



**Guanajuato**  
**Silver** CO  
LTD

**Condensed Consolidated Interim Financial Statements**

**For the three and nine months ended  
September 30, 2023 and 2022  
(Unaudited)**

# Guanajuato Silver CO LTD

Condensed consolidated interim statements of financial position  
(Unaudited - Expressed in US dollars)

	Notes	September 30 2023	December 31 2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 3,632,902	\$ 8,832,936
Amounts receivable	4	10,896,930	11,926,017
Inventories	5	4,558,347	5,156,448
Prepaid expenses and deposits		1,503,508	1,267,189
Other current assets		324,353	-
		<b>20,916,040</b>	27,182,590
<b>Non-current assets</b>			
Property, plant and equipment	6	36,997,504	39,589,971
Mineral properties	7	14,579,551	14,846,037
Exploration and evaluation assets	7	3,265,938	3,195,938
Other assets	4	932,308	834,362
		<b>\$ 76,691,341</b>	\$ 85,648,898
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	8	\$ 22,722,385	\$ 12,532,916
Current portion of loan payable	9	12,483,070	14,744,690
Current portion of lease liabilities	10	2,102,920	2,474,197
Other current liabilities	23(b,c)	3,166,553	3,403,491
		<b>40,474,928</b>	33,155,294
<b>Non-current liabilities</b>			
Loan payable	9	12,127	1,743,414
Lease liabilities	10	922,377	1,466,527
Provision for reclamation and rehabilitation	11	17,701,783	16,771,876
		<b>59,111,215</b>	53,137,111
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	12	89,788,705	82,370,710
Reserves		26,562,916	24,573,358
Accumulated other comprehensive income		1,774,409	1,794,850
Deficit		(100,545,904)	(76,227,131)
		<b>17,580,126</b>	32,511,787
		<b>\$ 76,691,341</b>	\$ 85,648,898

Commitments and contingencies (note 23)

Subsequent events (note 4,7,23 and 24)

"James Anderson"  
Director

"Ramon Davila"  
Director

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

Condensed consolidated interim statements of loss and comprehensive loss  
(Unaudited - Expressed in US dollars, except share and per share amounts)

	Notes	For the three months ended		For the nine months ended	
		September 30 2023	September 30 2022	September 30 2023	September 30 2022
Revenues	15	\$ 15,643,649	\$ 8,871,863	\$ 49,585,115	\$ 21,392,490
Cost of sales	16	19,968,655	12,213,605	59,451,052	28,127,651
<b>Mine operating loss</b>		<b>(4,325,006)</b>	(3,341,742)	<b>(9,865,937)</b>	(6,735,161)
General and administration	17	2,093,963	2,524,386	7,328,258	5,086,006
Share based compensation	13	226,334	601,100	1,127,644	1,242,907
Exploration expenses		317,542	679,026	1,521,093	2,271,250
Care & maintenance		-	560,529	-	560,529
Foreign exchange loss (gain)		(632,332)	21,599	1,712,958	320,750
Other operating expense (income)		(171,976)	187,567	(77,220)	181,047
<b>Operating loss</b>		<b>(6,158,537)</b>	(7,915,949)	<b>(21,478,670)</b>	(16,397,650)
Interest and finance costs, net	18	(1,167,308)	(1,045,309)	(3,504,142)	(2,334,464)
Gain on derivative		455,394	754,358	829,133	1,731,820
Other finance (expense) income, net		(191,707)	(80,150)	(165,094)	252,701
<b>Loss before income taxes</b>		<b>\$ (7,062,158)</b>	\$ (8,287,050)	<b>\$ (24,318,773)</b>	\$ (16,747,593)
Current income tax expense		-	118,287	-	118,287
<b>Net loss for the period</b>		<b>\$ (7,062,158)</b>	\$ (8,405,337)	<b>\$ (24,318,773)</b>	\$ (16,865,880)
<b>Other comprehensive loss</b>					
Foreign currency translation differences		(65,395)	(482,571)	(20,441)	(229,081)
<b>Total comprehensive loss for the period</b>		<b>\$ (7,127,553)</b>	\$ (8,887,908)	<b>\$ (24,339,214)</b>	\$ (17,094,961)
<b>Basic and diluted loss per common share</b>	14	<b>\$ (0.02)</b>	\$ (0.03)	<b>\$ (0.07)</b>	\$ (0.07)
<b>Weighted average number of common shares outstanding (000's)</b>		<b>341,056</b>	271,510	<b>330,510</b>	240,873

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

Condensed consolidated interim statements of changes in equity  
(Unaudited - Expressed in US dollars, except share and per share amounts)

	Notes	Number of common shares	Common shares	Equity settled share-based payments	Warrants	Reserves total	Accumulated deficit	Accumulated OCI	Total shareholders' equity
<b>Balance, December 31, 2021</b>		<b>224,216,031</b>	<b>\$60,688,534</b>	<b>\$9,737,626</b>	<b>\$8,412,558</b>	<b>\$18,150,184</b>	<b>\$(49,455,546)</b>	<b>\$1,417,390</b>	<b>\$30,800,562</b>
Private placement	12(b)	41,885,388	6,181,271	-	4,541,388	4,541,388	-	-	10,722,659
Warrants issued for finder's fee	12(b)	-	(307,084)	-	307,084	307,084	-	-	-
Share issue cost	12(b)	-	(503,579)	-	-	-	-	-	(503,579)
Shares issued on business combination		25,787,200	8,976,524	-	-	-	-	-	8,976,524
Options exercise for cash	12(b)	50,000	31,814	(27,853)	-	(27,853)	-	-	3,961
Warrant exercise for cash	12(b)	7,919,737	2,516,591	-	(917,295)	(917,295)	-	-	1,599,296
Fair value of warrants issued		-	-	-	259,673	259,673	-	-	259,673
Share-based compensation		-	-	1,242,907	-	1,242,907	-	-	1,242,907
Comprehensive income (loss)		-	-	-	-	-	(16,865,880)	(229,081)	(17,094,961)
<b>Balance, September 30, 2022</b>		<b>299,858,356</b>	<b>77,584,071</b>	<b>10,952,680</b>	<b>12,603,408</b>	<b>23,556,088</b>	<b>(66,321,426)</b>	<b>1,188,309</b>	<b>36,007,042</b>
Private placement	12(b)	15,952,196	4,275,191	-	696,116	696,116	-	-	4,971,307
Warrants issued for finder's fee	12(b)	-	(52,990)	-	52,990	52,990	-	-	-
Share issue cost	12(b)	-	(261,836)	-	-	-	-	-	(261,836)
Shares issued on settlement of debt		2,817,595	826,274	-	-	-	-	-	826,274
Share-based compensation		-	-	268,164	-	268,164	-	-	268,164
Comprehensive loss for the period		-	-	-	-	-	(9,905,705)	606,541	(9,299,164)
<b>Balance, December 31, 2022</b>		<b>318,628,147</b>	<b>82,370,710</b>	<b>11,220,844</b>	<b>13,352,514</b>	<b>24,573,358</b>	<b>(76,227,131)</b>	<b>1,794,850</b>	<b>32,511,787</b>
Private placement	12(b)	26,330,486	5,912,748	-	1,337,913	1,337,913	-	-	7,250,661
Warrants issued for finder's fee	12(b)	-	(86,130)	-	86,130	86,130	-	-	-
Share issue cost	12(b)	-	(476,014)	-	-	-	-	-	(476,014)
Shares issued on settlement of debt		81,465	35,799	-	-	-	-	-	35,799
Options exercise for cash	12(b)	2,433,000	282,600	(102,330)	-	(102,330)	-	-	180,270
Warrant exercise for cash	12(b)	3,512,050	1,748,992	-	(459,799)	(459,799)	-	-	1,289,193
Share-based compensation		-	-	1,127,644	-	1,127,644	-	-	1,127,644
Comprehensive loss for the period		-	-	-	-	-	(24,318,773)	(20,441)	(24,339,214)
<b>Balance, September 30, 2023</b>		<b>350,985,148</b>	<b>\$89,788,705</b>	<b>\$12,246,158</b>	<b>\$14,316,758</b>	<b>\$26,562,916</b>	<b>\$(100,545,904)</b>	<b>\$1,774,409</b>	<b>\$17,580,126</b>

