Management's Discussion and Analysis

For the three and nine months ended September 30, 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 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, 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 November 28, 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 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 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 labor disruptions, supply disruptions, power disruptions, damage to equipment, adverse weather conditions, natural disasters, COVID 19 or otherwise; (2) permitting, access, production, development and exploration at our 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 quantity and grade of mineral resources 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 re-start production of concentrate from the Company's newly acquired Valenciana and San Ignacio mines in accordance with the Company's budgeted costs, timing and expectations; (7) the ability of the Company to successfully integrate its recently acquired Valenciana and San Ignacio mines into its current El Cubo and El Pinguico mining operations on a basis consistent with the Company's current expectations including the availability of excess processing and tailings capacity at El Cubo; (8) the ability of the Company to improve production efficiency and grades at its newly acquired 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, atural disasters, 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 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, 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, rising inflation and 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 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 November 28, 2022.

Settling tank at El Cubo

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Chairman and CEO, James Anderson viewing a historic map of Valenciana

OPERATING AND FINANCIAL HIGHLIGHTS

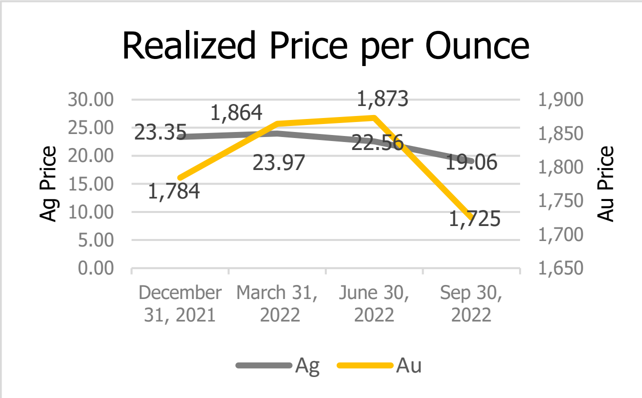
Commercial production at the El Cubo Mines Complex commenced on October 1, 2021, San Ignacio and Topia mines were acquired on August 4,2022, and hence there are no comparable operational and financial results for revenue, cost of sales and earnings from mine operations for the three and nine months ended September 30, 2021.

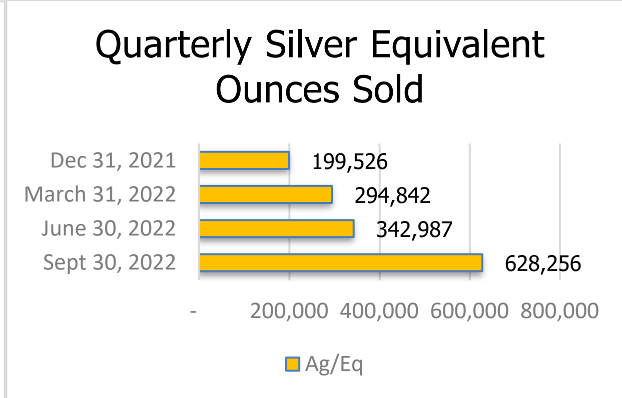
CONSOLIDATED	Three Months Ended September 30 2022	 June 30 2022	 March 31 2022	 Dec 31 2021	Change Q3 vs Q2
Operating					
Tonnes mined	107,379	90,045	81,338	89,082	19%
Tonnes milled	107,009	94,212	86,288	77,524	14%
Silver ounces produced	329,298	155,912	125,423	124,750	111%
Gold ounces produced	3,226	2,161	1,880	1,440	49%
Lead produced (lbs)	537,608	-	-	-	-
Zinc produced (lbs)	677,127	-	-	-	-
Silver equivalent ("Ag/Eq") ounces produced(1)	700,264	337,760	275,823	235,609	107%
Silver ounces sold	311,754	159,840	134,281	-	95%
Gold ounces sold	2,997	2,195	2,007	-	37%
Lead sold (lbs)	504,408	-	-	-	-
Zinc sold (lbs)	273,327	-	-	-	-
Ag/Eq ounces sold(1)	628,256	342,987	294,842	199,526	83%
Cost per tonne ($)(5)	90.37	60.89	64.32	63.35	48%
Cash cost per Ag/Eq ounce ($) (1)(2)(5)	13.86	17.08	20.24	20.36	(19%)
AISC per Ag/Eq ounce ($) (1)(3)(5)	19.53	24.15	25.79	33.31	(19%)
Financial	**$**	**$**	**$**	**$**	
Revenue	8,871,863	6,133,989	6,386,638	4,116,811	45%
Cost of sales	12,213,605	7,790,285	8,123,761	6,350,863	57%
Mine operating loss	(3,341,742)	(1,656,296)	(1,737,123)	(2,234,052)	102%
Net loss	(8,405,337)	(3,521,390)	(4,939,152)	(4,746,245)	139%
EBITDA(4)(5)	(4,192,955)	(1,132,278)	(2,503,405)	(2,858,086)	281%
Realized silver price per ounce(6)	19.06	22.56	23.97	23.35	(16%)
Realized gold price per ounce(6)	1,724.81	1,873.26	1,864.26	1,784.02	(8%)
Realized lead price per pound(6)	0.86	-	-	-	-
Realized zinc price per pound(6)	1.44	-	-	-	-
Working capital(5)	(2,591,389)	(2,046,261)	(1,198,721)	1,670,108	27%
Shareholders					
Loss per share - basic and diluted	$(0.03)	$(0.02)	$(0.02)	$(0.02)	55%
Weighted Average Shares Outstanding	271,509,812	226,033,272	224,556,314	210,531,741	20%

1. Silver equivalents are calculated using an 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), for Q2 2022 and 80:1(Ag/Au), for Q1 2022 and Q4, 2021, respectively.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 23.
3. AISC per Ag/Eq 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 22.
5. See "Non-IFRS Financial Measures" on page 21.
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	Topia	Consolidated
Tonnes mined	95,965	11,414	107,379
Tonnes milled	95,380	11,629	107,009
Silver ounces produced	219,627	109,671	329,298
Gold ounces produced	3,035	191	3,226
Lead produced (lbs)	-	537,608	537,608
Zinc produced (lbs)	-	677,127	677,127
Silver equivalent ("Ag/Eq") ounces produced(1)	492,432	207,832	700,264
Cost per tonne(4)	67.20	280.43	90.37
Cash cost per Ag/Eq ounce(1)(2)(4)	13.09	15.69	13.86
AISC per Ag/Eq ounce(1)(3)(4)	15.18	16.87	19.53

1. Silver equivalents are calculated using an 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), for Q2 2022 and 80:1(Ag/Au), for Q1 2022, respectively.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 23.
3. AISC per Ag/Eq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation and sustaining capital.
4. See "Non-IFRS Financial Measures" on page 21.





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 2022	December 31 2021
	$	$
Cash and cash equivalents	6,365,025	8,234,043
Total assets	79,006,679	51,319,876
Debt	16,419,627	9,509,092
Shareholders' equity	36,007,044	30,800,565

COMPANY HISTORY, OVERVIEW & STRATEGY

GSilver is a precious metals producer engaged in producing silver and gold from the El Cubo mine and mill (the "El Cubo Mines Complex"), which includes the Villalpando and Santa Cecilia Mines, the El Pinguico mine ("El Pinguico") and the newly acquired Valenciana Mines Complex which includes the Cata mill ("VMC") and the San Ignacio mine ("San Ignacio") near the city of Guanajuato, Mexico and producing silver, gold, lead and zinc from the Topia mine ("Topia") 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 Acquis 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

Acquisition of Minera Mexicana El Rosario S.A. De C.V

On August 4, 2022, the Company acquired Minera Mexicana El Rosario S.A.de C.V. ("MMR") from Great Panther Mining Limited ("Great Panther"), which includes VMC (formerly know as the Guanajuato Mines Complex or GMC), San Ignacio, and Topia as well as the El Horcón and Santa Rosa projects, with an overall total of 25,000 hectares in mineral claims.

Under the terms of the transaction, the Company acquired 100% of the shares of MMR for total consideration of $16,540,364 (subject to adjustment) as follows:

- $8,000,000 in cash
- 25,787,200 GSilver common shares at a deemed price of C$0.335 per share, for a total of $6,700,000, which had a fair value of $8,976,524 based on the closing price of the Company's shares on August 4, 2022.
- A working capital adjustment of $1,264,471 as a result of a deficiency in the working capital of MMR compared to the target working capital per the Sales & Purchase Agreement subject to adjustment.

