slated for 2024

People, Community and Culture

- 14% of the entire Mexican operations workforce and 25% of the leadership team are female
- 100% of our Mexico operations are staffed by Mexican employees (1,032 people from Mexico as of September 30, 2023)
- Engagement and collaboration with the University of Guanajuato, including an internship and social service program
- Improvement of local community buildings, homes and schools and technology access. Monthly clean up brigades
- Socially Responsible Company recognition from the Mexican Center for Philanthropy (CEMEFI)
- Curator of the Guanajuato Mining Museum at Valenciana. A key component of Guanajuato's UNESCO World Heritage Status

Guanajuato Silver CO LTD

MINING OPERATIONS

CONSOLIDATED OPERATIONS

The Company operates CMC, VMC and Topia. Consolidated operating results are as follows:

	Three months ended			Nine months ended		
CONSOLIDATED	**September 30 2023**	**September 30 2022**	**% Change**	**September 30 2023**	**September 30 2022**	**% Change**
Production						
Tonnes mined	134,865	107,379	26%	463,152	278,762	66%
Tonnes milled	132,484	107,009	24%	456,460	287,509	59%
Average tonnes milled per day	1,577	1,274	24%	1,811	1,141	59%
Average silver grade (g/t)	114.44	106.28	8%	107.30	68.70	56%
Average gold grade (g/t)	0.99	1.08	(8%)	1.05	0.96	9%
Average silver recovery (%)	83.34	88.50	(6%)	84.10	82.20	2%
Average gold recovery (%)	81.58	86.30	(5%)	81.98	83.00	(1%)
Silver ounces produced	425,488	329,298	29%	1,361,940	610,633	123%
Gold ounces produced	3,441	3,226	7%	12,573	7,267	73%
Lead produced (lbs)	935,738	537,608	74%	2,718,236	537,608	406%
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Sales						
Silver ounces sold	423,855	311,754	36%	1,361,726	605,875	125%
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Realized silver price per ounce ($) [6]	23.60	19.06	24%	23.46	21.07	11%
Realized gold price per ounce ($) [6]	1,929.31	1,724.81	12%	1,935.76	1,809.21	7%
Realized lead price per pound ($) [6]	0.99	0.86	15%	0.97	0.86	13%
Realized zinc price per pound ($) [6]	1.10	1.44	(23%)	1.25	1.64	(24%)
Costs						
Cash cost per Ag/Eq ounce ($) [3][5]	20.79	13.86	50%	18.39	20.24	(9%)
AISC per Ag/Eq ounce ($) [4][5]	26.22	19.53	34%	23.35	25.79	(9%)
Production cost per tonne ($) [2][5]	121.82	90.37	35%	105.77	64.32	64%
Capital expenditures						
Sustaining ($)	1,663,576	983,215	69%	4,701,054	322,305	1,359%
Diamond Drilling						
CMC (mts)	-	3,006	0%	649	13,116	(95%)
VMC (mts)	-	-	0%	3,889	-	100%
Topia Mine (mts)	663	-	100%	2,159	-	100%

1. Silver equivalents are calculated using an 81.83:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q3 2023, an 89.97:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.08:1 (Ag/Zn) ratio for Q3 2022; an 82.21:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2023 and an 82:22:1 (Ag/Au) ratio for YTD 2022.
2. Production costs include mining, milling, and direct overhead at the operation sites See reconciliation on page 29.
3. Cash cost per silver equivalent ounce include mining, processing and direct overhead See reconciliation on page 29.
4. AISC per Ag/Eq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation and sustaining capital. See Reconciliation to IFRS on page 29.
5. Cash cost per silver equivalent, AISC per Ag/Eq ounce and production cost per tonne are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 27.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.

Third Quarter Production Summary	El Cubo Mines Complex	Valenciana Mines Complex	Topia	Consolidated
Tonnes mined	63,744	53,414	17,707	134,865
Tonnes milled	62,742	53,129	16,613	132,484
Silver ounces produced	83,089	135,206	207,192	425,488
Gold ounces produced	1,340	1,897	204	3,441
Lead produced (lbs)	-	-	935,738	935,738
Zinc produced (lbs)	-	-	857,660	857,660
Silver equivalent ("Ag/Eq") ounces produced (1)	192,664	290,216	304,206	787,086
Silver ounces sold	96,154	133,376	194,325	423,855
Gold ounces sold	1,484	2,062	226	3,773
Lead sold (lbs)	-	-	884,204	884,204
Zinc sold (lbs)	-	-	827,101	827,101
Ag/Eq ounces sold (1)	217,519	301,725	289,498	808,742
Cost per tonne (5)	86.59	97.95	331.16	121.82
Cash cost per Ag/Eq ounce (1)(2)(5)	28.46	17.89	18.70	20.79
AISC per Ag/Eq ounce (1)(3)(4)(5)	32.67	19.89	21.29	26.22

1. Silver equivalents are calculated using an 81.83:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q3 2023.
2. Production costs include mining, milling, and direct overhead at the operation sites See reconciliation on page 29.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 29.
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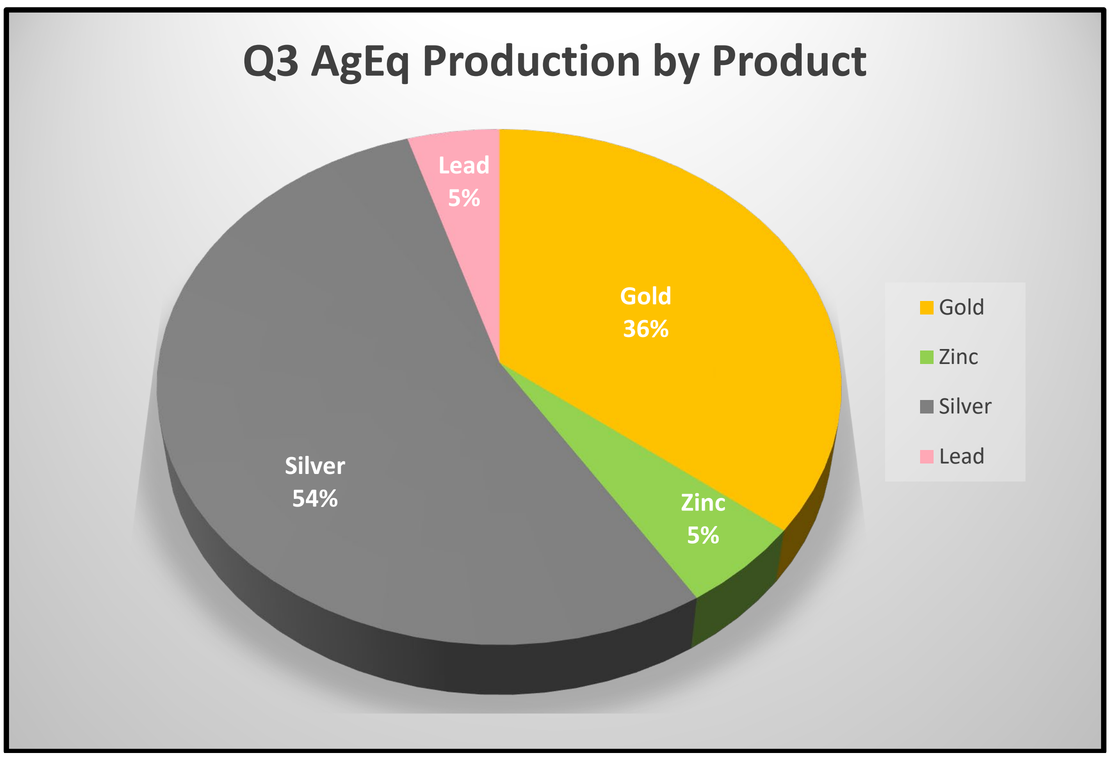


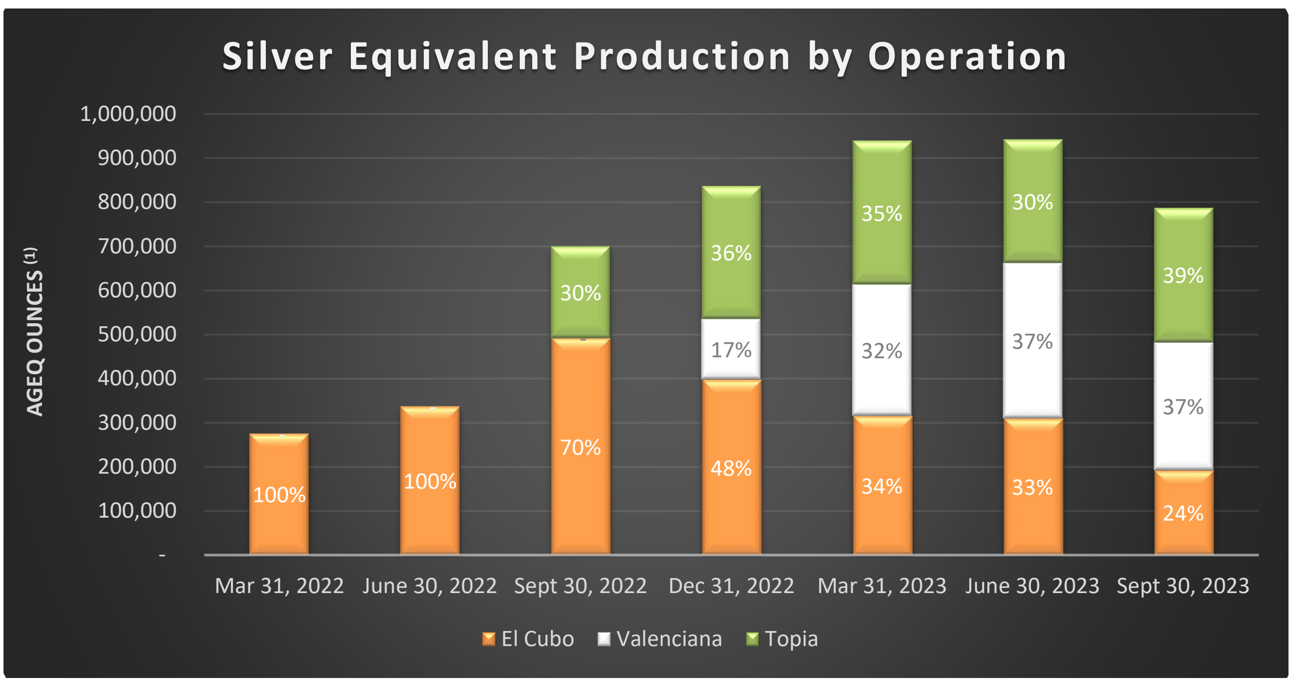
Guanajuato Silver CO LTD

Production

In the third quarter, the total production amounted to 787,086 ounces of silver equivalent, which is comprised of 425,488 ounces of silver, 3,441 ounces of gold, 935,738 pounds of lead, and 857,660 pounds of zinc. This represents a 12% increase in silver equivalent ounces compared to Q3 2022. Out of the total production, CMC accounted for 192,664 silver equivalent ounces, which is 24% of the total production, VMC contributed 290,216 silver equivalent ounces, representing 37% of the total production, while Topia added 304,206 silver equivalent ounces, making up the remaining 39%. The 12% increase in consolidated silver equivalent production in the three months ended September 30, 2023, compared to same period of prior year, is mainly driven by the addition of production of 290,216 silver equivalent ounces from VMC and 96,374 silver equivalent ounces produced at Topia. The Company's three plants processed a consolidated 132,484 tonnes of mineralized material with average grades of 114.44 grams per tonne ("g/t") for silver and 0.99 g/t for gold. Compared to production in the same quarter of the prior year of 107,009 tonnes at average grades of 106.28 g/t of silver and 1.08 g/t of gold which represents an increase of 24% in tonnes processed, 8% increase average silver grades and 8% decrease in average gold grades. Average silver and gold recoveries decreased by 6% and 5% respectively.

Cash Cost and All-In Sustaining Cost per Ounce

In the third quarter of 2023, costs per tonne increased by 35% to $121.82 compared to $90.37 in the corresponding period of 2022. This notable increase can be primarily attributed to the incorporation of production costs from VMC, as well as the inclusion of Topia mine costs. The continuing ramping up of production at VMC during Q3 2023, along with the significantly higher production cost per tonne for the Topia mine contributed to the overall higher average production cost per tonne, playing a key role in driving up the production expenses during this period. Cash cost and All-in Sustaining Cost ("AISC") per Ag/Eq ounce produced for the quarter were $20.79 and $26.22, respectively, which represents an increase of 50% and a decrease of 34%, respectively, compared to Q3 2022 of $13.86 and $19.53, respectively, and is primarily due to the increase in AgEq ounces produced from VMC and Topia (Cash cost per silver equivalent and AISC per Ag/Eq ounce and cost per tonne are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 27).



1. Silver equivalents are calculated using an 81.83:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q3 2023; an 81.33:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2023; an 83.78:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q1 2023; 81.35:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q4 2022; 89.97:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.08:1 (Ag/Zn) ratio for Q3 2022, and an 83.4:1(Ag/Au), for Q2 2022.

EL CUBO MINES COMPLEX OPERATIONS

Operating results were as follows:

EL CUBO MINES COMPLEX	Three months ended September 30 2023	Three months ended September 30 2022	% Change	Nine Months ended September 30 2023	Nine Months ended September 30 2022	% Change
Production						
Tonnes mined	63,744	95,965	(34%)	230,807	267,348	(14%)
Tonnes milled	62,742	95,380	(34%)	227,639	275,880	(17%)
Average tonnes milled per day	747	1,135	(34%)	1,355	1,095	24%
Average silver grade (g/t)	50.97	74.94	(32%)	58.20	71.21	(18%)
Average gold grade (g/t)	0.83	1.05	(21%)	0.86	0.99	(13%)
Average silver recovery (%)	81.16	87.10	(7%)	83.16	85.00	(2%)
Average gold recovery (%)	82.90	88.40	(6%)	85.15	85.20	(0%)
Silver ounces produced	83,089	219,627	(62%)	354,787	500,962	(29%)
Gold ounces produced	1,340	3,035	(56%)	5,304	7,076	(25%)
Ag/Eq ounces produced [1]	192,664	492,432	(61%)	791,099	1,106,015	(28%)
Sales						
Silver ounces sold	96,154	211,883	(55%)	390,702	506,004	(23%)
Gold ounces sold	1,484	2,829	(48%)	5,814	7,031	(17%)
Ag/Eq ounces sold	217,519	466,317	(53%)	867,703	1,104,146	(21%)
Realized silver price per ounce($) [6]	23.55	19.06	24%	23.50	21.53	9%
Realized gold price per ounce($) [6]	1,928.80	1,724.81	12%	1,929.90	1,811.97	7%
Costs						
Cash cost per Ag/Eq ounce ($) [3][5]	28.46	13.09	117%	21.22	16.09	32%
AISC per Ag/Eq ounce ($) [4][5]	32.67	15.18	115%	24.03	18.25	32%
Cost per tonne ($) [2][5]	86.59	67.20	29%	73.38	64.14	14%
Capital expenditures						
Sustaining ($)	479,009	738,319	(35%)	1,502,019	2,096,685	(28%)
Diamond Drilling						
Villalpando/El Cubo Drilling (mts)	-	3,006	0%	649	13,116	(95%)