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

## Condensed consolidated interim statements of cash flows (Unaudited - Expressed in US dollars)

Notes	For the three months ended		For the nine months ended	
	September 30 2023	September 30 2022	September 30 2023	September 30 2022
<b>Operating activities</b>				
Net loss for the period	\$ (7,062,158)	\$ (8,405,337)	\$ (24,318,773)	\$ (16,865,880)
Items not involving cash and cash equivalents:				
Depreciation and amortization	2,865,179	3,048,787	9,141,493	6,586,061
Accretion	638,363	348,783	1,796,962	642,578
Loss (gain) on settlement of debt	-	-	461,622	(195,910)
Gain on derivatives	(455,394)	(754,358)	(829,133)	(1,731,820)
Gain on fair value of contingent payments	(131,430)	(516,824)	(261,037)	(516,824)
Loss (gain) on financial assets carried at fair value	323,137	-	(35,491)	-
Interest	529,184	696,881	1,707,663	1,714,439
Share-based compensation	226,334	601,100	1,127,644	1,242,907
Unrealized foreign exchange loss (gain)	(771,730)	186,454	1,744,342	284,520
Changes in non-cash operating working capital:				
Amounts receivable	(371,037)	342,712	1,692,018	(1,086,032)
Inventories	1,350,474	(614,229)	594,442	248,309
Prepaid expenses and deposits	(469,378)	(368,962)	(236,319)	(591,340)
Purchases of gold and silver bullion	(777,591)	(1,434,300)	(3,750,183)	(4,716,190)
Proceeds from sale of gold and silver bullion	-	-	-	1,643,708
Accounts payable and accrued liabilities	2,297,013	2,264,613	7,725,565	3,516,754
Other current assets	-	86,746	-	159,023
Settlement of advance payment	-	(129,460)	-	(606,103)
Reclamation expenditures	-	-	(62,111)	-
Net cash and cash equivalents used in operating activities	(1,809,034)	(4,647,393)	(3,501,296)	(10,271,800)
<b>Investing activities</b>				
Acquisition of mineral properties and property, plant and equipment	(1,793,771)	(629,444)	(4,710,093)	(1,933,258)
Acquisition of Minera Mexicana el Rosario, net of cash acquired	-	(8,235,480)	-	(8,235,480)
Purchases of derivative instruments	(156,812)	-	(268,141)	-
Payments to acquire royalties	-	-	(70,000)	(206,124)
Net cash and cash equivalents used in investing activities	(1,950,583)	(8,864,924)	(5,048,234)	(10,374,862)
<b>Financing activities</b>				
Proceeds from issuance of units	12 5,973,600	10,722,659	7,250,661	10,722,659
Share issuance costs	12 (463,945)	(503,579)	(476,014)	(503,579)
Net proceeds from OCIM loan refinancing	-	-	-	2,913,610
Net proceeds from Ocean Partners loan	-	4,949,962	-	4,949,962
Proceeds from the exercise of options and warrants	37,721	1,174,156	1,469,463	1,603,259
Repayment of loan payable	(56,328)	(18,574)	(2,331,055)	(104,736)
Payments of lease obligations	(830,967)	(477,351)	(2,543,115)	(581,088)
Share subscriptions received	(37,722)	(3,395)	-	-
Net cash and cash equivalents provided by (used in) financing activities	4,622,359	15,843,878	3,369,940	19,000,087
Effect on cash and cash equivalents of foreign exchange	(65,392)	(475,932)	(20,444)	(222,444)
Change in cash and cash equivalents	797,350	1,855,629	(5,200,034)	(1,869,018)
Cash and cash equivalents, beginning of period	2,835,552	4,509,396	8,832,936	8,234,043
<b>Cash and cash equivalents, end of period</b>	<b>\$ 3,632,902</b>	<b>\$ 6,365,025</b>	<b>\$ 3,632,902</b>	<b>\$ 6,365,025</b>
Cash and cash equivalents are consisted of:				
Cash	\$ 3,595,680	\$ 6,328,547	\$ 3,595,680	\$ 6,328,547
Redeemable guaranteed investment certificate ("GIC")	37,222	36,478	37,222	36,478
<b>Total cash and cash equivalents, end of period</b>	<b>\$ 3,632,902</b>	<b>\$ 6,365,025</b>	<b>\$ 3,632,902</b>	<b>\$ 6,365,025</b>

Supplemental cash flow information (Note 22)

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

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Guanajuato Silver Company Ltd. is the parent company of its subsidiary group (collectively, the "Company" or "GSilver") and is a publicly traded corporation, incorporated in Canada, with its head office located at 578 – 999 Canada Place, Vancouver, BC, V6E 3E1. GSilver's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol "GSVR", on the OTCQB under the symbol "GSVR.F", and on the Aquis Exchange under the symbol "GSVR".

The Company is a precious metals producer engaged in reactivating past producing silver and gold mines near the city of Guanajuato, Mexico. The Company is currently producing silver and gold at the El Cubo mine and mill (the "El Cubo Mines Complex"), and the Valenciana Mines Complex, including the Cata processing plant, and the silver, gold, zinc and lead Topia mine in Mexico.

### *Going concern*

These unaudited condensed consolidated interim financial statements ("Interim Financial Statements") have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company started producing and selling silver and gold concentrate in the fourth quarter of 2021. For the nine months ended September 30, 2023, the Company generated a mine operating loss of \$9,865,937 a net loss of \$24,318,773 and negative cash flows from operating activities of \$3,501,296. As at September 30, 2023, the Company has an accumulated deficit of \$100,545,904 and current liabilities that exceed its current assets by \$19,558,888, including accounts payable and accrued liabilities of \$22,722,385. These factors give rise to material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Management has taken steps to manage the Company's liquidity, including extending payment terms with suppliers and settling certain liabilities through the issuance of the Company's common shares. Management is also in discussions with existing and new lenders about amending existing debt arrangements or obtaining new debt financing, and may also consider raising additional equity financing. The continuing operations of the Company are dependent in the near-term on its ability to obtain additional financing and in the longer-term on a combination of additional financing and the generation of cash flows from operations. Management is of the opinion that sufficient funds will be obtained from external financing and cashflows from operations to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing or cash flows from operations will not be available on a timely basis or on terms acceptable to the Company.

These Interim Financial Statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

## 2. BASIS OF PREPARATION

These Interim Financial Statements have been prepared in accordance with International Accounting Standards ("IAS") 34 - Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These Interim Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2022 (the "Annual Financial Statements").

The accounting policies and critical judgments and estimates applied by the Company in these Interim Financial Statements are the same as those applied in the most recent Annual Financial Statements. These Interim Financial Statements do not include all the information required for full annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of changes in the Company's financial position and performance since the most recent annual consolidated financial statements. The Company's interim results are not necessarily indicative of its results for a full year.

These Interim Financial Statements were approved by the Company's Board of Directors on November 24, 2023.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of consolidation

The accounts of the Company and its subsidiaries, which are controlled by the Company, have been included in these Interim Financial Statements. Control is achieved when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control. The principal subsidiaries of the Company and their geographic locations at September 30, 2023, were as follows:

Subsidiary	Location	Ownership Interest	Accounting	Principal Activity
1352168 B.C. Ltd.	Canada	100%	Consolidated	Holding Company
1424579 B.C. Ltd.	Canada	100%	Consolidated	Holding Company
Gato Chico Investments Ltd.	Canada	100%	Consolidated	Holding Company
CanMex Silver S.A. de C.V.	Mexico	98%	Consolidated	Exploration Company
Obras Mineras El Pinguico S.A. de C.V.	Mexico	100%	Consolidated	Mining Company
Minera Mexicana El Rosario, S.A. de C.V.	Mexico	100%	Consolidated	Mining Company
Compañía Minera Nivel 7 S.A. de C.V.	Mexico	100%	Consolidated	Inactive

Obras Mineras El Pinguico S.A. de C.V. operates the El Cubo Mines Complex and Minera Mexicana El Rosario, S.A. de C.V. operates the Valenciana Mines Complex and Topia mine.