Additionally, the Company has agreed to pay Great Panther up to an additional $2,000,000 in contingent payments as follows:

- $500,000 upon the Company producing 2,500,000 ounces of silver from the MMR assets
- $750,000 if the price of silver closes at or above $27.50 per ounce for 30 consecutive days within two years after closing
- $750,000 if the price of silver closes at or above $30,00 per ounce for 30 consecutive days within three years after closing.

The contingent payments have a fair value of $828,311, which are included as consideration.

All production, operating and financial results in respect of the San Ignacio and Topia Mines included in this MD&A reflect only those results from August 4, 2022, to September 30, 2022, unless indicated otherwise.

For additional details regarding the Acquisition of MMR, see Note 4 to the condensed consolidated interim financial statements for the period ended September 30, 2022.

View from the historic Valenciana mines hacienda

Historic smokestacks which powered the steam hoist at the Valenciana Shaft in the early 1900s

Going Concern

The Company started producing and selling silver and gold concentrate in the fourth quarter of 2021. For the nine months ended September 30, 2022, the Company generated a mine operating loss of $6,735,161, a net loss of $16,865,880 and negative cash flows from operating activities of $10,271,800, an accumulated deficit of $66,321,426, and current liabilities that exceed its current assets by $2,591,389, as at September 30, 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, although there is 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.

Adriana Rangel – Scoop Tram Operator at El Cubo

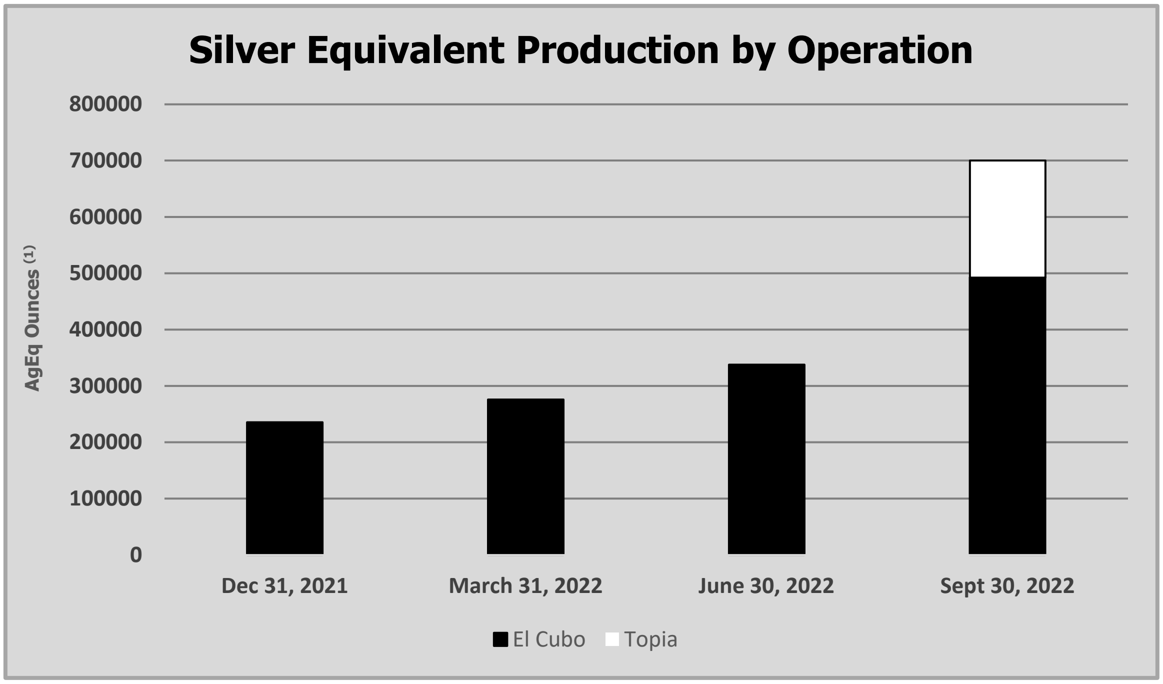
MINING OPERATIONS

CONSOLIDATED OPERATIONS

The Company operates the El Cubo Mines Complex, San Ignacio and Topia Mines. As at September 30, 2022, the Valenciana Mines Complex was on care and maintenance. Consolidated operating results for the three quarters of 2022 and the fourth quarter of 2021 are as follows:

CONSOLIDATED	Three months ended September 30 2022	June 30 2022	March 31 2022	Dec 31 2021	Change Q3 vs Q2
Production					
Tonnes mined	107,379	90,045	81,338	89,082	19%
Tonnes milled	107,009	94,212	86,288	77,524	14%
Average tonnes milled per day	1,274	1,108	1,027	901	15%
Average silver grade (g/t)	106.28	64.00	60.50	62.36	66%
Average gold grade (g/t)	1.08	0.86	0.88	0.75	26%
Average silver recovery (%)	88.5	80.9	75.0	82.9	9%
Average gold recovery (%)	86.3	82.6	77.0	78.8	4%
Silver ounces produced	329,298	155,912	125,423	124,750	111%
Gold ounces produced	3,226	2,161	1,880	1,440	49%
Lead produced (lbs)	537,608	-	-	-	-
Zinc produced (lbs)	677,127	-	-	-	-
Ag/Eq ounces produced(1)	700,264	337,760	275,823	235,609	107%
Sales					
Silver ounces sold	311,754	159,840	134,281	105,203	95%
Gold ounces sold	2,997	2,195	2,007	1,179	37%
Lead sold (lbs)	504,408	-	-	-	-
Zinc sold (lbs)	273,327	-	-	-	-
Ag/Eq ounces sold	628,256	342,987	294,842	199,526	83%
Realized silver price per ounce ($)(6)	19.06	22.56	23.97	23.35	(16%)
Realized gold price per ounce ($)(6)	1,724.81	1,873.26	1,864.26	1,784.02	(8%)
Realized lead price per pound ($)(6)	0.86	-	-	-	-
Realized zinc price per pound ($)(6)	1.44	-	-	-	-
Costs					
Cash cost per Ag/Eq ounce ($)(3)(5)	13.86	17.08	20.24	20.36	(19%)
AISC per Ag/Eq ounce ($)(4)(5)	19.53	24.15	25.79	33.31	(19%)
Production cost per tonne ($)(2)(5)	90.37	60.89	64.32	63.35	48%
Capital expenditures					
Sustaining ($)	983,215	1,036,060	322,305	2,163,893	(5%)
Diamond Drilling					
El Cubo Mine (mts)	3,006	5,180	3,470	1,831	(42%)
El Pinguico (mts)	-	149	724	618	-
Veta Madre (mts)	-	526	-	-	-

1. Silver equivalents are calculated using an 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), for Q2 2022 and 80:1(Ag/Au), for Q1 2022 and Q4,2021, respectively.
2. Production costs include mining, milling, and direct overhead at the operation sites See reconciliation on page 23.
3. Cash cost per silver equivalent ounce include mining, processing and direct overhead See reconciliation on page 23.
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 23.
5. See "Non-IFRS Financial Measures" on page 21.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.



1. Silver equivalents are calculated using an 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), for Q2 2022 and 80:1(Ag/Au), for Q1 2022 and Q4,2021, respectively.

Production

Total production in the quarter was 700,264 silver equivalent ounces, consisting of 329,298 ounces of silver, 3,326 ounces of gold, 537,608 pounds of lead and 677,127 pounds of zinc representing an 107% increase in silver equivalent ounces compared to Q2 2022. The El Cubo Mines Complex contributed with 492,432 silver equivalent ounces a 46% increase compared to prior quarter as a result of 17% and 22% increase in silver and gold grades respectively and the inclusion of 54,672 silver equivalent ounces from San Ignacio. The Topia mine contributed with 207,832 silver equivalent ounces during the three months ended September 30, 2022.

During the third quarter of 2022, El Cubo Mines Complex mined 85,833 tonnes (59,469, 25,147 and 1,217 tonnes from the Villalpando, Santa Cecilia and El Pinguico mines respectively), a decrease of 4,212 tonnes or 5% compared to the 90,045 extracted in the second quarter. With the addition of MMR, the Company mined a total of 107,379 tonnes. The San Ignacio and Topia mines contributed with 10,132 and 11,414 tonnes respectively.

