Guanajuato Silver Co Ltd

Management's Discussion and Analysis

For the three months ended March 31, 2022

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 unaudited condensed consolidated interim financial statements of Guanajuato Silver Company Ltd. ("GSilver" or the "Company"), formerly VanGold Mining Corp., for the three months ended March 31, 2022, and the related notes contained therein, which were prepared in accordance with International Accounting Standard 34 ("IAS 34"), *Interim financial reporting*, using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the Company's audited consolidated financial statements for the year ended December 31, 2021. 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 recent 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 May 26, 2022, 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 Hernan Dorado Smith, MBA and a Qualified Person by the Mineral and Metallurgical Society of America, Chief Operating Officer and director of GSilver, 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. 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, objectives, performance or business developments including, among other things, potential property acquisitions, exploration and work programs, permitting and drilling plans and timing of permitting approvals and drilling, the performance characteristics of the Company's exploration and evaluation assets, exploration results of various projects of the Company, projections of market prices and costs, supply and demand for gold, silver and other precious metals, expectations regarding the ability to raise capital and to acquire resources and/or reserves through acquisitions and/or development, treatment under governmental regulatory regimes and tax laws, and capital expenditure programs and the timing and method 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 labour disruptions, supply disruptions, power disruptions, damage to equipment, adverse weather conditions, COVID 19 or otherwise; (2) permitting, access, exploration, expansion and acquisitions at our projects (including, without limitation, land acquisitions for and permitting of exploration, development and production plans) being consistent with the Company's current expectations; (3) the viability, permitting, access, exploration, development and operation of the El Cubo and El Pinguico properties being consistent with the Company's current expectations; (4) political developments in Mexico including, without limitation, the implementation of new mining laws and related regulations being consistent with the Company's current expectations; (5) 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; (6) certain price assumptions for gold, silver and other precious metals; (7) prices for and availability of equipment, labor, natural gas, fuel oil, electricity, water and other key supplies remaining consistent with current levels; (8) the results of the Company's exploration, development and production programs on the El Cubo and El Pinguico properties being consistent with the Company's expectations; (9) labour and materials costs increasing on a basis consistent with the Company's current expectations; and (10) the availability and timing of additional financing being consistent with the Company's current expectations. 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 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, us; our 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 resources and/or 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 and gold concentrate losses (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). 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 spread of COVID-19 and variants of concern 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 our other filings with applicable securities regulators in Canada including, but not limited to, the Financial Statements. 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 May 26, 2022.

(The city of Guanajuato in the state of Guanajuato,Mexico, an UNESCO World Heritage Site)

Guanajuato Silver Co Ltd

TABLE OF CONTENTS

(CEO, James Anderson)

OPERATING AND FINANCIAL HIGHLIGHTS

Commercial production at the El Cubo-Villalpando Mine commenced on October 1, 2021, and hence there are no comparable operational and financial results for revenue, cost of sales and earnings from mine operations for the first quarter of 2021.

	Three Months Ended				
	March 31, 2022	Dec 31, 2021	March 31, 2021	Change Q1 vs Q4	Change Q12022 vs Q1 2021
Operating					
Tonnes mined	81,338	89,082	-	(9%)	100%
Tonnes milled	86,288	77,524	-	11%	100%
Silver ounces produced	125,423	124,750	-	1%	100%
Gold ounces produced	1,880	1,440	-	31%	100%
Silver equivalent (“Ag/Eq”) ounces produced[1]	275,823	239,968	-	15%	100%
Cost per tonne[5]	$ 64.70	$ 63.35	-	2%	100%
Cash cost per Ag/Eq ounce[1,2,5]	$ 20.12	$ 20.36	-	(1%)	100%
AISC per Ag/Eq ounce[1,3,5]	$ 25.67	$ 33.31	-	(23%)	100%
Financial					
Revenue	$ 6,386,638	$ 4,116,811	-	55%	100%
Cost of Sales	$ 8,123,761	$ 6,350,863	-	28%	100%
Mine operating loss	$ (1,737,123)	$ (2,234,052)	-	(22%)	100%
Net loss	$ (4,939,152)	$ (4,746,245)	$ (2,678,703)	4%	84%
EBITDA[4,5]	(2,503,405)	(2,858,086)	$ (2,662,034)	(13%)	(6%)
Silver ounces sold	134,281	105,203	-	28%	100%
Gold ounces sold	2,007	1,179	-	70%	100%
Ag/Eq ounces sold[1]	294,842	199,526	-	48%	100%
Realized silver price per ounce[6]	$ 23.97	23.35	-	3%	100%
Realized gold price per ounce[6]	$ 1,864.26	1,784.02	-	4%	100%
Working capital[5]	$ (1,198,721)	1,670,108	(1,347,033)	(172%)	(11%)
Shareholders					
Loss per share - basic and diluted	$ (0.02)	$ (0.02)	$ (0.02)	(2%)	4%
Weighted Average Shares Outstanding	224,556,314	210,531,741	126,138,294	7%	78%

1. Silver equivalents are calculated using an 80:1 (Ag/Au) ratio.
2. Cash cost per silver equivalent ounce include mining, processing and direct overhead. See Reconciliation to IFRS on page 17.
3. AISC per oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation and sustaining capital.
4. See Reconciliation of earnings before interest, taxes, depreciation and amortization on page 16.
5. See "Non-IFRS Financial Measures"
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.

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.

	March 31 2022	December 31 2021
Cash and cash equivalents	$ 6,886,559	$ 8,234,043
Total assets	$ 47,627,017	$ 51,319,876
Debt	$ 8,433,955	$ 8,181,349
Shareholders' equity	$ 26,874,750	$ 30,800,562

COMPANY HISTORY, OVERVIEW & STRATEGY

GSilver is a precious metals producer engaged in reactivating past producing silver and gold mines near the city of Guanajuato, Mexico. The Company is currently producing silver and gold at its 100% owned El Cubo mine and mill (the “El Cubo Complex”), while simultaneously advancing the nearby El Pinguico Mine Project (“El Pinguico”). Both projects are located within 11km of the city of Guanajuato, which has an established 480-year mining history.

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”) 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, principally in the Guanajuato area.

General location of the El Cubo and El Pinguico properties

Exploration

GSilver also owns several exploration properties which include Segunda Ampliación Pinguico, Patito I and II mineral concessions located within 15 kilometres ("km") of Guanajuato, Mexico. The Analy I and II exploration projects are located 25 km east of San Miguel de Allende, as well as the El Ruso and Ysabela mineral concessions, which are located within the state of Guanajuato, some 200 km east of Guanajuato City, and the Camila mineral concession located near the El Ruso and Ysabela claims, in the state of Queretaro. See *Mine Development and Exploration* below.

Going Concern

The Company started producing and selling silver and gold concentrate in the fourth quarter of 2021. For the three months ended March 31, 2022, the Company generated a mine operating loss of $1,737,123, a net loss of $4,939,152 and negative cash flows from operating activities of $1,543,929 and has an accumulated deficit of $54,394,698 as at March 31, 2022. These factors give rise to material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows from operations and/or to obtain additional financing. Management is of the opinion that sufficient funds will be obtained from operations and/or from external financing to meet the Company's liabilities and commitments as they become due ; however there remains a risk that cash flows from operations or additional financing will not be available on a timely basis or on terms acceptable to the Company.

The Company has historically funded its acquisition, exploration and development activities through equity financings and debt facilities. The Company may choose to fund additional capital requirements through equity, debt, convertible debentures or other financings, on an as-needed basis, in order facilitate growth or fund operations until the Company achieves positive cash flow.