All intercompany transactions, balances, revenues and expenses have been eliminated upon consolidation.

#### b) Basis of measurement

These Interim Financial Statements have been prepared using the historical cost basis except for certain financial instruments which are measured at fair value (Note 21) at the end of each reporting period. In addition, these Interim Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

#### c) Presentation and functional currency

The functional currency of GSilver is the Canadian dollar ("CAD"). The functional currency of Obras Mineras El Pinguico S.A. de C.V. and Minera Mexicana El Rosario, S.A. de C.V. is the United States dollar ("USD"). The presentation currency for the Company and each of its subsidiaries is the USD.

#### d) Changes in accounting policies and recent accounting pronouncements

The accounting policies applied in the Company's Interim Financial Statements for the three and nine months ended September 30, 2023, are the same as those applied in the Company's Annual Financial Statements as at and for the year ended December 31, 2022 and 2021. A number of new standards and amendments to standards are effective for annual periods beginning on or after January 1, 2024 and earlier application is permitted; however, the Company has not early adopted and continue to evaluate the impact of the forthcoming or amended standards in preparing our Interim Financial Statements.

In the current year, the Company has applied the below amendments to IFRS Accounting Standards and Interpretations issued by the IASB that were effective for annual periods that begin on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these Interim Financial Statements.

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### d) Changes in accounting policies and recent accounting pronouncements (continued)

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

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

The amendments are applicable to the Company's annual financial statements for the year ended December 31, 2023 and will be reflected in the description of the Company's accounting policies in the annual financial statements.

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

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

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

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

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

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

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

#### e) Use of estimates assumptions and judgements

The preparation of the Interim Financial Statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the period end date and reported amounts of expenses during the reporting period. Such judgements and estimates are, by their nature, uncertain. Actual outcomes could differ from these estimates.

The impact of such judgements and estimates are pervasive throughout the Interim Financial Statements, and may require accounting adjustments based on future occurrences. These judgements and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and are accounted for prospectively.

In preparing the Interim Financial Statements for the three and nine months ended September 30, 2023, the Company applied the same critical estimates and judgements as disclosed in note 4 of the Annual Financial Statements.



#### 4. AMOUNTS RECEIVABLE

	September 30 2023	December 31 2022
Trade receivables	\$ 1,955,590	\$ 3,857,355
VAT recoverable	8,396,812	7,398,102
Other receivables	1,476,836	1,504,922
	<b>\$ 11,829,238</b>	<b>\$ 12,760,379</b>
Less: non-current portion of VAT recoverable	<b>(932,308)</b>	<b>(834,362)</b>
	<b>\$ 10,896,930</b>	<b>\$ 11,926,017</b>

At September 30, 2023, the Company assessed the timing of collection of the total VAT recoverable of \$ 8,396,812 (December 31, 2022 – \$7,398,102) and concluded that \$932,308 (December 31, 2022 – \$834,362) of the VAT recoverable is not expected to be collected within the next 12 months, therefore it was classified as non-current Other assets.

Other receivables includes \$1,116,318 related to the working capital adjustment from the acquisition of MMR from Great Panther. The Company has the right to offset any contingent payments owed to Great Panther (note 23(c)) against the working capital adjustment receivable. On December 15, 2022, Great Panther filed a termination application to make a voluntary assignment into bankruptcy pursuant to the Bankruptcy and Insolvency Act; as a result, during the year ended December 31, 2022, the Company took an allowance of \$1,300,000 against the \$2,416,318 amount receivable due to the uncertainty surrounding the Great Panther bankruptcy and the ability of the Company to collect the full receivable due from them. On November 7, 2023, the Company reached an agreement with the Great Panther bankruptcy trustee whereby the Company will be released from the contingent payment obligations described in Note 23(c) in exchange for a reduction to the working capital adjustment receivable to CAD\$113,987.

#### 5. INVENTORIES

	September 30 2023	December 31 2022
Concentrate	\$ 1,456,978	\$ 1,572,831
Ore stockpiles	350,564	113,484
Coins and bullion for sale	28,592	12,860
Materials and supplies	2,722,213	3,457,273
Total inventories	<b>\$ 4,558,347</b>	<b>\$ 5,156,448</b>

During the three and nine months ended September 30, 2023, the Company expensed \$14,012,202 and \$49,405,570 respectively of inventories to cost of sales (September 30, 2022, \$10,585,900 and \$26,044,927, respectively).

## 6. PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment					Total PP&E
	Machinery and equipment	Land and buildings	Furniture and other equipment	Construction in progress		
<b>COST</b>	\$	\$	\$	\$	\$	\$
Balance, December 31, 2022	34,284,977	7,752,274	2,922,036	950,315		45,909,602
Additions	1,744,242	484,334	479,681	2,059,627		4,767,884
Disposals	(339,451)	-	(18,377)	(112,560)		(470,388)
<b>Balance, September 30, 2023</b>	<b>35,689,768</b>	<b>8,236,608</b>	<b>3,383,340</b>	<b>2,897,382</b>		<b>50,207,098</b>
<b>ACCUMULATED DEPRECIATION</b>						
Balance, December 31, 2022	5,374,678	294,115	650,838	-		6,319,631
Depreciation and depletion	6,201,185	344,276	586,824	-		7,132,285
Disposals	(236,272)	-	(6,050)	-		(242,322)
<b>Balance, September 30, 2023</b>	<b>11,339,591</b>	<b>638,391</b>	<b>1,231,612</b>	<b>-</b>		<b>13,209,594</b>
<b>Net book value, September 30, 2023</b>	<b>24,350,177</b>	<b>7,598,217</b>	<b>2,151,728</b>	<b>2,897,382</b>		<b>36,997,504</b>

	Property, plant and equipment					Total PP&E
	Machinery and equipment	Land and buildings	Furniture and other equipment	Construction in progress		
<b>COST</b>	\$	\$	\$	\$	\$	\$
Balance, December 31, 2021	12,640,237	4,885,684	1,781,997	-		19,307,919
Additions	2,222,888	22,312	204,413	950,315		3,399,928
Acquisition of MMR	19,588,414	2,866,189	935,626	-		23,390,230
Disposals	(166,563)	(21,911)	-	-		(188,474)
Balance, December 31, 2022	34,284,977	7,752,274	2,922,036	950,315		45,909,602
<b>ACCUMULATED DEPRECIATION</b>						
Balance, December 31, 2021	818,699	43,433	135,090	-		997,222
Depreciation and depletion	4,560,384	252,873	515,748	-		5,329,005
Disposals	(4,406)	(2,191)	-	-		(6,597)
Balance, December 31, 2022	5,374,678	294,115	650,838	-		6,319,631
<b>Net book value, December 31, 2022</b>	<b>28,910,299</b>	<b>7,458,158</b>	<b>2,271,198</b>	<b>950,315</b>		<b>39,589,971</b>

## 7. MINERAL PROPERTIES, AND EXPLORATION AND EVALUATION ASSETS

	Mineral properties	Exploration and evaluation assets	Total
<b>COST</b>	\$	\$	\$
Balance, December 31, 2022	19,429,875	3,195,938	22,625,813
Additions	3,687,146	70,000	3,757,146
Changes in closure and reclamation	(1,948,083)	-	(1,948,083)
<b>Balance, September 30, 2023</b>	<b>21,168,938</b>	<b>3,265,938</b>	<b>24,434,876</b>
<b>ACCUMULATED DEPRECIATION</b>			
Balance, December 31, 2022	4,583,837	-	4,583,837
Depreciation and depletion	2,005,550	-	2,005,550
<b>Balance, September 30, 2023</b>	<b>6,589,387</b>	<b>-</b>	<b>6,589,387</b>
<b>Net book value, September 30, 2023</b>	<b>14,579,551</b>	<b>3,265,938</b>	<b>17,845,489</b>