During the third quarter, consolidated silver grades averaged 106.2 g/t a 66% increase compared to 64 g/t prior quarter, gold grades averaged 1.08 g/t a 26% increase from 0.86 g/t last quarter, mainly due to higher grade operating stopes at the Topia Mine with 317.33 g/t offset by 81.44 g/t from El Cubo and 78.75 g/t from San Ignacio.

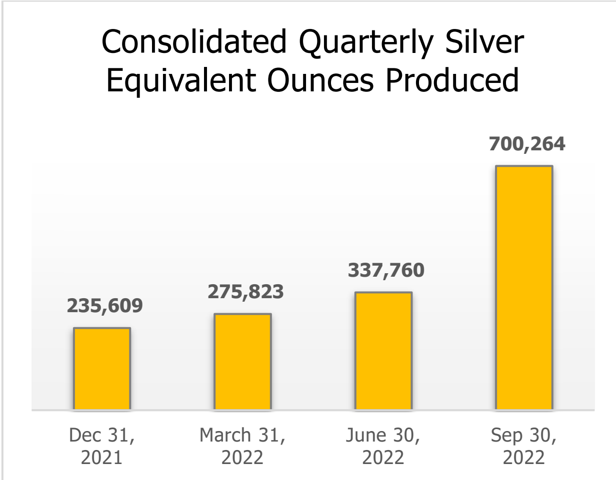
Metallurgical recoveries in the third quarter averaged at 86.3% for gold (4% higher than Q2 2022) and 88.5% for silver (9% higher than Q2 2022). These higher recoveries were mainly due to the reduction of Pinguico material through the El Cubo plant and intensive campaign to improve dosage of reagents used. Lead and Zinc recoveries during the third quarter averaged 89.5% and 80.9% respectively.

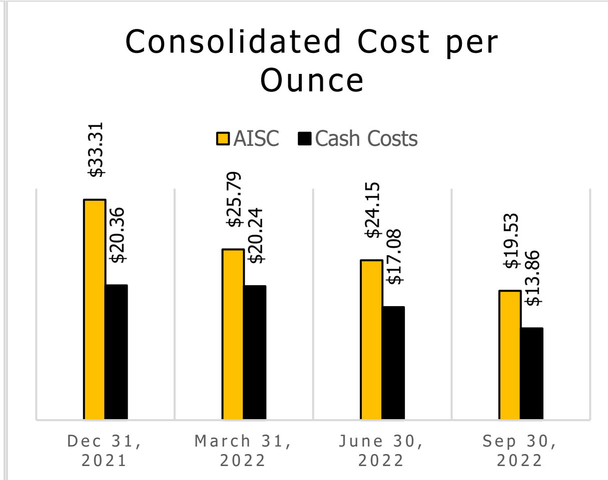
The Company anticipates average grades as well as gold and silver recoveries to continue increasing during 2022 with the inclusion of more mineralized material from San Ignacio and Topia in the production schedule.

Cash Cost and All-In Sustaining Cost per Ounce

Cash cost per Ag/Eq ounce produced for the quarter was $13.86, a decrease of 19% compared to Q2 2022, which was in line with expectation, and primarily due to realized efficiencies in the operations at the Villalpando and Santa Cecilia Mines with a reduction in cash cost of $3.99 or 23%. In addition, the Company included high-grade mineral from the San Ignacio and Topia mines to produce 262,505 silver equivalent ounces with a cash cost of $15.69. The Company will continue with the implementation of various projects over the next 12 months to improve production and reduce costs at all mines and processing plants (see "Non-IFRS Financial Measures" in page 21).

All-in Sustaining Cost ("AISC") per Ag/Eq ounce produced in the quarter was $19.53 compared to $24.15 from Q2 2022, a 19% decrease, primarily attributed to lower cash cost, offset by a slightly increase in sustaining capital costs required during this quarter from continue preparation of some stopes at Santa Cecilia and the addition of the San Ignacio and Topia operations. (see "Non-IFRS Financial Measures" in page 21).





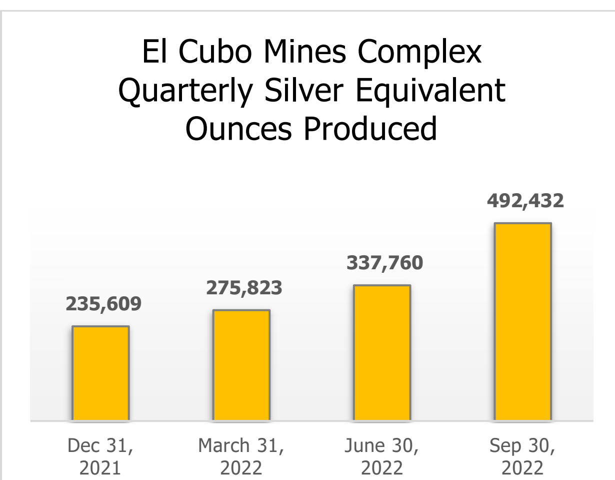
The Cata Plant

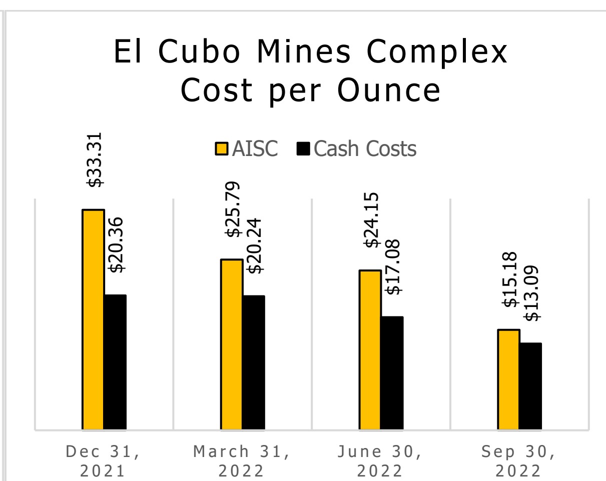
EL CUBO MINES COMPLEX OPERATIONS

Operating results for the three quarters of 2022 and the fourth quarter of 2021 were as follows:

EL CUBO MINES COMPLEX	Three months ended September 30 2022	June 30 2022	March 31 2022	Dec 31 2021	Change Q3 vs Q2
Production					
Tonnes mined	95,965	90,045	81,338	89,082	7%
Tonnes milled	95,380	94,212	86,288	77,524	1%
Average tonnes milled per day	1,135	1,108	1,027	901	2%
Average silver grade (g/t)	74.94	64.00	60.50	62.36	17%
Average gold grade (g/t)	1.05	0.86	0.88	0.75	22%
Average silver recovery (%)	87.1	80.9	75.0	82.9	8%
Average gold recovery (%)	88.4	82.6	77.0	78.8	7%
Silver ounces produced	219,627	155,912	125,423	124,750	41%
Gold ounces produced	3,035	2,161	1,880	1,440	40%
Ag/Eq ounces produced(1)	492,432	337,760	275,823	235,609	46%
Sales					
Silver ounces sold	211,883	159,840	134,281	105,203	33%
Gold ounces sold	2,829	2,195	2,007	1,179	29%
Ag/Eq ounces sold	466,317	342,987	294,842	199,526	36%
Realized silver price per ounce ($)(6)	19.06	22.56	23.97	23.35	(16%)
Realized gold price per ounce ($)(6)	1,724.81	1,873.26	1,864.26	1,784.02	(8%)
Costs					
Cash cost per Ag/Eq ounce ($)(3)(5)	13.09	17.08	20.24	20.36	(23%)
AISC per Ag/Eq ounce ($)(4)(5)	15.18	24.15	25.79	33.31	(37%)
Production cost per tonne ($)(2)(5)	67.20	60.89	64.32	63.35	10%
Capital expenditures					
Sustaining ($)	738,319	1,036,060	322,305	2,163,893	(29%)
Diamond Drilling					
El Cubo Mine (mts)	3,006	5,180	3,470	1,831	(42%)
El Pinguico (mts)	-	149	724	618	-
Veta Madre (mts)	-	526	-	-	-

1. Silver equivalents are calculated using an 89.97:1 (Ag/Au), ratio for Q3 2022, and 83.4:1(Ag/Au), for Q2 2022 and 80:1(Ag/Au), for Q1 2022, respectively Production costs include mining, milling, and direct overhead at the operation sites See reconciliation on page 23.
2. Cash cost per silver equivalent ounce include mining, processing and direct overhead See reconciliation on page 23.
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 23.
4. See "Non-IFRS Financial Measures" on page 21.
5. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.