1. Silver equivalents are calculated using an 81.83:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q3 2023, an 89.97:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.08:1 (Ag/Zn) ratio for Q3 2022; an 82.21:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2023 and an 82:22:1 (Ag/Au) ratio for YTD 2022.
2. Production costs include mining, milling, and direct overhead at the operation sites. See reconciliation on page 29.
3. Cash cost per silver equivalent ounce include mining, processing and direct overhead. See reconciliation on page 29.
4. AISC per Ag/Eq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation and sustaining capital. See Reconciliation to IFRS on page 29.
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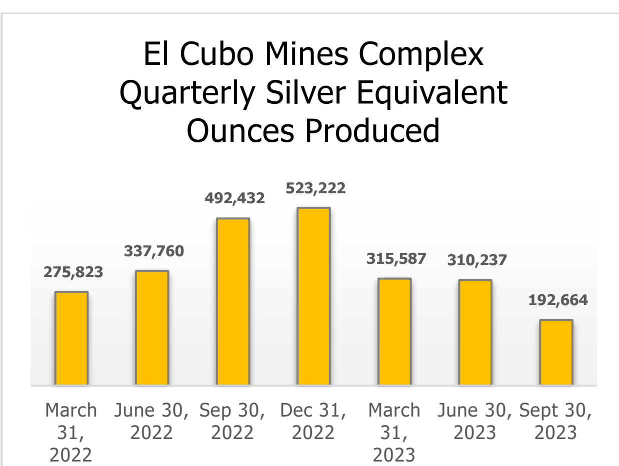
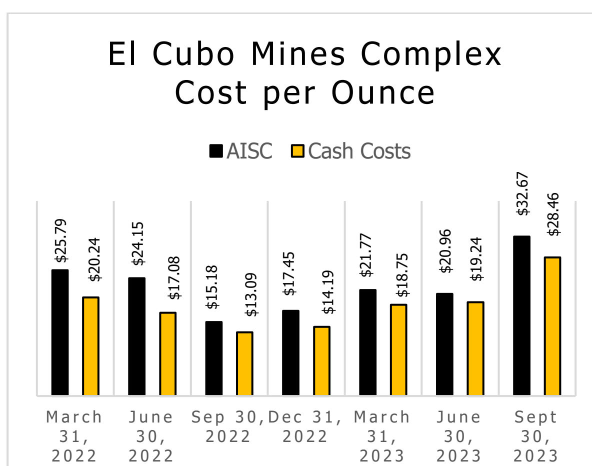
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.





Production

Three months ended September 30, 2023 (compared to the three months ended September 30, 2022)

In the third quarter of 2023, the total production of silver equivalent ounces in El Cubo amounted to 192,664 marking a 61% decrease from the 492,432 recorded in the comparable 2022 quarter. This decrease can be attributed to several factors. Firstly, a 7% decrease in silver recoveries (from 87.10% to 81.16%) and 6% decrease in gold recoveries (from 88.4% to 82.9%), respectively, from Q3 2022 to Q3 2023. Additionally, the average silver grade experienced a 32% decrease from 74.94 g/t to 50.97 g/t and there was a 21% decrease in gold grade from 1.05 g/t to 0.83 g/t between Q3 2022 and Q3 2023. The cause for the decrease in recoveries was due to dilution and inconsistencies in the host rock.

Nine months ended September 30, 2023 (compared to the nine months ended September 30, 2022)

In the nine months ended September 30, 2023, the total production of silver equivalent ounces in El Cubo amounted to 791,099 or a 28% decrease from the 1,106,015 recorded in the comparable 2022 period. This decrease can be attributed to silver recoveries decreasing by 2% from 85% to 83.16%. Gold recoveries remain unchanged in the comparable periods. A further decrease is attributed to lower plant throughput of 14% from 267,348 tonnes in the 2022 period compared to only processing 230,807 tonnes in the same period of 2023 along with a 18% decrease in silver grades.

Cash Cost and All-In Sustaining Cost per Ounce (Cash cost per silver equivalent and AISC per Ag/Eq ounce and cost per tonne are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 27).

Three months ended September 30, 2023 (compared to the three months ended September 30, 2022)

Production costs increased 29% to $86.59 per tonne in El Cubo in the third quarter of 2023 from $67.20 per tonne. The increased cost at CMC was mainly due to 34% lower tonnes milled, mainly from the lack of available stopes in the quarter. The Company has further developed the number of stopes available to increase production volumes subsequent to the quarter.

Cash costs per silver equivalent ounce in El Cubo for the three months ended September 30, 2023, increased 117% to $28.46 compared to the three months ended September 30, 2022, of $13.09, mainly due to 61% lower production of silver equivalent ounces. With lower production volume, cash cost per silver equivalent has increased due to fixed costs.

AISC in El Cubo increased 115% to $32.67 per ounce in this quarter from $15.18 per ounce in Q3 2022, this is mainly due lower production of silver equivalent ounces compared to the same quarter of 2022.

Nine months ended September 30, 2023 (compared to the nine months ended September 30, 2022)

Production costs increased 14% to $73.38 per tonne in El Cubo during the nine months ended September 30, 2023 from $64.14 per tonne in the same period last year. The increase was mainly due to 15% lower tonnes milled offset by 3% decrease in total production cost. Production cost was lower due to 12% decrease in mining cost, offset by 7% and 6% increase in milling and indirect costs, respectively.

Cash costs per silver equivalent ounce in El Cubo for the nine months ended September 30, 2023, increased 32% to $21.22 compared to the nine months ended September 30, 2022, of $16.09 mainly due to a 26% decrease in silver equivalent ounces produced coupled with a 3% decrease in total production cost.

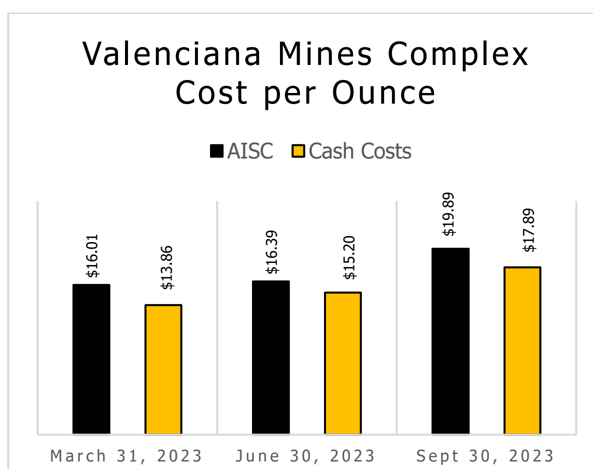
AISC in El Cubo increased 32% to $24.03 per ounce in the nine months ended September 30, 2023, from $18.25 per ounce in the same period of 2022, due to the increase in cash costs described above and the 26% decrease in silver equivalent ounces produced.

VALENCIANA MINES COMPLEX OPERATIONS

Operating results were as follows:

VALENCIANA MINES COMPLEX	Three months ended September 30 2023	Three months ended September 30 2022	% Change	Nine Months ended September 30 2023	Nine Months ended September 30 2022	% Change
Production						
Tonnes mined	53,414	-	100%	176,480	-	100%
Tonnes milled	53,129	-	100%	173,724	-	100%
Average tonnes milled per day	632	-	100%	1,034	-	100%
Average silver grade (g/t)	95.69	-	100%	96.73	-	100%
Average gold grade (g/t)	1.31	-	100%	1.34	-	100%
Average silver recovery (%)	82.70	-	100%	82.84	-	100%
Average gold recovery (%)	84.95	-	100%	84.63	-	100%
Silver ounces produced	135,206	-	100%	446,534	-	100%
Gold ounces produced	1,897	-	100%	6,327	-	100%
Ag/Eq ounces produced (1)	290,216	-	100%	967,403	-	100%
Sales						
Silver ounces sold	133,376	-	100%	425,619	-	100%
Gold ounces sold	2,062	-	100%	6,033	-	100%
Ag/Eq ounces sold	301,725	-	100%	918,702	-	100%
Realized silver price per ounce ($) (6)	23.63	-	100%	23.48	-	100%
Realized gold price per ounce ($) (6)	1,930.10	-	100%	1,942.75	-	100%
Costs						
Cash cost per Ag/Eq ounce ($) (3)(5)	17.89	-	100%	15.61	-	100%
AISC per Ag/Eq ounce ($) (4)(5)	19.89	-	100%	17.35	-	100%
Production cost per tonne ($) (2)(5)	97.95	-	100%	88.01	-	100%
Capital expenditures						
Sustaining ($)	424,442	-	100%	1,341,162	-	100%
Diamond Drilling						
San Ignacio Mine (mts)	-	-	0%	3,889	-	100%

1. Silver equivalents are calculated using an 81.83:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q3 2023, an 89.97:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.08:1 (Ag/Zn) ratio for Q3 2022; an 82.21:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2023 and an 82:22:1 (Ag/Au) ratio for YTD 2022.
2. Production costs include mining, milling, and direct overhead at the operation sites. See reconciliation on page 29.
3. Cash cost per silver equivalent ounce include mining, processing and direct overhead. See reconciliation on page 29.
4. AISC per Ag/Eq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation and sustaining capital. See Reconciliation to IFRS on page 29.
5. Cash cost per silver equivalent, AISC per Ag/Eq ounce and cost per tonne are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures sSee "Non-IFRS Financial Measures" on page 27.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.



Production

During the three months ended September 30, 2023, VMC produced 290,216 silver equivalent ounces, consisting of 135,206 ounces of silver and 1,897 ounces of gold. Total mineralized material processed amounted to 53,129 tonnes during the quarter. Silver grades in the third quarter averaged 95.69 g/t, gold grades averaged 1.31 g/t. Average metallurgical recoveries in the quarter were at 82.70% for silver and 84.95% for gold, in line with management expectations.

Three months ended September 30, 2023 (compared to the three months ended June 30, 2023)

Production Cost

Production cost per tonne in VMC increased 13% to $97.95 per tonne in the third quarter of 2023 from $86.63 per tonne in the prior quarter. Production at San Ignacio was suspended for 15 days in the quarter as the Company and Mexican government authorities investigated a fatal accident which occurred in the mine. The Company has worked with the Mexican government authorities to implement additional new policies and procedures to continue to improve safety conditions in the mine. Nevertheless, the suspension of operations resulted in a 14% reduction in tonnes milled, thereby adversely affecting production costs per tonne. To counterbalance the impact of increased costs per tonne, the Company successfully mitigated a portion of the rise through a 3% reduction in production costs. This reduction was attributable to lower maintenance costs at the mill, stemming from decreased wear and tear on equipment due to the lower production volumes during the period.

Cash Cost and All-In Sustaining Cost per Ounce (Cash cost per silver equivalent and AISC per Ag/Eq ounce are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 27).

Cash costs per silver equivalent ounce in VMC for the three months ended September 30, 2023 increased 18% to $17.89 compared to the three months ended June 30, 2023 of $15.20 mainly due lower silver equivalent ounces produced by 18% partially offset by a 3% production cost decrease.

AISC in VMC increased 21% to $19.89 per ounce in this quarter from $16.39 per ounce in Q2 2023 as a result of increased cash costs and 18% lower silver equivalent ounces produced.

Guanajuato Silver CO LTD

TOPIA MINES COMPLEX

Operating results were as follows:

TOPIA	Three months ended September 30 2023	September 30 2022	% Change	Nine Months ended September 30 2023	September 30 2022	% Change
Production						
Tonnes mined	17,707	11,414	55%	55,865	11,414	389%
Tonnes milled	16,613	11,629	43%	55,096	11,629	374%
Average tonnes milled per day	198	219	(10%)	328	219	49%
Average silver grade (g/t)	414.12	317.55	30%	343.53	317.55	8%
Average gold grade (g/t)	0.58	0.80	(27%)	0.90	0.80	12%
Average lead grade (%)	2.85	2.34	22%	2.54	2.34	9%
Average zinc grade (%)	3.00	3.25	(8%)	2.99	3.25	(8%)
Average silver recovery (%)	93.65	92.40	1%	91.96	92.40	(0%)
Average gold recovery (%)	65.82	64.00	3%	60.52	64.00	(5%)
Average lead recovery (%)	89.85	89.50	0%	88.05	89.50	(2%)
Average zinc recovery (%)	77.90	80.90	(4%)	79.96	80.90	(1%)
Silver ounces produced	207,192	109,671	89%	560,619	109,671	411%
Gold ounces produced	204	191	7%	942	191	393%
Lead produced (lbs)	935,738	537,608	74%	2,718,236	537,608	406%
Zinc produced (lbs)	857,660	677,127	27%	2,908,056	677,127	329%
Ag/Eq ounces produced (1)	304,206	207,832	46%	907,968	207,832	337%
Sales						
Silver ounces sold	194,325	99,871	95%	545,405	99,871	446%
Gold ounces sold	226	168	35%	939	168	459%
Lead sold (lbs)	884,204	504,408	75%	2,670,212	504,408	429%
Zinc sold (lbs)	827,101	273,327	203%	2,940,818	273,327	976%
Ag/Eq ounces sold	289,498	161,939	79%	893,412	161,939	452%
Realized silver price per ounce ($) (6)	23.60	18.68	26%	23.42	18.68	25%
Realized gold price per ounce ($) (6)	1,925.48	1,678.23	15%	1,926.66	1,678.23	15%
Realized lead price per pound ($) (6)	0.99	-	100%	0.97	-	100%
Realized zinc price per pound ($)(6)	1.10	-	100%	1.25	-	100%
Costs						
Cash cost per Ag/Eq ounce ($) (3)(5)	18.70	15.69	19%	18.73	15.69	19%
AISC per Ag/Eq ounce ($) (4)(5)	21.29	17.69	20%	20.89	17.69	18%
Production cost per tonne ($) (2)(5)	331.16	280.44	18%	297.55	280.44	6%
Capital expenditures						
Sustaining ($)	760,125	244,896	210%	1,857,873	244,896	659%
Diamond Drilling						
Topia Mine (mts)	663	-	44%	2,159	-	100%

1. Silver equivalents are calculated using an 81.83:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q3 2023, an 89.97:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.08:1 (Ag/Zn) ratio for Q3 2022; an 82.21:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2023 and an 82:22:1 (Ag/Au) ratio for YTD 2022.
2. Production costs include mining, milling, and direct overhead at the operation sites. See reconciliation on page 29.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See reconciliation on page 29.
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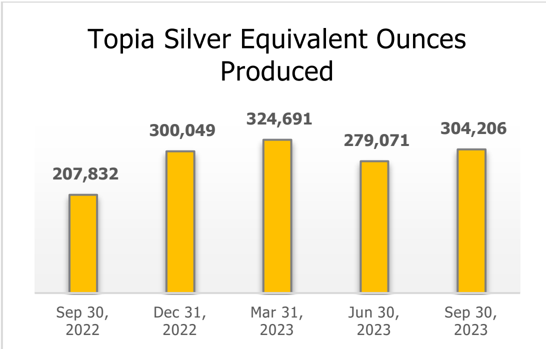
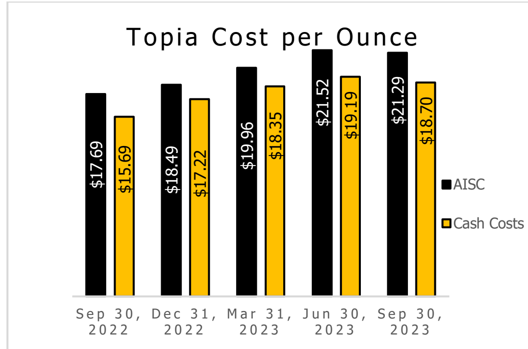




Three months ended September 30, 2023 (compared to the three months ended September 30, 2022)

Production

During the three months ended September 30,2023, Topia produced 304,206 silver equivalent ounces, consisting of 207,192 ounces of silver, 204 ounces of gold, 935,738 pounds of lead and 857,660 pounds of zinc. Total mineralized material processed amounted to 16,613 tonnes. Topia contributed with 207,832 silver equivalent ounces in the same period in 2022.

