Management's Discussion and Analysis

For the three months ended March 31, 2024

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 months ended March 31, 2024, and the related notes contained therein (the "Financial Statements") which were prepared in accordance with International Accounting Standard No 34, Interim Financial Reporting ("IAS 34"), using accounting policies consistent with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the Company's audited consolidated financials statements for the year ended December 31, 2023. The Company uses certain non-IFRS financial measures in this MD&A as described under "Non-IFRS Measures". Additional information relating to the Company, including the most recently filed Annual Information Form (the "Annual Information Form"), is available on SEDAR at www.sedarplus.ca. All amounts are expressed in United States ("US") dollars unless otherwise stated. Certain amounts shown in this MD&A may not add exactly to total amounts due to rounding differences. This MD&A contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained therein. All information contained in this MD&A is current and has been approved by the Board of Directors of the Company as of May 22, 2024, unless otherwise stated.

QUALIFIED PERSON

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

FORWARD-LOOKING STATEMENTS

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

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

The estimates and assumptions of the Company contained or incorporated by reference in this MD&A, which may prove to be incorrect, include, but are not limited to: (1) there being no significant disruptions affecting operations, whether due to labor disruptions, supply disruptions, power disruptions, damage to equipment, adverse weather conditions, natural disasters, wars, invasions or other armed conflicts, COVID 19 or otherwise; (2) permitting, access, production, development and exploration at the Company's mining projects (including, without limitation, land acquisitions) being consistent with the Company's current expectations; (3) the Company's assessment and interpretation of potential geological structures and mineralization including estimates of the location, quantity and grade of mineral resources and mineralized material at its mining properties being accurate in all material respects; (4) the sufficiency of the Company's current working capital and credit facilities to successfully ramp-up production of concentrate from the Company's Valenciana, San Ignacio and Topia mines in accordance with the Company's budgeted costs, timing and expectations (5) the ability of the Company to successfully integrate, where applicable, its Valenciana and San Ignacio mines into its current CMC mining operations on a basis consistent with the Company's current expectations including the availability of excess processing and tailings capacity at CMC; (6) the ability of the Company to execute its contract mining strategy at the Topia mine and processing plant; (7) 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; (8) certain price assumptions for gold, silver, zinc, lead and other metals; (9) prices for and availability of equipment, labor, natural gas, fuel oil, electricity, water and other key supplies remaining consistent with current levels; (10) the ability of the Company to generate positive cash flow from operations and the timing thereof, (11) labor and materials costs increasing on a basis consistent with the Company's current expectations; (12) the availability and timing of additional financing being consistent with the Company's current expectations; (13) the Company's ability to obtain regulatory approvals and permits in a timely manner and on terms consistent with current expectations; (14) political developments in Mexico including, without limitation, the implementation of new mining laws and related regulations being consistent with the Company's current expectations; (15) 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; (16) 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 (17) the absence of any material adverse effects arising as a result of political instability, wars, terrorism, sabotage, vandalism, theft, labor disputes, natural disasters, adverse weather and climate related events, equipment failures, *rising inflation and interest rates, adverse changes in government legislation or the socio-economic conditions affecting the Company's mining projects or the mining industry in general.*

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

The forward-looking statements and forward-looking information contained herein are based on information available as of the date of this MD&A.

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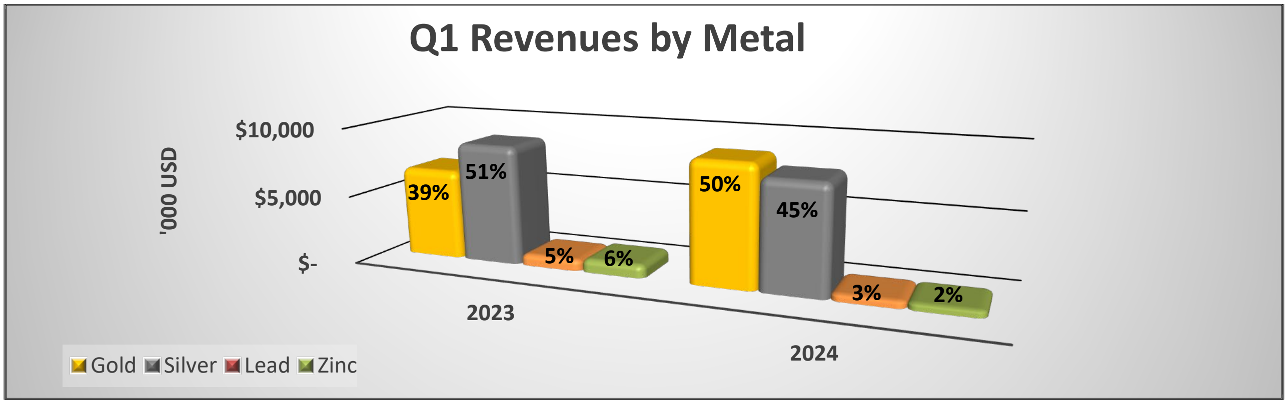
OPERATING AND FINANCIAL HIGHLIGHTS

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

The following table summarizes the Company's consolidated operating and financial results for the three months ended March 31, 2024 and 2023:

CONSOLIDATED	Three months ended March 31 2024	March 31 2023	% Change
Operating			
Tonnes mined	164,057	162,116	1%
Tonnes milled	165,079	160,182	3%
Silver ounces produced	428,279	458,803	(7%)
Gold ounces produced	5,384	4,413	22%
Lead produced (lbs)	879,242	906,696	(3%)
Zinc produced (lbs)	922,297	1,153,138	(20%)
Silver equivalent ("Ag/Eq") ounces produced (1)	987,312	938,047	5%
Silver ounces sold	413,892	474,954	(13%)
Gold ounces sold	5,196	4,586	13%
Lead sold (lbs)	841,612	955,441	(12%)
Zinc sold (lbs)	934,873	1,242,389	(25%)
Ag/Eq ounces sold (1)	955,328	969,603	(1%)
Cost per tonne ($) (5)	97.78	98.16	1%
Cash cost per Ag/Eq ounce ($) (1)(2)(5)	16.55	17.06	(3%)
AISC per Ag/Eq ounce ($) (1)(3)(5)	20.19	21.83	(8%)
Financial	**$**	**$**	
Revenue	17,764,983	17,118,424	4%
Cost of Sales	19,420,586	20,269,116	(4%)
Mine operating income (loss)	(1,655,603)	(3,150,692)	(47%)
Mine operating cashflow before taxes (5)(7)	1,360,523	187,214	627%
Net loss	(7,381,691)	(8,699,078)	(15%)
EBITDA (4)(5)	(2,778,867)	(4,093,976)	(32%)
Adjusted EBITDA (4)(5)	(929,015)	(2,299,797)	(60%)
Realized silver price per ounce (6)	23.37	22.50	4%
Realized gold price per ounce (6)	2,068.57	1,890.60	9%
Realized lead price per pound (6)	0.94	0.96	(2%)
Realized zinc price per pound (6)	1.11	1.42	(22%)
Working capital (5)	(21,238,584)	(11,029,888)	93%
Shareholders			
Loss per share – basic and diluted	$(0.02)	$(0.03)	(33%)
Weighted Average Shares Outstanding	354,496,832	322,849,823	10%

1. Silver equivalents are calculated using 88.72:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q1 2024 and an 83.78:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q1 2023, respectively.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 32.
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 32.
4. See Reconciliation of earnings before interest, taxes, depreciation, and amortization on page 31.
5. Mine Operating Cashflow Before Taxes, Cash cost per silver equivalent, cost per tonne, AISC per Ag/Eq ounce, EBITDA, Adjusted EBITDA and working capital are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 30.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.
7. Mine operating cash flow before taxes is calculated by adding back depreciation, depletion, and inventory write-downs to mine operating loss. See Reconciliation to IFRS on page 31.