OPERATING RESULTS

	Three Months Ended				
	March 31, 2022	Dec 31, 2021	March 31, 2021	Change Q1 vs Q4	Change Q12022 vs Q1 2021
Unit Operation					
Tonnes mined	81,338	89,082	-	(9%)	100%
Tonnes milled	86,288	77,524	-	11%	100%
Average silver grade (g/t)	60.50	62.36	-	(3%)	100%
Average gold grade (g/t)	0.88	0.75	-	18%	100%
Average silver recovery (%)	75.0	82.9	-	(10%)	100%
Average gold recovery (%)	77.0	78.8	-	(2%)	100%
Production					
Silver ounces produced	125,423	124,750	-	1%	100%
Gold ounces produced	1,880	1,440	-	31%	100%
Ag/Eq ounces produced(1)	275,823	239,968	-	15%	100%
Sales					
Silver ounces sold	134,281	105,203	-	28%	100%
Gold ounces sold	2,007	1,179	-	70%	100%
Ag/Eq ounces sold	294,842	199,526	-	48%	100%
Realized silver price per ounce ($)(6)	23.97	23.35	-	3%	100%
Realized gold price per ounce ($)(6)	1,864.26	1,784.02	-	4%	100%
Costs					
Cash cost per ounce ($)(3)(5)	20.12	20.36	-	(1%)	100%
AISC per Ag/Eq ounce ($)(4)(5)	25.67	33.31	-	(23%)	100%
Production cost per tonne ($)(2)(5)	64.70	63.35	-	2%	100%
Capital expenditures					
Sustaining ($)	322,305	2,163,893	-	(85%)	100%

1. Silver equivalents are calculated using an 80:1 (Ag/Au) ratio.
2. Production costs include mining, milling, and direct overhead at the operation sites See reconciliation on page 17.
3. Cash cost per silver equivalent ounce include mining, processing and direct overhead See reconciliation on page 17.
4. AISC per oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation and sustaining capital. See Reconciliation to IFRS on page 17.
5. See "Non-IFRS Financial Mmeasures"
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.

Production

During the three months ended March 31, 2022, the Company produced 275,823 silver equivalent ounces, consisting of 125,423 ounces of silver and 1,880 ounces of gold a 15% increase compared to Q4 2021.

Total ore processed for this quarter amounted to 86,288 or 11% increase compared to Q4 2021, mainly comprised of ore from El Cubo-Villalpando, the El Pinguico above ground stockpile and Santa Cecilia.

Silver grades in the quarter averaged 60.50 g/t and gold grades averaged 0.88 g/t a 3% decrease and an 18% increase respectively, compared to Q4 2021, mainly due to the immediate availability of lower grade operating stopes at Villalpando and the addition of more Pinguico material. The Company anticipates average grades to increase during 2022 with the inclusion of mineralized material from Santa Cecilia in the production schedule.

Cash Cost and All-In Sustaining Cost per Ounce

Cash cost per AgEq ounce produced for the quarter was $20.12 a slight decrease of 1% compared to Q4 2021, which was in line with expectation, and primarily due to work related to the operations at the Villalpando, Pinguico and Santa Cecilia Mines. The Company will continue with the implementation of various projects over the next 12 months to improve production and reduce costs at both the mine and processing plant (see "Non-IFRS Fnancial Measures" in page 15).

All-in Sustaining Cost ("AISC") per AgEq ounce produced in the quarter was $25.67 compared to $33.31 from Q4 2021, (a 23% decrease) primarily attributed to lower sustaining capital costs required during this quarter after the initial preparation of some stopes in the last quarter (see "Non-IFRS Fnancial Measures" in page 15).

MINE DEVELOPMENT AND EXPLORATION

The Combined Project is located within the major epithermal mineral vein system common to the Guanajuato area and together share many of the same geological, mineralogical, metallurgical characteristics, and mining methods. El Cubo is approximately 8 kilometers (km) from El Pinguico. Both properties utilize El Cubo's existing mill infrastructure and administration facilities, processing blended (or campaigned) mineralized material from the El Cubo mine and the El Pinguico stockpiles.

El Pinguico is located approximately 7 km southeast of the City of Guanajuato and 8 km southwest by road of the El Cubo property. Due to the proximity of Guanajuato, the area offers excellent infrastructure with paved and well-maintained gravel district roads, local grid power to both projects, as well as a local skilled labor force.

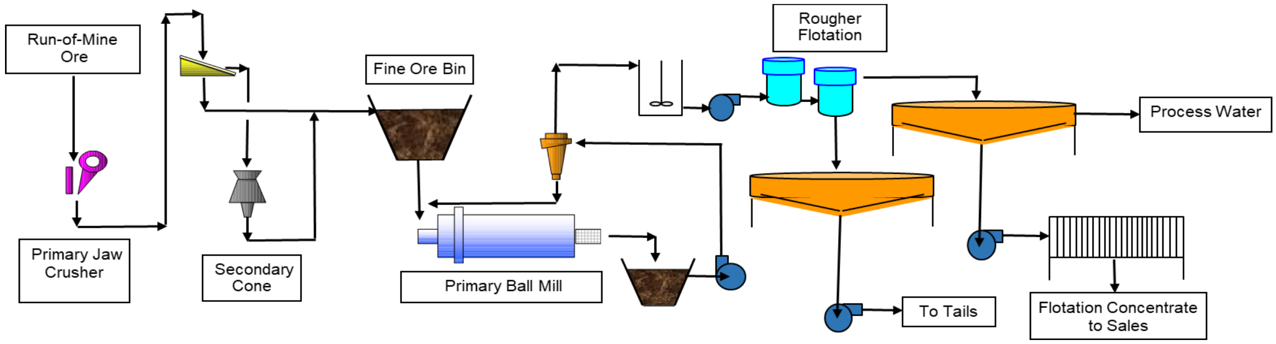
Mining on the El Cubo property has occurred since the 17th Century. In the 19th and 20th Centuries, mining at El Cubo focused on northwest striking veins known as the Villalpando, Dolores, La Loca, and La Fortuna.

El Cubo Complex

(Gerardo Dorado at Santa Cecilia mine reviewing perpendicular structures that crosses the main NE-SW veins)

The Company completed the refurbishment of the El Cubo mill in September 2021, with crushing and grinding of mill feed from El Cubo commencing on October 8, 2021. The plant is capable of handling approximately 1500 tonnes per day, or over 500,000 tonnes per year. Mine production from El Cubo was initially planned at 750 tonnes per day, however with the addition of the Santa Cecilia material, the Company anticipates producing at 1,000 tonnes per day for 2022. The Company's mill continues to have ample capacity for expansion to handle additional material from nearby El Pinguico and/or other sources of material from the greater Guanajuato Mining District.

The plant was constructed with a two-stage crushing circuit, ball mill grinding, reagent storage, flotation, and flotation concentrate filtration for product shipment with tailings disposal through a conventional tailings pond facility. Water supply for the El Cubo Mill will be from the existing underground workings, which currently provide sufficient water for the plant requirements. Power supply for the El Cubo Mill will be from an existing 13 kV overhead transmission line. A simplified process flow diagram below outlines the milling process.