Silver grades in Topia, in the third quarter, averaged 414.12 g/t, gold grades averaged 0.58 g/t, lead grades averaged 2.85% and zinc grades averaged 3.00%. Average metallurgical recoveries in the quarter were 93.65% for silver, 65.82% for gold, 89.85% for lead and 77.90% for zinc.

Production Cost

Production costs in Topia increased 18% to $331.16 per tonne in the third quarter of 2023 from $280.43 per tonne. This was a result of two factors: 69% increase in mining costs offset by a 43% increase in tonnes milled. Mining costs increased by $2,097,025 during the quarter which is attributed to higher fixed labour and fixed lease costs. Additionally higher electricity and diesel charges contributed to the increase as well as foreign exchange due to the strong Mexican peso in 2023 compared to the same period in 2022.

Cash Cost and All-In Sustaining Cost per Ounce (Cash cost per silver equivalent, AISC per Ag/Eq ounce and cost per tonne are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 27).

Cash costs per silver equivalent ounce in Topia, for the three months ended September 30, 2023, increased 19% to $18.70 compared to the three months ended September 30, 2023 of $15.69 mainly due a 69% increase in the total production cost as discussed above offset by an increase of 46% in silver equivalent ounces produced.

AISC in Topia increased 20% to $21.29 per ounce in this quarter from $17.69 per ounce in Q3 2022, due a 210% increase in sustaining capital costs as the Company completed the upgrades to the tailings dam at Topia, increasing both the height and footprint as well as and mine development work. Additionally, the increased cash costs contributed to the higher AISC in the quarter.

Nine months ended September 30, 2023 (compared to the nine months ended September 30, 2022)

Production

In the nine months ended September 30, 2023, the total production of silver equivalent ounces in Topia amounted to 907,968 or a 337% increase from the 207,832 recorded in the comparable 2022 period. This increase can be attributed to the fact that Topia was acquired in August 2022, therefore the nine months comparative only includes only two months production. A further increase is attributed to higher plant throughput of 374% from 11,629 tonnes in the period of 2022 to 55,096 tonnes in the same period of 2023.

Production Cost

Production costs increased 6% to $297.55 per tonne in Topia during the nine months ended September 30, 2023 from $280.43 per tonne in the same period last year. The increase was mainly due to higher fixed labour and fixed lease costs. Additionally higher electricity and diesel charges contributed to the increase as well as foreign exchange due to the strong Mexican peso in 2023 compared to the same period in 2022.

Cash Cost and All-In Sustaining Cost per Ounce (see "Non-IFRS Financial Measures" on page 27).

Cash costs per silver equivalent ounce in Topia, for the nine months ended September 30, 2023, increased 19% to $18.73 compared to the nine months ended September 30, 2022, of $15.69 mainly due to the 403% increase in total production cost as described above offset by 337% increase in silver equivalent ounces produced compared to same period last year.

AISC in Topia increased 18% to $20.89 per ounce in the nine months ended September 30, 2023, from $17.69 per ounce in the same period of 2022, mainly due to an increase of cash cost, along side an increase of 659% in sustaining capital expenditures.

OPERATIONAL AND DEVELOPMENT ACTIVITIES

EL CUBO MINES COMPLEX

Over the preceding three months, the Company has undertaken a strategic initiative to de-water the lower levels of the Villalpando mine, a task necessitated by the previous operator's decision to allow flooding during the mine's care and maintenance period. This deliberate effort aims to unlock access to the submerged lower levels, offering the Company a valuable reservoir of higher-grade material for processing. Presently, the Company’s pumping capacity stands at 1,100 cubic meters per day, with plans to augment it to 1,400 cubic meters per day by the fourth quarter, as the Company implements additional pumping capacity.

This enhancement in pumping capacity is a critical step toward achieving the Company’s objective of sufficiently draining the lower levels. The Company anticipates the completion of this process, facilitating access to new stope material, by the first quarter of 2024. This strategic initiative is aligned with the Company’s commitment to optimizing resource utilization and enhancing operational efficiency. As the Company continues to implement these measures, it anticipates positive outcomes for its processing capabilities and overall production metrics in the coming quarters.

In conjunction with its ongoing efforts to access the lower areas of the Villalpando mine, the Company is committed to advancing the electrification of the mine. During Q2 of 2023, the electrification project of the existing underground mine was completed, enabling the Company to use electricity from the power grid at the Southern stopes of the mine, currently providing 65% of the production from CMC. This achievement is paramount in the Company’s mission to transition away from diesel generators, a significant source of air pollution and potential health hazards for its workforce.

This strategic shift has not only improved the Company’s environmental sustainability and safety standards but has also yielded tangible financial benefits. Specifically, the elimination of five portable diesel generators in the third quarter has resulted in a substantial reduction in costs, saving up to $80,000 per month. As the Company extends its reach to the lower mine levels, electrification efforts will persist, reinforcing the Company’s dedication to sustainable practices and fostering a safer working environment for all personnel.

In the preceding quarter, the Company successfully initiated the operation of the central maintenance shop, marking a significant milestone in its commitment to enhance operational efficiency. In Q3, the shop overhauled of two key pieces of equipment: a low-profile load truck with a 7-tonne capacity and a load truck with a 9-tonne capacity. These equipment upgrades are set to be fully operational by the end of November, contributing to a substantial reduction in haulage costs. The establishment of this central maintenance shop and the ongoing equipment refurbishments have resulted in notable cost savings.

Simultaneously, the Company’s mine development activities have progressed with a focus on preparing new stopes in the Santa Cecilia mine, providing access to various veins. In the previous quarter, four stopes were developed, and during the third quarter the Company prepared an additional 11 stopes, with overarching goal to achieve a total of 20 stopes in full production. To facilitate this objective, a contractor has been incorporated into the Company’s operations, reinforcing its capacity for efficient stope development.

Concurrently, The Company is steadfast in its commitment to reduce and control grade dilution. To address this challenge, the Company has implemented various strategic actions, including enhanced geological and mucking control. Furthermore, adjustments have been made to the mining system for narrow veins, ensuring a more precise and controlled extraction process. These measures underscore the Company’s dedication to optimizing ore quality and bolstering the overall economic viability of its mining operations.

VALENCIANA MINES COMPLEX

VMC has been operating for nearly five centuries along the highly productive Veta Madre (‘Mother Vein’), which spans 4.2km. The Cata processing plant is located at the midpoint of this strike length and has a nameplate capacity of 1000 tonnes per day (30,000 tonnes/month). Cata uses a traditional crushing, grinding and flotation system to produce a high-grade silver-gold concentrate. It is situated near the Company’s administrative offices, assay lab, and one of two primary access shafts.

The Company has focused on increasing production and reducing hauling costs at VMC through the rehabilitation of the Cata Shaft and its associated infrastructure. The Cata Shaft is an important asset located within the VMC and has a length of 410 meters. It is equipped with a double drum hoist system operated by a steel cable. The shaft also features two skips, each with a capacity of seven tons, and has a hoisting capacity of up to 100 tons per hour. The recent rehabilitation works at the Cata Shaft will enable the Company to access high-quality mineralized material and improve overall operational efficiency. The investment made in the rehabilitation of the Cata Shaft demonstrates the Company's commitment to achieving its production goals and reducing operational costs.

The Cata shaft is currently hoisting between 100 to 300 tonnes per day (“tpd"), which provides a meaningful positive impact to the costs of production with a significant reduction of haulage and truck haulage. This has also had a direct positive impact on the relationship with the surrounding communities due to the reduction of the use of trucks and the corresponding noise and road use. The Company continued with the refurbishment work in the third quarter with the construction of the emergency access, the installation of a discharge bin as well as a grizzly at the 345 level.

TOPIA MINES COMPLEX

The Company has set its sights on modernizing and expanding the Topia plant's capacity in 2023 and 2024, upgrading from a nameplate capacity of 250 tonnes per day to 400 tonnes per day. The upgrade will take place in phases over the next 12 to 24 months, with the first phase involving the modernization of the lead and zinc concentrates filter press circuit, which will improve the recovery and humidity levels of the concentrates. By upgrading the 50-year-old plant with new equipment, the daily processing capacity will increase by 12% to 15%, reaching 270 tonnes per day. Future phases include upgrading existing flotation cells, potentially adding two new ones, constructing a new reagent area, and refurbishing the crushing and grinding capacity, which is already built to handle 400 tonnes per day.

The first phase, which involves the installation of the filter press for lead and zinc concentrates and the construction of the new reagents area, will be completed by the end of the year. Additionally, the Company has completed construction to increase the permitted height and footprint of the tailings dam at Topia which will increase the capacity from the current two years to up to four years with the current footprint.

The mineralized systems at Topia are extraordinarily high grade but have significantly higher extraction costs than the Company's other operations due to the very narrow nature of the vein structures. With the goal of improving profitability at Topia, the Company made the decision to exclusively use local mine contactors for the extraction of mineralized material. With this new business model, the Company will curtail most of its mining activities and focus almost entirely on acquiring and processing mineralized material from these contractors. Additionally, the Company has implemented additional cost-saving measures, including reducing staff at Topia by 10%.

MASTRANTOS IV

The Company performed various tests on the tailings material from Mastrantos IV to determine if extraction of gold and silver is commercially economic. These tests included a bulk sample and numerous metallurgical trials completed in conjunction with the University of Guanajuato's School of Mines and an industrial metallurgical test at a nearby facility, which demonstrated economic viability. As a result, the Company installed eight shaking tables in December 2022 to create a gravity extraction circuit to extract gold and silver from the Mastrantos IV tailings. The Company performed additional testing on a commercial scale with the shaking tables and also performed an industrial floatation test in the floatation circuit installed at CMC on Mastrantos IV material. Due to the low metallurgical recoveries from both tests and the rising costs of processing due to inflation, despite the lower cost of mining and processing of the Mastrantos IV material, the Company has suspended its efforts on these tailings and will write off all costs associated with the project at the beginning of the 4th quarter.

EXPLORATION

SAN IGNACIO MINE

There was no exploration drilling during the third quarter at San Ignacio. However, the primary focus of the drilling at San Ignacio during Q1 and Q3 was to target the Melladito vein system and extend mineralization in the southern and northern areas of the mine. The latter half of the drill program focused on the extension of mineralization from the Melladito, Nombre de Dios and Intermedia vein systems. The drilling confirmed the continuity of the mineralization at depth within the Melladito vein and confirmed the mineralization extension at depth of these vein systems.

Development on the Melladito vein with FTE 630 N is progressing to reach the projection about 25 m above hole UGSI006 with a grade of 1,219 gr of AgEq over a width of 4.92 m. Currently, the total of this development is 30 m with a vein width of 1.0 m and an average of 279 gr AgEq.

VALENCIANA MINE COMPLEX

During the quarter, 534 meters of core drilling were completed in two holes to explore the south extension of the El Borrego vein. These holes were UGBO23-002 and UGBO23-003 and cut the vein at an elevation of 2000 meters above sea level and 1700 meters above sea level respectively. The results of the assays were negative; however, surface geological mapping and underground drilling have defined that the vein has an extension of 1.2 km of length. The drilling program was suspended to make geological interpretations and other special studies to continue the exploration next year.

Other geological activities were the evaluation of the areas between the Veta Madre vein and the Santa Margarita vein at levels 435 and 390. The plan is to drill these areas to identify new veins between these two major veins and explore their lateral extension. Drifting and sampling are currently being taken in these areas to define some mineral body.

TOPIA

Drilling carried out during the third quarter was 662.80 meters in Argentina, Rosario, Santa Cruz, and San Gregorio veins. The Argentina and Santa Cruz veins correspond to the El Condor Project. The type of drilling executed was infill drilling to delineate the plunge of the mineralization. The following table is a summary of the most relevant assays from these veins:

HOLE ID	VEIN	From (m)	To (m)	Width (m)	True Width (m)	Au (g/t)	Ag (g/t)	Pb (g/t)	Zn (g/t)	AgEq (g/t)
UT23-472	**Argentina**	**87.90**	**88.45**	**0.45**	**0.40**	**0.05**	**23.00**	**0.18**	**0.20**	**39**
UT23-473	**Rosario**	**55.58**	**56.48**	**0.90**	**0.80**	**0.05**	**51.00**	**0.18**	**0.50**	**77**
UT23-474	**Santa Cruz**	**56.80**	**57.00**	**0.20**	**0.18**	**0.06**	**490.00**	**0.70**	**0.20**	**521**
UT23-475	**Argentina**	**Did not reach vein**								
UT23-476	**San Gregorio**	**69.35**	**69.55**	**0.20**	**0.15**	**0.16**	**1180.00**	**5.04**	**23.88**	**2150**
	including	77.50	79.80	2.30	1.91	0.20	161.90	0.33	10.61	551
	including	82.30	82.60	0.30	0.25	0.33	124.00	0.41	7.19	409
UT23-477	**Santa Cruz**	**72.30**	**73.90**	**1.60**	**1.60**	**0.05**	**31.00**	**0.29**	**0.02**	**44**
ST23-303	**San Gregorio**	**49.39**	**49.51**	**0.12**	**0.12**	**0.14**	**299.00**	**0.25**	**0.26**	**326**
	including	59.44	60.04	0.60	0.60	0.08	23.00	0.18	2.17	109
	including	60.87	61.22	0.35	0.35	0.27	40.00	0.18	3.14	174
ST23-304	**San Gregorio**	**38.70**	**39.30**	**0.60**	**0.60**	**0.29**	**85.00**	**0.18**	**1.24**	**156**
	including	40.40	41.20	0.80	0.80	0.10	51.56	0.18	2.45	148
	including	51.40	51.60	0.20	0.20	0.23	269.00	1.55	0.52	348
UT23-478	**Argentina**	**Did not reach vein**								
UT23-479	**Argentina**	**Did not reach vein**								

All silver equivalent (AgEq) values are calculated based on a long-term gold to silver price ratio of 80:1.