Production

Total production in the quarter was 492,432 silver equivalent ounces, a 46% increase compared to 337,760 in the prior quarter, consisting of 219,627 ounces of silver or 41% increase and 3,035 ounces of gold or 40% increase compared to Q2 2022 mainly due to the reduction of lower-grade Pinguico material and the addition of higher-grade material from San Ignacio. Tonnage processed though the mill was 95,380 tonnes 7% higher than 90,045 in the prior quarter.

During this quarter, silver grades averaged 75 g/t a 17% increase compared to 64 g/t in the prior quarter, gold grades averaged 1.05 g/t a 22% increase from 0.86 g/t in the last quarter, mainly due to the reduction of lower-grade Pinguico material and the addition of higher-grade material from San Ignacio.

Metallurgical recoveries in the quarter averaged at 88.4% for gold (7% higher than Q2 2022) and 87.1% for silver (8% higher than Q2 2022). These higher recoveries were mainly due to the reduction of Pinguico material through the El Cubo plant and an intensive campaign to improve dosage of regents used.

Cash Cost and All-In Sustaining Cost per Ounce

Direct operating costs per silver equivalent ounce for the three months ended September 30, 2022, decreased 23% to $13.09 compared with the prior quarter of $17.08, mainly due to a 46% increase in silver equivalent ounces produced mainly from the addition of the San Ignacio operation and the reduction of lower-grade Pinguico material. (see “Non-IFRS Financial Measures” in page 21).

Direct operating costs per once in the first nine months of 2022 was $16.09, comprised of $7.95 mining cost, $4.80 processing cost and $3.24 indirect cost (for the nine months ended September 30,2021, there were nil mining, processing, and indirect costs).

Hauling mineralized material at El Cubo

TOPIA OPERATIONS

TOPIA	Three months ended September 30 2022	June 30 2022	March 31 2022
Production			
Tonnes mined	11,414	-	-
Tonnes milled	11,629	-	-
Average tonnes milled per day	219	-	-
Average silver grade (g/t)	317.55	-	-
Average gold grade (g/t)	0.80	-	-
Average silver recovery (%)	92.4	-	-
Average gold recovery (%)	64.0	-	-
		-	-
Silver ounces produced	109,671		
Gold ounces produced	191		
Lead produced (lbs)	537,608	-	-
Zinc produced (lbs)	677,127	-	-
Ag/Eq ounces produced[1]	207,832	-	-
Sales			
Silver ounces sold	99,871	-	-
Gold ounces sold	168	-	-
Lead sold (lbs)	504,408	-	-
Zinc sold (lbs)	273,327	-	-
Ag/Eq ounces sold	161,939	-	-
Realized lead price per pound ($)[6]	18.68	-	-
Realized zinc price per pound ($)[6]	1,678.23	-	-
Costs			
Cash cost per Ag/Eq ounce ($)[3][5]	15.69	-	-
AISC per Ag/Eq ounce ($)[4][5]	16.87	-	-
Production cost per tonne ($)[2][5]	280.43	-	-
Capital expenditures			
Sustaining ($)	244,896	-	-

1. Silver equivalents are calculated using an 89.97:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.08:1 (Ag/Zn) ratio for Q3 2022, respectively.
2. Production costs include mining, milling, and direct overhead at the operation sites See reconciliation on page 23.
3. Cash cost per silver equivalent ounce include mining, processing and direct overhead See reconciliation on page 23.
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 23.
5. See "Non-IFRS Financial Measures" on page 21.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.

Production

During the three months ended September 30,2022, the Company produced 207,832 silver equivalent ounces, consisting of 109,671 ounces of silver, 191 ounces of gold, 537,608 pounds of lead and 677,127 pounds of zinc. Total ore processed amounted to 11,629 tonnes during the quarter. The Topia mill's maximum capacity is 7,500 tonnes per month.

Silver grades in the third quarter averaged 317.55 g/t, gold grades averaged 0.80 g/t, lead grades averaged 2.34% and zinc grades averaged 3.26%.

Cash Cost and All-In Sustaining Cost per Ounce

Cash cost and All-In Sustaining cost per AgEq ounce produced for the quarter were $15.69 and $16.87, respectively, in line with expectation, and primarily due to the initial work related to transitioning the operations after the acquisition.

DEVELOPMENT ACTIVITES

VALENCIANA MINES COMPLEX

Under Great Panther, the mines situated near the centre of Guanajuato were known as the "Guanajuato Mine Complex" or "GMC". From north to south, these mines are called Guanajuatito, Valenciana, Cata, Los Pozos, and Promontorio. Henceforth, the Company will refer to these mines collectively as "Valenciana Mines Complex" or "VMC" and to the accompanying processing plant as "Cata". VMC has been in near continuous operation since the 1500s and is situated along the highly productive Veta Madre ('Mother Vein'), encompassing a strike length of 4.2km. The Cata processing plant ("Cata") remains in good working condition and has a nameplate capacity of 1000 to 1200 tonnes per day (30,000 to 36,000 tonnes/month). Cata is a traditional crushing, grinding and floatation system that produces a high-grade silver-gold concentrate.

VMC and Cata were put on care and maintenance by Great Panther in November 2021 because of a lack of tailings capacity. The Company has determined there is remaining capacity in the existing tailings dam under MMR's current permits of 70,000 tonnes. The Company plans to review and evaluate the original permit submissions and correspondence with Comisión Nacional del Agua ("CONAGUA") with the view of preparing a new proposal for the expansion of tailings capacity. However, while that submission is being prepared, the Company plans to begin re-commissioning the Cata plant and commence mining operations at VMC prior to the end of 2022, utilizing the remaining capacity in the existing tailings dam. Continuing operations at VMC will be achieved through the backfilling of open areas that exist underground in older areas of VMC. The Company anticipates these areas will provide minimum of approximately 3 years of tailings storage while the Company pursues a permit.

MASTRANTOS IV

The Mastrantos IV tailings facility ("Mastrantos IV") is located approximately 3km from the El Cubo mill and had an operational history dating principally between 1986 to 2003. The Company completed 134 shallow drillholes, totalling 220.5 drilled meters (holes to approximately 2.0m depth), at Mastrantos IV with over 95% of the drillholes encountering significant mineralization. The 43,000 square meter target area at Mastrantos IV is a gold and silver mineralized layer starting at surface and extending to approximately 1.5 m in depth, with the majority of this mineralization existing as free gold.

At the time Mastrantos IV was in operation the price of gold generally traded below $400 per ounce and most of the material came from Santa Cecelia, which was encountering bonanza gold grades. These combined circumstances may have contributed to the low gold recoveries and the high-grade values left in the tailings. The Company performed testing on the material, which has 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 nearby facility, which demonstrated economic viability. The Company plans to extract the gold and silver content using a shaking table gravity extraction circuit with, which was ordered in the third quarter of 2022 and is expected to be installed prior to the end of the first quarter in 2023; with production from the gravity extraction circuit commencing in the first quarter of 2023.

EL CUBO MINES COMPLEX

At the anticipated run rate of 30,000 tonnes per month, there is current 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 has evaluated its 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. After evaluating all the options, the Company is focussing on dry stacking for tailings storage, which will allow the Company to increase the tailings capacity for an additional 10 years. The Company engaged a consultant to evaluate the different dry stacking alternatives, and work continues on the technical and environmental studies.

Additionally, in mid-September 2022, the Company initiated a Falcon concentrator at the El Cubo mill with a view to improving the overall recoveries, particularly with respect to the free gold in the mineralization. Early results have been positive and as such, the Company plans to add a second Falcon concentrator to the system in the first quarter of 2023.

Falcon concentrator at the El Cubo mill

EXPLORATION

The Company's exploration efforts at El Cubo continues to be focused on drilling expansion of the main Villalpando vein systems and exploration of numerous NE striking, 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.