The following tables summarize the Company's consolidated operating and financial results for the last 8 quarters:

	Three Months Ended			
CONSOLIDATED	**March 31, 2024**	**December 31, 2023**	**September 30, 2023**	**June 30, 2023**
Operating				
Tonnes mined	164,057	133,497	134,865	166,171
Tonnes milled	165,079	137,339	132,484	163,793
Silver ounces produced	428,279	394,971	425,488	477,649
Gold ounces produced	5,384	4,395	3,441	4,719
Lead produced (lbs)	879,242	837,230	935,738	875,802
Zinc produced (lbs)	922,297	960,206	857,660	897,258
Silver equivalent ("Ag/Eq") ounces produced(1)	987,312	850,214	787,086	941,338
Silver ounces sold	413,892	400,106	423,855	462,917
Gold ounces sold	5,196	4,275	3,773	4,427
Lead sold (lbs)	841,612	909,817	884,204	830,567
Zinc sold (lbs)	934,873	890,691	827,101	871,328
Ag/Eq ounces sold(1)	955,328	844,572	808,742	901,474
Cost per tonne ($)(5)	97.78	107.95	121.82	100.22
Cash cost per Ag/Eq ounce ($) (1)(2)(5)	16.55	17.66	20.79	17.71
AISC per Ag/Eq ounce ($) (1)(3)(5)	20.19	21.52	26.22	22.47
Financial	**$**	**$**	**$**	**$**
Revenue	17,764,983	16,581,967	15,643,649	16,823,042
Cost of Sales	19,420,586	18,515,317	19,968,655	19,213,281
Mine operating income (loss)	(1,655,603)	(1,933,352)	(4,325,005)	(2,390,239)
Mine operating cash flows before taxes(5)(7)	1,360,523	838,068	(1,576,212)	394,276
Net loss	(7,381,691)	(7,624,676)	(7,062,159)	(8,557,538)
EBITDA(4)(5)	(2,778,867)	(2,559,261)	(3,029,671)	(4,576,059)
Adjusted EBITDA(4)(5)	(929,015)	(1,099,580)	(3,612,173)	(3,409,928)
Realized silver price per ounce(6)	23.37	23.21	23.60	24.33
Realized gold price per ounce(6)	2,068.57	1,982.88	1,929.31	1,988.05
Realized lead price per pound(6)	0.94	0.96	0.99	0.97
Realized zinc price per pound(6)	1.11	1.14	1.10	1.14
Working capital(5)	(21,238,584)	(18,441,013)	(19,558,888)	(17,831,378)
Shareholders				
Loss per share - basic and diluted	$(0.02)	$(0.02)	$(0.02)	$(0.03)
Weighted Average Shares Outstanding	354,496,832	351,589,912	341,055,800	327,386,045

1. Silver equivalents are calculated using 88.72:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q1 2024; an 85.10:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q4 2023; an 81.83:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q3 2023; and 81.33:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2023.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 32.
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 32.
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6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.
7. Mine operating cash flow before taxes is calculated by adding back depreciation, depletion, and inventory write-downs to mine operating loss. See Reconciliation to IFRS on page 31.

CONSOLIDATED	Three Months Ended March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Operating				
Tonnes mined	162,116	131,543	107,379	90,045
Tonnes milled	160,182	131,341	107,009	94,212
Silver ounces produced	458,803	401,244	329,298	155,912
Gold ounces produced	4,413	3,907	3,226	2,161
Lead produced (lbs)	906,696	811,492	537,608	-
Zinc produced (lbs)	1,153,138	1,261,554	677,127	-
Silver equivalent ("Ag/Eq") ounces produced(1)	938,047	836,375	700,264	337,760
Silver ounces sold	474,954	405,384	311,754	159,840
Gold ounces sold	4,586	3,865	2,997	2,195
Lead sold (lbs)	955,441	846,281	504,408	-
Zinc sold (lbs)	1,242,389	1,600,811	273,327	-
Ag/Eq ounces sold(1)	969,603	866,319	628,256	342,987
Cost per tonne ($)(5)	98.16	98.30	90.37	60.89
Cash cost per Ag/Eq ounce ($) (1)(2)(5)	17.06	15.55	13.86	17.08
AISC per Ag/Eq ounce ($) (1)(3)(5)	21.83	20.80	19.53	24.15
Financial	**$**	**$**	**$**	**$**
Revenue	17,118,424	15,487,714	8,871,863	6,133,989
Cost of Sales	20,269,116	15,635,541	12,213,604	7,790,285
Mine operating loss	(3,150,692)	(147,830)	(3,341,741)	(16,562,956)
Mine operating cash flows before taxes(5)(7)	187,214	2,367,522	(350,164)	7,923
Net loss	(8,699,078)	(9,905,707)	(8,405,337)	(3,521,390)
EBITDA(4)(5)	(4,093,976)	(5,997,153)	(4,192,955)	(1,132,278)
Adjusted EBITDA(4)(5)	(2,299,797)	(1,500,059)	(2,684,927)	(2,349,805)
Realized silver price per ounce(6)	22.50	21.23	19.06	22.56
Realized gold price per ounce(6)	1,890.60	1,783.36	1,724.81	1,873.26
Realized lead price per pound(6)	0.96	0.92	0.86	-
Realized zinc price per pound(6)	1.42	1.42	1.44	-
Working capital(5)	(11,029,888)	(5,972,704)	(2,591,389)	(2,046,261)
Shareholders				
Loss per share - basic and diluted	$(0.03)	$(0.03)	$(0.07)	$(0.02)
Weighted Average Shares Outstanding	322,849,823	302,153,922	240,872,526	226,033,272

1. Silver equivalents are calculated using 83.78:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q1 2023; an 81.35:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q4 2022; 89.97:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.08:1 (Ag/Zn) ratio for Q3 2022; and 83.4:1 (Ag/Au) ratio for Q2 2022.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 32.
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 32.
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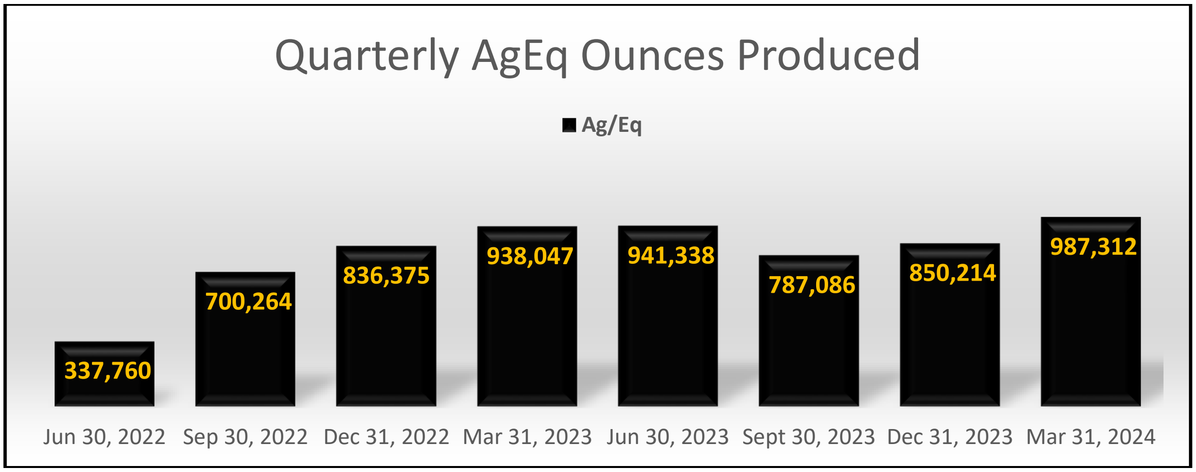


The above highlights are key measures used by management; however, they should not be the only measure used in determining the performance of the Company's operations. See footnotes to tables on pages 6 and 7 above, for assumptions regarding silver equivalent calculation.