EL CUBO MINES COMPLEX

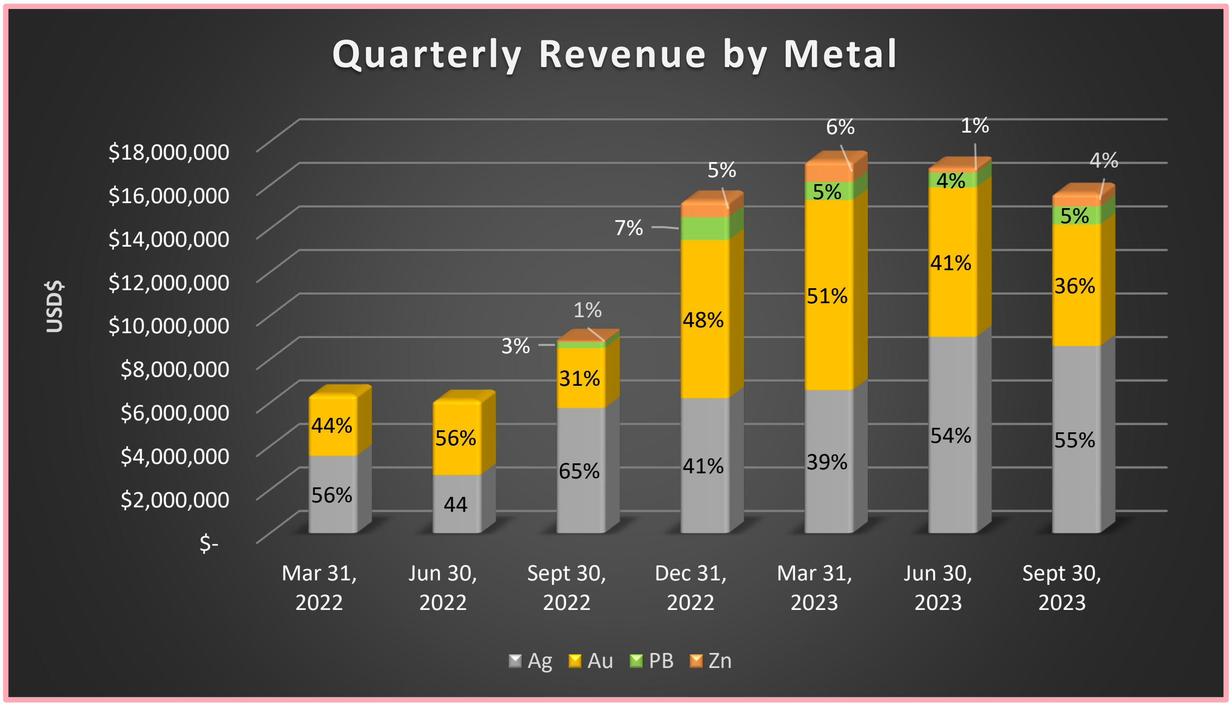
Drilling at El Cubo continues to be suspended as the Company continues to implement it's strategic, focused exploration program. New areas at El Cubo are being evaluated for production potential in addition to older developed areas that were abandoned by previous operators but may still have meaningful ore at current cut-off grades.

FINANCIAL PERFORMANCE

The Financial Results for the three and nine months periods were as follows:

	Three months ended			Nine Months ended		
CONSOLIDATED	**September 30 2023**	**September 30 2022**	**% Change**	**September 30 2023**	**September 30 2022**	**% Change**
Financial Results	**$**	**$**		**$**	**$**	
Revenue	15,643,649	8,871,863		49,585,115	21,392,490	
Gold	5,589,987	2,753,745	103%	19,055,861	9,765,226	95%
Silver	8,617,110	5,768,508	49%	26,389,662	11,277,653	134%
Lead	833,324	271,268	207%	2,343,246	271,268	764%
Zinc	603,226	78,343	670%	1,796,345	78,343	2,193%
Cost of Sales	(19,968,655)	(12,213,605)		(59,451,052)	(28,127,651)	
Production Costs	(16,138,682)	(9,670,274)	68%	(48,278,545)	(20,957,169)	130%
Transportation and selling cost	(719,251)	(178,676)	197%	(2,422,519)	(414,164)	485%
Inventory changes	(361,927)	626,923	(158%)	121,228	(350,765)	(135%)
Mine operating cashflow before Taxes [5]	**(1,576,212)**	**(350,165)**		**(994,721)**	**(329,608)**	
Depreciation and depletion	(2,748,795)	(2,991,578)	(8%)	(8,871,216)	(6,405,553)	38%
Mine operating loss	**(4,325,006)**	**(3,341,742)**	**29%**	**(9,865,937)**	**(6,735,161)**	**46%**
General and Administration	(2,093,963)	(2,524,386)	(17%)	(7,328,258)	(5,086,006)	44%
SBC Compensation	(226,335)	(601,100)	(62%)	(1,127,644)	(1,242,907)	(9%)
Exploration	(317,542)	(679,026)	(53%)	(1,521,093)	(2,271,250)	(33%)
Care and maintenance	-	(560,529)	(100%)	-	(560,529)	(100%)
Foreign exchange gain (loss)	632,332	(21,599)	(3,028%)	(1,712,958)	(320,750)	434%
Other operating income (expenses)	171,976	(187,567)	(192%)	77,220	(181,047)	(143%)
Interest and finance (costs) income, net	(1,167,308)	(1,045,309)	12%	(3,504,142)	(2,334,464)	50%
Gain on derivatives	455,394	754,358	(40%)	829,133	1,731,820	(52%)
Other finance (expense) income, net	(191,706)	(80,150)	139%	(165,094)	252,701	(165%)
Current income tax (expense) recovery	-	(118,287)	(100%)	-	(118,287)	(100%)
Net loss	**(7,062,158)**	**(8,405,337)**	**(10%)**	**(24,318,773)**	**(16,865,880)**	**44%**
Loss per share - basic and diluted	**(0.03)**	**(0.03)**	(33%)	**(0.07)**	**(0.07)**	5%
EBITDA [1] [5]	$(3,029,670)	$(4,192,955)	(18%)	$(11,673,138)	$(7,827,068)	49%
Adjusted EBITDA [2] [5]	$(3,612,172)	$(2,684,927)	(6%)	$(9,783,963)	$(7,203,755)	52%
Cash cost Ag/Eq per ounce [3] [5]	$20.79	$13.86	50%	$18.39	$16.03	15%
AISC cost per Ag/Eq ounce [4] [5]	$26.22	$19.53	34%	$23.35	$22.03	6%
Realized silver price per ounce [6]	$23.60	$19.06	24%	$23.46	$21.07	11%
Realized gold price per ounce [6]	$1,929.31	$1,724.81	12%	$1,935.76	$1,809.21	7%
Realized lead price per pound [6]	$0.99	$0.86	15%	$0.97	$0.86	13%
Realized zinc price per pound [6]	$1.10	$1.44	(23%)	$1.25	$1.64	(24%)

1. See Reconciliation of Earnings before interest, taxes, depreciation, and amortization on page 28.
2. See reconciliation of Adjusted EBITDA on page 28.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 29.
4. AISC per Ag/Eq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 29.
5. Mine Operating Cashflow Before Taxes, Cash cost per silver equivalent, AISC per Ag/Eq ounce, EBITDA and Adjusted EBITDA are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 27.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.
7. Mine operating cash flow before taxes is calculated by adding back depreciation, depletion, and inventory write-downs to mine operating loss. See Reconciliation to IFRS on page 27.



Three months ended September 30, 2023 (compared to the three months ended September 30, 2022)

Revenue

During the three months ended September 30, 2023, the Company generated revenues of $15,643,649 net of metal deductions, treatment, and refining costs ($2,464,996) this represents a 160% increase compared to same period in the prior year mainly due to sales of 423,855 ounces of silver and 3,773 ounces of gold which is a 36% and 26% increase respectively, due to the addition of the Valenciana Mines Complex and the Topia Mine. Additionally, the Company sold 884,204 pounds of lead at a realized price of $0.99 and 827,101 pounds of zinc at a realized price of $1.10 from the Topia Mine. During the quarter realized silver and gold price per ounce sold averaged $23.60 and $1,929.31, a 24% and 12% increase, respectively, compared to $19.06 and 1,724.81 per ounce in Q3 2022. There was a negative impact of $900,148 on provisional pricing and settlement adjustments during the quarter.

Cost of sales

Cost of sales is comprised of production cost, including mining, processing, maintenance and site general administration net of inventory changes, transportation and selling cost and depreciation and depletion. The increase of 63% in cost of sales for the three months ended September 30, 2023, compared to Q3 2022 is mainly due to the increased production from the addition of the San Ignacio, Valenciana and Topia operations which caused an 67% increase in production cost. Additionally, there was an 8% decrease in depreciation and depletion, an additional $527,677 of transportation costs, and other selling cost including a new environmental duty and special mining royalty introduced by the Mexican government.

General and administration

General and administration expenses decreased by 17% or $430,423 during the three months ended September 30, 2023, compared to Q3 2022. This decrease is due to $500,060 increase in salaries and management fees due to the addition of new employees and Senior Management throughout 2023 in Vancouver and Guanajuato offset by a decrease of $914,281 mainly due to payments incurred in 2022 relating to the acquisition of MMR.

Exploration

General exploration costs decreased 53% to $317,542 in the three months ended September 30, 2023, compared to $679,026 in the same period in 2022, as the Company focused its exploration program only in Topia with 663 meters drilled, compared to 3,066 meters drilled in El Cubo and 459 meters in Topia in the 3 months ended September 30, 2022.

Share-based compensation

Share-based compensation decreased by $374,766 or 62% for the three months ended September 30, 2023, compared to the same period in 2022 due to the granting of 6,075,000 stock options in Q3 2022, of which 1/3 vested immediately.

Interest and finance costs

Interest and finance costs increased by $121,999 or 12% for the three months ended September 30, 2023, compared to the three months ended September 30, 2022, due to the different types of loans outstanding. Interest decreased by $242,382 or 31% because, as of September 30 2023, the Company holds the Tertiary OCIM loan of $3,837,002 and an implied interest rate of 23%, and 2 Ocean Partners loans of $8,416,328 and implied interest rate of 13%. In September 2022, the Company held the Initial and Secondary OCIM loans of $10,241,807 and an implied interest rate of 21%. (*See Liquidity and Capital Resources).*

Gain on derivatives

Under the OCIM Loans, the requirement to deliver gold and silver ounces is considered a derivative which is required to be revalued at the end of each reporting period. Additionally, as the Company repays the OCIM loans, the derivative portion of the loan will result in a gain or loss on settlement.

For the three months ended September 30, 2023, the Company recognized a gain of $111,998 on the revaluation of the derivative on the outstanding OCIM loans. For the three months ended September 30, 2022, the Company recognized a gain $754,358 on the revaluation of the derivative due to a change in silver and gold futures prices in the period.

For the three months ended September 30, 2023, the Company also recognized a gain $343,396 on gold call options of which $314,585 was collected in cash. (*See Liquidity and Capital Resources*).

Other finance items, net

During the three months ended September 30, 2023, the Company had an unrealized loss of $106,701 on the changes of fair value on forward silver and gold pricing sales. Combined with a loss on the fair value measurement on the contingent payments of $85,006.

During the three months ended September 30, 2022, the Company had an unrealized loss of $80,150 on the changes of fair value on forward silver and gold pricing sales.

Nine months ended September 30, 2023 (compared to the nine months ended September 30, 2022)

Revenues

Revenues of $49,585,115 net of metal deductions, treatment, and refining costs ($8,324,242) increased by 132% compared to $21,392,490 net of metal deductions, treatment, and refining costs ($2,525,515) for the nine months ended September 30, 2023, mainly due to sales of 1,361,726 ounces of silver and 12,786 ounces of gold which is a 125% and 78%, increase respectively, compared to the same period in 2022, mainly due to the addition of the Valenciana Mines Complex and the Topia Mine. Additionally, the Company sold 2,670,212 pounds of lead at a realized price of $0.97 and 2,940,818 pounds of zinc at a realized price of $1.25 from the Topia Mine. During the quarter, realized silver and gold price per ounce sold averaged $23.46 and $1,935.76 an 11% and 7% increase, respectively, compared to $21.07 and $1,809.21 per ounce in the same period of 2022. There was a negative impact of $4,910,086 on provisional pricing and settlement adjustments during the nine months ended September 30, 2023.

Cost of sales

The increase of 111% in cost of sales for the nine months ended September 30, 2023, compared to the same period of 2022, is mainly due to a 130% increase in production cost attributed to 229,000 additional tonnes milled in Valenciana and Topia, a full quarter of production. In 2022, there was only 2 months of production from Topia and Valenciana. Additionally, the number of tonnes mined and milled in El Cubo decreased by 39,000 tonnes which offset some of the increased production costs from Topia and Valenciana.

Depreciation and depletion increased by 38% for the nine months ended September 30, 2023, compared to the same period in the previous year, due to an increase of $3,746,205 for the San Ignacio, Valenciana and Topia mines being in production in 2023 offset by a lower depletion rate at El Cubo as a result of the Company updating its resource estimate in a revised Preliminary Economic Assessment report which resulted in a $1,280,541 decrease depreciation at El Cubo.

Transportation and selling costs increased 464% for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022, due to an increase of $1,884,336 from shipments from the MMR properties.

General and administration

General and administration expenses increased by 44% or $2,242,252 during the nine months ended September 30, 2023, compared to the nine months ended September 30,2022. This increase is mainly due to $557,777 increase in salaries and management fees due to the addition of Senior Management in Vancouver and Guanajuato, $742,268 due to increase in insurance and purchase of software and IT equipment allocated in corporate administration, and $942,207 on professional fees due to the Company's increased operations with the acquisition of MMR.

Exploration

General exploration costs decreased 33% to $1,521,093 in the nine months ended September 30, 2023, compared to $2,271,250 in the same period in 2022, as the Company focuses its exploration program on the Valenciana Mines Complex with 3,889 meters drilled and a further 2,159 meters in Topia. A further 649 meters were drilled in El Cubo, compared to 13,116 meters drilled in El Cubo in the nine months ended September 30, 2022.

Share-based compensation

Share-based compensation decreased by $115,263 or 9% for the nine months ended September 30, 2023, compared to the same period in 2022 due to 347,500 restricted share units and 3,490,000 stock options being granted in 2023. The restricted share units will vest evenly over 12 months, and one third of the 3,490,000 stock option vested and expensed immediately. In the first nine months of 2022, 7,175,000 stock options were granted, of which about one third vested immediately.

Interest and finance costs

Interest and finance costs increased by $1,169,678 or 50% for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022, due to the different types of loans on outstanding. Accretion expenses increased by $1,185,016 in the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022. Due to the addition of Valenciana Mine Complex and Topia Mine, accretion expenses increased by $1,053,000 in relation to ARO in the nine months ended September 30, 2023. Additionally, there is an increase of $93,000 in GSilver loan accretion due to restructuring of its loans and increase of $39,000 of accretion expense of leased assets out of OMPSA.

This accretion expense was offset by a decrease of interest expenses of $74,841. In September 2023, the Company holds the Tertiary OCIM loan of $3,837,002 and implied interest rate of 23%, and 2 Ocean Partners loans totalling $8,416,328 and implied interest rate of 13%. In September 2022, the Company held the Initial and Second OCIM loans of $10,241,807 and implied interest rate of 21%.

Gain on derivatives

Under the OCIM Loans, the requirement to deliver gold and silver ounces is considered a derivative which is required to be revalued at the end of each reporting period. In the nine months ended September 30, the Company recognized a gain of $485,230 (nine months ended September 30, 2022, gain of $1,731,820) on the revaluation of the derivative on restructure of the gold and silver pre-payment facility with OCIM (Secondary Loan) with a new $5,000,000 pre-payment agreement with OCIM (the "Tertiary Loan") (See *Liquidity and Capital Resources*).

The Company sold call options on future prices of gold and silver. The call options are recognized as a derivative liability and revalued at the end of each reporting period, with gains and losses recorded each period and at settlement. During the nine months ended September 2023, the Company recognized a gain on derivatives attributed to call options for gold and silver of $344,585.