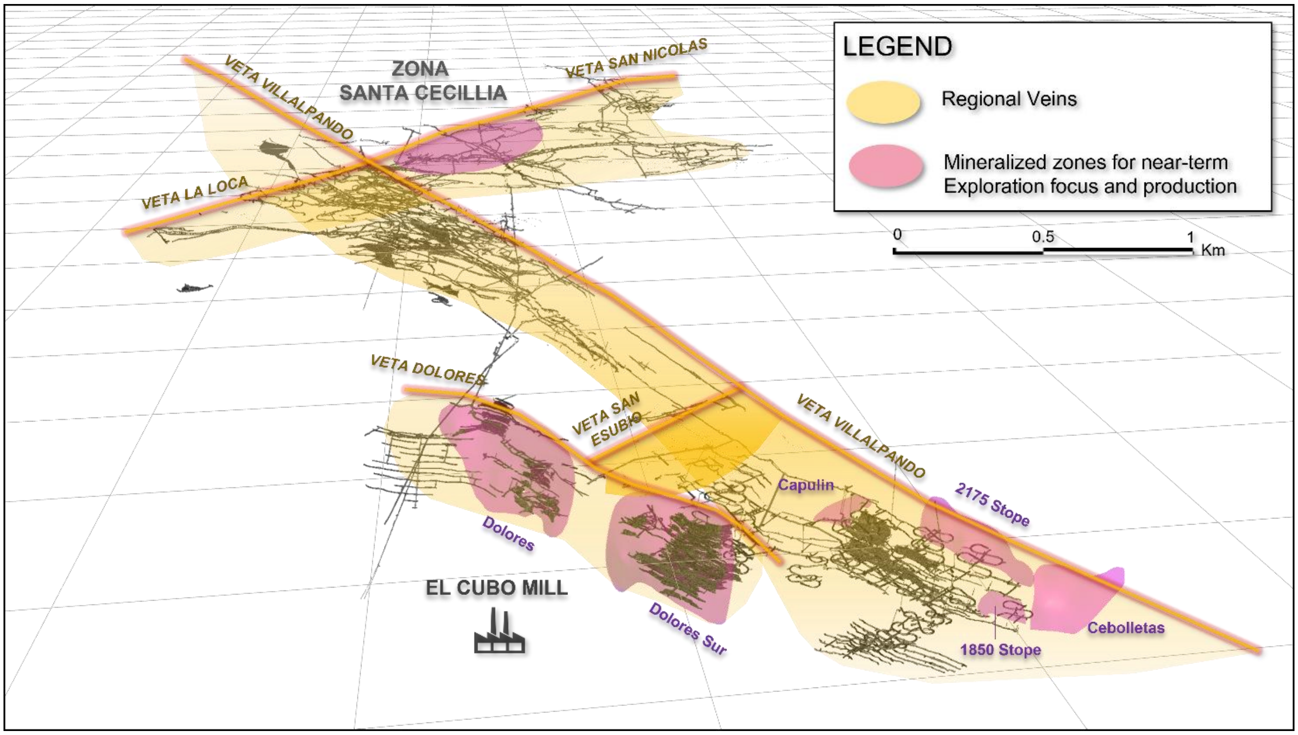
El Cubo Mill simplified process flow diagram

Rehabilitation of the mine haulage tunnels from the main Dolores access portal to the 1500, 1850 and 2175 stopes were completed and the Company started working on ramps to prepare upper levels on these stopes. In addition, the Company started working on a new area called "Cebolletas" which exists within the main Villalpando vein structure (the "Villalpando Stopes"). As part of the improvements performed during the first quarter of 2022, the planning and operations department has completed the design for the development required to unify the upper stopes in order to maximize the ventilation circuit. The Company plans to focus its El Cubo mining efforts for the next 12-18 months on the Villalpando vein structure and veins in the Santa Cecilia area. The Company's engineers believe that the Villalpando Stopes could consistently provide up to 15,000 tonnes of mineralised material per month**.** The Company decided to initially focus on the Villalpando stopes for several reason; they are readily available, with infrastructure consisting of 4x4m wide access and ramps. Crews have cleaned these access routes, installed new lighting and ventilation services, and have cleared and re-established emergency exit routes from within the mine. In 2022, the Company is adding veins in the Santa Cecilia area as an active mining area and commenced mining broken material of the old workings from Level 0 to Level 4 of the 14 existing levels, as well as the preparation of more areas within these levels for an increase in Santa Cecilia production in 2022. The Company is working to unite the Villalpando and Santa Cecelia areas through a connecting haulage ramp, in order to be able to send ore from Santa Cecelia more efficiently to the mill at El Cubo.

The Company's exploration efforts at El Cubo continues to be focused on two fronts: a) drilling expansion of the main NW striking Dolores and Villalpando vein systems and b) exploration of numerous NE striking, perpendicular, transversal veins. These transverse veins are well known in the region, are usually narrow but are often high grade and with proportionately higher gold grades. Management feels these veins offer an overlooked exploration opportunity, and has begun mapping, sampling, and drilling numerous such targets both underground and from surface.

The Company completed 5,200 meters of planned underground drilling at Villalpando in 2021 and anticipates an additional 8,000 meters at Villalpando and Dolores and 7,500 meters at Santa Cecilia in 2022 with a total anticipated drilling cost of approximately $1.0 million. As at March 31, 2021 the Company had drilled 1,124 meters at Villapando, with the objective to drill through the Capulin Vein, which is an area at the Villalpando vein that was not mined previously and 1,282 meters at Santa Cecilia area drilling though the Vilalpando vein and intersecting parallel veins named San Miguel and Soledad veins. Drilling will consist of primarily NQ diameter holes, generally no more than 300m in length. This current drill program is primarily intended to continue to increase the confidence level of the inferred and indicated resources as outlined in the Company's PEA as well as provide better grade control data for mining in the Villalpando and Santa Cecilia areas. Additional pure exploration drilling will also be conducted.

The Villalpando and Santa Cecilia areas are just a few of the stope areas where mining had previously occurred prior to shutdown of the mine in November 2019. There are numerous other existing areas of the mine where the Company believes it will be able to take the same approach. The areas where the Company plans to focus its mining in the months and years ahead include the Dolores North, Dolores South, La Loca, San Eusebio, and Asuncion to mention some of the existing vein structures.



At the anticipated run rate of 30,000 tonnes per month, there is tailings capacity of 2.0 years at two different dams at the El Cubo Complex. Wood Engineers PLC of Aberdeen, Scotland (Denver, Colorado office) has been engaged as the Company's ongoing tailings facility supervisor and to perform tailings geotechnical studies. The Company is actively evaluating options to expand its tailings capacity, including new tailings ponds, dry stacking, and hydraulic fill within the past producing open stopes of the El Cubo mine. The Company's environmental assessment for El Cubo, granted to Endeavour under Mexico's Cambio de Titularidad of the Manifiesto de Impacto Ambiental ("MIA") and authorized by environmental authorities (SEMARNAT) has been transferred to the Company's subsidiary (OMPSA) that holds the El Cubo Complex. The MIA governs all mining activities such as beneficiation, tailings facilities and waste dumps.

El Pinguico Mine Project

The Company has a 100% interest in the historic El Pinguico mine property which consists of two mining concessions covering 71 hectares, located approximately 7 km southeast of Guanajuato City in Guanajuato State, Mexico, and contains the past-producing high-grade El Pinguico-El Carmen silver-gold mine. The historic mine has two main access adits: the El Carmen Adit and the Sangria del Carmen Adit. The El Pinguico is also located 2 km from Mina Las Torres, owned by Fresnillo PLC.