As at	March 31 2024	December 31 2023	December 31 2022
	$	$	$
Cash and cash equivalents	1,601,906	1,956,616	8,832,936
Total assets	74,542,021	75,203,257	85,648,898
Debt	24,288,170	19,810,314	23,832,319
Shareholders' equity	4,241,774	10,794,584	32,511,787

COMPANY HISTORY, OVERVIEW & STRATEGY

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

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

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

General location of the Company's mines

Going Concern

For the three months ended March 31, 2024, the Company generated a mine operating loss of $1,655,603, a net loss of $7,381,691, and negative cash flows from operating activities of $2,291,299. As at March 31, 2024, the Company has an accumulated deficit of $115,552,269 and current liabilities that exceed its current assets by $21,238,584, including accounts payable and accrued liabilities of $25,412,030. 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 may consider 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 cash flows from operations to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing or cash flows from operations will not be available on a timely basis or on terms acceptable to the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

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

Health and Safety

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

Ethics and Governance

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

Environmental Impact

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

People, Community and Culture

- 13.5% of the entire Mexican operations workforce are female
- 100% of our Mexico operations are staffed by Mexican employees (955 people from Mexico as of March 31, 2024)
- Engagement and collaboration with the University of Guanajuato, including an internship and social service program
- Improvement of local community buildings, homes and schools and technology access. Monthly clean up brigades
- Curator of the Guanajuato Mining Museum at Valenciana. A key component of Guanajuato's UNESCO World Heritage Status

MINING OPERATIONS

CONSOLIDATED OPERATIONS

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

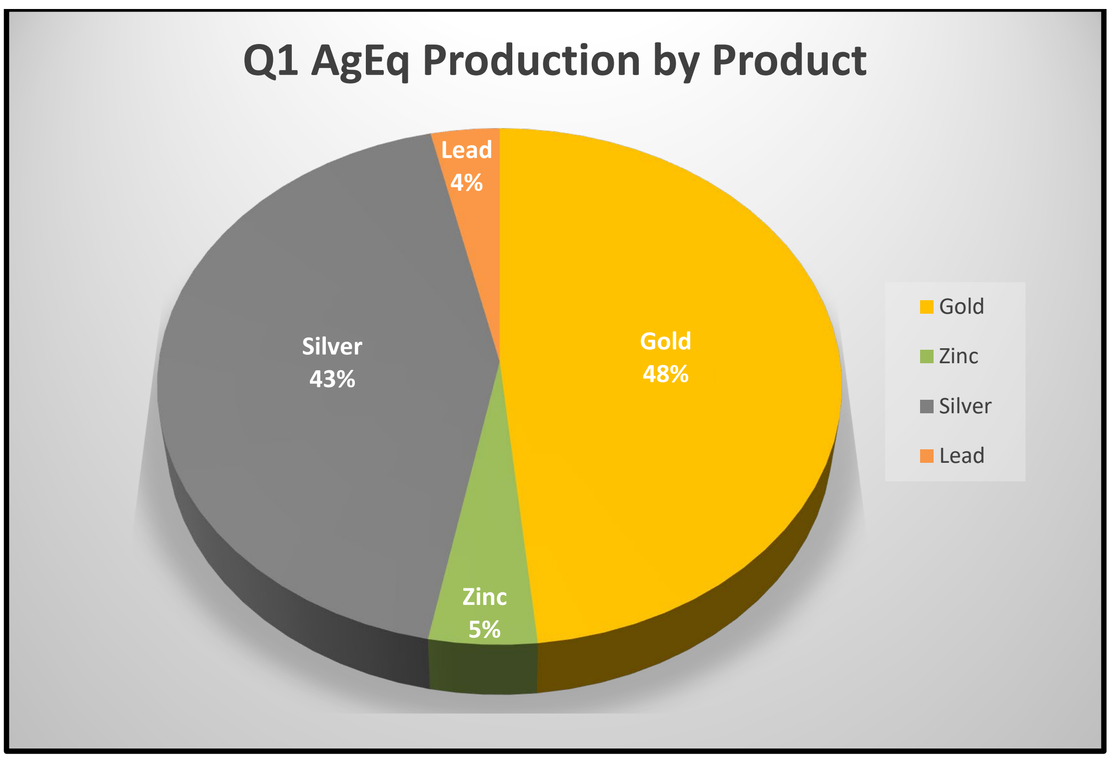
	Three months ended		
CONSOLIDATED	**March 31 2024**	**March 31 2023**	**% Change**
Production			
Tonnes mined	164,057	162,116	1%
Tonnes milled	165,079	160,182	3%
Average tonnes milled per day	1,965	1,907	3%
Average silver grade (g/t)	91.12	103.68	(12%)
Average gold grade (g/t)	1.14	1.07	7%
Average silver recovery (%)	88.56	83.90	6%
Average gold recovery (%)	89.17	81.10	10%
Silver ounces produced	428,279	458,803	(7%)
Gold ounces produced	5,384	4,413	22%
Lead produced (lbs)	879,242	906,696	(3%)
Zinc produced (lbs)	922,297	1,153,138	(20%)
Ag/Eq ounces produced (1)	987,312	938,047	5%
Sales			
Silver ounces sold	413,892	474,954	(13%)
Gold ounces sold	5,196	4,586	13%
Lead sold (lbs)	841,612	955,441	(12%)
Zinc sold (lbs)	934,873	1,242,389	(25%)
Ag/Eq ounces sold	955,328	969,603	(1%)
Realized silver price per ounce ($) (6)	23.37	22.50	4%
Realized gold price per ounce ($) (6)	2,068.57	1,890.60	9%
Realized lead price per pound ($) (6)	0.94	0.96	(2%)
Realized zinc price per pound ($) (6)	1.11	1.42	(22%)
Costs			
Cash cost per Ag/Eq ounce ($) (2)(5)	16.55	17.06	(3%)
AISC per Ag/Eq ounce ($) (3)(5)	20.19	21.83	(8%)
Production cost per tonne ($) (4)(5)	97.78	98.16	(1%)
Capital expenditures			
Sustaining ($)	612,542	1,612,551	(62%)
Diamond Drilling			
CMC (mts)	-	-	0%
VMC (mts)	-	-	0%
San Ignacio (mts)	-	1,455	(100%)
Topia Mine (mts)	220	630	(65%)

1. Silver equivalents are calculated using 88.72:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q1 2024 and an 83.78:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q1 2023, respectively.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 32.
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 32.
4. See Reconciliation of production cost per tonne on page 32.
5. Mine Operating Cashflow Before Taxes, Cash cost per silver equivalent, cost per tonne, AISC per Ag/Eq ounce, EBITDA, Adjusted EBITDA and working capital are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 30.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.