	Mineral properties	Exploration and evaluation assets	Total
<b>COST</b>	\$	\$	\$
Balance, December 31, 2021	14,647,607	2,797,365	17,444,972
Additions	4,696,892	398,573	5,095,465
Acquisition of MMR	2,923,222	-	2,923,222
Changes in closure and reclamation	(2,837,846)	-	(2,837,846)
Balance, December 31, 2022	19,429,875	3,195,938	22,625,813
<b>ACCUMULATED DEPRECIATION</b>			
Balance, December 31, 2021	779,693	-	779,693
Depreciation and depletion	3,804,145	-	3,804,145
Balance, December 31, 2022	4,583,838	-	4,583,838
<b>Net book value, December 31, 2022</b>	<b>14,846,037</b>	<b>3,195,938</b>	<b>18,041,975</b>

### Exploration and evaluation assets

	El Pinguico	Other claims	Total
Acquisition Cost:			
Balance, December 31, 2022	\$ 2,930,681	\$ 265,257	\$ 3,195,938
Additions	70,000	-	70,000
<b>Balance, September 30, 2023</b>	<b>\$ 3,000,681</b>	<b>\$ 265,257</b>	<b>\$ 3,265,938</b>

### El Pinguico Mine Project

The Pinguico Mine project is comprised of two mining claims, El Pinguico and Ample de El Pinguico ("El Pinguico"), covering 71.7 hectares. It is subject to a 4% net smelter return ("NSR") royalty and a 15% Net Profits Interest ("NPI") on minerals recovered from the existing surface and underground stockpiles of mineralized rock and a 3% NSR and 5% NPI on all newly mined mineralized material.

## 7. MINERAL PROPERTIES, AND EXPLORATION AND EVALUATION ASSET (continued)

### El Pinguico Mine Project (continued)

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 El Pinguico from the original vendor of the property (the "Option Agreement"), Exploraciones Mineras Del Bajío 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 March 16, 2023, 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 on or before April 10, 2022 (paid);
- CAD\$262,500 on or before October 10, 2022 (paid);
- CAD\$312,500 cash on or before March 16, 2023 (CAD\$150,000 paid through the issuance of 468,750 common shares on October 13, 2023);
- CAD\$312,500 cash on or before October 16, 2023 (On November 14, the Company and EMBSA amended the Option Agreement whereby the remaining payment of CAD\$162,500 originally due on March 16, 2023 and the CAD\$312,500 originally due on October 16, 2023 were deferred to March 31, 2024).

On March 16, 2023, the Company purchased all of EMBSA's interest in its 15% royalty on net profits derived from the surface stockpile of historically mined (but unprocessed) mineralized material at El Pinguico for a purchase price of US\$70,000. Accordingly, upon payment of the final option payment of CAD\$312,500 and the remaining balance of CAD\$162,500 from the March 16, 2023 payment to EMBSA, the only royalty that will remain over the El Pinguico project will be a 15% net profits royalty on the underground stockpile of previously mined material in favour of EMBSA.

## 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30 2023	December 31 2022
Accounts payable	\$ 18,641,212	\$ 9,418,922
Income and other tax payable	782,595	750,703
Payroll and benefits accrual	2,684,601	2,180,495
Other payables	613,977	182,796
	<b>\$ 22,722,385</b>	<b>\$ 12,532,916</b>

Of the \$22,722,385 in Accounts payable, 29.6% is outstanding greater than 90 days.

## 9. LOANS PAYABLE

	OCIM	OP	Vehicles	Total
Balance, December 31, 2022	\$ 7,263,703	\$ 9,106,182	\$ 118,219	\$ 16,488,104
Additions	5,000,000	-	238,674	5,238,674
Interest expense	874,900	825,526	-	1,700,426
Accretion expense	2,632	134,877	-	137,509
Loan payments	(9,280,117)	(1,650,257)	(135,743)	(11,066,117)
Effect of change in foreign exchange rates	-	-	20,717	20,717
Loss on settlement of debt	461,622	-	-	461,622
Changes in fair value of derivative	(485,738)	-	-	(485,738)
<b>Balance, September 30, 2023</b>	<b>\$ 3,837,002</b>	<b>\$ 8,416,328</b>	<b>\$ 241,867</b>	<b>\$ 12,495,197</b>
Which consist of:				
Current portion of loans	3,837,002	8,416,328	229,740	12,483,070
Non-current portion of loans	-	-	12,127	12,127
<b>Balance, September 30, 2023</b>	<b>\$ 3,837,002</b>	<b>\$ 8,416,328</b>	<b>\$ 241,867</b>	<b>\$ 12,495,197</b>

	OCIM	OP	Vehicles	Total
Balance, December 31, 2021	\$ 8,007,072	\$ -	\$ 174,277	\$ 8,181,349
Additions	2,913,610	9,665,327	-	12,578,937
Interest expense	2,356,368	244,758	2,538	2,603,664
Accretion expense	31,579	70,765	-	102,344
Loan payments	(6,369,489)	(874,668)	(62,299)	(7,306,456)
Effect of change in foreign exchange rates	-	-	3,703	3,703
Gain on settlement of debt	(195,910)	-	-	(195,910)
Changes in fair value of derivative	520,473	-	-	520,473
Balance, December 31, 2022	\$ 7,263,703	\$ 9,106,182	\$ 118,219	\$ 16,488,104
Which consist of:				
Current portion of loans	7,263,703	7,398,364	82,623	14,744,690
Non-current portion of loans	-	1,707,818	35,596	1,743,414
Balance, December 31, 2022	\$ 7,263,703	\$ 9,106,182	\$ 118,219	\$ 16,488,104

### a) Oceans Partners Facilities

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 and on August 30, 2022, the Company drew down the \$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 is secured by a guarantee of MMR and a pledge over the Company's shares of MMR (the "OP security"). Interest on the loan is calculated at 12-month LIBOR + 7.5%.

## 9. LOANS PAYABLE (continued)

### a) Ocean Partners Facilities (continued)

On December 8, 2022, the Company entered into a new \$5,000,000 credit facility (the "New Facility") with Ocean Partners (UK). The New Facility has an initial payment free period until March 31, 2023 and thereafter will be revolving in nature whereby it is re-payable and re-drawable in 4-month intervals over a term of 24 months. As with the OP Facility, this loan is also secured by the OP Security. Interest will be calculated at 12-month SOFR + 7.5%. A portion of the New Facility was used to extinguish \$701,644 of existing debt, which represented the final amount owing to Ocean Partners on the advance payment the Company received in October 2021 of \$1,293,103 (plus \$206,897 of VAT).

### b) OCIM loan

On May 31, 2021, the Company entered into a definitive agreement for an 18-month gold and silver loan with European based OCIM Group ("OCIM") for \$7,500,000 ("Initial Loan"). The loan is repayable over the following 12 months commencing February 28, 2022, with the Company delivering 19,076 silver ounces and 178.5 gold ounces per month (an aggregate 228,916 silver and 2,141 gold ounces). The number of silver and gold ounces was fixed at an annualized 15% discount to the spot price on July 26, 2021, the date the Company served notice of drawdown of funds. The Company extinguished the Initial Loan in January 2023 with the final delivery of gold and silver.

On May 4, 2022, the Company entered into a definitive agreement for an 18-month gold and silver pre-payment facility with OCIM for \$7,500,000 (the "Secondary Loan", and collectively with the Initial Loan, the "OCIM Loan"). Following a six-month grace period, the facility is repayable over a period of 12 months, commencing on November 1, 2022, with the Company delivering 20,240 ounces of silver and 163 ounces of gold per month (an aggregate of 242,877 ounces of silver and 1,958 ounces of gold). The number of silver and gold ounces was fixed at an annualized 12% discount to the spot price 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, resulting in the Company receiving net proceeds of \$2,913,610 in cash.

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

The Tertiary Loan has been accounted for as a loan extinguishment of the Secondary Loan resulting in a loss of \$461,622 recognized in the interim statement of loss and comprehensive loss for the nine months ended September 30, 2023.

The requirement to deliver gold and silver ounces was determined to be an embedded derivative and was separated and measured at fair value at initial recognition and at the end of each reporting period.