The property was originally subject to a 4% net smelter return ("NSR") and a 15% net profits interest ("NPI") on minerals recovered from existing stockpiles of mineralized rock and a 3% NSR and 5% NPI on all in-situ mineralization. On August 18, 2020, as amended on November 8, 2020, the Company entered into an option agreement to repurchase the 4% NSR, 3% NSR and the 5% NPI from the vendor. The 15% NPI remains in place on minerals recovered from the existing stockpile of surface and underground mineralized rock.

The Company also owns 302 hectares of surface land that includes El Pinguico and provides significant land area for mining infrastructure, development and construction. The Company has a Use of Land permit, issued by the Guanajuato municipality, that provides the Company with all the rights and entitlement for initiating necessary infrastructure work and preparing the surface stockpile for production. These activities include road construction, building structures, hauling and waste dumping activities. The Company owns 89.6 hectares and has a rental with option to purchase agreement of the 212 remaining hectares.

In March 2021, the Company acquired a further 89.6 hectares of land that covers portions of the surface of the El Pinguico mining claims for $22,773. The Company also has an option to purchase 212.98 hectares covering additional portions of surface area of the El Pinguico mining claims for $44,727.

The Company also has a 15 year Surface Land Access Agreement for the mine with the Ejido Calderones, the local Ejido group which allows for unrestricted road access for exploration and mining equipment and personnel to El Pinguico through the community of Calderones. The surface access and the Company's land use agreements, together with its existing mining rights, provide the Company with all key land components necessary to carry out its current planned exploration and operational activities at El Pinguico.

During Q1 2022, 24,663 dry tonnes have been processed from the El Pinguico Surface stockpile, with average grades of 0.5 grams per tonne of gold and 41.5 grams per tonne of silver with average recoveries of 73% of silver and 67% of gold. The total production from the surface stockpile during this quarter was 43,650 silver equivalent ounces.

From 1906 to 1913, El Pinguico produced 250 tonnes per day from shrinkage mining techniques, liberating high-grade silver and gold ore at cut-off grades over 15 grams per tonne ("g/t") gold equivalent ("Au eq"). Due to local and national civil unrest related to the Mexican Revolution, El Pinguico prematurely closed, abandoning large surface and underground stockpiles of mineralized material.

The Guanajuato Mining District is mainly characterized by epithermal deposits associated with continental tertiary acid volcanism. The El Carmen-El Pinguico vein is considered an extension of the Veta Madre vein system, the main vein in the historic Guanajuato Silver District. The mineralization consists of a mixture of native gold and silver, polybasite, pyrargyrite, tetrahedrite, marcasite, sphalerite, galena, pyrite and chalcopyrite.

El Pinguico Shaft

The Company can access El Pingüico through 2 access portals on levels 4 and 7, as well as the entrance of the shaft where a one-ton hoist is installed on a metal head frame and a large winch. A diesel generator powers the winch, which is used to transport crews to and from the various adit levels, as well as to help remove debris and mineralised material from the bottom of the shaft.

The Company has access to levels 4 through 7 of the mine and is currently working on accessing Level 8. Within Level 7, crews can now advance about 80 m north of the Pinguico shaft, or about 1/6 of the length of the underground stockpile, before a rock fall blocks any further advance; however, a continuation of the level 7 adit can be observed to the north through the fallen rocks. The Company also plans to further rehabilitate Level 7 to the south. Similar to the blockage in the north, there is a rockfall that blocks immediate access to the south approximately 200 m south of the shaft. Cleaning this material from this southern extension of the adit can provide a potentially safe and economical pathway to bring the underground stockpile material as well as additional in situ vein material to the surface for subsequent delivery to the El Cubo mill for processing. The explosive permit obtained on May 3, 2021, expired on October 21, 2021, the Company expects to receive a new construction explosive permit for El Pingüico in June 2022, which will allow the Company to continue to remove material from adit Level 7, as well as from other areas of the historic mine in anticipation of accessing both stored material and fresh vein material.

The underground stockpile at the El Pinguico mine consists of material that in 2012 the Mexican Geological Survey (SGM) agency determined was 148,966 tonnes in size. In 2017, the Company carried out a trench digging program at the top of this underground material. This program resulted in a weighted average of all trench samples of 1.75 gpt Au and 183 gpt Ag, (323 gpt AgEq), which is similar to the grades cited in 2012 by SGM of 1.66 gpt Au and 143 gpt Ag.

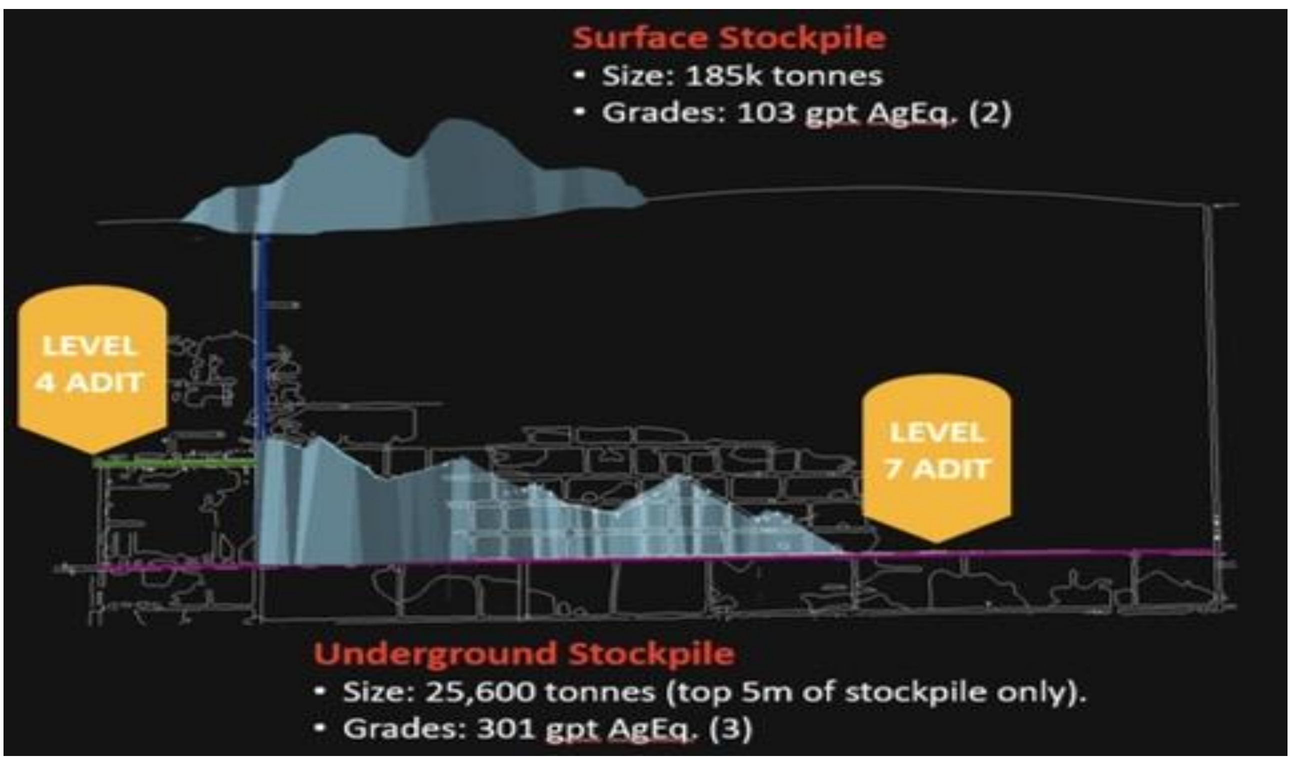


Illustration of the surface stockpile and the underground stockpile

Drilling

The Company is focused, for 2022, on drilling the Veta El Pinguico Northing and San Jose Vein structures to further delineate and define the resource and expects to drill approximately 2,800 by the end of the year.