Other finance items, net

During the nine months ended September 30, 2023, the Company had an unrealized gain of $279,641 on the changes of fair value on forward silver and gold sales contracts. In addition, the Company recognized a gain on the fair value measurement on the contingent payments of $16,887 offset against a loss of $461,622 on settlement debt in refinancing the OCIM loans.

During the nine months ended September 30, 2022, the Company recognized a gain of $195,910 on the extinguishment of the initial OCIM loan and an unrealized gain of $58,193 on the changes of fair value on forward silver and gold sales contracts.

LIQUIDITY AND CAPITAL RESOURCES

The Company's ability to generate enough cash, both in the short term and the long term, to maintain existing capacity and to fund ongoing development and exploration, is dependent upon the ability of the Company to generate positive cash flows from operations and/or obtain the financing necessary to generate and sustain profitable operations. Refer to going concern section above.

The Company will evaluate, from time to time, sales of its common shares to improve the Company's liquidity and working capital position. To the extent that cash generated by operations during 2023 is less than anticipated or in the event the Company determines it will undertake other projects that are currently not part of its plans, or if the Company undertakes another acquisition, additional capital may be required. While the Company has recently completed a $5,973,600 (CAD$8,010,000) private placement (discussed below), based on its existing cash and cash equivalents as of September 30, 2023 of $3,632,902, negative working capital of $19,558,888, and estimated future cash flows, it does not have sufficient capital to continue operations for the next twelve months. As a result, it will need to raise additional capital and sources of capital include accessing the private and public capital markets for debt and equity over the next twelve months. Adverse movement in metal prices and unforeseen impacts to the Company's operation may increase the need to raise new external sources of capital, and the inability to access sources of capital could adversely impact the Company's liquidity and require the Company to curtail capital and exploration program and other discretionary expenditures.

	Three months ended			Nine Months ended		
	September 30 2023	September 30 2022	% Change	September 30 2023	September 30 2022	% Change
Cash Flow	$	$		$	$	
Cash provided by (used in) operating activities	(1,809,034)	(4,647,393)	(61%)	(3,501,296)	(10,271,800)	(66%)
Cash used in investing activities	(1,950,583)	(8,864,924)	(78%)	(5,048,234)	(10,374,862)	(51%)
Cash provided by (used in) financing activities	4,622,359	15,843,878	(71%)	3,369,940	19,000,087	(82%)
Effect of exchange rate changes on cash	(65,392)	(475,932)	(86%)	(20,444)	(222,444)	(91%)
Change in cash	797,350	1,855,629	(57%)	(5,200,034)	(1,869,018)	178%
Cash, beginning of year	2,835,552	4,509,396	(37%)	8,832,936	8,234,043	7%
Cash, end of year	3,632,902	6,365,025	(43%)	3,632,902	6,365,025	(43%)

As of September 30, 2023, the Company had cash and cash equivalents of $3,632,902 and negative working capital of $19,558,888 compared with cash of $8,832,936 and negative working capital of $5,972,704 at December 31, 2022.

Operating activities

Cash used in operating activities was $1,809,034 during the three months ended September 30, 2023 (September 30, 2022 – used in of $4,647,393). The significant non-cash adjustments to the net loss of $7,062,158 in the three months ended September 30, 2023 (September 30, 2022 - $ 8,405,337) were depreciation and depletion of $2,865,179 (three months ended September 30, 2022 – $3,048,787), accretion of $638,363 (three months ended September 30, 2022 - $348,783), share-based compensation of $226,334 (September 30, 2022 – $601,100), gain on derivatives and financial assets carried at fair value of $263,687 (September 30, 2022 – $1,271,182), unrealized foreign exchange gain of $771,730 (September 30, 2022 – a loss of $186,454) and a cash inflow related to a decrease in non-cash working capital of $2,029,481 (September 30, 2022 – increase of $147,120). The net change in non-cash working capital was primarily due to an increase in amounts receivable, prepaid expenses and accounts payable and accrued liabilities offset by a decrease in purchase of gold and silver bullion, and inventory.

In the nine months ended September 30, 2023, cash used in operating activities was $3,501,296 (nine months ended September 30, 2022 –$10,271,800). The significant non-cash adjustments to the net loss of $24,318,773 in the nine months ended September 30, 2023 (nine months ended September 30, 2022 - $16,865,880) were depreciation and depletion of $9,141,493 (nine months ended September 30, 2022 – $6,586,061), accretion of $1,796,962 (nine months ended September 30, 2022 - $642,578), share-based compensation of $1,127,644 (nine months ended September 30, 2022 – $1,242,907), gain on derivatives and financial assets carried at fair value of $1,125,661 (nine months ended September 30, 2022 – $2,248,644), unrealized foreign exchange loss of $1,744,342 (nine months ended September 30, 2022 – $284,520) and a cash inflow related to an decrease in non-cash working capital of $6,025,523 (nine months ended September 30, 2022 – decrease of $1,431,871). The net change in non-cash working capital was primarily due to an increase in amounts receivable, prepaid expenses and accounts payable and accrued liabilities offset by a decrease in purchase of gold and silver bullion, and inventory.

Investing activities

Investing activities used cash of $1,950,583 in the three months ended September 30, 2023, compared with the use of cash of $8,864,924 in the same period in 2022. The use of cash during the quarter was $791,148 on plant and equipment, $571,000 on construction in progress related to emergency rescue pods and rehabilitation of the tailings dam and $730,865 of mine development mainly for the continued ramp up of Topia, Valenciana and San Ignacio mines.

In the nine months ended September 30, 2023, investing activities used cash of $5,048,234, compared with the use of cash of $10,374,862 in the same period in 2022. The use of cash during the period was $355,863 on plant and equipment, $573,879 on construction in progress related to emergency rescue pods and rehabilitation of the tailings dam and $2,631,339 of mine development mainly for the continued ramp up of Topia, Valenciana and San Ignacio mines. Additionally, the Company purchased hedging instruments for $268,141 and the purchase of 3 of the 4 underlying royalties on El Pinguico from the original vendor of the property, Exploraciones Mineras Del Bajio S.A. de C.V. for $70,000. The use of cash during the nine months ending September 30, 2022, was for mine development, the acquisition of machinery and other equipment by $1,933,258, payment to acquire royalties by $206,124 and $8,235,480 for the acquisition of MMR.

Financing activities

Cash generated by financing activities for the three months ended September 30, 2023 was $4,622,359 mainly from proceeds from the issuance of 22,250,000 common shares for $5,973,600, and from the exercises of warrants and options of $37,722, offset by loan and lease payments of $887,295.

In the nine months ended September 30, 2023, cash generated by financing activities was $3,369,940 mainly from proceeds from issuance of 26,330,486 shares for $7,250,661, and from the exercises of warrants and options of $1,469,463, offset by loan and lease payments of $4,874,170.

OCIM

The Company had an existing loan facility with OCIM Precious Metals SA ("OCIM") for $7,500,000 (the "Initial Loan") and on May 4, 2022, the Company entered into a new silver and gold pre-payment facility amount of $7,500,000 with OCIM ("Secondary Loan") secured against GSilver's CMC assets. The Secondary Loan was for a term of 18-months and repayable over a period of 12 months, following a six-month grace period, by the Company delivering 20,240 ounces of silver and 163 ounces of gold on a monthly basis (an aggregate of

242,877 ounces of silver and 1,958 ounces of gold), calculated at a fixed discount to the prevailing London Bullion Market Association (LBMA) spot metals' prices on May 4, 2022.

On November 17, 2022, the Company made an early repayment on the Initial Loan and the Secondary Loan of 683.14 ounces of gold and 76,278 ounces of silver, resulting in a discount of 2,354 ounces of silver. The final payment on the Initial Loan of 19,076 ounces of silver and 178.4 ounces of gold was made on January 26, 2023, extinguishing the Initial Loan.

On March 29, 2023, the Company completed the Tertiary Loan of $5,000,000 with OCIM. The Tertiary Loan has a term of 19-months and is repayable over 16 months, following a 3-month grace period, by delivering 9,832 ounces of silver and 77 ounces of gold on a monthly basis (an aggregate of 157,232 ounces of silver and 1,241 ounces of gold), calculated at a fixed discount to the prevailing London Bullion Market Association (LBMA) spot metals' prices on March 29, 2023. The full proceeds of the pre-payment facility plus an additional payment of $510,143 were used to extinguish the outstanding balance on the Secondary Loan. On September 27, 2023, delivery terms were amended to delivery of 7,000 ounces of silver and 50 ounces of gold monthly until February 2024 and delivery of 12,606 ounces of silver and 104 ounces of gold monthly from March 2024 to September 2024.

Non-brokered Private Placement

On January 11, 2023, the Company completed the second and final tranche of a non-brokered Listed Issuer Financing Exemption private placement and issued 4,080,486 units at $0.313 (CAD$0.425) per unit for gross proceeds of $1,277,061. Each unit consisted of one common share and one-half common share purchase warrant. The proceeds from the private placement were allocated to the shares ($1,087,722) and warrants ($189,339) based on their relative fair values. In connection with the private placement, the Company incurred issuance costs of $12,069 paid in cash and issued 36,000 finder's warrants with an exercise price of CAD$0.60 exercisable for two years and a fair value of $3,683 as finders fees.

Bought-deal Private Placement

On August 10, 2023, the Company completed a bought-deal private placement and issued 22,250,000 Units at $0.270 (CAD$0.36) per unit for gross proceeds of $5,973,600 (CAD$8,010,000). Each Unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at CAD$0.55 per share and expire on February 10, 2025. The Company paid the underwriters a cash commission of 6% of the gross proceeds and issued 1,335,000 Broker's warrants representing 6% of the number of Units sold. Each Broker's warrant entitles the holder to purchase one common share of the Company at CAD$0.55 per share and expire on February 10, 2025.

NON-IFRS FINANCIAL MEASURES

The Company has disclosed certain non-IFRS financial measures and ratios in this MD&A, as discussed below. These non-IFRS financial measures and non-IFRS ratios are widely reported in the mining industry as benchmarks for performance and are used by Management to monitor and evaluate the Company's operating performance and ability to generate cash. The Company believes that, in addition to financial measures and ratios prepared in accordance with IFRS, certain investors use these non-IFRS financial measures and ratios to evaluate the Company's performance. However, the measures do not have a standardized meaning under IFRS and may not be comparable to similar financial measures disclosed by other companies. Accordingly, non-IFRS financial measures and non-IFRS ratios should not be considered in isolation or as a substitute for measures and ratios of the Company's performance prepared in accordance with IFRS.

Non-IFRS financial measures are defined in National Instrument 52-112 – Non-GAAP and Other Financial Measures Disclosure ("NI 52-122") as a financial measure disclosed that (a) depicts the historical or expected future financial performance, financial position or cash flow of an entity, (b) with respect to its composition, excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in the primary financial statements of the entity, (c) is not disclosed in the financial statements of the entity, and (d) is not a ration, fraction, percentage or similar representation.

A non-IFRS ratio is defined by 52-112 as a financial measure disclosed that (a) is in the form of a ratio, fraction, percentage, or similar representation, (b) has a non-IFRS financial measure as one or more of its components, and (c) is not disclosed in the financial statements.

WORKING CAPITAL

Working capital is a non-IFRS measure that is a common measure of liquidity but does not have any standardized meaning. The most directly comparable measure prepared in accordance with IFRS is current assets and net of current liabilities. Working capital is calculated by deducting current liabilities from current assets. Working capital should not be considered in isolation or as a substitute from measures prepared in accordance with IFRS. The measure is intended to assist readers in evaluating the Company's liquidity.

As at	September 30 2023	December 31 2022
	$	$
Current assets	20,916,040	27,182,590
Current liabilities	40,474,928	33,155,294
Working capital	(19,558,888)	(5,972,704)

MINE OPERATING CASH FLOW BEFORE TAXES

Mine operating cash flow before taxes is a non-IFRS measure that does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Mine operating cash flow is calculated as revenue minus production costs, transportation and selling costs and inventory changes. Mine operating cash flow is used by management to assess the performance of the mine operations, excluding corporate and exploration activities, and is provided to investors as a measure of the Company's operating performance.

	Three months ended					
	30-Sep 2023	30-Jun 2023	31-Mar 2023	31-Dec 2022	30-Sep 2022	30-Jun 2022
	$	$	$	$	$	$
Revenues	15,643,649	16,823,042	17,118,424	15,487,714	8,871,863	6,133,989
Production cost	(16,138,682)	(16,415,956)	(15,723,907)	(12,911,041)	(9,670,274)	(5,767,560)
Transportation and other support cost	(719,251)	(878,096)	(825,173)	(596,916)	(178,676)	(69,022)
Inventory changes	(361,927)	865,285	(382,130)	387,765	626,923	(289,484)
Mine operating cash flows before taxes	**(1,576,212)**	**394,276**	**187,214**	**2,367,522**	**(350,164)**	**7,923**

	Cumulative as at the end of each period					
	30-Sep 2023	30-Jun 2023	31-Mar 2023	31-Dec 2022	30-Sep 2022	30-Jun 2022
	$	$	$	$	$	$
Revenues	49,585,115	33,941,466	17,118,424	36,880,204	21,392,490	12,520,627
Production cost	(48,278,545)	(32,139,863)	(15,723,907)	(33,868,210)	(20,957,169)	(11,350,715)
Transportation and other support cost	(2,422,519)	(1,703,268)	(825,173)	(1,011,081)	(414,165)	(171,667)
Inventory changes	121,228	483,155	(382,130)	37,001	(350,764)	(977,688)
Mine operating cash flows before taxes	**(994,721)**	**581,490**	**187,214**	**2,037,914**	**(329,608)**	**20,557**

Guanajuato Silver CO LTD

EBITDA

EBITDA is a non-IFRS financial measure, which excludes the following from net earnings:

- Income tax expense;
- Finance costs;
- Amortization and depletion.

Adjusted EBITDA excludes the following additional items from EBITDA:

- Share based compensation;
- Non-recurring impairments (reversals);
- Loss (gain) on derivative;
- Significant other non-routine finance items.

Adjusted EBITDA per share is calculated by dividing Adjusted EBITDA by the basic weighted average number of shares outstanding for the period.

Management believes EBITDA is a valuable indicator of the Company's ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations, and fund capital expenditures. Management uses EBITDA for this purpose. EBITDA is also frequently used by investors and analysts for valuation purposes whereby EBITDA is multiplied by a factor or "EBITDA multiple" based on an observed or inferred relationship between EBITDA and market values to determine the approximate total enterprise value of a Company. Management believes that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results because it is consistent with the indicators management uses internally to measure the Company's performance, and is an indicator of the performance of the Company's mining operations.

EBITDA is intended to provide additional information to investors and analysts. It does not have any standardized definition under IFRS and should not be considered in isolation or as a substitute for measures of operating performance prepared in accordance with IFRS. EBITDA excludes the impact of cash costs of financing activities and taxes, and the effects of changes in operating working capital balances, and therefore is not necessarily indicative of operating profit or cash flow from operations as determined by IFRS. Other companies may calculate EBITDA and Adjusted EBITDA differently.