The Valenciana Mines Complex segment included the San Ignacio Mine until the year ended in December 2023. During the first quarter of 2024, the Company began to monitor the financial and operating results of San Ignacio as a separate operation from the rest of the Valenciana Mines Complex. Beginning in the first quarter of 2024 the Company considers each of San Ignacio and the VMC to be a separate mineral project with distinct geological characteristics, mineral deposits, exploration and development work, databases, and underground mining infrastructure.

First Quarter Production Summary	El Cubo Mines Complex	Valenciana Mines Complex	San Ignacio Mine	Topia	Consolidated
Tonnes mined	82,793	42,017	28,447	10,800	164,057
Tonnes milled	84,945	41,607	27,451	11,075	165,079
Silver ounces produced	106,714	82,433	52,040	187,092	428,279
Gold ounces produced	2,370	1,549	1,237	228	5,384
Lead produced (lbs)	-	-	-	879,242	879,242
Zinc produced (lbs)	-	-	-	922,297	922,297
Silver equivalent ("Ag/Eq") ounces produced (1)	317,103	219,845	161,785	288,579	987,312
Silver ounces sold	107,532	81,934	49,140	175,286	413,892
Gold ounces sold	2,247	1,556	1,168	225	5,196
Lead sold (lbs)	-	-	-	841,612	841,612
Zinc sold (lbs)	-	-	-	934,873	934,873
Ag/Eq ounces sold (1)	307,006	219,950	152,760	275,612	955,328
Cost per tonne (5)	69.58	83.42	69.34	438.52	97.78
Cash cost per Ag/Eq ounce (1)(2)(3)(5)	18.74	15.81	11.82	17.36	16.55
AISC per Ag/Eq ounce (1)(3)(4)(5)	20.10	17.83	12.93	18.02	20.19

1. Silver equivalents are calculated using 88.72:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q1 2024. This also applies to the chart below this table.
2. Production costs include mining, milling, and direct overhead at the operation sites See reconciliation on page 32.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 32.
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 32.
5. Cash cost per silver equivalent, AISC per Ag/Eq ounce and cost per tonne are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 30.

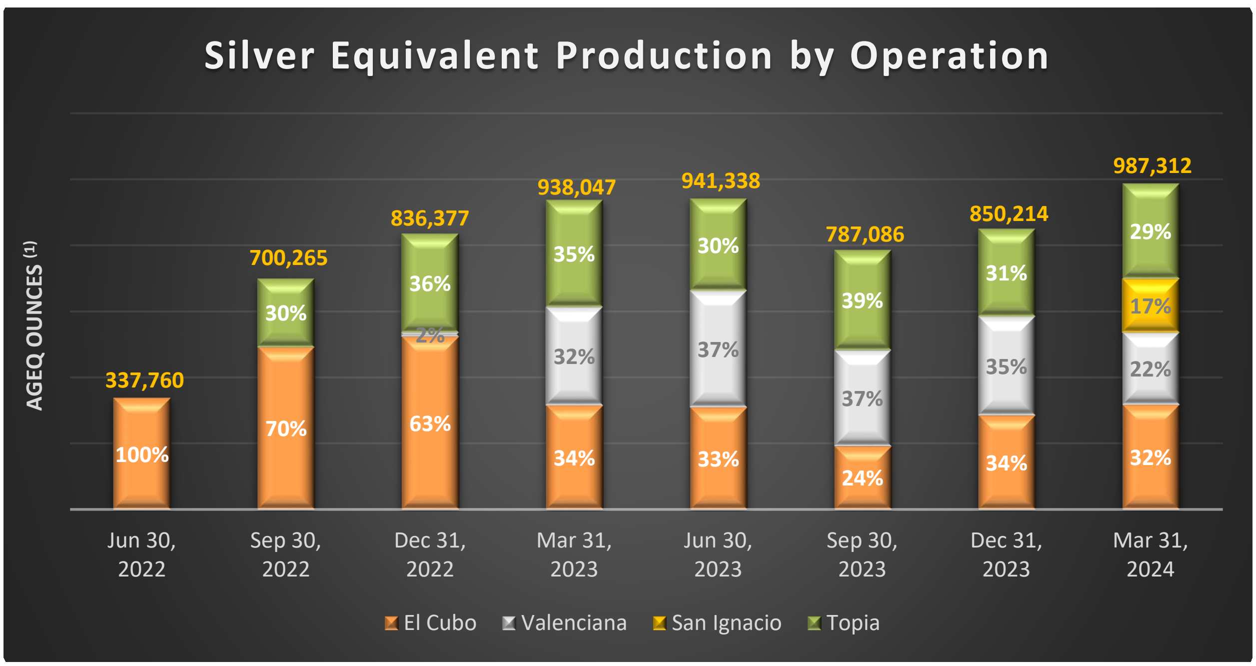


Production

In the first quarter, the total production amounted to 987,312 ounces of silver equivalent, which is comprised of 428,279 ounces of silver, 5,384 ounces of gold, 879,242 pounds of lead, and 922,297 pounds of zinc (see footnote to table above for calculation of silver equivalent). This represents a 5% increase in silver equivalent ounces compared to Q1 2023. Out of total production, CMC accounted for 317,103 silver equivalent ounces, which is 32% of the total production, VMC contributed 219,845 silver equivalent ounces, representing 22% of the total production, San Ignacio's production was 161,785 representing 16% of the total, while Topia added 288,579 silver equivalent ounces, making up the remaining 29%. The Company's three plants processed a consolidated 165,079 tonnes of mineralized material with average grades of 91.12 grams per tonne ("g/t") for silver and 1.14 g/t for gold, compared to production in the same quarter of the prior year of 160,182 tonnes at average grades of 103.68 g/t of silver and 1.07 g/t of gold which represents an increase of 3% in tonnes processed, 12% decrease average silver grades and 7% increase in average gold grades. Average silver recoveries increased by 6% and gold recoveries increased by 10%.

Cash Cost and All-In Sustaining Cost per Ounce

In the first quarter of 2024, costs per tonne decreased by 0.4% to $97.78 compared to $98.16 in the corresponding period of 2023. Productions costs increased by 3%, however this increase was offset by a 3% increase of tonnes milled to 165,079 in Q1 2024 compared to 160,182 in Q1 2023. Cash cost and AISC per Ag/Eq ounce produced for the quarter were $16.55 and $20.19, respectively, which represents a decrease of 3% and 8%, respectively, compared to Q1 2023 of $17.06 and $21.83, respectively, and is primarily due to the increase in AgEq ounces produced from VMC, San Ignacio and Topia. (Cash cost per silver equivalent and AISC per Ag/Eq ounce and cost per tonne are non-IFRS financial measures with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 30).



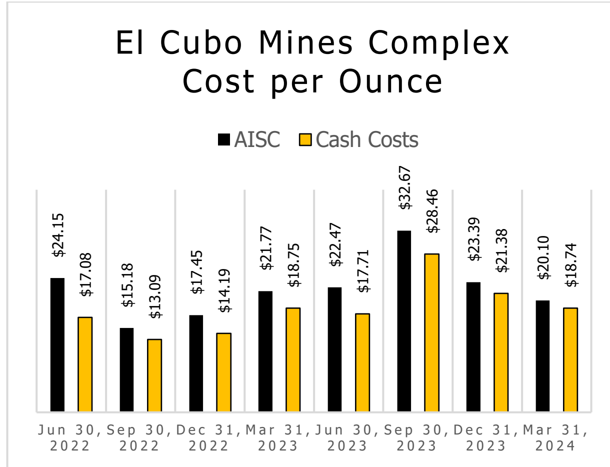
1. Silver equivalents are calculated using 88.72:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q1 2024; an 85.10:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q4 2023; an 81.83:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q3 2023; and 81.33:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2023; an 83.78:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q1 2023; an 81.35:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q4 2022; 89.97:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.08:1 (Ag/Zn) ratio for Q3 2022; and 83.4:1 (Ag/Au) ratio for Q2 2022.