The Company has also applied for an environment permit to expand drilling at El Pinguico to include the Veta Madre and the southern extensions to the vein structures located on the Pinguico mining claims which is expected to be received in the seond half of 2022. Company geologists feel that drilling the interpreted Veta Madre target from the southern portion of the property may allow drilling to intersect the target at a shallower distance than depth than drilling at locations further north on the property. The Company anticipates receiving environmental approval during the first half of 2022 which upon receipt, the Company expects to drill approximately 3,400 meters over the remainder of 2022.

The results of these drill programs will allow for further modelling of the El Pinguico vein system, as well as fault structures on the property that have down-dropped stratigraphic sections of the project to the south, which will continue to help the Company to reinterpret the potential location of the intersection of the El Pinguico vein system with the Veta Madre.

Mexican Silver Belt Claims

The Company has 7,800 hectares of additional mining claims within the Guanajuato and Queretaro regions as follows:

a) Patito I and II concessions - located approximately 1.5 km southwest, and 3.0 km due south of El Pinguico.
b) The Analy I & Analy II concessions - located 100 km east of the city of Guanajuato, Mexico
c) El Ruso, Ysabela and Camila concessions – located near the northern boundary between the States of Guanajuato and Queretaro in central Mexico
d) Over 7,000 hectares of mining claims south and east of the city of Guanajuato acquired from Endeavour as part of the El Cubo Complex transaction.

A 2.5% NSR exists on the seven concessions (a, b, and c above) of which, one half (1.25%) may be repurchased for $500,000.

OMPSA acquired the Patito I and Patito II concessions to expand its land position adjacent to El Pinguico. The remaining five concessions are owned by GSilver’s other Mexican subsidiary, CanMex Silver S.A. de C.V.

Patito I and Patito II

Providing additional mineral rights to El Pinguico, these claims are in close proximity to and along strike from the Veta Madre system. Several vein structures are present, possibly representing a parallel vein system to the Veta Madre or El Pinguico veins. Host rocks are sub-aerial acid volcanics. Numerous Au-Ag rock chip anomalies have been identified by historical sampling. The mineralization is associated with brecciation and mesothermal/epithermal quartz veining/stockwork and silicification controlled by narrow structures 0.3 m to 1.5 m wide at surface with potential for expansion at depth.

Analy I and Analy II

These claims represent a total land area of 723 hectares, located within 50 km of Guanajuato, in the middle of the prolific Silver Belt. The claims are located in an old Ag-Pb-Zn mining area that has never been explored using modern methods, providing potential for new discoveries.

El Ruso

The El Ruso claim area is located adjacent to an old mercury (“Hg”) prospecting pit and several other small historical Hg and Au-Ag mines are present in the area, including the El Nacimiento skarn deposit. No historical production/grade records are available. Historical and current fieldwork have returned high- grade Au and Ag assays.

Ysabela and Camila

These are granted claims in an old Ag-Pb-Zn-Au mining area in the Sierra Madre Oriental. The Camila claim boundary is located on the abandoned Santa Ana Ag-Pb-Zn mine, a manto or skarn deposit that operated intermittently from the late 1800s to 1995. Several other abandoned Ag-Pb-Zn mines are located on the claim boundary, including the Guadalupe Mine, an Ag-Pb-Zn mine that operated intermittently from the late 1800s to about 1985, with maximum production prior to closure of 1,000 tonnes per day. A 200 m deep shaft is connected to a lower 530 m long haulage and ventilation tunnel. An inactive mill site occurs within the claim. The area has never been explored using modern exploration methods and has never been drilled, offering significant mineralization potential. The area is easily accessible by road and the terrain is amenable to rapid screening by conventional reconnaissance exploration techniques.

FINANCIAL PERFORMANCE

Commercial production at the El Cubo-Villalpando Mine commenced on October 1, 2021, and hence there are no comparable financial results for revenue, cost of sales and earnings from mine operations for the three months ended March 31, 2022.

	Three Months Ended				
	March 31, 2022	**Dec 31, 2021**	**March 31, 2021**	**Change Q1 vs Q4**	**Change Q12022 vs Q1 2021**
Financial Results					
Revenue					
Gold	$2,818,591	$1,938,839	$ -	45%	100%
Silver	3,568,047	2,177,972	-	64%	100%
Cost of Sales					
Production costs	5,583,155	4,911,576	-	14%	100%
Transportation and selling cost	102,646	109,452	-	(6)%	100%
Inventory changes	688,203	60,994	-	1,028%	100%
Depreciation	1,749,757	1,268,841	-	38%	100%
Mine operating loss	**1,737,123**	**2,234,052**	**-**	**(22%)**	**100%**
General and administration	1,219,581	1,201,721	432,740	1%	182%
Share based compensation	410,213	349,992	1,105,536	17%	(63%)
Exploration	616,831	224,692	601,283	175%	3%
Foreign exchange loss	289,999	199,204	544,608	46%	(47%)
Other operating (income)	(2,996)	(18,077)	-	(83%)	100%
Interest and finance costs (income), net	634,805	585,545	819	8%	77,410%
Loss (gain) on derivatives	242,813	(30,884)	-	(886%)	100%
Other finance items, net	(209,217)	-	(6,283)	100%	3,230%
Net loss	**$4,939,152**	**$4,746,245**	**$2,678,703**	**4%**	**84%**
Loss per share - basic and diluted	(0.02)	(0.02)	(0.02)	(2%)	4%
EBITDA[1][5]	$(2,503,405)	$(2,858,086)	$(2,662,034)	(13%)	(6%)
Adjusted EBITDA[2][5]	$(2,059,596)	$(2,538,978)	$(1,562,781)	(19%)	32%
Cash cost per Ag/Eq ounce[3][5]	$20.12	$25.45	$-	(21%)	100%
AISC per Ag/Eq ounce[4][5]	$25.67	$38.39	$-	(33%)	100%
Realized silver price per ounce[6]	$23.97	$23.35	$-	3%	100%
Realized gold price per ounce[6]	$1,864.26	$1,784.02	$-	4%	100%

1. See Reconciliation of Earnings before interest, taxes, depreciation and amortization on page 16.
2. See reconciliation of Adjusted EBITDA on page 16.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 17.
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 17.
5. See "Non-IFRS Financial Mmeasures"
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.

Revenues

During the three months March 31, 2022, the Company sold 134,281 ounces of silver at a realized price of $23.97 and 2,007 ounces of gold at a realized price of $1,864.26 a 45% and 64% increase respectively, as compared to Q4 2021 resulting in revenues of $6,386,638 net of treatment and refining costs which amounted $463,666 a 55% increase compared to Q4 2021.

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 22% in cost of sales is due primarily to an increase of production cost driven by higher mining cost and higher depreciation during the period compared to last quarter.

General and administration

General and administration expenses increased by $786,841 or 182% for the three months ended March 31, 2022, compared to same quarter last year mainly due to adding members to the executive team and employees in the Vancouver, Canada office, at the Guanajuato, Mexico office and the El Cubo site, as well as, increased professional fees and promotion expensed in conjunction with operations of the El Cubo Complex.