During the three and nine months ended September 30, 2023, the Company recognized a gain of \$111,998 and \$485,737, respectively, on revaluation of the derivative in profit or loss (September 30, 2022 - gain of \$754,358 and \$1,731,820 respectively) and the value of the derivative asset as at September 30, 2023 is \$330,051.

As at September 30, 2023, the carrying value of the Tertiary Loan, inclusive of accrued interest is \$4,167,053. The outstanding principal amount owing on the OCIM Loan is \$4,167,053 as at September 30, 2023.

## 10. LEASE LIABILITIES

The Company leases office space, residential space, and equipment. These leases are for a period of one to five years. Certain leases include an option to renew at the end of the contract term or to purchase the equipment.

The following table presents the lease obligations of the Company for the nine months ended September 30, 2023 and year ended December 31, 2022.

	September 30 2023	December 31 2022
Balance, at beginning of period	\$ 3,940,724	\$ 577,743
Additions	1,340,075	3,343,487
Acquisition of MMR	-	1,081,330
Terminations	(118,082)	(168,643)
Accretion	404,475	186,187
Payments	(2,543,115)	(1,076,789)
Foreign exchange	1,220	(2,591)
<b>Balance, end of period</b>	<b>\$ 3,025,297</b>	<b>\$ 3,940,724</b>
Which consist of:		
Current portion of lease liabilities	2,102,920	2,474,197
Non-current portion of lease liabilities	922,377	1,466,527
<b>Balance, end of period</b>	<b>\$ 3,025,297</b>	<b>\$ 3,940,724</b>

The following table presents lease liability maturity – contractual undiscounted cash flows for the Company:

	September 30 2023	December 31 2022
Less than one year	\$ 2,413,813	\$ 2,842,898
Between one and two years	724,913	1,366,194
Between two and three years	178,333	112,811
Between three and four years	35,770	69,386
Between four and five years	31,865	12,396
Greater than five years	39,161	44,932
	<b>\$ 3,423,855</b>	<b>\$ 4,448,617</b>
Less future finance charges	(398,558)	(507,893)
<b>Present value of minimum lease payments</b>	<b>\$ 3,025,297</b>	<b>\$ 3,940,724</b>

## 11. PROVISION FOR RECLAMATION AND REHABILITATION

The Company recognized a provision for reclamation related to the environmental restoration and closure costs associated with the El Cubo Complex, the Topia Mine and the Valenciana Mines Complex. Significant reclamation and closure activities include land rehabilitation, decommissioning of buildings and mine facilities, ongoing care and maintenance and other costs.

	Topia Mine	Valenciana Mines Complex	El Cubo Mines Complex	Total
Balance, December 31, 2022	\$ 5,848,718	\$ 6,445,907	\$ 4,477,249	\$ 16,771,874
Accretion	440,477	484,069	330,431	1,254,977
Reclamation expenditures	(62,111)	-	-	(62,111)
Changes in estimate	(591,609)	(667,467)	(689,006)	(1,948,082)
Effect of change in foreign exchange rates	588,007	649,731	447,387	1,685,125
<b>Balance, September 30, 2023</b>	<b>\$ 6,223,482</b>	<b>\$ 6,912,240</b>	<b>\$ 4,566,061</b>	<b>\$ 17,701,783</b>

## 11. PROVISION FOR RECLAMATION AND REHABILITATION (continued)

	Topia Mine	Valenciana Mines Complex	El Cubo Mines Complex
Anticipated settlement date	2029	2029	2029-2041
Undiscounted uninflated estimated cash flow	\$ 14,018,306	\$ 13,818,675	\$ 10,854,271
Estimated life of mine (years)	4.8	7.7	4.8
Discount rate (%)	10.3	10.3	10.3
Inflation rate (%)	3.0	3.0	3.0

## 12. SHARE CAPITAL

### a) Authorized share capital

The authorized share capital of the Company is as follows:

- i. unlimited voting common shares without par value; and
- ii. unlimited preferred shares without par value

### b) Equity offerings

During the nine months ended September 30, 2023, the Company issued common shares as follows:

- i. On January 11, 2023, the Company completed the second and final tranche of a non-brokered Listed Issuer Financing Exemption private placement and issued 4,080,486 units at \$0.313 (CAD\$0.425) per unit for gross proceeds of \$1,277,061. Each unit consisted of one common share and one-half common share purchase warrant. The proceeds from the private placement were allocated to the shares (\$1,087,722) and warrants (\$189,339) based on their relative fair values. In connection with the private placement, the Company incurred issuance costs of \$12,069 paid in cash and issued 36,000 finder's warrants with an exercise price of CAD\$0.60 exercisable for two years and a fair value of \$3,683 as finders fees.
- ii. On June 23, 2023, the Company issued a total of 81,465 common shares at a deemed price of CAD\$0.58, (\$0.44) per share in settlement of CAD\$47,250, (\$35,799) of debt.
- iii. On August 10, 2023, the Company completed a bought-deal private placement and issued 22,250,000 Units at CAD\$0.36, (\$0.27) per unit for gross proceeds of \$5,973,600 (CAD\$8,010,000). Each Unit consisted of one common share and one common share purchase warrant. The proceeds from the private placement were allocated to the shares (\$4,825,026) and warrants (\$1,148,574) based on their relative fair values. Each warrant entitles the holder to purchase one additional common share at CAD\$0.55 per share and expires on February 10, 2025. The Company paid the underwriters a cash commission of 6% of the gross proceeds and issued 1,335,000 Broker's warrants representing 6% of the number of Units sold. Each Broker's warrant entitles the holder to purchase one common share of the Company at CAD\$0.55 per share and expires on February 10, 2025.
- iv. The Company issued 2,433,000 shares on the exercise of 2,433,000 stock options for proceeds of \$180,269 (CAD\$242,765).
- v. The Company issued 3,512,050 shares on the exercise of 3,512,050 warrants for proceeds of \$1,289,194 (CAD\$1,735,423).



## 12. SHARE CAPITAL (continued)

### b) Equity offerings (continued)

During the year ended December 31, 2022, the Company issued common shares as follows:

- i. On July 21, 2022, the Company completed a private placement and issued 41,885,388 units at \$0.256 (CAD\$0.33) per unit for gross proceeds of \$10,722,659. Each unit consisted of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at CAD\$0.50 per share for a period of three years. The proceeds from the private placement were allocated to the shares (\$6,181,271) and warrants (\$4,541,388) based on their relative fair values. In connection with the private placement, the Company incurred issuance costs of \$503,579 paid in cash and issued 1,524,520 finder's warrants with an exercise price of CAD\$0.33 exercisable for three years and a fair value of \$307,084 (CAD\$385,237) as finders fees.
- ii. On August 4, 2022, the Company issued 25,787,200 common shares with a fair value of \$8,976,524 (CAD\$11,818,491) in connection with the acquisition of MMR.
- iii. On December 8, 2022, the Company issued a total of 2,817,595 common shares at a deemed price of \$0.293, (CAD\$0.40) per share in settlement of \$826,274 (CAD\$1,127,038) of debt, including 693,750 shares issued to related parties totalling \$203,445.
- iv. On December 22, 2022, the Company completed the first tranche of a non-brokered Listed Issuer Financing Exemption private placement and issued 15,952,196 units at \$0.312 (CAD\$0.425) per unit for gross proceeds of \$4,971,307. Each unit consisted of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at CAD\$0.60 per share for a period of two years. The proceeds from the private placement were allocated to the shares (\$4,275,191) and warrants (\$696,116) based on their relative fair values. In connection with the private placement, the Company incurred issuance costs of \$190,356 paid in cash and issued 514,591 finder's warrants with an exercise price of CAD\$0.60 exercisable for two years and a fair value of \$52,990 (CAD\$72,129) as finders fees.
- v. The Company issued 7,919,737 common shares on the exercise of 7,919,737 warrants for net proceeds of \$1,599,296 (CAD\$2,054,570).
- vi. The Company issued 50,000 common shares on the exercise of 50,000 options for net proceeds of \$3,961 (CAD\$5,000).