EL CUBO MINES COMPLEX OPERATIONS

Operating results were as follows:

EL CUBO MINES COMPLEX	Three months ended March 31 2024	Three months ended March 31 2023	% Change
Production			
Tonnes mined	82,793	90,531	(9%)
Tonnes milled	84,945	89,000	(5%)
Average tonnes milled per day	944	1,060	(11%)
Average silver grade (g/t)	46.19	57.15	(19%)
Average gold grade (g/t)	0.96	0.87	10%
Average silver recovery (%)	84.6	83.50	1%
Average gold recovery (%)	90.6	85.90	5%
Silver ounces produced	106,714	136,847	(22%)
Gold ounces produced	2,370	2,140	11%
Ag/Eq ounces produced (1)	317,103	315,587	0%
Sales			
Silver ounces sold	107,532	152,188	(29%)
Gold ounces sold	2,247	2,374	(5%)
Ag/Eq ounces sold (1)	307,006	347,902	(12%)
Realized silver price per ounce($) (6)	23.27	22.72	2%
Realized gold price per ounce($) (6)	2,066.90	1,891.72	9%
Costs			
Cash cost per Ag/Eq ounce ($) (3)(5)	18.74	18.75	0%
AISC per Ag/Eq ounce ($) (4)(5)	20.10	21.77	(8%)
Cost per tonne ($) (2)(5)	69.58	66.06	5%
Capital expenditures			
Sustaining ($)	332,982	704,247	(53%)
Diamond Drilling			
Villalpando/El Cubo Drilling (mts)	-	-	0%

1. Silver equivalents are calculated using 88.72:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q1 2024 and an 83.78:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q1 2023, respectively.
2. Production costs include mining, milling, and direct overhead at the operation sites. See reconciliation on page 32.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See reconciliation on page 32.
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 32.
5. Cash cost per silver equivalent, AISC per Ag/Eq ounce and cost per tonne are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 30.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.



The above highlights are key measures used by management; however, they should not be the only measure used in determining the performance of the Company's operations. See footnotes to tables on pages 6 and 7 above for assumptions regarding silver equivalent calculation.

Production

Three months ended March 31, 2024 (compared to the three months ended March 31, 2023)

In the first quarter of 2024, the total production of silver equivalent ounces in El Cubo amounted to 317,103 marking a minimal increase of 0.5% from the 315,587 recorded in the comparable 2023 quarter. This increase can be attributed to the 1% and 5% increase of the average silver and gold recoveries, respectively in the first quarter of 2024 compared to the same period in 2023. Silver grades decreased 19% from 57.15 g/t to 46.19 g/t while gold grade increased 10% from 0.87 g/t to 0.96 g/t between Q1 2023 and Q1 2024.

Cash cost per silver equivalent and AISC per Ag/Eq ounce and cost per tonne are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 30.

Three months ended March 31, 2024 (compared to the three months ended March 31, 2023)

Production costs increased 5% to $69.58 per tonne in El Cubo in the first quarter of 2024 from $66.06 per tonne in the same period in 2023. The increased cost at CMC was mainly due to 5% lower tonnes milled as the production costs remained consistent in both periods.

Cash costs per silver equivalent ounce in El Cubo for the three months ended March 31, 2024 was $18.74 that compared to $18.75 corresponding to the three months ended March 31, 2023, there is no change because the total cash costs and the silver equivalent ounces produced remain consistent in both periods

AISC in El Cubo decreased 8% to $20.10 per ounce in this quarter from $21.77 per ounce in Q1 2023, this is mainly due to lower sustaining capital expenditures and lower operating lease expenses.

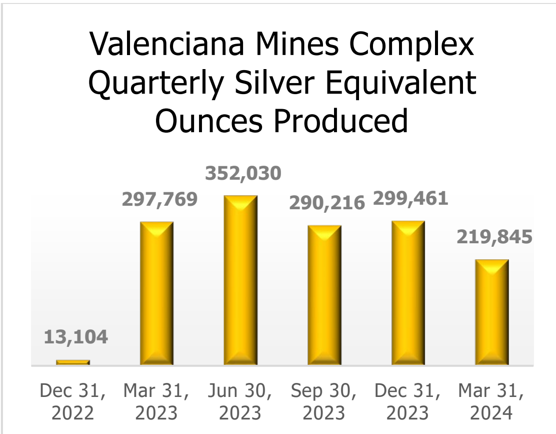
VALENCIANA MINES COMPLEX OPERATIONS

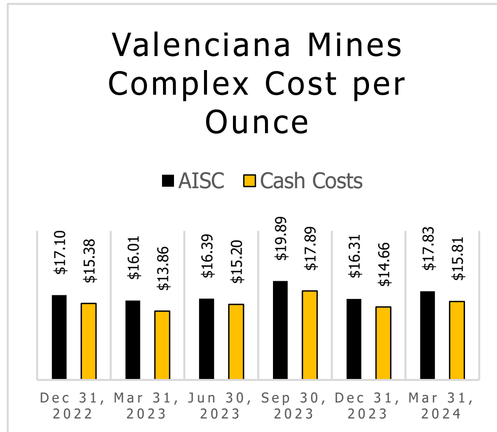
The Valenciana Mines Complex segment included the San Ignacio Mine until the year ended in December 2023. During the first quarter of 2024, the Company began to monitor the financial and operating results of San Ignacio as a separate operation from the rest of the Valenciana Mines Complex. Beginning in the first quarter of 2024 the Company considers each of San Ignacio and the VMC to be a separate mineral project with distinct geological characteristics, mineral deposits, exploration and development work, databases, and underground mining infrastructure. As a result, no comparative period data is presented.

Operating results were as follows:

VALENCIANA MINES COMPLEX	Three months ended March 31 2024	Three months ended March 31 2023	% Change
Production			
Tonnes mined	42,017	52,602	(20%)
Tonnes milled	41,607	51,653	(19%)
Average tonnes milled per day	462	615	(25%)
Average silver grade (g/t)	73.10	104.00	(30%)
Average gold grade (g/t)	1.28	1.36	(6%)
Average silver recovery (%)	84.3	82.0	3%
Average gold recovery (%)	90.4	81.8	11%
Silver ounces produced	82,433	142,220	(42%)
Gold ounces produced	1,549	1,848	(16%)
Ag/Eq ounces produced (1)	219,845	297,769	(26%)
Sales			
Silver ounces sold	81,934	139,237	(41%)
Gold ounces sold	1,556	1,791	(13%)
Ag/Eq ounces sold (1)	219,950	286,559	(23%)
Realized silver price per ounce ($) (6)	23.45	22.30	5%
Realized gold price per ounce ($) (6)	2,072.13	1,888.59	10%
Costs			
Cash cost per Ag/Eq ounce ($) (3)(5)	15.81	13.86	14%
AISC per Ag/Eq ounce ($) (4)(5)	17.83	16.01	11%
Production cost per tonne ($) (2)(5)	83.42	79.43	5%
Capital expenditures			
Sustaining ($)	157,665	459,411	(66%)
Diamond Drilling			
VMC (mts)	-	-	0%

1. Silver equivalents are calculated using 88.72:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q1 2024 and an 83.78:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q1 2023, respectively.
2. Production costs include mining, milling, and direct overhead at the operation sites. See reconciliation on page 32.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See reconciliation on page 32.
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 32.
5. Cash cost per silver equivalent, AISC per Ag/Eq ounce and cost per tonne are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 30.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.