Exploration

General exploration costs had a slight increase of 3% to $616,831 in the three months ended March 31, 2022, from the same period in 2021 as the Company continued with its diamond drill program. For the three months ended March 31, 2022, the Company's advance on the drilling program was 724 meters for the El Pinguico vein, 1,124 meters for the Villalpando vein, 1,282 meters at Santa Cecilia vein and 1,065 meters at the Mastrantos IV tallings dam.

Share-based compensation

Share-based compensation decreased by $695,240 to $410,213 for the three months ended March 31, 2022, compared $1,105,453 in the same period in 2021, due to 2,033,333 options granted to employees and directors of the Company, and 87,500 options granted to consultants of the Company vesting immediately in Q1 of 2021.

Interest and finance costs (income), net

Interest and finance (costs) income, increased by $49,260 for the three months ended March 31, 2022, due to interest accrued on the $7,500,000 loan with OCIM Group ("OCIM") and the advance payment of $1,500,000 received in October 2021 from Ocean Partners (*See Liquidity and Capital Resources)*.

Loss (gain) on derivatives

For the three months ended March 31, 2022, the Company recognized a loss of $242,813 on revaluation of the derivative in connection with the OCIM loan (March 31,2021 – nil).

Other finance items, net

The Company sold 443 ounces of gold and 41,848 ounces of silver and recognized a gain of $209,217 during the period ended March 31, 2022 (March 31, 2021 – nil).

LIQUIDITY AND CAPITAL RESOURCES

The Company's ability to generate sufficient amounts of 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.

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 2022 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 an acquisition, additional capital may be required. Sources of capital include accessing the private and public capital markets for debt and equity over the next 12 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		
	March 31, 2022	**Dec 31, 2021**	**March 31, 2021**
CashFlow			
Cash used in operating activities	(1,543,929)	(2,302,062)	(1,433,715)
Cash used in investing activities	(334,001)	(811,474)	(239,848)
Cash provided by financing activities	293,221	6,017,918	12,378,533
Effect of exchange rate changes on cash	237,226	(101,914)	(125,553)
Change in cash	(1,347,484)	2,248,149	10,579,418
Cash, beginning of period	8,234,043	5,985,894	4,179,962
Cash, end of period	**6,886,559**	**8,234,043**	**14,759,380**

As at March 31, 2022, the Company had cash of $6,886,559 and negative working capital of $1,198,721 compared with cash of $8,234,043 and working capital of $1,670,108 at December 31, 2021.

Operating activities

Cash used in operating activities was $1,543,929 during the three months ended March 31, 2022 (March 31, 2021 - $1,433,715). The significant non-cash adjustments to the net loss of $4,939,153 in the three months ended March 31, 2022 (March 31, 2021 – $2,678,703) were depreciation and amortization of $1,800,942 (March 31, 2021 – $15,850), gain on derivatives of $242,849 (March 31, 2021 – $Nil), share-based compensation of $410,213 (March 31, 2021 – $1,105,536), and a increase in non-cash working capital of $93,538 (March 31, 2021 – increase of $3,623). The net change in non-cash working capital was primarily due to a decrease in amounts receivable, prepaid expenses and deposits and settlement of advance payment offset by an increase in inventories, accounts payable and accrued liabilities and other asstes.

Investing activities

Investing activities used cash of $334,001 in the three months ended March 31, 2022, compared with the use of cash of $239,848 in the three months ending March 31, 2021. The use of cash during the three months ending March 31, 2022, was for mine development, and the acquisition of machinery, laboratory and computer equipment.

Financing activities

Cash generated from financing activities for the three months ended March 31, 2022, was $293,221 mainly from the exercise of unit warrants for $371,448 offset by loan and lease repayments of $78,227.

Trends in liquidity and capital resources

The Company expects to generate positive cash flows from its mining operations during 2022 before capital investments, exploration and evaluation and development costs, debt repayment obligations, at current metal prices, and current exchange rates for the Mexican Peso and the USD. This also assumes no significant operational disruptions related to government measures to reduce the spread of COVID-19. The Company may raise additional debt or equity over the next 12 months to improve working capital, fund planned capital investments and exploration programs for its operating mine, acquisitions, and meet scheduled debt repayment obligations.

Subsequent to March 31, 2022, the Company drew down a new silver and gold Pre-Payment Facility amount of $7,500,00 secured against GSilver's El Cubo assets. The facility is for a term of 18-months and repayable over a period of 12 months, following a six-month grace period, by GSilver 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.

A portion of the Pre-Payment Facility was used to repay to OCIM the cash equivalent of six of the Company's remaining nine monthly deliveries of silver and gold ounces due to OCIM under the Company's existing loan agreement drawn on July 27, 2021 (See GSilver news release dated June 28, 2021 - Guanajuato Silver Draws $7,500,000 from OCIM), the Company received $2,913,610 in cash. The Company previously made three monthly deliveries of silver and gold to OCIM under the loan agreement, leaving only the final three months' deliveries due November 30, 2022, December 30, 2022 and January 31, 2023 outstanding. The first monthly delivery of silver and gold ounces under the new Pre-Payment Facility is due November 1, 2022.

SUMMARY OF QUARTERLY RESULTS

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

Quarter ended	Revenue $	Mine operating loss $	Net loss $	Basic and fully diluted earnings (loss) per share $
March 31, 2021	6,386,638	(1,737,123)	(4,939,153)	(0.02)
December 31, 2021	4,116,811	(2,234,052)	(4,746,245)	(0.02)
September 30, 2021	-	-	(3,708,558)	(0.02)
June 30, 2021	-	-	(2,278,901)	(0.02)
March 31, 2021	-	-	(2,898,649)	(0.02)
December 31, 2020	-	-	(913,110)	(0.01)
September 30, 2020	-	-	(815,665)	(0.01)
June 30, 2020	-	-	(297,884)	(0.00)

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.

In the fourth quarter of 2021 the Company started producing and selling silver and gold concentrate. During the three months ended December 31, 2021, the Company sold 105,203 ounces of silver at a realized price of $23.35 and 1,179 ounces of gold at a realized price of $1,748.02 resulting in revenues of $4,116,811 net of treatment and refining costs which amounted $302,166. The Company generated $2,234,052 of mine operating losses and $4,939,153 of net loss.

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 ration, 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 our liquidity.

As at	March 31, 2022	December 31, 2021
Current assets	$12,919,019	$14,618,380
Current liabilities	14,117,740	12,948,272
Working capital	$(1,198,721)	$1,670,108

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.

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		
	March 31, 2022	Dec 31, 2021	March 31, 2021
	$	$	$
Net loss per financial statements	(4,939,152)	(4,746,245)	(2,678,703)
Depreciation and depletion – cost of sales	1,749,757	1,268,841	-
Depreciation and depletion – general and administration	51,184	33,774	15,850
Interest and finance costs (income), net	634,805	585,545	819
EBITDA	**(2,503,405)**	**(2,858,086)**	**(2,662,034)**
Stock based compensation	410,213	349,992	1,105,536
Loss (gain) on derivatives	242,813	(30,884)	-
Other finance items, net	(209,217)	-	(6,283)
Adjusted EBITDA	**(2,059,596)**	**(2,538,978)**	**(1,562,781)**

Cash Cost per AgEq Ounce, All-In Sustaining Cost per AgEq 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 unaudited condensed consolidated interim 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 our unaudited condensed consolidated interim financial statements.