Recent stope development and drilling in the Villalpando area of the El Cubo mine, along with detailed computer modeling and reinterpretation of past operators' drill results, has revealed a new vein structure that has been christened the "San Luis" vein. This system was first identified by previous operators; however, the San Luis vein was never pursued or exploited, and the extent of the mineralization remained unknown. The San Luis vein runs perpendicular to the primary regional north-west Villalpando and Dolores mineralized vein structures, and like other transverse veins at El Cubo, the San Luis vein is anticipated to often carry proportionally higher gold content. GSilver's recent drilling has confirmed continuity of the vein. It is expected that this mineralization can be quickly accessed from several adits and ramps, with initial production having already commenced. It is further envisioned that San Luis may develop into a gold-rich vein system and grow in importance in the same way that the Santa Cecilia area has become the largest source of high-grade material at El Cubo. The San Luis drill results are as follows:

Drillhole	From (m)	To (m)	True width	Au	Ag	Ageq
SL22-003	275.9	278.2	0.85	3.54	398	681
and	286.0	289.7	1.29	0.79	102	166
including	288.7	289.7	0.38	2.15	216	389
SL22-004	285.5	286.5	0.90	0.82	112	178
and	294.7	295.1	0.37	0.80	91	155
SL22-005	249.5	251.4	0.92	2.15	278	450
and	360.0	361.0	0.46	0.48	154	193
SL22-006	355.3	358.5	1.28	1.70	205	341
and	363.3	365.7	0.93	0.38	70	100
Historical drilling from 2018-2019 that contacted the San Luis vein[(1)]						
CUDG-1118	97.3	87.6	0.35	1.10	234	322
CUDG-1120	20.3	20.6	0.30	0.39	216	247

(1) Source: Behre Dolbear& Company (USA Inc.) PEA Jan 29, 2021

GSilver continues exploration at Topia, confirming the lateral continuity of mineralization on several vein, an example of this being area 1521 on the Veta Madre vein (not to be confused with the Veta Madre vein in Guanajuato), demonstrating that the lateral extension of mineralization will continue to the west. This is being currently demonstrated on other veins, therefore lateral exploration to follow the mineral horizon will be the Company's focus next year.

Exploration programs for the San Ignacio and Valenciana mines are being evaluated, once a careful review of all available information is complete.

Lauro Barragán, Exploration Manager, reviewing a map of the GMC Complex

FINANCIAL PERFORMANCE

Commercial production at the El Cubo Mines Complex 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 and nine months ended September 30, 2022. The Financial Results below includes the Company's newly acquired subsidiary, MMR, from August 4, 2022.

	Three Months Ended			Nine Months Ended		
CONSOLIDATED	**September 30 2022**	**September 30 2021**	**Variance**	**September 30 2022**	**September 30 2021**	**Variance**
Financial Results	**$**	**$**		**$**	**$**	
Revenue						
Gold	2,753,745	-	-	9,765,226	-	-
Silver	5,768,508	-	-	11,277,653	-	-
Lead	271,268	-	-	271,268	-	-
Zinc	78,343	-	-	78,343	-	-
Cost of Sales						
Production costs	(9,670,274)	-	-	(20,957,169)	-	-
Transportation and selling cost	(178,876)	-	-	(414,164)	-	-
Inventory changes	626,923	-	-	(350,765)	-	-
Depreciation	(2,991,577)	-	-	(6,405,553)	-	-
Mine operating loss	**(3,341,742)**	**-**	-	**(6,735,161)**	**-**	-
General and administration	(2,524,386)	(1,643,694)	54%	(5,086,006)	(3,035,976)	68%
Share based compensation	(601,100)	(636,023)	(5%)	(1,242,907)	(2,196,741)	(43%)
Exploration - other direct costs	(679,026)	(49,118)	1,282%	(2,271,250)	(915,644)	148%
Care and maintenance	(560,529)	-	100%	(560,529)	-	100%
Foreign exchange gain (loss)	(21,599)	157,084	(457%)	(320,750)	(154,982)	262%
Other operating income (expenses)	(187,567)	2,862	(855%)	(181,047)	(198,755)	61%
Interest and finance (costs) income, net	(1,045,309)	(638,169)	(71%)	(2,334,464)	(645,482)	(72%)
Gain on derivatives	754,358	254,742	(510%)	1,731,820	254,742	(1,016%)
Other finance (expense) income, net	(80,150)	(19,039)	(4,062%)	252,701	(18,788)	(9,318%)
Current income tax (expense) recovery	(118,287)	-	-	(118,287)	-	-
Net loss	**(8,405,337)**	**(2,571,355)**	**227%**	**(16,865,880)**	**(6,911,626)**	**144%**
Loss per share - basic and diluted	**(0.03)**	**(0.01)**	**143%**	**(0.07)**	**(0.04)**	**77%**
EBITDA(1)(5)	(4,192,955)	(1,933,186)	123%	(7,827,068)	-	-
Adjusted EBITDA(2)(5)	(3,077,261)	(1,532,866)	109%	(7,379,880)	-	-
Cash cost Ag/Eq per ounce(3)(5)	13.86	-	-	16.03	-	-
AISC cost per Ag/Eq ounce(4)(5)	19.53	-	-	22.03	-	-
Realized silver price per ounce(6)	19.06	-	-	21.07	-	-
Realized gold price per ounce(6)	1,724.81	-	-	1,809.21	-	-
Realized lead price per pound(6)	0.86	-	-	0.86	-	-
Realized zinc price per pound(6)	1.44	-	-	1.64	-	-

1. See Reconciliation of Earnings before interest, taxes, depreciation, and amortization on page 22.
2. See reconciliation of Adjusted EBITDA on page 22.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 23.
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 23.
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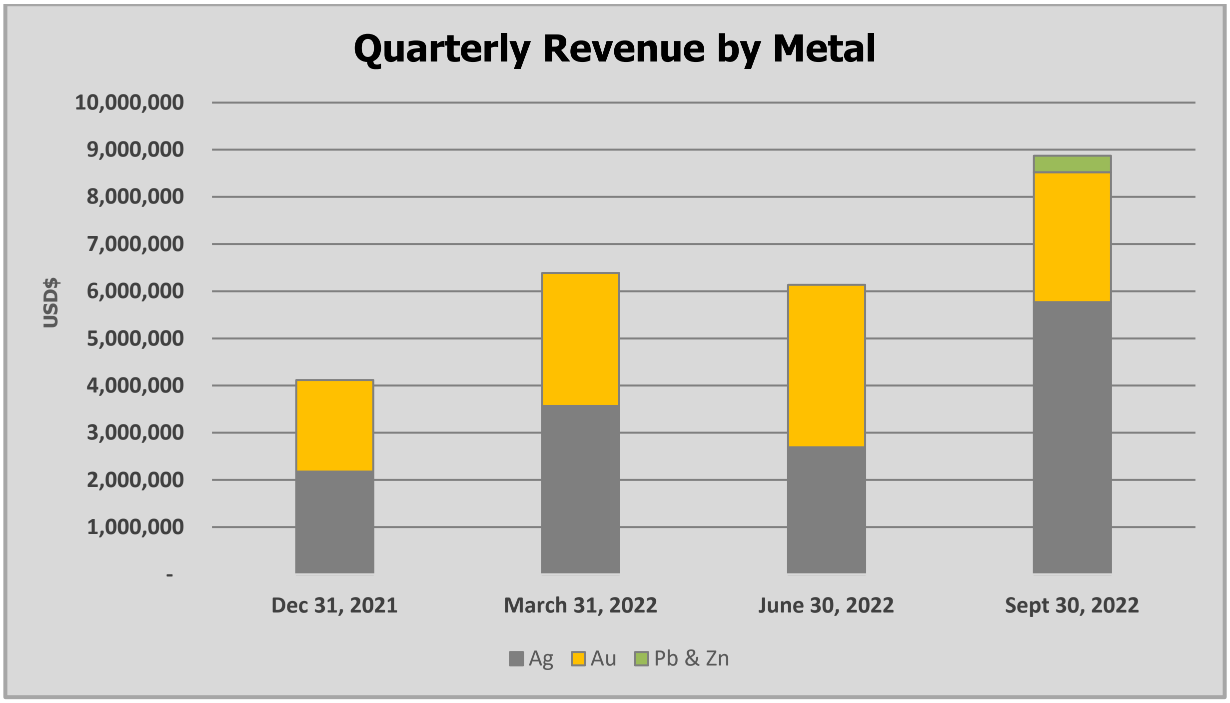

Revenues

During the three months ended September 30, 2022, the Company generated revenues of $8,871,863 net of treatment and refining costs, a 45% increase compared to last quarter, mainly due to sales of 311,754 ounces of silver and 2,997 ounces of gold a 95% and 37% increase respectively, as compared to Q2 2022 resulting from higher production due to the acquisition of MMR. 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 Mine. The increase in metal sold was partially offset by a decrease in realized silver and gold price per ounce sold which averaged $19.06 and $1,724.81 compared to $22.56 and 1,873.26 per ounce in Q2 2022, resulting in $1,084,000 decrease in revenues. In addition, there was a negative impact of $958,377 on provisional pricing adjustments during the quarter.