The above highlights are key measures used by management; however, they should not be the only measure used in determining the performance of the Company's operations. See footnotes to tables on pages 6 and 7 above for assumptions regarding silver equivalent calculation.

Production

Three months ended March 31, 2024 (compared to the three months ended March 31, 2023)

During the three months ended March 31, 2024, VMC produced 219,845 silver equivalent ounces, consisting of 82,433 ounces of silver and 1,549 ounces of gold. Compared to the first quarter of 2023, there is a 26% decrease in silver equivalent ounces, and this is mainly caused to the fact that the Valenciana Mines Complex segment included the San Ignacio Mine until the year ended in December 2023. During the first quarter of 2024, the Company began to monitor the financial and operating results of San Ignacio as a separate operation from the rest of the Valenciana Mines Complex.

Total mineralized material processed amounted to 41,607 tonnes during the quarter ended March 31, 2024, reflecting a decrease of 19% from 51,653 tonnes milled in the same period in the prior year. Silver grades in the first quarter averaged 73.10 g/t, gold grades averaged 1.28 g/t. Average metallurgical recoveries in the quarter were at 84.3% for silver and 90.4% for gold.

Cash cost per silver equivalent and AISC per Ag/Eq ounce are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 30.

Three months ended March 31, 2024 (compared to the three months ended March 31, 2023)

Cash costs per silver equivalent ounce in VMC for the three months ended March 31, 2024 was $15.81 and AISC was $17.83 per ounce. This increase of cost compared to $13.86 and $16.01, respectively, in the previous quarter is due to a decrease of silver equivalent ounces reported in the first quarter of 2024 due to the split of San Ignacio from Valenciana to be reported as an independent unit starting January 2024.

Guanajuato Silver CO LTD

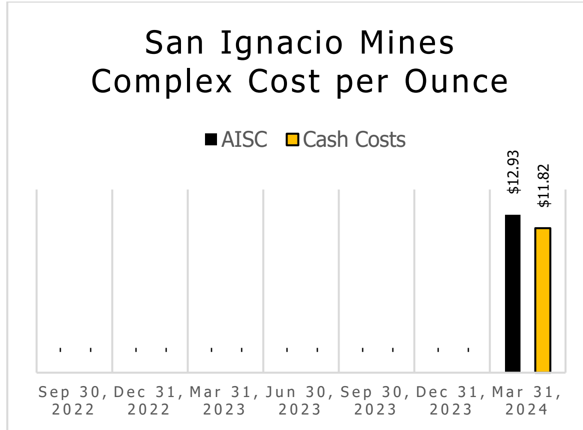
SAN IGNACIO MINES COMPLEX OPERATIONS

The Valenciana Mines Complex segment included the San Ignacio Mine until the year ended in December 2023. During the first quarter of 2024, the Company began to monitor the financial and operating results of San Ignacio as a separate operation from the rest of the Valenciana Mines Complex. Beginning in the first quarter of 2024 the Company considers each of San Ignacio and the VMC to be a separate mineral project with distinct geological characteristics, mineral deposits, exploration and development work, databases, and underground mining infrastructure. As a result, no comparative prior period data is presented.

Operating results were as follows:

SAN IGNACIO MINES COMPLEX	Three months ended March 31 2024	Three months ended March 31 2023	% Change
Production			
Tonnes mined	28,447	-	100%
Tonnes milled	27,451	-	100%
Average tonnes milled per day	305	-	100%
Average silver grade (g/t)	68.79	-	100%
Average gold grade (g/t)	1.54	-	100%
Average silver recovery (%)	85.7	-	100%
Average gold recovery (%)	91.2	-	100%
Silver ounces produced	52,040	-	100%
Gold ounces produced	1,237	-	100%
Ag/Eq ounces produced (1)	161,785	-	100%
Sales			
Silver ounces sold	49,140	-	100%
Gold ounces sold	1,168	-	100%
Ag/Eq ounces sold (1)	152,760	-	100%
Realized silver price per ounce ($) (6)	23.24	-	100%
Realized gold price per ounce ($) (6)	2,068.11	-	100%
Costs			
Cash cost per Ag/Eq ounce ($) (3)(5)	11.82	-	100%
AISC per Ag/Eq ounce ($) (4)(5)	12.93	-	100%
Production cost per tonne ($) (2)(5)	69.34	-	100%
Capital expenditures			
Sustaining ($)	121,895	-	100%
Diamond Drilling			
San Ignacio Mine (mts)	-	1,455	(100%)

1. Silver equivalents are calculated using 88.72:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q1 2024 and an 83.78:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q1 2023, respectively.
2. Production costs include mining, milling, and direct overhead at the operation sites. See reconciliation on page 32.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See reconciliation on page 32.
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 32.
5. Cash cost per silver equivalent, AISC per Ag/Eq ounce and cost per tonne are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 30.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.



The above highlights are key measures used by management; however, they should not be the only measure used in determining the performance of the Company's operations. See footnotes to tables on pages 6 and 7 above for assumptions regarding silver equivalent calculation.

Production

Three months ended March 31, 2024

During the three months ended March 31, 2024, San Ignacio produced 161,785 silver equivalent ounces, consisting of 52,040 ounces of silver and 1,237 ounces of gold. Total mineralized material processed amounted to 27,451 tonnes during the quarter. Silver grades in the first quarter averaged 68.79 g/t, gold grades averaged 1.54 g/t. Average metallurgical recoveries in the quarter were at 85.7% for silver and 91.2% for gold.

Cash cost per silver equivalent and AISC per Ag/Eq ounce are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 30.

Three months ended March 31, 2024 (compared to the three months ended March 31, 2023)

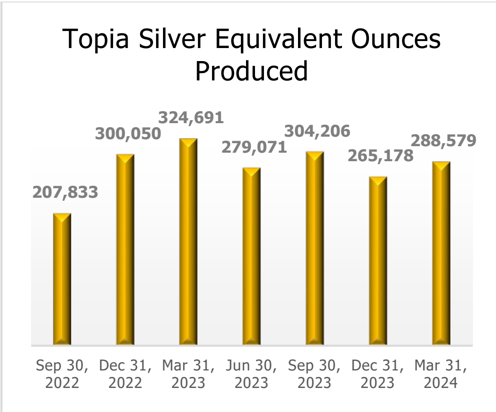
Cash costs per silver equivalent ounce in San Ignacio for the three months ended March 31, 2024, was $11.82 and AISC was $12.93 per ounce.