## 13. RESERVES

### a) Warrants

The following summarizes the continuity of common share purchase warrants:

	September 30, 2023		December 31, 2022	
	Number outstanding	Weighted average exercise price CAD\$	Number outstanding	Weighted average exercise price CAD\$
Outstanding, beginning of the period	96,470,019	0.50	54,890,334	0.45
Issued	25,661,243	0.55	54,406,598	0.51
Exercised	(3,512,050)	0.49	(7,919,737)	0.26
Expired and forfeited	-	-	(4,907,176)	0.48
Outstanding, end of the period	118,619,212	0.51	96,470,019	0.50

As at September 30, 2023 the following common share purchase warrants were outstanding:

Expiry date	Exercise price CAD\$	Warrants outstanding	Remaining life (years)
November 30, 2023	0.75	7,627,289	0.17
December 7, 2023	0.75	1,201,317	0.19
March 9, 2024	0.45	29,072,765	0.44
December 21, 2024	0.60	8,496,690	1.23
January 10, 2025	0.60	2,076,243	1.28
February 10, 2025	0.55	23,585,000	1.37
July 21, 2025	0.33	1,524,520	1.81
August 4, 2025	0.50	41,285,388	1.85
November 30, 2025	0.175	3,750,000	2.17
	<b>0.51</b>	<b>118,619,212</b>	<b>1.24</b>

In determining the fair value of the warrants issued, the Company used the Black-Scholes option pricing model to establish the fair value of warrants granted by applying the following assumptions:

	September 30 2023	December 31 2022
Risk-free interest rate	4.02-5.00%	3.00%-4.02%
Expected life of options (years)	2 years	2-3 years
Expected annualized volatility	74.58%-82.00%	81.67%-134.16%
Expected dividend yield	Nil	Nil

## 13. RESERVES (continued)

### b) Stock options

The Company has adopted an incentive stock option plan (the "Plan") under the rules of the TSXV pursuant to which the Company's Board of Directors is authorized, from time to time, to grant stock options to employees, consultants, directors and officers. The Plan is a rolling stock option plan whereby the number of stock options issuable under the plan shall not exceed, on a rolling basis, 10% of the Company's issued and outstanding common shares at the time of grant.

Under the plan, the exercise price of each option is equal to the market price of the Company's common shares on the date of grant. The stock options can be granted for a maximum term of 10 years with vesting terms determined by the Board of Directors. No individual may be granted options exceeding 5% and no consultant or individual employed to provide "investor relations activities" may be granted options exceeding 2% of the Company's common shares outstanding in any 12-month period. Continuity of the Company's stock options issued and outstanding was as follows:

Additionally, the Company has adopted an Omnibus equity compensation plan (the "Omnibus") under the rules of the TSXV pursuant to which the Company's Board of Directors is authorized, from time to time, to grant a varying range of incentive awards, including restricted share units, deferred share units, performance share units and other share-based awards (the "Awards"), to employees, consultants, directors, and officers. The Omnibus is a fixed plan whereby the number of Awards shall not exceed 15,000,000 shares of the Company. The Omnibus shares are in addition to, and are not deducted from, the number of shares issuable under the Plan.

	Number of options	Weighted average exercise price CAD\$
Outstanding at December 31, 2021	13,325,000	0.39
Granted	7,175,000	0.38
Exercised	(50,000)	0.10
Expired and forfeited	(262,500)	0.40
Outstanding at December 31, 2022	<b>20,187,500</b>	<b>0.38</b>
Granted	3,490,000	0.58
Exercised	(2,433,000)	0.09
Expired and forfeited	(1,378,333)	0.24
<b>Outstanding at September 30, 2023</b>	<b>19,866,167</b>	<b>0.45</b>

The following table summarizes the information about stock options outstanding as at September 30, 2023:

Expiry date	Options outstanding	Weighted average exercise price CAD\$	Options exercisable	Weighted average exercise price CAD\$
October 12, 2023	1,925,000	0.30	1,925,000	0.30
January 4, 2024	150,000	0.30	150,000	0.30
February 6, 2024	150,000	0.30	150,000	0.30
February 17, 2024	37,500	0.30	37,500	0.30
March 24, 2026	6,350,000	0.51	6,350,000	0.51
April 26, 2026	250,000	0.60	250,000	0.60
May 14, 2026	400,000	0.60	400,000	0.60
September 8, 2026	400,000	0.49	400,000	0.49
October 12, 2026	150,000	0.41	100,000	0.41
November 5, 2026	25,000	0.53	16,667	0.53
March 22, 2027	500,000	0.64	333,333	0.64
April 4, 2027	200,000	0.61	133,333	0.61
April 18, 2027	200,000	0.62	133,333	0.62
July 18, 2027	5,672,000	0.33	1,890,667	0.33
September 27, 2027	100,000	0.33	33,333	0.33
April 19, 2028	3,256,667	0.58	1,085,556	0.58
April 28, 2028	100,000	0.58	33,333	0.58
	<b>19,866,167</b>	<b>0.45</b>	<b>13,422,055</b>	<b>0.46</b>

## 13. RESERVES (continued)

### b) Stock options (continued)

In determining the fair value of the stock options issued, the Company used the Black-Scholes option pricing model to establish the fair value of options granted during the period by applying the following assumptions:

	September 30 2023	December 31 2022
Risk-free interest rate	3.48%	2.31%-3.68%
Expected life of options (years)	3 years	2-5 years
Expected annualized volatility	128.19%-128.67%	137.17%-137.68%
Expected dividend yield	Nil	Nil

### c) Restricted share units

The Company's Restricted share units ("RSUs") are settled in equity. The fair value is determined based on the quoted market price of the Company's common shares at the date of the grant. The RSUs are recognized as a share-based compensation and are expense over the vesting period with corresponding amount recorded in equity reserves. On April 19, 2023, the Company granted 347,500 RSUs with a grant date fair value of \$148,439 and a vesting date of April 18, 2024. During the quarter 17,500 RSUs were forfeited and expired.

## 14. LOSS PER SHARE

	Three months ended		Nine months ended	
	September 30 2023	September 30 2022	September 30 2023	September 30 2022
Net loss for the period	\$ (7,062,158)	\$ (8,405,337)	\$ (24,318,773)	\$ (16,865,880)
Weighted average number of shares (000's)	341,056	271,510	330,510	240,873
<b>Loss per share - basic and diluted</b>	<b>\$ (0.02)</b>	<b>\$ (0.03)</b>	<b>\$ (0.07)</b>	<b>\$ (0.07)</b>

All the outstanding warrants, options and RSU's are anti-dilutive for the three and nine months ended September 30, 2023 and 2022.

## 15. REVENUES

The Company is principally engaged in the business of producing gold-silver, lead and zinc concentrate in Mexico. The disaggregated revenue information for the three and nine months ended September 30, 2023 and 2022, are as follows:

	Three months ended		Nine months ended	
	September 30 2023	September 30 2022	September 30 2023	September 30 2022
Gold-silver concentrate	\$ 10,834,088	\$ 7,958,562	\$ 37,413,955	\$ 21,122,199
Lead concentrate	5,070,822	2,218,891	14,434,185	2,218,891
Zinc concentrate	638,887	289,023	2,647,061	289,023
Provisional pricing adjustments	(900,148)	(1,594,613)	(4,910,086)	(2,237,623)
	<b>\$ 15,643,649</b>	<b>\$ 8,871,863</b>	<b>\$ 49,585,115</b>	<b>\$ 21,392,490</b>

The Company sells 100% of its gold-silver, lead and zinc concentrates to two customers. Bullion sales of \$12,519 and \$85,113 for the three and nine months ended September 30, 2023 are included in gold-silver concentrate.