		Three Months Ended		
		March 31, 2022	**Dec 31, 2021**	**Variance**
Cost of sales		$ **8,123,761**	$ **6,350,863**	**28%**
Transportation and selling cost		(102,646)	(109,452)	(6%)
Inventory changes		(688,204)	(60,994)	1,028%
Depreciation		(1,749,757)	(1,268,841)	38%
Production cost(4)	A	**$ 5,583,155**	**$ 4,911,576**	**14%**
Add (subtract):				
Government royalties and mining taxes		(32,863)	(24,911)	32%
Total cash cost(2)	B	**$ 5,550,292**	**$ 4,886,665**	**14%**
General and administrative - corporate		1,208,354	942,237	28%
Sustaining capital expenditures		322,305	2,163,893	(85%)
Total All-in sustaining cash cost(3)	C	**$ 7,080,950**	**$ 7,992,795**	**(11%)**
Tonnes milled	D	86,288	77,524	11%
Silver equivalent ounces produced(1)	E	275,823	239,968	15%
Production cost per tonne(4)	A/D	**$ 64.70**	**$ 63.36**	**2%**
Cash cost per AgEq ounce produced	B/E	**20.12**	**20.36**	**(1%)**
All-in sustaining cash cost per AgEq ounce produced	C/E	**25.67**	**33.31**	(23%)
Mining cost per tonne		$ 33.26	$ 26.81	24%
Milling cost per tonne		$ 19.38	$ 22.18	(13%)
Indirect cost per tonne		$ 12.07	$ 14.37	(16%)
Production cost per tonne(4)		**$ 64.70**	**$ 63.36**	**2%**

1. Silver equivalents are calculated using an 80:1 (Ag/Au) ratio.
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.

SHARE CAPITAL

The Company share capital consists of the following:

i. unlimited common shares without par value
ii. unlimited preferred shares without par value

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

	March 31 2022	As at the date of this MD&A
Common shares	225,832,555	226,126,829
Warrants	48,768,884	48,525,660
Stock options	14,025,000	14,398,333
Fully diluted	**288,626,439**	**289,050,822**

The details of stock options outstanding are as follows:

Expiry date	Exercise price per share CAD$	Options outstanding (March 31, 2022)	Options outstanding (As at the date of this MD&A)
August 18, 2022	0.40	262,500	262,500
March 30, 2023	0.08	2,225,000	2,225,000
May 31, 2023	0.10	50,000	-
June 27, 2023	0.20	550,000	550,000
October 12, 2023	0.30	2,025,000	2,025,000
January 4, 2024	0.30	150,000	150,000
February 6, 2024	0.30	150,000	150,000
February 17, 2024	0.30	37,500	37,500
March 24, 2026	0.51	6,450,000	6,450,000
April 26, 2026	0.60	250,000	250,000
May 14, 2026	0.60	400,000	400,000
July 15, 2023	0.45	200,000	200,000
September 8, 2026	0.49	400,000	400,000
October 12, 2026	0.41	150,000	150,000
November 5, 2021	0.53	25,000	25,000
Sept. 22, 2023	0.64	200,000	200,000
March 22, 2027	0.64	500,000	500,000
April 4, 2027	0.61	-	200,000
April 18, 2027	0.62	-	200,000
Total	**0.40**	**14,025,000**	**14,375,000**

The details of warrants outstanding are as follows:

Expiry date	Exercise price per share CAD$	Warrants outstanding (March 31, 2022)	Warrants outstanding (As at the date of this MD&A)
August 11, 2022	0.25	6,672,129	6,462,239
November 30, 2023	0.75	7,627,289	7,627,289
December 7, 2023	0.75	1,201,317	1,201,317
March 11, 2024	0.45	29,518,149	29,484,815
November 30, 2025	0.18	3,750,000	3,750,000
Total	**0.46**	**48,768,884**	**48,525,660**

On January 18, 2022, 4,504,925 warrant units expired unexercised.

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:

		March 31 2022		March 31 2021
Salaries, bonus and benefits	$	35,494	$	-
Consulting fees [1]		71,039		80,088
Share-based compensation		275,125		629,008
Total	**$**	**381,658**	**$**	709,096

[1] Total consulting fees were paid to Blueberry Capital Corp. a company controlled by the CEO of the Company and Universal Solution Inc a company controlled by the VP Corporate Development and Corporate Secretary of the Company.

Royalty purchase option

On August 18, 2020, as amended on November 8, 2020, the Company entered into a royalty purchase option vendor agreement to acquire 3 of the 4 underlying royalties on the El Pinguico Project from the original vendor of the property (the "Option Agreement"), Exploraciones Mineras Del Bajio S.A. de C.V. ("EMBSA"), a company controlled by a director of the Company. Under the Option Agreement, the Company has the option to repurchase the following royalties from EMBSA:

- the 4% NSR on all "broken material" within both the above ground and underground stockpiles;
- the 3% NSR on all newly established in-situ material discovered on the El Pinguico Project; and
- the 5% NPI on all newly established in-situ material discovered on the El Pinguico Project.

Under the terms of the Option Agreement, the Company will pay a total of CAD$1,675,000 cash and issue 3,750,000 units (each unit comprised of one common share and one non-transferable share purchase warrant, exercisable at CAD$0.175 per share for a term of 5 years) to EMBSA as follows:

- CAD$200,000 cash (paid) and 3,750,000 units on or before November 30, 2020 (issued);
- CAD$325,000 cash on or before February 22, 2021 (paid);
- CAD$525,000 cash on or before February 22, 2022;
- CAD$625,000 cash on or before February 22, 2023.

Upon completion of the payments and exercise of the option, the Company will own an undivided 100% interest in the El Pinguico Mine Project with only a 15% NPI on the existing above and underground stockpiles as the remaining royalty.

On April 7, 2022, the Company and EMBSA amended the Option Agreement whereby the CAD$525,000 option payment due on February 22, 2022, was deferred and will be paid as follows:

- CAD$262,500 on or before April 10, 2022 (paid)
- CAD$262,500 on or before October 10, 2022 (Second Installment)

The Second Installment shall bear interest from February 22, 2022, at an annual rate of 5%, compounded annually, until the date of repayment.

CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

a) Commitments

As at March 31, 2022, the Company had commitments of $130,805, for equipment purchases and $770,885 of drilling services which are expected to be expended within one year.

b) Contingencies

The Company has certain contingent payments in 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").
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").

The Company has accrued a total of $750,000 for contingent payment #2 and contingent payment #3 as other current liabilities on the statement of financial position.

MANAGEMENT OF CAPITAL

The Company's capital consists of share capital, equity reserves and deficit. The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support mine refurbishment, exploration and development of its properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders. The Board of Directors has not established quantitative capital structure criteria management, but reviews, on a regular basis, the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

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 believes that this approach, given the relative size of the Company, is reasonable.

In addition, 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.

There were no changes in the Company's approach to capital management during the three months ended March 31, 2022 compared to the year ended December 31, 2021. The Company is not subject to externally imposed capital requirement.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Fair value measurement and valuation techniques

Financial instruments included in the unaudited condensed consolidated interim 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, which is the estimated sale price of the silver and gold, generally determined based on 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.
OCIM Loan	The fair value of the loan was estimated using the discounted cash flow method at a rate that equates to the risk-free rate plus 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 liability was based on the Monte-Carlo averaging simulation technique on simulated gold prices. The paths of the gold prices are simulated as geometric Brownian motions which is an industry standard approach for simulating the expected future paths of gold prices.