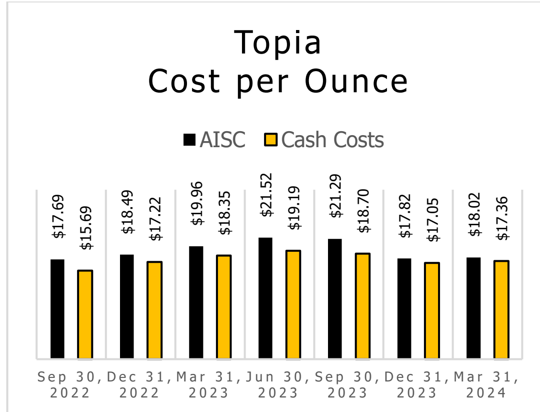
TOPIA MINES COMPLEX

Operating results were as follows:

TOPIA	Three months ended March 31 2024	March 31 2023	% Change
Production			
Tonnes mined	10,800	18,983	(43%)
Tonnes milled	11,075	19,529	(43%)
Average tonnes milled per day	123	232	(47%)
Average silver grade (g/t)	558.68	314.10	78%
Average gold grade (g/t)	0.99	1.18	(16%)
Average lead grade (%)	3.97	2.42	64%
Average zinc grade (%)	4.55	3.21	42%
Average silver recovery (%)	94.0	91.1	3%
Average gold recovery (%)	64.8	57.7	12%
Average lead recovery (%)	90.7	87.1	4%
Average zinc recovery (%)	83.0	83.5	(1%)
Silver ounces produced	187,092	179,736	4%
Gold ounces produced	228	424	(46%)
Lead produced (lbs)	879,242	906,696	(3%)
Zinc produced (lbs)	922,297	1,153,138	(20%)
Ag/Eq ounces produced (1)	288,579	324,691	(11%)
Sales			
Silver ounces sold	175,286	183,530	(4%)
Gold ounces sold	225	420	(47%)
Lead sold (lbs)	841,612	955,441	(12%)
Zinc sold (lbs)	934,873	1,242,389	(25%)
Ag/Eq ounces sold (1)	275,612	335,142	(18%)
Realized silver price per ounce ($) (6)	23.43	22.47	4%
Realized gold price per ounce ($) (6)	2,062.90	1,893.19	9%
Realized lead price per pound ($) (6)	0.94	0.96	(2%)
Realized zinc price per pound ($) (6)	1.11	1.42	(22%)
Costs			
Cash cost per Ag/Eq ounce ($) (3)(5)	17.36	18.35	(5%)
AISC per Ag/Eq ounce ($) (4)(5)	18.02	19.96	(10%)
Production cost per tonne ($) (2)(5)	438.52	294.04	49%
Capital expenditures			
Sustaining ($)	-	448,893	(100%)
Diamond Drilling			
Topia Mine (mts)	220	630	(65%)

1. Silver equivalents are calculated using 88.72:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q1 2024 and an 83.78:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q1 2023, respectively.
2. Production costs include mining, milling, and direct overhead at the operation sites. See reconciliation on page 32.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See reconciliation on page 32.
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 32.
5. Cash cost per silver equivalent, AISC per Ag/Eq ounce and cost per tonne are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 30.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.





The above highlights are key measures used by management; however, they should not be the only measure used in determining the performance of the Company's operations. See footnotes to tables on pages 6 and 7 above for assumptions regarding silver equivalent calculation.

Production

Three months ended March 31, 2024 (compared to the three months ended March 31, 2023)

During the three months ended March 31, 2024, Topia produced 288,579 silver equivalent ounces, 11% lower than the 324,691 ounces produced in the first quarter of 2023. This can be attributed to the 43% decrease of tonnes milled in Q1 2024 compared to the same period in 2023. Tonnes milled went from 19,529 to 11,075. In the first quarter, silver grades averaged 558.68 g/t, gold grades averaged 0.99 g/t, lead grades averaged 3.97% and zinc grades averaged 4.55%. Average metallurgical recoveries in the quarter were 94% for silver, 64.8% for gold, 90.7% for lead and 83% for zinc.

The silver equivalent ounces produced in the first quarter of 2024 consisted of 187,092 ounces of silver, 228 ounces of gold, 879,242 pounds of lead and 922,297 pounds of zinc.

Cash cost per silver equivalent, AISC per Ag/Eq ounce and cost per tonne are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 30.

Three months ended March 31, 2024 (compared to the three months ended March 31, 2023)

Production costs in Topia increased 49% to $438.52 per tonne in the first quarter of 2024 from $294.04 per tonne mainly due to a decrease of 43% in tonnes milled from 19,529 to 11,075. Since Q4, 2023 Topia has shifted to the use of local mine contactors for the extraction of mineralized material. With this new business model, the Company will curtail most of its mining activities and focus almost entirely on acquiring and processing mineralized material from these contractors.

Cash costs per silver equivalent ounce for the three months ended March 31, 2024 decreased 5% to $17.36 compared to the three months ended December 31, 2023 of $18.35 mainly due a 16% decrease in the total production costs as discussed above offset by a decrease of 11% in silver equivalent ounces produced.

AISC in Topia decreased 10% to $18.02 per ounce in this quarter from $19.96 per ounce in Q1 2023, due a 100% decrease in sustaining capital costs. In Q1 2024 there were no capital expenditures for Topia.

OPERATIONAL AND DEVELOPMENT ACTIVITIES

EL CUBO MINES COMPLEX

In the first quarter of 2024, the Company continued to de-water the lower levels of the Villalpando mine, a task necessitated by the previous operator's decision to allow flooding during the mine's care and maintenance period. This deliberate effort aims to unlock access to the submerged lower levels, offering the Company a valuable reservoir of higher-grade material for processing. Levels 13 and 14 were reached. The Company is preparing the infrastructure required to reactivate development activities and production during the second quarter of 2024.

In conjunction with its ongoing efforts to access the lower areas of the Villalpando mine, the Company is committed to advancing the electrification of the mine. During 2023, the electrification project of the existing underground mine was completed, enabling the Company to use electricity from the power grid at the Southern stopes of the mine. During Q1 2024 the electrification project for development reached an 85% of completion and it is expected that in Q2 2024 the Company uses electricity as its sole source of power generation. This achievement is paramount in the Company’s mission to transition away from diesel generators, a significant source of air pollution and potential health hazards for its workforce.

This strategic shift has not only improved the Company’s environmental sustainability and safety standards but has also yielded tangible financial benefits. Specifically, the elimination of portable diesel generators has resulted in a substantial reduction in costs, saving up to $95,000 per month. As the Company extends its reach to the lower mine levels, electrification efforts will persist, reinforcing the Company’s dedication to sustainable practices and fostering a safer working environment for all personnel.

The Company successfully initiated the operation of the central maintenance shop, marking a significant milestone in its commitment to enhance operational efficiency. In 2023, the shop overhauled two key pieces of equipment: a low-profile load truck with a 7-tonne capacity and a load truck with a 9-tonne capacity and major rehabs of mine equipment were performed. In Q1 2024 regular maintenance jobs have taken place. For Q2 2024 a crane is expected to be acquired in order to move heavy parts improving efficiency and safety standards during the maintenance jobs. The establishment of this central maintenance shop and the ongoing equipment refurbishments have resulted in notable cost savings.

An additional project is also planned for Q2 in order to rehabilitate the diesel maintenance shop inside the mine and to condition the necessary spaces for shift changes inside the mine, training room and dining room to reduce personnel delays as well as unnecessary equipment movements at the beginning and end of each shift. The goal is to increase the current productivity.

Simultaneously, the Company’s mine development activities have progressed with a focus on preparing new stopes in the Santa Cecilia mine, providing access to various veins. In 2023 the objective of having 20 stopes in the production cycle was reached. During Q1 2024, an evaluation of high-grade mineralized material locations (more than 500 g/t AgEq) was carried out at Sta Cecilia and activities with a new contractor started in this part of the mine in February 2024. In Q2 2024 the Company will start mining pillar mineralized material at Villalpando.

VALENCIANA MINES COMPLEX

VMC has been operating for nearly five centuries along the highly productive Veta Madre (‘Mother Vein’) spanning 4.2km. The Cata processing plant is located at the midpoint of this strike length and has a nameplate capacity of 1,000 tonnes per day (30,000 tonnes/month). Cata uses a traditional crushing, grinding and flotation system to produce high-grade silver-gold concentrate. It is situated near the Company’s administrative offices, assay lab, and one of two primary access shafts.