## 16. COST OF SALES

	Three months ended		Nine months ended	
	September 30 2023	September 30 2022	September 30 2023	September 30 2022
Production costs	\$ 16,138,682	\$ 9,670,274	\$ 48,278,545	\$ 20,957,169
Transportation and other selling costs	719,251	178,676	2,422,519	414,164
Inventory changes	361,927	(626,923)	(121,228)	350,765
Depreciation	2,748,795	2,991,578	8,871,216	6,405,553
	\$ 19,968,655	\$ 12,213,605	\$ 59,451,052	\$ 28,127,651

## 17. GENERAL AND ADMINISTRATION

	Three months ended		Nine months ended	
	September 30 2023	September 30 2022	September 30 2023	September 30 2022
Salaries and employee benefits	\$ 548,782	\$ 479,204	\$ 2,251,765	\$ 1,189,510
Professional fees	862,452	1,275,531	2,607,449	2,100,777
Corporate and administration	566,346	712,441	2,198,767	1,615,211
Depreciation	116,383	57,210	270,277	180,508
	\$ 2,093,963	\$ 2,524,386	\$ 7,328,258	\$ 5,086,006

## 18. INTEREST AND FINANCE (COSTS) INCOME

	Three months ended		Nine months ended	
	September 30 2023	September 30 2022	September 30 2023	September 30 2022
Interest income	\$ 239	\$ 59,513	\$ 483	\$ 59,986
Interest expense	(529,184)	(771,566)	(1,707,663)	(1,782,504)
Accretion expense	(638,363)	(333,256)	(1,796,962)	(611,946)
	\$ (1,167,308)	\$ (1,045,309)	\$ (3,504,142)	\$ (2,334,464)

## 19. RELATED PARTIES

In addition to related party transactions described elsewhere in the notes to the Interim Financial Statements, the Company had the following related party transactions:

### *Compensation of key management personnel*

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

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

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

## 20. SEGMENTED INFORMATION

The Company has three operating mining segments, located in Mexico, as well as a corporate segment. The Company's operations are based in Mexico with Corporate offices based out of Canada.

September 30, 2023	Total Assets	Total liabilities	Capital expenditures
El Cubo Mines Complex	\$ 34,761,515	\$ (13,428,523)	\$ 2,366,886
Valenciana Mines Complex	15,383,443	(6,912,240)	2,673,980
Topia	20,145,349	(24,762,655)	3,419,855
Corporate	6,401,033	(14,007,797)	64,309
<b>Consolidated</b>	<b>\$ 76,691,341</b>	<b>\$ (59,111,215)</b>	<b>\$ 8,364,230</b>

December 31, 2022	Total Assets	Total liabilities	Capital expenditures
El Cubo Mines Complex	\$ 39,880,692	\$ (12,179,268)	\$ 6,206,007
Valenciana Mines Complex	14,255,300	(6,445,907)	1,238,213
Topia	18,477,593	(16,571,858)	1,004,480
Corporate	13,035,313	(17,940,078)	46,693
<b>Consolidated</b>	<b>\$ 85,648,898</b>	<b>\$ (53,137,111)</b>	<b>\$ 8,495,393</b>

For the three months ended September 30, 2023					
	Corporate	El Cubo Mines Complex	Valenciana Mines Complex	Topia	Total
Revenues	\$ 12,519	\$ 3,868,112	\$ 5,935,713	\$ 5,827,305	\$ 15,643,649
Cost of sales	12,901	7,154,236	6,870,958	5,930,560	19,968,655
<b>Mine operating profit (loss)</b>	<b>(382)</b>	<b>(3,286,124)</b>	<b>(935,245)</b>	<b>(103,355)</b>	<b>(4,325,006)</b>
General and administration	1,078,127	761,756	133,182	120,898	2,093,963
Share based compensation	226,334	-	-	-	226,334
Exploration expenses	-	100,560	96,489	120,493	317,542
Foreign exchange (gain)	(64,809)	(43,196)	(314,530)	(209,797)	(632,332)
Other operating expense (income)	6120	(58,631)	(119,465)	-	(171,976)
<b>Operating loss</b>	<b>(1,246,154)</b>	<b>(4,046,613)</b>	<b>(730,921)</b>	<b>(134,849)</b>	<b>(6,158,537)</b>
Interest and finance costs, net	(573,326)	(167,406)	(268,561)	(158,015)	(1,167,308)
Gain (loss) on derivative	455,394	-	-	-	455,394
Other finance (expense) income, net	(43,605)	(148,102)	-	-	(191,707)
<b>Segmented loss before income taxes</b>	<b>\$ (1,407,691)</b>	<b>\$ (4,362,121)</b>	<b>\$ (999,482)</b>	<b>\$ (292,864)</b>	<b>\$ (7,062,158)</b>

## 20. SEGMENTED INFORMATION (continued)

For the three months ended September 30, 2022						
	Corporate	El Cubo Mines Complex	Valenciana Mines Complex	Topia	Total	
Revenues	\$ -	\$ 6,561,142	\$ -	\$ 2,310,721	\$ 8,871,863	
Cost of sales	-	8,153,266	-	4,060,339	12,213,605	
Mine operating loss	-	(1,592,124)	-	(1,749,618)	(3,341,742)	
General and administration	1,910,079	336,190	-	278,117	2,524,386	
Share based compensation	601,100	-	-	-	601,100	
Exploration expenses	-	586,311	-	92,715	679,026	
Care & maintenance	-	-	560,529	-	560,529	
Foreign exchange loss (gain)	(46,068)	(44,892)	-	112,559	21,599	
Other operating expense (income)	-	274,543	-	(86,975)	187,567	
Operating loss	(2,465,111)	(2,744,276)	(560,529)	(2,146,033)	(7,915,949)	
Interest and finance costs, net	(677,853)	(200,264)	-	(167,191)	(1,045,308)	
Gain (loss) on derivative	754,358	-	-	-	754,358	
Other finance (expense) income, net	(80,150)	-	-	-	(80,150)	
Segmented loss before income taxes	\$ (2,468,756)	\$ (2,944,540)	\$ (560,529)	\$ (2,313,225)	\$ (8,287,050)	

For the nine months ended September 30, 2023						
	Corporate	El Cubo Mines Complex	Valenciana Mines Complex	Topia	Total	
Revenues	\$ 85,113	\$ 14,644,782	\$ 18,310,130	\$ 16,545,090	\$ 49,585,115	
Cost of sales	85,122	22,695,055	17,499,108	19,171,767	59,451,052	
<b>Mine operating profit (loss)</b>	<b>(9)</b>	<b>(8,050,273)</b>	<b>811,022</b>	<b>(2,626,778)</b>	<b>(9,865,937)</b>	
General and administration	4,041,030	2,234,819	567,512	484,898	7,328,258	
Share based compensation	1,127,644	-	-	-	1,127,644	
Exploration expenses	4,869	582,844	521,949	411,431	1,521,093	
Foreign exchange loss (gain)	(333,744)	359,770	1,098,925	588,007	1,712,958	
Other operating expense (income)	(185,060)	149,843	(42,003)	-	(77,220)	
<b>Operating loss</b>	<b>(4,654,748)</b>	<b>(11,377,548)</b>	<b>(1,335,361)</b>	<b>(4,111,013)</b>	<b>(21,478,670)</b>	
Interest and finance costs, net	(1,862,636)	(479,605)	(721,424)	(440,477)	(3,504,142)	
Gain (loss) on derivative	829,133	-	-	-	829,133	
Other finance (expense) income, net	(403,644)	238,550	-	-	(165,094)	
<b>Segmented loss before income taxes</b>	<b>\$ (6,091,895)</b>	<b>\$ (11,618,604)</b>	<b>\$ (2,056,784)</b>	<b>\$ (4,519,090)</b>	<b>\$ (24,318,773)</b>	

## 20. SEGMENTED INFORMATION (continued)

For the nine months ended September 30, 2022						
	Corporate	El Cubo Mines Complex	Valenciana Mines Complex	Topia Mines	Total	
Revenues	\$ -	\$ 19,081,769	\$ -	\$ 2,310,721	\$ 21,392,490	
Cost of sales	-	24,067,312	-	4,060,339	28,127,651	
Mine operating loss	-	(4,985,543)	-	(1,749,618)	(6,735,161)	
General and administration	3,754,950	1,052,939	-	278,117	5,086,006	
Share based compensation	1,242,907	-	-	-	1,242,907	
Exploration expenses	5,717	2,172,818	-	92,715	2,271,250	
Care & maintenance	-	-	560,529	-	560,529	
Foreign exchange loss (gain)	379,930	(171,739)	-	112,559	320,750	
Other operating expense (income)	-	268,022	-	(86,975)	181,047	
Operating loss	(5,383,504)	(8,307,584)	(560,529)	(2,146,033)	(16,397,650)	
Interest and finance costs, net	(1,652,469)	(514,804)	-	(167,191)	(2,334,465)	
Gain (loss) on derivative	1,731,820	-	-	-	1,731,820	
Other finance (expense) income, net	252,702	-	-	-	252,702	
Segmented loss before income taxes	\$ (5,051,451)	\$ (8,822,389)	\$ (560,529)	\$ (2,313,225)	\$ (16,747,593)	

## 21. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

### Fair value measurement and valuation techniques

Financial instruments included in the interim statements of financial position are measured either at fair value or amortized cost. Estimated fair values for financial instruments are designated 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).