	Three months ended					
	September 30 2023	**June 30 2023**	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**	**June 30, 2022**
	$	$	$	$	$	$
Net loss per financial statements	(7,062,158)	(8,557,538)	(8,699,078)	(9,905,707)	(8,405,337)	(3,521,391)
Depreciation and depletion – cost of sales	2,748,795	2,784,515	3,337,906	2,515,349	2,991,577	1,664,219
Depreciation and depletion – general and administration	116,383	70,544	56,782	59,208	57,210	70,542
Interest and finance costs (income), net	1,167,308	1,126,420	1,210,414	1,452,284	1,045,309	654,350
Current income tax	-	-	-	(118,287)	118,287	-
EBITDA	**(3,029,670)**	**(4,576,059)**	**(4,093,976)**	**(5,997,153)**	**(4,192,955)**	**(1,132,279)**
Share based compensation	226,334	650,135	251,175	268,164	601,100	231,594
(Gain) loss on derivatives	(455,394)	(239,601)	(134,138)	1,677,253	(754,358)	(1,220,275)
ARO unrealized foreign exchange (gain) loss	(596,485)	1,098,944	1,182,666	629,811	73,358	(105,211)
Other finance items, net	191,707	-	450,619	115,212	80,150	(123,634)
Transaction cost associated with the acquisition of MMR	-	-	-	145,387	1,216,992	-
Union payment associated with acquisition of "EL Cubo Mines Complex"	-	(477,232)	-	-	488,634	-
Gain on change of fair value on gold contingent payments to Endeavour	-	-	-	(1,624)	(516,824)	-
Loss on change of fair value on silver contingent payments to MMR	-	-	-	269,478	-	-
Allowance on receivable amount from Great Panther	-	-	-	1,300,000	-	-
Other expenses	(64,671)	-	(118,287)	-	-	-
VAT write-off	116,008	133,885	162,144	93,412	318,975	-
Adjusted EBITDA	**(3,612,172)**	**(3,409,928)**	**(2,299,797)**	**(1,500,059)**	**(2,684,927)**	**(2,349,805)**

	Cumulative as at the end of each period					
	September 30 2023	June 30 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
	$	$	$	$	$	$
Net loss per financial statements	(24,318,773)	(17,256,616)	(8,699,078)	(26,771,585)	(16,865,880)	(8,460,542)
Depreciation and depletion – cost of sales	8,871,216	6,122,421	3,337,906	8,920,902	6,405,553	3,413,976
Depreciation and depletion – general and administration	270,277	153,894	56,782	238,145	180,508	121,727
Interest and finance costs (income), net	3,504,142	2,336,834	1,210,414	3,786,748	2,334,464	1,289,155
Current income tax	-	-	-	-	118,287	-
EBITDA	**(11,673,138)**	**(8,643,467)**	**(4,093,976)**	**(13,825,789)**	**(7,827,068)**	**(3,635,684)**
Share based compensation	1,127,644	901,310	251,175	1,511,071	1,242,907	641,807
(Gain) loss on derivatives	(829,133)	(373,739)	(134,138)	(54,567)	(1,731,820)	(977,462)
Unrealized foreign exchange loss	1,685,125	2,281,610	1,182,666	805,937	176,125	102,767
Other finance items, net	165,094	-	450,619	(137,489)	(252,701)	(332,851)
Transaction cost associated with the acquisition of MMR	-	461,622	-	1,362,379	1,216,992	-
Union payment associated with acquisition of "EL Cubo Mines Complex"	(488,634)	(488,235)	-	488,634	488,634	-
Gain on change of fair value on gold contingent payments to Endeavour	-	-	-	(518,448)	(516,824)	-
Loss on change of fair value on silver contingent payments to MMR	-	-	-	269,478	-	-
Allowance on receivable amount from Great Panther	-	-	-	1,300,000	-	-
Other expenses	(182,958)	(118,287)	(118,287)			
VAT write-off	412,037	296,029	162,144	412,387	-	-
Adjusted EBITDA	**(9,783,963)**	**(5,683,156)**	**(2,299,797)**	**(8,386,408)**	**(7,203,755)**	**(4,138,726)**

Cash Cost per Ag/Eq Ounce, All-In Sustaining Cost per Ag/Eq Ounce and Production Cost per Tonne

Cash costs per silver equivalent oz and production costs per tonne are measures developed by precious metals companies in an effort to provide a comparable standard; however, there can be no assurance that the Company's reporting of these non-IFRS measures and ratios are similar to those reported by other mining companies. Cash costs per silver equivalent ounce and total production cost per tonne are non-IFRS performance measures used by the Company to manage and evaluate operating performance at its operating mining unit, in conjunction with the related IFRS amounts. They are widely reported in the silver mining industry as a benchmark for performance, but do not have a standardized meaning and are disclosed in addition to IFRS measures. Production costs include mining, milling, and direct overhead at the operation sites**.** Cash costs include all direct costs plus royalties and special mining duty. Total production costs include all cash costs plus amortization and depletion, changes in amortization and depletion in finished goods inventory and site share-based compensation. Cash costs per silver equivalent ounce is calculated by dividing cash costs and total production costs by the payable silver ounces produced. Production costs per tonne are calculated by dividing production costs by the number of processed tonnes. The following tables provide a detailed reconciliation of these measures to the Company's direct production costs, as reported in its consolidated financial statements.

All-in Sustaining Costs ("AISC") is a non-IFRS performance measure and was calculated based on guidance provided by the World Gold Council ("WGC"). WGC is not a regulatory industry organization and does not have the authority to develop accounting standards for disclosure requirements. Other mining companies may calculate AISC differently as a result of differences in underlying accounting principles and policies applied, as well as differences in definitions of sustaining capital expenditures. AISC is a more comprehensive measure than cash cost per ounce and is useful for investors and management to assess the Company's operating performance by providing greater visibility, comparability and representation of the total costs associated with producing silver from its current operations, in conjunction with related IFRS amounts. AISC helps investors to assess costs against peers in the industry and help management assess the performance of its mine.

AISC includes total production costs (IFRS measure) incurred at the Company's mining operation, which forms the basis of the Company's total cash costs. Additionally, the Company includes sustaining capital expenditures, corporate general and administrative expense, operating lease payments and reclamation cost accretion. The Company believes this measure represents the total sustainable costs of producing silver and gold concentrate from current operations and provides additional information of the Company's operational performance and ability to generate cash flows. As the measure seeks to reflect the full cost of silver and gold concentrate production from current operations, new projects capital at current operation is not included. Certain other cash expenditures, including share-based payments, tax payments, dividends and financing costs are also not included.

The following tables provide detailed reconciliations of these measures to cost of sales, as reported in notes to the Company's consolidated financial statements.

		Three months ended September 30, 2023				Three months ended September 30, 2022				
		El Cubo	VMC	Topia	Consolidated	El Cubo	VMC	Topia	Consolidated	% Change
Cost of sales (5)		**7,154,236**	**6,870,958**	**5,930,560**	**19,955,754**	**8,153,266**	**-**	**4,060,339**	**12,213,605**	**63%**
Transportation and selling cost (5)		(177,839)	(48,154)	(480,361)	(706,354)	(178,677)	-	-	(178,677)	295%
Inventory changes		(443,448)	(321,927)	403,448	(361,927)	556,391	-	70,532	626,923	(158%)
Depreciation		(1,099,989)	(1,296,630)	(352,175)	(2,748,795)	(2,121,772)	-	(869,803)	(2,991,577)	(8%)
Production cost	A	**5,432,960**	**5,204,246**	**5,501,473**	**16,138,678**	**6,409,208**	**-**	**3,261,067**	**9,670,274**	**67%**
Add (subtract):										
Government royalties and mining taxes		49,424	(11,659)	185,683	223,448	35,170	-	-	35,170	535%
Total cash cost	B	**5,482,384**	**5,192,587**	**5,687,156**	**16,362,126**	**6,444,378**	**-**	**3,261,067**	**9,705,444**	**69%**
General and administrative - corporate		-	-	-	2,093,962	-		-	2,524,386	(17%)
Operating lease payments		333,143	154,935	28,711	516,789	292,563	-	170,775	463,338	12%
Sustaining capital expenditures		479,006	424,444	760,125	1,663,576	738,319	-	244,896	983,215	69%
Total All-in sustaining cash cost	C	**6,294,533**	**5,771,967**	**6,475,993**	**20,636,454**	**7,475,260**	**-**	**3,676,738**	**13,676,383**	**51%**
Tonnes milled	D	62,742	53,129	16,613	132,484	95,380	-	11,629	107,009	24%
Silver equivalent ounces produced	E	192,664	290,216	304,206	787,086	492,432	-	207,832	700,264	12%
Production cost per tonne	A/D	**86.59**	**97.95**	**331.16**	**121.82**	**67.20**	**-**	**280.43**	**90.37**	**35%**
Cash cost per AgEq ounce produced	B/E	**28.46**	**17.89**	**18.70**	**20.79**	**13.09**	**-**	**15.69**	**13.86**	**50%**
All-in sustaining cash cost per AgEq ounce produced	C/E	**32.67**	**19.89**	**21.29**	**26.22**	**15.18**	**-**	**17.69**	**19.53**	**34%**
Mining cost per tonne		40.93	65.04	254.79	77.42	34.97	-	183.66	51.13	51%
Milling cost per tonne		26.29	15.99	47.73	24.85	19.35	-	43.84	22.01	13%
Indirect cost per tonne		19.37	16.94	28.64	19.55	12.87	-	52.93	17.23	13%
Production cost per tonne		**86.60**	**97.96**	**331.16**	**121.82**	**67.20**	**-**	**280.43**	**90.37**	**35%**
Mining		2,568,228	3,455,346	4,232,753	10,256,327	3,335,786	-	2,135,727	5,471,514	87%
Milling		1,649,796	849,428	792,900	3,292,125	1,845,505	-	509,772	2,355,276	40%
Indirect		1,214,936	899,472	475,819	2,590,227	1,227,917	-	615,568	1,843,484	41%
Production Cost		**5,432,960**	**5,204,246**	**5,501,472**	**16,138,679**	**6,409,208**	**-**	**3,261,067**	**9,670,274**	**67%**

1. Silver equivalents are calculated using an 81.33:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2023, and an 83.4:1 (Ag/Au) ratio for Q2 2022, respectively.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead.
3. AISC per oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital.
4. Production costs include mining, milling, and direct overhead at the operation sites.
5. Consolidated amount for the three months ended September 30, 2023, excludes $12,901 in relation to silver bullion transportation and selling cost from cost of sales.

		Nine months ended September 30, 2023				Nine months ended September 30, 2022				%
		El Cubo	VMC	Topia	Consolidated	El Cubo	VMC	Topia	Consolidated	Change
Cost of sales [5]		**22,695,055**	**17,499,108**	**19,171,767**	**59,365,930**	**24,067,312**	-	**4,060,339**	**28,127,651**	**111%**
Transportation and other selling cost [5]		(511,124)	(252,949)	(1,573,324)	(2,337,397)	(414,165)	-	-	(414,164)	464%
Inventory changes		(816,051)	444,236	493,042	121,228	(421,297)	-	70,532	(350,765)	(135%)
Depreciation		(4,125,446)	(3,047,729)	(1,698,040)	(8,871,216)	(5,535,748)		(869,803)	(6,405,553)	38%
Production cost	A	**17,242,434**	**14,642,666**	**16,393,446**	**48,278,546**	**17,696,102**	**-**	**3,261,067**	**20,957,169**	**130%**
Add (subtract):										
Government royalties and mining taxes		126,129	27,072	608,494	761,695	98,991	-	-	98,991	669%
Total cash cost	B	**17,368,563**	**14,669,738**	**17,001,940**	**49,040,241**	**17,795,093**	**-**	**3,261,067**	**21,056,160**	**133%**
General and administrative - consolidated		-	-	-	7,328,258	-		-	5,086,006	44%
Operating lease payments		749,510	347,823	103,576	1,200,910	292,563	-	170,775	463,338	159%
Sustaining capital expenditures		1,551,061	1,292,120	1,857,873	4,701,054	2,096,685	-	244,896	2,341,581	101%
Total All-in sustaining cash cost	C	**19,669,134**	**16,309,681**	**18,963,389**	**62,270,462**	**20,184,341**	**-**	**3,676,738**	**28,947,085**	**115%**
Tonnes milled	D	234,986	166,376	55,095	456,457	275,880	-	11,629	287,509	59%
Silver equivalent ounces produced	E	818,488	940,015	907,968	2,666,470	1,106,021	-	207,832	1,313,853	103%
Production cost per tonne	A/D	**73.38**	**88.01**	**297.55**	**105.77**	**64.14**	**-**	**280.43**	**72.89**	**45%**
Cash cost per AgEq ounce produced	B/E	**21.22**	**15.61**	**18.73**	**18.39**	**16.09**	**-**	**15.69**	**16.03**	**15%**
All-in sustaining cash cost per AgEq ounce produced	C/E	**24.03**	**17.35**	**20.89**	**23.35**	**18.25**	**-**	**17.69**	**22.03**	6%
Mining cost per tonne		32.88	54.82	221.08	63.59	31.86	-	183.66	38.00	67%
Milling cost per tonne		24.25	16.27	46.48	24.02	19.28	-	43.84	20.28	18%
Indirect cost per tonne		16.25	16.92	29.99	18.15	13.00	-	52.94	14.61	24%
Production cost per tonne		**73.38**	**88.01**	**297.55**	**105.77**	**64.14**	**-**	**280.44**	**72.89**	**45%**
Mining		7,725,847	9,121,457	12,180,320	29,027,623	8,790,775	-	2,135,727	10,926,502	166%
Milling		5,698,920	2,706,358	2,560,639	10,965,918	5,320,137	-	509,772	5,829,908	88%
Indirect		3,817,667	2,814,851	1,652,487	8,285,005	3,585,190	-	615,569	4,200,759	97%
Production Cost		**17,242,435**	**14,642,666**	**16,393,446**	**48,278,546**	**17,696,102**	**-**	**3,261,068**	**20,957,169**	130%

1. Silver equivalents are calculated using an 82.51:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) YTD 2023 and an 82:22:1 (Ag/Au) ratio for YTD 2022, respectively.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead.
3. AISC per oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital.
4. Production costs include mining, milling, and direct overhead at the operation sites.
5. Consolidated amount excludes $85,122 in relation to silver bullion transportation and selling cost from cost of sales.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the eight most recent quarters:

	2023			2022				2021
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	$	$	$	$	$	$	$	$
Total revenue	15,643,649	16,823,042	17,118,424	15,487,714	8,871,863	6,133,989	6,386,638	4,116,811
Production costs	16,138,682	16,415,956	15,723,907	12,911,041	9,670,274	5,767,560	5,550,293	4,911,576
Transportation and other selling costs	719,251	878,096	825,173	596,916	178,676	69,021	135,508	109,452
Inventory changes	361,927	(865,285)	382,130	(387,765)	(626,923)	289,485	688,203	60,994
Mine operating cash flow before depreciation	(1,576,212)	394,276	187,214	2,367,522	(350,164)	7,923	12,634	(965,211)
Depreciation	(2,748,795)	(2,784,515)	(3,337,906)	(2,515,349)	(2,991,578)	(1,664,219)	(1,749,757)	(1,268,841)
Mine operating loss	(4,325,007)	(2,390,239)	(3,150,692)	(147,828)	(3,341,742)	(1,656,296)	(1,737,123)	(2,234,052)
Net loss	(7,062,158)	(8,557,538)	(8,699,078)	(9,905,707)	(8,405,337)	(3,521,390)	(4,939,152)	(4,746,245)
EBITDA (1)	(3,029,670)	(4,576,059)	(4,093,976)	(5,997,153)	(4,192,955)	(1,132,278)	(2,503,405)	(2,858,085)
Adjusted EBITDA (1)	(3,612,172)	(3,409,928)	(2,299,797)	(1,500,059)	(2,684,927)	(2,349,805)	(1,851,618)	(2,538,977)
Basic and fully diluted loss per share	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.02)	(0.02)	(0.02)
Weighted Average shares outstanding(000's)	271,510	327,386	322,850	302,154	271,510	226,033	224,556	210,532

(1) EBITDA and Adjusted EBITDA are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 27.