The carrying value of cash and cash equivalents is measured at fair value using level 1 inputs as the basis for measurement in the fair value hierarchy. The carrying value of deposit, accounts payable, promissory note and accrued liabilities, all of which are carried at amortized cost, approximate their fair value given their short-term nature. Trade receivables, loans and the derivative are classified within Level 2 of the fair value hierarchy.

During the three months ended March 31, 2022, there were no transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy.

March 31, 2022	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	$ 1,916,681	$ -	$ 1,916,681	$ -	$ 1,916,681	$ -
Derivative	122,480	-	122,480	-	122,480	-
	$ 2,039,161	**$ -**	**$ 2,039,161**	**$ -**	**$ 2,039,161**	**$ -**
Financial assets not measured at Fair Value						
Cash and cash equivalents	$ -	$ 6,886,559	$ 6,886,559	$ -	$ -	$ 6,886,559
Other receivables	-	4,145,244	4,145,244	-	-	4,145,244
	$ -	**$ 11,031,803**	**$ 11,031,804**	**$ -**	**$ -**	**$ 11,031,804**
Financial liabilities measured at Fair Value						
Other current liabilities	$ (750,000)	$ -	$ (750,000)	$ -	$ (750,000)	$ -
	$ (750,000)	**$ -**	**$ (750,000)**	**$ -**	**$ (750,000)**	**$ -**
Financial liabilities not measured at Fair Value						
Accounts payable and accrued liabilities	$ -	$ (4,882,157)	$ (4,882,157)	$ -	$ -	$ (4,882,157)
Vehicle loan	-	(164,888)	(164,888)	-	-	(164,888)
OCIM Loan	$ -	$ (7,368,136)	$ (7,368,136)	$ -	$ -	$ (7,368,136)
	$ -	**$ (12,415,181)**	**$ (12,415,182)**	**$ -**	**$ -**	**$ (12,415,182)**

				Fair value		
December 31, 2021	**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	$ 491,731	$ -	$ 491,731	$ -	$ 491,731	$ -
Derivative	365,293	-	365,293	-	365,293	-
	$ 857,024	**$ -**	**$ 857,024**	**$ -**	**$ 857,024**	**$ -**
Financial assets not measured at Fair Value						
Cash and cash equivalents	$ -	$ 8,234,043	$ 8,234,043	$ -	$ -	$ 8,234,043
Other assets - silver and gold bullion	-	1,622,935	1,622,935	-	-	1,622,935
Other receivables	-	2,129,178	2,129,178	-	-	2,129,178
	$ -	**$ 11,986,156**	**$ 11,986,156**	**$ -**	**$ -**	**$ 11,986,156**
Financial liabilities measured at Fair Value						
Other current liabilities	$ (750,000)	$ -	$ (750,000)	$ -	$ (750,000)	$ -
	$ (750,000)	**$ -**	**$ (750,000)**	**$ -**	**$ (750,000)**	**$ -**
Financial liabilities not measured at Fair Value						
Accounts payable and accrued liabilities	$ -	$ (3,467,293)	$ (3,467,293)	$ -	$ -	$ (3,467,293)
Vehicle loan	-	(174,277)	(174,277)	-	-	(174,277)
OCIM Loan	$ -	$ (8,372,366)	$ (8,372,366)	$ -	$ -	$ (8,372,366)
	$ -	**$ (12,013,936)**	**$ (12,013,936)**	**$ -**	**$ -**	**$ (12,013,936)**

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 foreign 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.

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. The carrying amount of financial assets, as stated in the consolidated statement of financial position, represents the Company's maximum credit exposure.

As of		**Macrh 31 2022**		**December 31 2021**
Cash and cash equivalents	**$**	6,886,559	$	8,234,043
Trade receivables		1,916,681		491,731
VAT recoverable		4,002,350		3,809,363
Other receivables		142,894		55,651
	$	**12,948,484**	$	12,590,788

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, at March 31, 2022:

	Expected payments due by year as at March 31, 2022							
		Less than 1 year		**1 -3 years**		**After 5 years**		**Total**
Trade and other payables	$	4,882,157	$	-	$	-	$	**4,882,157**
Advance payment		1,120,690		-		-		**1,120,690**
Loans		7,290,211		-		-		**7,290,211**
Lease obligations		232,042		161,703		-		**393,745**
Other liabilities		750,000		-		6,315,466		**7,065,466**
Total	**$**	**14,275,100**	**$**	**161,703**	**$**	**6,315,466**	**$**	**20,752,269**

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 a Canadian chartered bank. 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 advance payment, 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. The Company's advance payment is subject to 12-month LIBOR. Based on the Company's interest rate exposure at March 31, 2022, 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 and the US Dollar ("USD") and Canada wich 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 March 31, 2022	Canadian dollars	Mexican pesos
Cash and cash equivalents	8,253,397	5,555,515
Amounts receivable	38,355	81,253,309
Accounts payable and accrued liabilities	(408,229)	(90,220,206)
Current portion of lease liabilities	(65,491)	-
Advance payment	-	(22,260,483)
Other long-term liabilities	(268,946)	(334,029)
Lease liabilities	-	(125,445,371)
Provision for reclamation and rehabilitation	-	(151,451,266)
Total foreign currency exposure	7,549,085	(7,614,935)
USD equivalent of foreign currency exposure	6,041,201	(6,922,221)

The Company is primarily exposed to fluctuations in the value of CAD$ against US$ and US$ against Mexican pesos ("MX$"). With all other variables held constant, a 10% change in CAD$ against US$ or US$ against MX$ would result in the following impact on the Company's net loss for the peiod:

Currency	Change	Effect
Canadian dollars	+/- 10%	$ 550,958
Mexican pesos	+/- 10%	$ 692,715

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 commence 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 March 31, 2022:

Metal	Change	Effect on Sales
Silver	+/- 10%	$ 281,763
Gold	+/- 10%	$ 343,046

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 recent 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 length of travel and quarantine restrictions 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.

The Company continues to implement preventative control measures to protect the safety and health of our employees, contractors, and communities in which we operate, including social distancing, comprehensive sanitation measures for the workplace and and pre-screening for virus symptoms.

The Company is following government health protocols and is closely monitoring the pandemic with local health authorities. Hoewver, there is no guarantee that the Company will not experience significant disruptions to or additional closures of its mining operation due to COVID-19 restrictions in the future. Any such disruptions or closures could have a material adverse effect on the Company's production, revenue, and business.

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.

ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of the unaudited condensed consolidated interim financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the unaudited condensed consolidated interim financial statements and the reported amounts of revenues and expenses during the reporting period. Judgements, estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. 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, 2021.

CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

The accounting policies applied in the Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2022, are the same as those applied in the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2021 and 2020. A number of new standards and amendments to standards are effective for annual periods beginning on or after January 1, 2023 and earlier application is permitted; however, we have not early adopted and continue to evaluate the impact of the forthcoming or amended standards in preparing our unaudited condensed consolidated interim financial statements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Information provided in this MD&A, including the unaudited condensed consolidated interim financial statements, is the responsibility of management. In the preparation of the unaudited condensed consolidated interim 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 unaudited condensed consolidated interim 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.

MANAGEMENT'S REPORT ON DISCLOSURE CONTROLS AND PROCEDURES

Management of the Company has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the unaudited condensed consolidated interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements; and (ii) the unaudited condensed consolidated interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented. There have been no significant changes in the Company's disclosure controls and procedures during the three months ended March 31, 2022.

LIMITATIONS OF CONTROLS AND PROCEDURES

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, believe that any system of controls and procedures over financial reporting and disclosure, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.