## 21. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (continued)

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

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

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

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

## 21. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (continued)

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

## 21. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (continued)

December 31, 2022	Fair value through profit or loss		Amortized cost		Total	Level 1	Level 2	Carrying value approximates fair value				
<b>Financial assets measured at fair value</b>												
Trade receivables from sale of concentrate	\$	3,857,355	\$	-	\$	3,857,355	\$	-	\$	3,857,355	\$	-
	\$	<b>3,857,355</b>	\$	<b>-</b>	\$	<b>3,857,355</b>	\$	<b>-</b>	\$	<b>3,857,355</b>	\$	<b>-</b>
<b>Financial assets not measured at fair value</b>												
Cash and cash equivalents	\$	-	\$	8,832,936	\$	8,832,936	\$	-	\$	-	\$	8,832,936
VAT and other receivables		-		9,073,024		9,073,024		-		-		9,073,024
	\$	<b>-</b>	\$	<b>17,905,960</b>	\$	<b>17,905,960</b>	\$	<b>-</b>	\$	<b>-</b>	\$	<b>17,905,960</b>
<b>Financial liabilities measured at fair value</b>												
Other current liabilities	\$	(3,403,491)	\$	-	\$	(3,403,491)	\$	-	\$	(3,403,491)	\$	-
Derivative		(155,179)		-		(155,179)		-		(155,179)		-
	\$	<b>(3,558,670)</b>	\$	<b>-</b>	\$	<b>(3,558,670)</b>	\$	<b>-</b>	\$	<b>(3,558,670)</b>	\$	<b>-</b>
<b>Financial liabilities not measured at fair value</b>												
Accounts payable and accrued liabilities	\$	-	\$	(12,532,916)	\$	(12,532,916)	\$	-	\$	-	\$	(12,532,916)
Vehicle loan		-		(118,220)		(118,220)		-		-		(118,220)
OCIM loan		-		(7,108,524)		(7,108,524)		-		-		(7,108,524)
Ocean Partners loans		-		(9,106,182)		(9,106,182)		-		-		(9,106,182)
	\$	<b>-</b>	\$	<b>(28,865,842)</b>	\$	<b>(28,865,842)</b>	\$	<b>-</b>	\$	<b>-</b>	\$	<b>(28,865,842)</b>

## 22. SUPPLEMENTAL CASHFLOW INFORMATION

The changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes for the periods as set out below are as follows:

	Loans		Leases		Other current liabilities
As at December 31, 2021	\$	8,181,349	\$	577,743	\$ 750,000
Additions		12,578,937		3,343,487	-
Acquisition of MMR		-		1,081,330	2,658,311
Terminations		-		(168,643)	-
Interest		2,603,664		-	-
Accretion		102,344		186,187	-
Payments in cash		(1,168,629)		(1,076,789)	-
Payments in gold and silver		(6,137,826)		-	-
Foreign exchange		3,702		(2,591)	-
Gain on settlement of debt		(195,910)		-	-
Changes in fair value of contingent payment		-		-	(4,820)
Changes in fair value of derivative		520,473		-	-
As at December 31, 2022		16,488,104		3,940,724	3,403,491
Additions		5,238,674		1,340,075	369,776
Terminations or Disposals		-		(118,082)	-
Interest		1,700,426		-	-
Accretion		137,509		404,475	-
Payments in cash		(7,331,055)		(2,543,115)	-
Payments in gold and silver		(3,735,062)		-	-
Foreign exchange		20,716		1,220	-
Loss on settlement of debt		461,622		-	-
Changes in fair value of contingent payment		-		-	(262,129)
Changes in fair value of derivative		(485,737)		-	(344,585)
<b>As at September 30, 2023</b>	<b>\$</b>	<b>12,495,197</b>	<b>\$</b>	<b>3,250,297</b>	<b>\$ 3,166,553</b>

The significant non-cash financing and investing transactions during the three and nine months ended September 30, 2023 and 2022, are as follows:

	Three months ended		Nine months ended	
	September 30 2023	September 30 2022	September 30 2023	September 30 2022
Payment for OCIM loan in gold and silver ounces	\$ 998,531	\$ -	\$ 3,735,062	\$ 2,417,140
Closure and reclamation provision	\$ (2,564,533)	\$ (3,643,868)	\$ (1,948,083)	\$ (4,071,480)
Changes in contingent liability	\$ 105,281	\$ 437,042	\$ (262,129)	\$ 311,487
Shares and warrants issued for finders' fees	\$ 82,447	\$ -	\$ 86,130	\$ -
Shares issued on settlement of debt	\$ -	\$ -	\$ 35,799	\$ -
Leases/ROU assets recognized	\$ 484,124	\$ -	\$ 1,340,075	\$ -
Shares issued on acquisition of Minera Mexicana el Rosario	\$ -	\$ 8,976,524	\$ -	\$ 8,976,524

## 23. COMMITMENTS AND CONTINGENCIES

### a) Commitments

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

### b) Contingencies – Obras Mineras El Pinguico

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

- i. \$1,000,000 upon the Company producing 3,000,000 ounces of silver equivalent from the Combined Project (Contingent Payment #1). At the Company's option, the Company can issue common shares for up to 50% of Contingent Payment #1, based on the volume weighted average trading price of the Company's common shares for the 10 trading days immediately preceding the date of such payment.
- ii. \$1,000,000 if the London Bullion Market Association ("LBMA") spot price of gold closes at or above \$2,000 per ounce for 20 consecutive trading days within two years after closing ("Contingent Payment #2"). During the nine months ended September 30, 2023, Contingent Payment #2 expired unpaid.
- iii. \$1,000,000 if the LBMA spot price of gold closes at or above \$2,200 per ounce for 20 consecutive trading days within three years after closing ("Contingent Payment #3").

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

### c) Contingencies – Minera Mexicana el Rosario

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

- i. \$500,000 upon GSilver producing 2,500,000 ounces of silver from the purchased MMR assets.
- ii. \$750,000 if the price of silver closes at or above US\$27.50 per ounce for 30 consecutive days within two years after closing.
- iii. \$750,000 if the price of silver closes at or above US\$30.00 per ounce for 30 consecutive days within three years after closing.

As at September 30, 2023, the Company has accrued a total of \$1,080,902 for these contingent payments in other current liabilities on the statement of financial position (December 31, 2022 - \$1,097,789), with fair value loss of \$85,006 and \$186,899 for the three and nine months ended September 30, 2023, recorded in Other operating expense (income), (three and nine months ended September 30, 2022 - \$Nil).

Should the Company have to pay, the Company has the right to offset any payable amount against the current receivable owed from Great Panther (note 4, 24).

## 24. SUBSEQUENT EVENTS

Subsequent to September 30, 2023:

- The Company issued a total of 2,928,330 common shares at a deemed price of CAD\$0.32 (\$0.23) per share in settlement of \$686,143 of debt, including 468,750 shares issued to related parties in settlement of \$109,834 of debt.
- 200,000 stock options expired unexercised.

On November 7, 2023, the Company reached an agreement with the bankruptcy trustee representing Great Panther to offset any contingent payments with the working capital adjustment receivable owed by Great Panther.