In the third quarter of 2023, the Company sold 423,855 ounces of silver and 3,773 ounces of gold, a decrease of 8% and 15% respectively, as compared to Q2, 2023. In addition, the Company sold 884,204 pounds of lead at a realized price of $0.99 and 808,742 pounds of zinc at a realized price of $1.10. Realized silver and gold price per ounce sold averaged $23.33 and $1,929 a 3% and 3% decrease respectively, compared to Q2 2023. The realized price of zinc decreased by 20% compared to the previous quarters resulting in unfavourable settlement adjustments as zinc is settled in 4 months.

In the second quarter of 2023, the Company sold 462,917 ounces of silver at a realized price of $24.33 per ounce, 4,427 ounces of gold at realized price of $1,988.05 per ounce, 830,567 pounds of lead at a realized price of $0.97 per pound and 871,328 pounds of Zinc at a realized price of $1.14 per pound resulting in revenues of $16,823,042 net of treatment and refining cost of $2,551,515 and a negative impact of $2,154,841 on provisional pricing and settlement adjustments during the quarter. The result was a decrease of 7% in silver equivalent ounces but only a 2% decrease in revenues, compared to the first quarter of 2023. The Company generated $2,390,239 of mine operating loses and $8,557,537 of net loss a 24% and 2% decrease respectively, compared to prior quarter.

Revenues increased 11% in the first quarter of 2023 to $17,118,424 compared to $15,487,713 in the fourth quarter of 2022 due primarily to a 13% increase on silver equivalent ounces sold to 981,889 from 866,319 mainly due to the addition of full production from Valenciana Mines Complex and a 5% increase on realized silver price. Mine operating loss was 2031% higher in the first quarter of 2023 due primarily to an increase in production cost mainly from CMC due to higher processing and indirect cost, the addition of the full Valenciana Mines Operation, and the addition of the new environmental duty at Topia. Net loss decreased by 12% due to $134,138 gain on derivatives because of the debt restructure with OCIM from a $1,677,253 loss in the fourth quarter 2022, other income of $176,713 compared to a loss of 1,875,994 last quarter mainly on the allowance on receivable amount from Great Panther by $1,300,000 and $269,478 loss on change of fair value on silver contingent payments to MMR.

The Company generated revenues of $15,487,714 net of treatment and refining costs, which was a 75% increase compared to last quarter, mainly due to sales of 405,348 ounces of silver and 3,865 ounces of gold a 30% and 29% increase respectively, as compared to Q3 2022 due to the addition of the Valenciana Mines Complex. Additionally, the Company sold 846,281 pounds of lead at a realized price of $0.95 and 1,600,811 pounds of zinc at a realized price of $1.37 from the Topia Mine. During the quarter realized silver and gold price per ounce sold averaged $21.23 and $1,783.36 an 11% and a 3% increase respectively, compared to $19.06 and 1,724.81 per ounce in Q3 2022. There was a negative impact of $134,398 on provisional pricing and settlement adjustments during the quarter.

The Company generated revenues of $8,871,863 net of treatment and refining costs, during the three months ended September 30, 2022, a 45% increase compared to the prior quarter, from the sales of 311,754 ounces of silver at a realized price of $19.06 and 2,997 ounces of gold at a realized price of $1,1,724.81 a 95% and 37% increase in ounces respectively, as compared to Q2 2022. In addition, the Company sold 504,408 pounds of lead at a realized price of $0.86 and 237,327 pounds of zinc at a realized price of $1.44 from the Topia Mines. There was an increase of 102% of mine operating losses and 133% of net loss compared to prior quarter mainly due to the integration of MMR's operations.

In the second quarter of 2022, the Company sold 159,840 ounces of silver at a realized price of $22.56 per ounce and 2,195 ounces of gold at realized price of $1,873.26 per ounce, resulting in revenues of $6,133,989 net of treatment and refining cost of $555,126. An increase of 19% and 9% in ounces of silver and gold sold respectively, but a decrease of 4% on revenues, compared to the first quarter of 2022. The Company generated $1,656,297 of mine operating loses and $3,521,392 of net loss a 5% and 29% decrease respectively, compared to prior quarter.

Revenue increased by 55% in the first quarter of 2022 to $6,386,638 compared to $4,116,811 in Q4 2021 due primarily to higher silver (28%) and gold (70%) ounces sold to 134,281 and 2,007 respectively. Mine operating loss decreased by 22% over Q4 2021 due primarily to the increase in ounces sold and slightly higher realized metal prices.

The following is a summary of the Company's production information for the eight most recent quarters:

PRODUCTION	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
Processed tonnes	**132,484**	**163,793**	**160,182**	**131,341**	**107,009**	**94,212**	**86,288**	**77,524**
El Cubo	62,742	83,244	89,000	108,897	95,380	94,212	86,288	77,524
VMC	53,129	61,594	51,653	3,928	-	-	-	-
Topia	16,613	18,955	19,529	18,516	11,629	-	-	-
Silver ounces	**425,488**	**477,649**	**458,803**	**401,244**	**329,298**	**155,912**	**125,423**	**124,750**
El Cubo	83,089	147,099	136,847	242,038	219,627	155,912	125,423	124,750
VMC	135,206	156,859	142,220	4,652	-	-	-	-
Topia	207,192	173,691	179,736	154,552	109,671	-	-	-
Silver Grade (g/t)	**114.44**	**106.93**	**103.68**	**106.08**	**106.28**	**64.00**	**60.50**	**62.36**
El Cubo	50.97	65.38	64.00	80.00	74.94	64.00	60.50	62.36
VMC	95.69	99.04	104.00	49.46	-	-	-	-
Topia	414.12	311.99	314.10	283.00	317.55	-	-	-
Silver Recovery (%)	**83.34**	**84.9**	**80.9**	**86.8**	**88.5**	**80.9**	**75**	**82.9**
El Cubo	81.16	84.38	83.50	86.4	87.1	80.9	75	82.9
VMC	82.7	83.6	82.0	72.9	-	-	-	-
Topia	93.65	91.34	91.10	91.8	92.4	-	-	-
Gold Ounces	**3,441**	**4,719**	**4,413**	**3,907**	**3,226**	**2,161**	**1,880**	**1,440**
El Cubo	1,340	2,006	2,140	3,452	3,035	2,161	1,880	1,440
VMC	1,897	2,400	1,848	110	-	-	-	-
Topia	204	314	424	345	191	-	-	-
Gold Grade (g/)	**0.99**	**1.10**	**1.07**	**1.09**	**1.08**	**0.86**	**0.88**	**0.75**
El Cubo	0.83	0.88	0.87	1.12	1.05	0.86	0.88	0.75
VMC	1.31	1.45	1.36	1.19	-	-	-	-
Topia	0.58	0.88	1.18	0.91	0.80	-	-	-
Gold Recovery (%)	**81.58**	**83.10**	**81.10**	**84.2**	**86.3**	**82.6**	**77**	**78.8**
El Cubo	82.90	86.16	85.90	88.2	88.4	82.6	77	78.8
VMC	84.95	86.54	81.8	74.5	-	-	-	-
Topia	65.82	58.74	57.70	63.3	64	-	-	-
Lead pounds	**935,738**	**875,802**	**906,696**	**811,492**	**537,608**	**-**	**-**	**-**
Topia	935,738	875,802	906,696	811,492	537,608	-	-	-
Lead Grade (%)	**2.8**	**2.4**	**2.4**	**2.3**	**2.3**	**-**	**-**	**-**
Topia	2.8	2.4	2.4	2.3	2.3	-	-	-
Lead Recovery (%)	**89.9**	**87.4**	**87.1**	**88.2**	**89.5**	**-**	**-**	**-**
Topia	89.9	87.4	87.1	88.2	89.5	-	-	-
Zinc pounds	**857,660**	**897,258**	**1,153,138**	**1,261,554**	**677,127**	**-**	**-**	**-**
Topia	857,660	897,258	1,153,138	1,261,554	677,127	-	-	-
Zinc Grade (%)	**3.0**	**2.8**	**3.2**	**3.6**	**3.3**	**-**	**-**	**-**
Topia	3.0	2.8	3.2	3.6	3.3	-	-	-
Zinc Recovery (%)	**77.9**	**78.1**	**83.5**	**86.7**	**80.9**	**-**	**-**	**-**
Topia	77.9	78.1	83.5	86.7	80.9	-	-	-
Cost per tonne	**121.82**	**100.22**	**98.16**	**98.30**	**90.37**	**60.89**	**64.32**	**63.35**
El Cubo	86.59	71.24	66.06	67.70	67.20	60.89	64.32	63.35
VMC	97.95	86.63	79.43	102.85	-	-	-	-
Topia	331.16	271.69	294.04	277.29	280.44	-	-	-
Cash costs per ounce	**20.79**	**17.71**	**17.06**	**15.55**	**13.86**	**17.08**	**20.24**	**20.36**
El Cubo	28.46	19.24	18.75	14.19	13.09	17.08	20.24	20.36
VMC	17.89	15.20	13.86	31.92	-	-	-	-
Topia	18.70	19.19	18.35	17.22	15.69	-	-	-
AISC per ounce	**26.22**	**22.47**	**21.83**	**20.80**	**19.53**	**24.15**	**25.79**	**33.31**
El Cubo	32.67	20.96	21.77	17.45	15.18	24.15	25.79	33.31
VMC	19.89	16.39	16.01	31.92	-	-	-	-
Topia	21.29	21.52	19.96	18.49	17.69	-	-	-

OTHER FINANCIAL INFORMATION

SHARE CAPITAL

The Company's authorized share capital consists of unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

The common shares, warrants and stock options outstanding are as follows:

	September 30, 2023			November 24, 2023		
	#	Weighted average exercise price	Weighted average life (years)	#	Weighted average exercise price	Weighted average life (years)
Common shares	**350,985,148**			353,913,478		
Warrants	**118,619,212**	$0.51	**1.24**	118,619,212	$0.50	**1.08**
Stock options	**19,866,167**	$0.45	**3.01**	19,666,167	$0.45	**2.76**
Restricted Share Units	**330,000**	$0.58	**0.55**	330,000	$0.58	**0.39**
Fully diluted	**489,800,527**			492,528,857		

MANAGEMENT OF CAPITAL

The Company considers the items included in the consolidated statement of shareholder's equity as capital. The Company's objectives when managing capital are:

- To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, to support continued evaluation and maintenance at the Company's existing properties, and to acquire, explore, and develop other precious and base metal deposits.
- To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk and loss of principal; and
- To obtain the necessary financing to complete mine refurbishment and exploration and development of its properties, when it is required.

The properties in which the Company currently holds interests in are in the production, pre-production and exploration stages and the Company is dependent on external financing to fund its activities in order to carry out planned activities and pay for administrative costs. Management reviews its capital management approach on an ongoing basis and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets, and believes that this approach, given the relative size of the Company, is reasonable.

In order to maintain or adjust the capital structure, the Company may issue new equity, incur additional debt, option its exploration and evaluation assets for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of certain assets. When applicable, the Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends.

The Company is not subject to externally imposed capital requirement.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Compensation of key management personnel

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors. Compensation provided to key management personnel is as follows:

	Three months ended		Nine months ended	
	September 30 2023	September 30 2022	**September 30 2023**	September 30 2022
	$	$	**$**	$
Salaries, bonus, and benefits	**176,262**	37,520	**504,110**	114,632
Consulting fees (1)	**104,017**	170,358	**317,064**	376,108
Share-based compensation	**126,310**	315,657	**714,481**	680,263
	406,589	523,535	**1,535,655**	1,171,003

(1) Consulting fees were paid to Universal Solution Inc., a company controlled by the VP Corporate Development and Corporate Secretary of the Company, and Ramon T. Davila Flores a company controlled by the President of the Company For the three and nine months ended September 30, 2022, consulting fees were also paid to Blueberry Capital Corp., a company controlled by the CEO of the Company.

Salaries, bonus and benefits, and consulting fees, to key management includes all salaries, bonuses, fees, and other employment benefits, pursuant to contractual employment agreements, consultancy or management services arrangements.

Transactions with related parties, are described above, were for services rendered to the Company in the normal course of operations, and were measured based on the consideration established and agreed to by the related parties. Related party transactions are made without stated terms of repayment or interest. The balances with related parties are unsecured and due on demand.

CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

a) Commitments

As of September 30, 2023, the Company has no commitments which are expected to be expended within one year.

b) Contingencies – Obras Mineras El Pinguico

The Company has certain contingent payments in relation to the acquisition of El Cubo Complex in 2021 as follows:

i. $1,000,000 upon the Company producing 3,000,000 ounces of silver equivalent from the Combined Project (Contingent Payment #1). At the Company's option, the Company can issue common shares for up to 50% of Contingent Payment #1, based on the volume weighted average trading price of the Company's common shares for the 10 trading days immediately preceding the date of such payment.

ii. $1,000,000 if the London Bullion Market Association ("LBMA") spot price of gold closes at or above $2,000 per ounce for 20 consecutive trading days within two years after closing ("Contingent Payment #2"). During the nine months ended September 30, 2023, Contingent Payment #2 expired unpaid.

iii. $1,000,000 if the LBMA spot price of gold closes at or above $2,200 per ounce for 20 consecutive trading days within three years after closing ("Contingent Payment #3").

As of September 30, 2023, the Company has accrued a total of $203,837 for contingent payment #3 as other current liabilities on the statement of financial position. (December 31, 2022 - $231,552), with fair value gains of $27,715 for the three and nine months ended September 30, 2023, recorded in Other operating expense (income), (three and nine months ended September 30, 2022 – gain of $391,269 and $516,824 respectfully).

c) Contingencies – Minera Mexicana el Rosario

The Company has certain contingent payments in relation to the acquisition of MMR in 2022 as follows:

i. $500,000 upon GSilver producing 2,500,000 ounces of silver from the purchased MMR assets.

ii. $750,000 if the price of silver closes at or above US$27.50 per ounce for 30 consecutive days within two years after closing.

iii. $750,000 if the price of silver closes at or above US$30.00 per ounce for 30 consecutive days within three years after closing.

As of September 30, 2023, the Company has accrued a total of $1,080,902 for these contingent payments in other current liabilities on the statement of financial position (December 31, 2022 - $1,097,789), with fair value loss of $85,006 and $186,889 for the three and nine months ended September 30, 2023, recorded in Other operating expense (income), (three and nine months ended September 30, 2022 - $Nil).

On November 7, 2023, the Company reached an agreement with the Great Panther bankruptcy trustee whereby the Company will be released from the contingent payment obligations in exchange for a reduction to the working capital adjustment receivable to CAD$113,987.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Fair value measurement and valuation techniques

Financial instruments included in the consolidated statements of financial position are measured either at fair value or amortized cost. Estimated fair values for financial instruments are designed to approximate amounts for which the instruments could be exchanged in an arm's-length transaction between knowledgeable and willing parties.