For the nine months ended September 30, 2022, the Company sold 605,875 ounces of silver at a realized price of $21.07, 7,199 ounces of gold at a realized price of $1,809.21, 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. Total revenues net of treatment and refining costs for the nine months were $21,392,490.

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 57% in cost of sales for the three months ended September 30, 2022, compared to Q2 2022 is mainly due to the addition of production cost from the San Ignacio and Topia operations and additional $869,803 of depreciation and an increase of $173,477 of transportation and other selling cost due to increase in concentrate delivered.

General and administration

General and administration expenses increased by 88% or $1,182,349, compared to Q2 2022 mainly due to increases because of Legal, IT, Advisory and other transaction cost associated with the acquisition of MMR as well as an increase in corporate administration expenses in conjunction with the integration of the operations of MMR.

General and administrative expenses increased by $880,693 or 54% for the nine months ended September 30, 2022, compared to the comparable period in 2021 mainly due to 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 Mines Complex and the transaction and integration cost associated with the acquisition of MMR.

Exploration

General exploration costs decreased 30% or $296,372 in the three months ended September 30, 2022, compared to Q2 2022 as the Company implemented a more efficient exploration program at El Cubo Mines Complex to focus on areas on the Valenciana Mines Complex.

For the nine months ended September 30, 2022, general exploration costs increased $629,903 from the same period in 2021 as the Company executed its diamond drill program to include Villalpando, Santa Cecilia, Mastrantos, Pinguico and Veta Madre at El Cubo Mines Complex.

Share-based compensation

Share-based compensation increased by $369,506 or 160% for the three months ended September 30, 2022, respectively, compared to the prior quarter, due to the Company granting 6,075,000, options of which 1/3 vested immediately.

Share-based compensation decreased by $953,834 or 43% for the nine months ended September 30, 2022, respectively, compared to the same period in 2021, due to 2,033,333 and 87,500 options granted to employees/directors and consultants, respectively, of the Company which vested immediately in Q1 of 2021.

Interest and finance costs

Interest and finance costs increased to $915,860 and $2,205,015 for the three and nine months ended September 30, 2022, respectively, due to interest accrued on the $7,500,000 loan with OCIM Metals & Mining ("OCIM"), the advance payment of $1,500,000 and the $5,000,000 loan received in October 2021 and August 2022, respectively, from Ocean Partners (*See Liquidity and Capital Resources)*.

Gain on derivatives

For the three and nine months ended September 30, 2022, the Company recognized a gain of $754,358 and $1,731,820, respectively, on the revaluation of the derivative on the Secondary OCIM Loan and the settlement of the derivative portion of the Initial OCIM loan (three and nine months ended September 30, 2021 – nil) (See *Liquidity and Capital Resources*).

Other finance items, net

The Company recognized a gain of $nil and $195,910 due to the extinguishment of the initial OCIM loan and a gain of $nil and $194,508 on disposal of the ounces of gold and silver, during the three and nine months ended September 30, 2022 (three and nine months ended September 30, 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. 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 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 another 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			Nine Months Ended		
	September 30 2022	September 30 2021	% Change	September 30 2022	September 30 2021	% Change
Cash Flow	$	$		$	$	
Cash used in operating activities	(4,647,393)	(1,228,248)	125%	(10,271,800)	(5,967,670)	95%
Cash used in investing activities	(8,564,924)	(3,991,112)	78%	(10,374,862)	(13,229,224)	(32%)
Cash provided by financing activities	15,843,878	7,260,935	(19%)	19,000,087	21,060,381	(10%)
Effect of exchange rate changes on cash	(475,932)	(165,385)	(6,798%)	(222,444)	12,702	(1,851%)
Change in cash and cash equivalents	1,855,629	1,876,190	(85%)	(1,869,018)	1,876,190	(200%)
Cash and cash equivalents, beginning of period	4,509,396	4,179,962	(167%)	8,234,043	4,179,962	97%
Cash and cash equivalents, end of period	6,365,025	6,056,152	5%	6,365,025	6,056,152	5%

As at September 30, 2022, the Company had cash and cash equivalents of $6,365,025 and negative working capital of $2,591,389 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 $10,271,800 during the nine months ended September 30, 2022 (September 30, 2021 - $5,967,670). The significant non-cash adjustments to the net loss of $16,865,880 in the nine months ended September 30, 2022 (September 30, 2021 – $6,911,626) were depreciation and amortization of $7,228,630 (September 30, 2021 – $236,087), gain on derivatives of $1,731,820 (September 30, 2021 – $Nil), share-based compensation of $1,242,907 (September 30, 2021 – $1,712,809), gain on change in fair value of contingent payments of $516,824 (September 30, 2021 – $Nil) and a decrease in non-cash working capital of $1,431,871 (September 30, 2021 – increase of $1,910,896). 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 assets.

Investing activities

Investing activities used cash of $10,374,862 in the nine months ended September 30, 2022, compared with the use of cash of $13,229,224 in the nine months ending September 30, 2021. 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 ($8,000,000 transaction cost, $1,351,000 working capital deposit net of $1,115,520 of cash received) for the acquisition of MMR.

Financing activities

Cash generated from financing activities for the nine months ended September 30, 2022, was $19,00,087 mainly from proceeds from the new silver and gold Pre-payment Facility with OCIM, a credit facility with Ocean Partners, the issuance of 41,885,388 common shares through a private placement and from the exercises of warrants and options offset by lease payments.

<u>OCIM</u>

On May 4, 2022, the Company entered into a new silver and gold Pre-payment Facility amount of $7,500,00 with OCIM ("Secondary Loan") 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 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.

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 under the Initial Loan and received $2,913,610 in cash. The Company has three monthly payments remaining under the Initial Loan which are due commencing November, 2022.

On November 17, 2022, the Company made an early repayment on the OCIM Loan of 683.14 ounces of gold and 76,278 ounces of silver which extinguishes all remaining payments due in 2022, resulting in a discount of 2,354 ounces of silver. The Company has 10 remaining payments of gold and silver totalling 1,646.93 and 201,236, respectively to extinguish the outstanding OCIM Loan.

<u>Ocean Partners</u>

On August 22, 2022, the Company entered into a credit facility (the "OP Facility") with Ocean Partners (UK), a metals off-take and trading firm, for $5,000,000.

On August 30, 2022, the Company drew down on its $5,000,000 credit facility with Ocean Partners. The OP Facility is for a term of 24-months, repayable over a period of 21-months following a three-month grace period, and secured by a guarantee of MMR, a pledge over the Company's shares of MMR and, if required by Ocean Partners, a first ranking security interest over the property and assets of MMR. Interest on the loan will be calculated at 12-month LIBOR + 7.5%.

Concurrent with the OP Facility, the Company has agreed to sell 100% of its silver and gold concentrate produced from the Valenciana Mines Complex and San Ignacio Mine to Ocean Partners for a period of 24 months subject to a minimum delivery of 6,000 wet metric tonnes of concentrate. As further consideration for the OP Facility, the Company has issued a total of 2,500,000 share purchase warrants to Ocean Partners; each warrant entitling Ocean Partners to purchase one common share of GSilver at a price of C$0.50 for period 24 months.