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (interest rate, yield curves), or inputs that are derived principally from or corroborated observable market data or other means.
- Level 3 inputs are unobservable (supported by little or no market activity).

The table below summarizes the valuation methods used to determine the fair value of each financial instrument:

Financial asset or liability	Methods and assumptions used to estimate fair value
Silver and gold bullion (other assets)	Valued at the lower of cost or net realizable value. Net realizable value is based on the estimated sale price of the silver and gold, generally determined using the spot price at the period end.
Trade receivables	Trade receivables arising from the sales of metal concentrates are subject to provisional pricing, and the final selling price is adjusted at the end of a quotational period. These are marked to market at each reporting date based on the forward price corresponding to the expected settlement date.
Forward contracts (other assets)	The Company determines the value of the Forward contracts using quoted prices. Fair value changes are charged to profit and loss.
Ocean Partners loans	The fair value of the loan was estimated using the discounted cash flow method at a rate that equates to a comparable current market interest rate.
OCIM loan	The fair value of the loan was estimated using the discounted cash flow method at a rate that equates to a comparable current market interest rate.
Derivative	Valued using inputs derived from observable market data, including quoted commodity forward prices.
Vehicle loans	The carrying values of vehicle loans approximate their fair values as a result of relatively unchanged interest rates since inception of the loans.
Other current liabilities	The fair value of the contingent liabilities where payment is contingent on the price of gold and silver was estimated using the Monte-Carlo averaging simulation technique on simulated gold and silver prices. The fair value of the contingent liability where payment is contingent on achieving production milestones was estimated using the discounted cash flow method and an assigned probability of the achievement of the production milestones.

The carrying value of cash and cash equivalents, other receivables, accounts payable, and accrued liabilities, all of which are carried at amortized cost, approximate their fair value given their short-term nature. Trade receivables, loans, contingent liability and the derivative are classified within Level 2 of the fair value hierarchy. Forward contracts are classified within Level 1 of the fair value hierarchy.

During the three and nine months ended September 30, 2023, and 2022, there were no transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy.

September 30, 2023	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Carrying value approximates fair value
Financial assets measured at fair value	**$**	**$**	**$**	**$**	**$**	**$**
Trade receivables from sale of concentrate	1,955,590	-	1,955,590	-	1,955,590	-
Forward contracts	161,720	-	161,720	161,720	-	-
Derivative	330,051	-	330,051	-	330,051	-
	2,447,361	**-**	**2,447,361**	**161,720**	**2,285,641**	**-**
Financial assets not measured at fair value						
Cash and cash equivalents	-	3,632,902	3,632,902	-	-	3,632,902
Other assets - silver and gold bullion	-	15,121	15,121	-	-	15,121
VAT and other receivables	-	9,873,647	9,873,647	-	-	9,873,647
	-	**13,521,670**	**13,521,670**	**-**	**-**	**13,521,670**
Financial liabilities measured at fair value						
Other current liabilities	(3,166,553)	-	(3,166,553)	-	(3,166,553)	-
	(3,166,553)	**-**	**(3,166,553)**	**-**	**(3,166,553)**	**-**
Financial liabilities not measured at fair value						
Accounts payable and accrued liabilities	-	(22,722,385)	(22,722,385)	-	-	(22,722,385)
Vehicle loan	-	(241,867)	(241,867)	-	-	(241,867)
OCIM loan	-	(4,167,053)	(4,167,053)	-	-	(4,167,053)
Ocean Partners loans	-	(8,416,328)	(8,416,328)	-	-	(8,416,328)
	-	**(35,547,633)**	**(35,547,633)**	**-**	**-**	**(35,547,633)**

December 31, 2022	Fair value through profit or loss	Amortized cost	Total	Level 1	Leve l2	Carrying value approximates Fair Value
	$	$	$	$	$	$
Financial assets measured at Fair Value						
Trade receivables from sale of concentrate	3,857,355	-	3,857,355	-	3,857,355	-
	3,857,355	**-**	**3,857,355**	**-**	**3,857,355**	**-**
Financial assets not measured at Fair Value						
Cash and cash equivalents	-	8,832,936	8,832,936	-	-	8,832,936
VAT and Other receivables	-	9,073,024	9,073,024	-	-	9,073,024
	-	**17,905,960**	**17,905,960**	**-**	**-**	**17,905,960**
Financial liabilities measured at Fair Value						
Other current liabilities	(3,403,491)	-	(3,403,491)	-	(3,403,491)	-
Derivative	(155,179)	-	(155,179)	-	(155,179)	-
	(3,558,670)	**-**	**(3,558,670)**	**-**	**(3,558,670)**	**-**
Financial liabilities not measured at Fair Value						
Accounts payable and accrued liabilities	-	(12,532,916)	(12,532,916)	-	-	(12,532,916)
Vehicle loan	-	(118,220)	(118,220)	-	-	(118,220)
OCIM Loan	-	(7,108,524)	(7,108,524)	-	-	(7,108,524)
Ocean Partners Loans	-	(9,106,182)	(9,106,182)	-	-	(9,106,182)
	-	**(28,865,842)**	**(28,865,842)**	**-**	**-**	**(28,865,842)**

RISKS AND UNCERTAINTIES

The Company is exposed to many risks in conducting its business, including but not limited to: metal price risk as the Company derives its revenue from the sale of silver and gold; trading and credit risk in the normal course of dealing with other companies; foreign exchange risk as the Company reports its financial statements in USD dollars whereas the Company operates in Canada and Mexico that utilize the Canadian and Mexican Peso, respectively; risks relating to cyber security; the inherent risk of uncertainties in estimating mineral reserves and mineral resources; political, economic and social risks related to conducting business in jurisdictions such as Canada, and Mexico; environmental and permitting regulation; risks related to its relations with employees and local communities where the Company operates, and risks relating to the spread of COVID-19, which has to date resulted in profound health and economic impacts globally and which presents future risks and uncertainties that are largely unknown at this time. Certain of these risks are described below and are more fully described in GSilver's Annual Information Form (available on SEDAR at www.sedar.com). Readers are encouraged to refer to these documents for a more detailed description of some of the risks and uncertainties inherent to GSilver's business.

Financial risk management

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include fluctuations in metal prices, exchange risk, credit risk, interest rate risk, and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Commodity price risk

Gold and silver prices have historically fluctuated significantly and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production, short-term changes in supply and demand due to speculative hedging activities and certain other factors. The ability of the Company to develop its mineral properties and exploration and evaluation assets is highly correlated to the market price of gold and silver. If metal prices decline for a prolonged period below the anticipated cost of production of the Company's mine, it may not be economically feasible to continue production.

The following table summarizes the effect on provisionally priced sales and accounts receivables of a 10% change in metal prices from the realized prices used at September 30, 2023:

Metal	Change	Effect on Sales $
Silver	+/- 10%	1,290,450
Gold	+/- 10%	1,067,412
Lead	+/- 10%	90,547
Zinc	+/- 10%	141,009

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and amounts receivable. The Company deposits its cash and cash equivalents with high credit quality major Canadian and Mexican financial institutions as determined by ratings agencies. Trade accounts receivables from concentrate sales are held with large international metals trading companies. Within other receivables there are $1,116,318 owed by Great Panther. On December 15, 2022, Great Panther filed a termination application to make a voluntary assignment into bankruptcy pursuant to the Bankruptcy and Insolvency Act. The Company has the right of offset against any contingent payments owed to Great Panther. The Company took an allowance of $1,300,000 against the $2,416,318 amount receivable due to the uncertainty surrounding the Great Panther bankruptcy and the ability of the Company to collect the full receivable due from them. On November 7, 2023, the Company reached an agreement with the Great Panther bankruptcy trustee to offset any contingent payments with the working capital adjustment receivable.

As of	September 30, 2023	December 31, 2022
	$	$
Cash and cash equivalents	3,632,902	8,832,936
Trade receivables	1,955,590	3,857,355
VAT recoverable	8,396,812	7,398,102
Other receivables	1,476,835	1,504,922
	15,462,140	**21,593,315**

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives.

The Company enters into contracts that give rise to commitments in the normal course of business. The following table summarizes the remaining contractual maturities of the Company's financial liabilities, operating and capital commitments, shown in contractual undiscounted cash flows, including interest, at September 30, 2023:

	Expected payments by year as at September 30, 2023			
	Less than 1 year	1 -5 years	After 5 years	Total
	$	$	$	$
Trade and other payables	22,722,385	-	-	**22,722,385**
Loans	12,483,070	12,127	-	**12,495,197**
Lease obligations	2,413,813	970,880	39,161	**3,423,854**
Other liabilities	3,166,553	-	38,691,252	**41,857,805**
Total	**40,785,821**	**983,007**	**38,730,413**	**80,499,241**

Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is mainly held in bank accounts at Canadian and Mexican chartered banks. The interest rate risks on cash and cash equivalents are not considered significant.

The Company's interest rate risk principally arises from the interest rate impact on interest charged on its loan payable and lease liability. The Company's loan payable and lease liability are subject to fixed interest rates thus any changes in external interest rates would not result in a significant impact on the Company's net loss. Based on the Company's interest rate exposure at September 30, 2023, a change of 25 basis points increase or decrease of market interest rate does not have a significant impact on net loss.

Currency risk –

Currency risk is the risk that foreign exchange rates will fluctuate significantly from expectations. The Company reports its financial statements in US dollars; however, it operates in Mexico which utilized both the Mexican Peso ("MXN") and the US Dollar ("USD") and Canada which utilized the Canadian dollar ("CAD") (collectively "Local Currencies"). Consequently, the financial results of the Company's operations as reported in US dollars are subject to changes in the value of the US dollar relative to the Local Currencies. Since a significant portion of the Company's operating costs and capital spending are in Local Currencies, the Company is negatively impacted by strengthening local currencies relative to the US dollar and positively impacted by the inverse.

The Company is exposed to foreign currency risk through the following financial assets and liabilities:

As at September 30, 2023	Canadian dollars	Mexican pesos
Cash and cash equivalents	3,860,547	12,224,618
Amounts receivable	-	187,646,147
Accounts payable and accrued liabilities	(434,528)	(403,920,448)
Current portion of loan payable	-	(4,047,926)
Current portion of lease liabilities	(78,609)	(35,707,053)
Loan Payable	-	(213,664)
Lease liabilities	(154,499)	(14,585,976)
Provision for reclamation and rehabilitation	-	(311,896,568)
Total foreign currency exposure	3,192,911	(570,500,869)
US$ equivalent of foreign currency exposure	2,361,620	(32,595,961)

The Company is primarily exposed to fluctuations in the value of CAD against USD and USD against MXN. With all other variables held constant, a 10% change in CAD against USD or USD against MXN would result in the following impact on the Company's net loss for the period:

Currency	Change	Effect $
Canadian dollars	+/- 10%	211,512
Mexican pesos	+/- 10%	2,959,552

COVID-19 Pandemic

The Company's business could be significantly adversely affected by the effects of a widespread global outbreak of contagious disease, including the continued outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on third parties' ability to meet their obligations with the Company, including due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the risk of travel and quarantine restrictions being imposed by governments of affected countries. In particular, the continued spread of the COVID-19 globally could materially and adversely impact the Company's business including without limitation, employee health, limitations on travel, the availability of industry experts and personnel, restrictions to planned drill programs, mining and processing operations shutdowns, and other factors that will depend on future developments beyond the Company's control. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries (including those in which the Company operates), resulting in an economic downturn that could negatively impact the Company's operating results and ability to raise capital.

Climate Change

Extreme weather events (such as prolonged drought, increased frequency and intensity of storms, flooding and wildfires) have the potential to disrupt the Company's operations and the transportation routes that the Company uses. The Company's ability to conduct mining operations also depends upon access to the volumes of water that are necessary to operate its mines and processing facilities. Changes in weather patterns and extreme weather events including flooding or wildfires, either due to normal variances in weather or due to global climate change, could adversely impact, disrupt or increase the costs of the Company's mining operations including the volume of water or other supply lines necessary to operate its facilities, or damage to facilities, plant and operating equipment, any of which would adversely impact the Company's cash flow and profitability.

Also, various governments around the world have introduced or are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels regulating, among other things, emission levels (such as carbon taxes) and energy efficiency is becoming more stringent. If current regulatory trends continue, this may result in increased costs at some or all of the Company's operations.

Calculation of Reserves and Resources and Precious Metal Recoveries

There is a degree of uncertainty attributable to the calculation and estimation of reserves and resources, if any, and their corresponding metal grades to be mined and recovered. Until reserves or resources are actually mined and processed, the quantities of mineralization and metal grades must be considered as estimates only. Any material change in the quantity of mineral reserves, mineral resources, grades and recoveries may affect the economic viability of the Company's properties.

Economic Conditions for Mining

Global financial markets are experiencing extreme volatility as a result of the ongoing COVID-19 pandemic, the war in Ukraine and rising inflation and interest rates. Events in global financial markets, and the volatility of global financial conditions, will continue to have an impact on the global economy. Many industries, including the mining sector, are impacted by market conditions. Some of the key impacts of financial market turmoil include devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. Financial institutions and large corporations may be forced into bankruptcy or need to be rescued by government authorities. Access to financing may also be negatively impacted by future liquidity crises throughout the world. These factors may impact the Company's ability to obtain equity or debt financing and, where available, to obtain such financing on terms favourable to the Company.

Increased levels of volatility and market turmoil could have an adverse impact on the Company's operations and planned growth and the trading price of the securities of the Company may be adversely affected.

The Company assesses on a quarterly basis the carrying values of its mineral properties. Should market conditions and commodity prices worsen and persist in a worsened state for a prolonged period of time, an impairment of the Company's mineral properties may be required.

Assurance on Financial Statements

The Company prepares the financial reports in accordance with accounting policies and methods prescribed by IFRS. In the preparation of financial reports, management may need to rely upon assumptions, make estimates or use their best judgement in determining the financial condition of the Company. Significant accounting policies, and practices are described in more detail in the notes to the annual consolidated financial statements for the year ended December 31, 2022. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported, the Company has implemented and continues to analyze the internal control systems for financial reporting.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing unaudited condensed consolidated interim financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the amounts reported in the unaudited condensed consolidated interim financial statements. These critical accounting estimates represent management estimates and judgments that are uncertain, and any changes in these could materially impact the Company's financial statements. Management continuously reviews its estimates, judgments and assumptions using the most current information available. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities in future years.

There were no changes in critical accounting judgments and estimates that were significantly different from those disclosed in the Company's annual MD&A as at and for the year ended December 31, 2022.

Changes in Accounting Standards

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments— Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information." Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments were applied effective January 1, 2023, and did not have a material impact on the Company's consolidated financial statements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty."
The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

• A change in accounting estimate that results from new information or new developments is not the correction of an error.
• The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments were applied effective January 1, 2023, and did not have a material impact on the Company's consolidated financial statements.

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)

The amendments clarify that companies are required to recognize deferred taxes on transactions where both assets and liabilities are recognized, such as with leases and decommissioning liabilities.

The amendments were applied effective January 1, 2023, and did not have a material impact on the Company's consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Information provided in this MD&A, including the consolidated financial statements, is the responsibility of management. In the preparation of the consolidated financial statements, estimates are sometimes necessary to make a determination of future value or certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying consolidated financial statements. Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.