<u>Brokered Private Placement</u>

During the three months ended September 30, 2022, concurrent with the closing of the acquisition of MMR, the Company issued 41,885,388 Units for gross proceeds of $10,722,659 (CAD$13,822,178). Each Unit consists of one common share and one common share purchase warrant. Each warrant is exercisable for one common share of the Company for 36 months at a price of CAD$0.50. The Company has paid the Agents a cash commission (the "Agency Fee") equal to 6% (2% for arm's length purchasers and 0% for non-arm's length purchasers on the Company's president's list (the "President's List")) of the gross proceeds from the Equity Financing and issued agents' warrants ("Agents' Warrants") equal to 6% (2% for arm's length purchasers and 0% for non-arm's length purchasers on the President's List) of the total number of Units sold. The Agents were also paid an advisory fee equal to $298,000 and 905,695 Agents' Warrants. Each Agents' Warrant entitles the holder to purchase one common share of the Company at a price of $0.33 for a period of three years following completion of the MMR acquisition.

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
	$	$	$	$
30-Sep-22	8,871,863	(3,341,742)	(8,405,337)	(0.03)
30-Jun-22	6,133,989	(1,656,296)	(3,521,391)	(0.02)
31-Mar-22	6,386,638	(1,737,123)	(4,939,152)	(0.02)
31-Dec-21	4,116,811	(2,234,052)	(4,746,245)	(0.02)
30-Sep-21	-	-	(3,708,558)	(0.02)
30-Jun-21	-	-	(2,278,901)	(0.02)
31-Mar-21	-	-	(2,898,649)	(0.02)
31-Dec-20	-	-	(913,110)	(0.01)
30-Sep-20	-	-	(815,665)	(0.01)

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 and 2,195 ounces of gold at realized price of $1,873.26, 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. 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.

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	September 30 2022	December 31 2021
	$	$
Current assets	22,604,640	14,618,380
Current liabilities	25,196,029	12,948,272
Working capital	(2,591,389)	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		
	September 30 2022	June 30 2022	March 31 2022
	$	$	$
Net loss per financial statements	(8,405,337)	(3,521,391)	(4,939,152)
Depreciation and depletion – cost of sales	2,991,577	1,664,219	1,749,757
Depreciation and depletion – general and administration	57,210	70,543	51,184
Interest and finance costs (income), net	1,045,309	654,350	634,805
Current income tax	118,287	-	-
EBITDA	**(4,192,955)**	**(1,132,279)**	**(2,503,405)**
Share based compensation	601,100	231,594	410,213
Gain on derivatives	(754,358)	(1,220,275)	242,813
Other finance items, net	80,149	(123,634)	(209,217)
Transaction cost associated with the acquisition of MMR	1,216,992	-	-
Union payment associated with acquisition of "EL Cubo Mines Complex"	488,634	-	-
Gain on change of fair value on gold contingent payments to Endeavour	(516,824)	-	-
Adjusted EBITDA	**(3,077,261)**	**(2,244,593)**	**(2,059,596)**

	Nine months ended September 30 2022	Six months ended June 30 2022	Three months ended March 31 2022
	$	$	$
Net loss per financial statements	(16,865,880)	(8,460,543)	(4,939,152)
Depreciation and depletion – cost of sales	6,405,553	3,413,976	1,749,757
Depreciation and depletion – general and administration	180,508	121,727	51,184
Interest and finance costs (income), net	2,334,464	1,289,155	634,805
Current income tax	118,217	-	-
EBITDA	**(7,827,068)**	**(3,635,685)**	**(2,503,405)**
Share based compensation	1,242,907	641,807	410,213
Gain on derivative	(1,731,820)	(977,462)	242,813
Other finance items, net	(252,701)	(332,851)	(209,217)
Transaction cost associated with the acquisition of MMR	1,216,992	-	-
Union payment associated with acquisition of "EL Cubo Mines Complex"	488,634	-	-
Gain on change of fair value on gold contingent payments to Endeavour	(516,824)	-	-
Adjusted EBITDA	**(7,379,880)**	**(4,304,191)**	**(2,059,596)**

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 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.

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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 September 30, 2022			Three months ended September 30, 2021		
		El Cubo Mines Complex	**Topia**	**Consolidated**	**El Cubo Mines Complex**	**Topia**	**Consolidated**
Cost of sales		**8,153,266**	**4,060,339**	**12,213,605**	**-**	**-**	**-**
Transportation and selling cost		(178,677)	-	(178,676)	-	-	-
Inventory changes		556,391	70,532	626,923	-	-	-
Depreciation		(2,121,772)	(869,803)	(2,991,577)	-	-	-
Production cost	A	**6,409,208**	**3,261,067**	**9,670,274**	**-**	**-**	**-**
Add (subtract):							
Government royalties and mining taxes		35,170	-	35,170	-	-	-
Total cash cost	B	**6,444,378**	**3,261,067**	**9,705,444**	**-**	**-**	**-**
General and administrative – corporate		-	-	2,524,386	-	-	-
Operating lease payments		292,563	-	463,338			
Sustaining capital expenditures		738,319	244,896	983,215	-	-	-
Total All-in sustaining cash cost	C	**7,475,260**	**3,505,963**	**13,676,384**	**-**	**-**	**-**
Tonnes milled	D	95,380	11,629	107,009	-	-	-
Silver equivalent ounces produced	E	492,432	207,832	700,264	-	-	-
Production cost per tonne	A/D	**67.20**	**280.43**	**90.37**	**-**	**-**	**-**
Cash cost per AgEq ounce produced	B/E	**13.09**	**15.69**	**13.86**	**-**	**-**	**-**
All-in sustaining cash cost per AgEq ounce produced	C/E	**15.18**	**16.87**	**19.53**	**-**	**-**	**-**
Mining cost per tonne		34.97	183.66	51.13	-	-	-
Milling cost per tonne		19.35	43.84	22.01	-	-	-
Indirect cost per tonne		12.87	52.93	17.23	-	-	-
Production cost per tonne		**67.20**	**280.43**	**90.37**	**-**	**-**	**-**
Mining		3,335,786	2,135,727	5,471,514	-	-	-
Milling		1,845,505	509,772	2,355,276	-	-	-
Indirect		1,227,917	615,568	1,843,484	-	-	-
Production Cost		**6,409,208**	**3,261,067**	**9,670,274**	**-**	**-**	**-**

1. Silver equivalents are calculated using an 89.97:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.08:1 (Ag/Zn) ratio for Q3 2022.
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.

		Nine months ended September 30, 2022			Nine months ended September 30, 2021		
		El Cubo Mines Complex	Topia	Consolidated	El Cubo Mines Complex	Topia	Consolidated
Cost of sales		**24,067,312**	**4,060,339**	**28,127,651**	**-**	**-**	**-**
Transportation and selling cost		(414,165)	-	(414,164)	-	-	-
Inventory changes		(421,297)	70,532	(350,765)	-	-	-
Depreciation		(5,535,748)	(869,803)	(6,405,553)	-	-	-
Production cost	A	**17,696,102**	**3,261,067**	**20,957,169**	**-**	**-**	**-**
Add (subtract):							
Government royalties and mining taxes		98,991	-	98,991	-	-	-
Total cash cost	B	**17,795,093**	**3,261,067**	**21,056,160**	**-**	**-**	**-**
General and administrative - corporate		-	-	5,086,006	-	-	-
Operating lease payments		292,563	170,775	463,338			
Sustaining capital expenditures		2,096,685	244,896	2,341,581	-	-	-
Total All-in sustaining cash cost	C	**20,184,341**	**3,676,738**	**28,947,085**	**-**	**-**	**-**
Tonnes milled	D	275,880	11,629	287,509	-	-	-
Silver equivalent ounces produced	E	1,106,021	207,832	1,313,853	-	-	-
Production cost per tonne	A/D	**64.14**	**280.43**	**72.89**	**-**	**-**	**-**
Cash cost per AgEq ounce produced	B/E	**16.09**	**15.69**	**16.03**	**-**	**-**	**-**
All-in sustaining cash cost per AgEq ounce produced	C/E	**18.25**	**17.69**	**22.03**	**-**	**-**	**-**
Mining cost per tonne		31.86	183.66	38.00	-	-	-
Milling cost per tonne		19.28	43.84	20.28	-	-	-
Indirect cost per tonne		13.00	52.93	14.61	-	-	-
Production cost per tonne		**64.14**	**280.43**	**72.89**	**-**	**-**	**-**
Mining		8,790,775	2,135,727	10,926,502	-	-	-
Milling		5,320,137	509,772	5,829,908	-	-	-
Indirect		3,585,190	615,568	4,200,759	-	-	-
Production Cost		**17,696,102**	**3,261,067**	**20,957,169**	**-**	**-**	**-**

1. Silver equivalents are calculated using an 85.62:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.08:1 (Ag/Zn) ratio for the nine months ended September 30, 2022.
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:

	September 30 2022	As at the date of this MD&A
Common shares	299,858,356	299,858,356
Warrants	87,973,329	87,973,329
Stock options	20,187,500	20,187,500
Fully diluted	**408,019,185**	**408,019,185**

The details of stock options outstanding are as follows:

Expiry date	Exercise price per share CAD$	Options outstanding (September 30, 2022)	Options outstanding (As at the date of this MD&A)
March 30, 2023	0.075	2,225,000	2,225,000
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, 2026	0.53	25,000	25,000
March 22, 2027	0.64	500,000	500,000
September 22, 2023	0.64	200,000	200,000
April 4, 2027	0.61	200,000	200,000
April 18, 2027	0.62	200,000	200,000
July 18, 2027	0.33	5,975,000	5,975,000
September 27, 2027	0.33	100,000	100,000
Total	**0.38**	**20,187,500**	**20,187,500**

The details of warrants outstanding are as follows:

Expiry date	Exercise price per share CAD$	Warrants outstanding (September 30, 2022)	Warrants outstanding (As at the date of this MD&A)
November 30, 2023	0.75	7,627,289	7,627,289
December 7, 2023	0.75	1,201,317	1,201,317
March 9, 2024	0.45	29,484,815	29,484,815
August 29, 2024	0.50	2,500,000	2,500,000
July 21, 2025	0.33	1,524,520	1,524,520
August 4, 2025	0.50	41,885,388	41,885,388
November 30, 2025	0.18	3,750,000	3,750,000
	0.49	**87,973,329**	**87,973,329**

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 2022	September 30 2021	**September 30 2022**	September 30 2021
	$	$ *Restated- Note 3*	**$**	$ *Restated- Note 3*
Salaries, bonus and benefits	**37,520**	87,754	**114,632**	87,754
Consulting fees	**170,358**	67,292	**376,108**	271,998
Share-based compensation	**315,657**	251,094	**680,263**	1,231,488
Total	**523,535**	406,140	**1,171,003**	1,591,241

(1) Consulting fees were paid to Blueberry Capital Corp. a company controlled by the CEO of the Company, 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.

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. On April 7, 2022, the Company and EMBSA amended the Option Agreement whereby the CAD$525,000 option payment originally due on February 22, 2022, was deferred. The revised payment schedule is 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$262,500 ($206,124) on or before April 10, 2022 (paid)
- CAD$262,500 on or before October 10, 2022 (Second Installment)
- CAD$625,000 cash on or before February 22, 2023.

The Second Installment shall bear interest from February 22, 2022, at an annual rate of 5%, compounded annually, until the date of repayment. On October 7, 2022, the Company and EMBSA amended the Option Agreement to allow for the Second Installment to be settled by the Company issuing shares to EMBSA.

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.

CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

a) Commitments

As at September 30, 2022, the Company had commitments of $225,360, for equipment purchases and $604,339 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 $233,176 for contingent payment #2 and contingent payment #3 as other current liabilities on the statement of financial position with fair value gains of $516,824 recorded in Other operating expense (income).

In addition, the Company has agreed to pay Great Panther up to an additional $2,000,000 in contingent payments based on the following:

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

The Company has accrued a total of $828,311 for these contingent payments in 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 and nine months ended September 30, 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 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, 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, leases, advance payment, contingent liability and the derivative are classified within Level 2 of the fair value hierarchy.

During the three and nine months ended September 30, 2022, and 2021, there were no transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy.

September 30, 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	1,132,744	-	1,132,744	-	1,132,744	-
Derivative	2,097,113	-	2,097,113	-	2,097,113	-
	3,229,857	**-**	**3,229,857**	**-**	**3,229,857**	**-**
Financial assets not measured at Fair Value						
Cash and cash equivalents	-	6,365,025	6,365,025	-	-	6,365,025
Other assets - silver and gold bullion	-	2,125,850	2,125,850	-	-	2,125,850
Other receivables	-	7,426,308	7,426,308	-	-	7,426,308
	-	**15,917,183**	**15,917,183**	**-**	**-**	**15,917,183**
Financial liabilities measured at Fair Value						
Other current liabilities	(1,061,487)	-	(1,061,487)	-	(1,061,487)	-
	(1,061,487)	**-**	**(1,061,487)**	**-**	**(1,061,487)**	**-**
Financial liabilities not measured at Fair Value						
Accounts payable and accrued liabilities	-	(11,281,648)	(11,281,648)	-	-	(11,281,648)
Vehicle loan	-	(130,702)	(130,702)	-	-	(130,702)
OCIM Loan	-	(10,241,807)	(10,241,807)	-	-	(10,241,807)
Ocean Partners Loan	-	(4,769,652)	(4,769,652)			(4,769,652)
	-	**(26,423,810)**	**(26,423,810)**	**-**	**-**	**(26,423,810)**

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. Within other receivables there are $2,615,470 owed by Great Panther who filed a notice of intention to make a proposal under the bankruptcy and insolvency act of Canada on September 6, 2022. The carrying amount of financial assets, as stated in the consolidated statement of financial position, represents the Company's maximum credit exposure.

As of	September 30, 2022	Dec 31, 2021
	$	$
Cash and cash equivalents	**6,365,025**	8,234,043
Trade receivables	**1,132,744**	491,731
VAT recoverable	**6,805,650**	2,083,843
Other receivables	**2,953,919**	55,651
	17,257,338	10,865,268

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, 2022:

	Expected payments due by year as at September 30, 2022			
	Less than 1 year	**1 -3 years**	**After 5 years**	**Total**
	$	$	$	$
Trade and other payables	11,281,648	-	-	**11,281,648**
Advance payment	739,359	-	-	**739,359**
Loans	14,186,451	2,380,952	-	**16,567,403**
Lease obligations	2,063,636	1,058,647	61,234	**3,183,517**
Other liabilities	1,061,487	-	25,098,655	**26,160,142**
Total	**29,332,581**	**3,439,599**	**25,159,889**	**57,932,069**

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 September 30, 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 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, 2022	**Canadian dollars**	**Mexican pesos**
Cash and cash equivalents	7,076,585	17,373,094
Amounts receivable	120,425	164,256,854
Accounts payable and accrued liabilities	(1,394,773)	(279,773,905)
Current portion of lease liabilities	(69,630)	(24,268,429)
Advance payment	-	(14,796,375)
Lease liabilities	(233,109)	(15,695,620)
Provision for reclamation and rehabilitation	-	(293,985,539)
Total foreign currency exposure	5,499,499	(446,889,920)
US$ equivalent of foreign currency exposure	4,012,183	(22,851,593)

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 period:

Currency	**Change**	**Effect $**
Canadian dollars	+/- 10%	362,880
Mexican pesos	+/- 10%	2,081,472

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 September 30, 2022:

Metal	**Change**	**Effect on Sales $**
Silver	+/- 10%	624,019
Gold	+/- 10%	593,003
Lead	+/- 10%	36,842
Zinc	+/- 10%	25,938

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 pre-screening for virus symptoms.

The Company is following government health protocols and is closely monitoring the pandemic with local health authorities. However, 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, except as described below.

Fair value of assets acquired, and liabilities assumed in the acquisition of MMR

Accounting for acquisitions requires estimates with respect to the fair value of the assets acquired and liabilities assumed. The determination of fair value requires management to use valuation methods including discounted cash flow models, and other market-based information, and to make assumptions and estimates about future events, such as production, future metal prices, production costs, capital expenditures, discount rates and other assumptions. Changes in these assumptions or estimates could affect the fair values assigned to assets acquired and liabilities assumed.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. These provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. The measurement period ends as soon as the Company receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable and shall not exceed one year from the acquisition date.

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 and nine months ended September 30, 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 and nine months ended September 30, 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.

Sergio Valenzuela (left), El Cubo Plant Manager and Daniela Resendiz, El Cubo Plant Supervisor