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

The Cata shaft is currently hoisting 40% of the Valenciana Mine production, approximately 160 tonnes per day (“tpd"), which provides a meaningful positive impact to the costs of production with a significant reduction of truck haulage. This has also had a direct positive impact on the relationship with the surrounding communities due to the reduction of the use of trucks and the corresponding noise and road use.

In Valenciana, a new vein named El Borrego Vein has been identified, which is located below Veta Madre. This vein is parallel to Veta Madre and represents an attractive exploration target. Work is being done to determine the economic feasibility of this new area.

SAN IGNACIO MINE

During the first quarter of 2024, the Company began to monitor the financial and operating results of San Ignacio as a separate operation from the rest of the Valenciana Mines Complex. Beginning in the first quarter of 2024 the Company considers each of San Ignacio and the VMC to be a separate mineral project with distinct geological characteristics, mineral deposits, exploration and development work, databases, and underground mining infrastructure.

In San Ignacio, efforts are in progress for the acquisition and installation of mineralized material sorting equipment with the aim of enhancing mineralized material grade and reducing the tonnage sent to the Cata Mill.

TOPIA MINES COMPLEX

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

The first phase, which involves the installation of the filter press for lead and zinc concentrates and the construction of the new reagents area, by the end of Q1 2024, is at a 35% of completion. Additionally, the Company has completed construction to increase the permitted height and footprint of the tailings dam at Topia which will increase the capacity from the current two years to up to four years with the current footprint.

A series of improvements began to be implemented at the mill facilities, such as the installation of pumps for the recovery and reduction of process waste.

The mineralized systems at Topia are extraordinarily high grade but have significantly higher extraction costs than the Company's other operations due to the very narrow nature of the vein structures. With the goal of improving profitability at Topia, the Company made the decision to exclusively use local mine contractors for the extraction of mineralized material. With this new business model, the Company will curtail most of its mining activities and focus almost entirely on acquiring and processing mineralized material from these contractors. This strategy allows to reduce the generation of tailing and therefore and increase of the operating life and moreover a feasible way to reach the objective of the Company of increasing the current production up to 20% as well as having improvements to grades, recoveries and equivalent ounces per tonnes milled.

EXPLORATION

SAN IGNACIO MINE

In 2024, the exploration focus will be at the San Ignacio mine to gain a comprehensive understanding of the depth of mineralization and to delineate both the southern and northern sections of the Nombre de Dios 3 vein. This vein, similar to Melladito, is narrow, ranging in width from 0.25 to 4 meters, and exhibits a northwest orientation with an almost vertical dip. Additionally, exploration efforts will concentrate on verifying the extensions of the currently exploited stopes in Melladito and Santo Niño.

The drilling program will begin in the second quarter of 2024 and the targets to be drilled will be the Melladito Norte, Purísima, Nombre de Dios and Nombre de Dios 3 veins. The purpose is to expand the mineral resources in these three main veins and their "ramaleos" and /or cymoid loops.

Simultaneously, surface mapping and integrating information from unexplored parallel veins is being carried out to evaluate possible new vein systems in the hanging wall of the Purísima vein, as well as evaluate the continuity of mineralization at depth.

VALENCIANA MINE COMPLEX

Exploration work in the Valenciana Mine Complex for the first three months of 2024 has focused on the evaluation and reinterpretation of stope extensions and old high-grade pillars along Veta Madre vein and hanging wall veins. The Potential Blocks are located within favorable geological zones, the existence of mineralization is based on geological interpretation and historical grade data.

The drilling program will begin in the second quarter of 2024 and the objective is to define mineral resources (inferred-indicated) for short-term exploitation.

Additionally, the geology team continues to evaluate areas near other productive ones, using historical information supported by geological mapping and channel sampling.

TOPIA

In 2024 drilling exploration started in February 2024 with hole ST24-305 and hole ST24-306, both were completed during Q1 2024. The first with 78.80 m. and the second with 97.50 m. They intercepted the San Gregorio vein with negative Ag grades: less than 15 g/t Ag. Drilling exploration program will be in the Unión del Pueblo, Veta Madre and Animas veins.

EL CUBO MINES COMPLEX

For the initial months of 2024, exploration activities are concentrated on revisiting previous areas to formulate short and medium-term projects. These projects aim to open new production areas and establish fresh mineral resources, supported by geological, structural, sampling, historical data, and interpretation. The prioritized projects include Deep Villalpando SE, Deep Villalpando C – SE, San Luis vein development, Rehabilitation, and development of Villalpando vein across different levels and areas, and Escondida vein. Drilling exploration is scheduled to commence in early May.

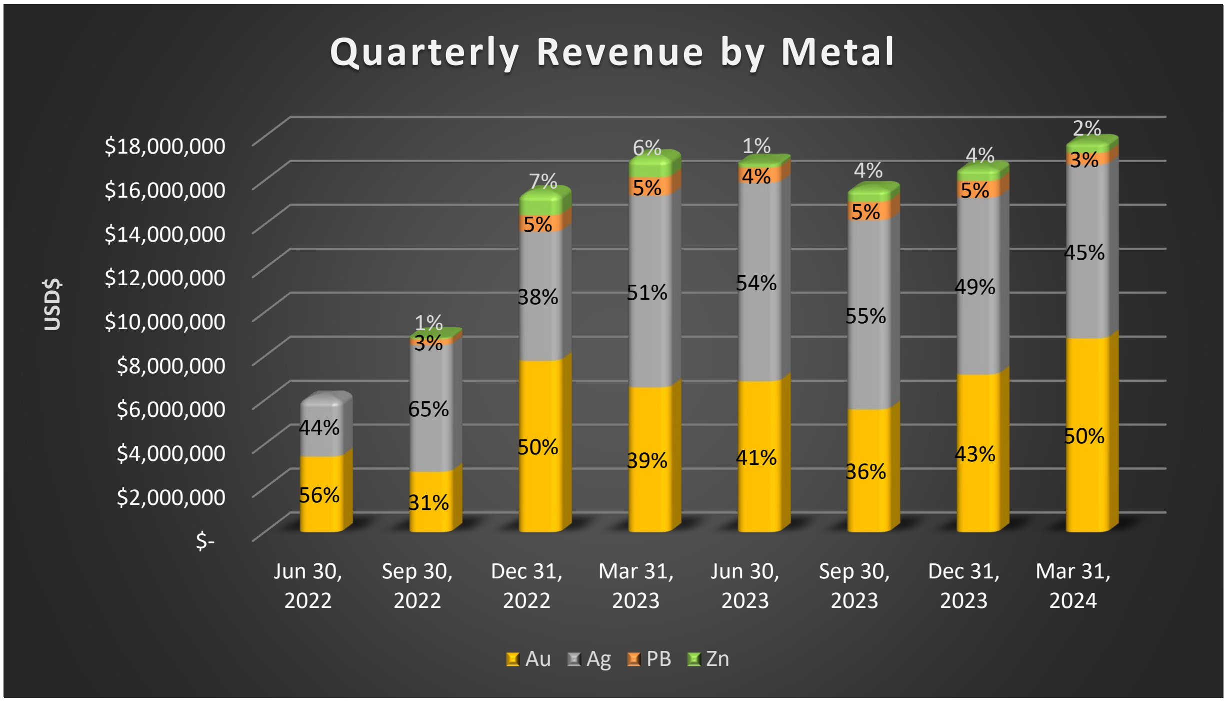
Guanajuato Silver CO LTD

FINANCIAL PERFORMANCE

The Financial Results were as follows:

CONSOLIDATED	Three months ended March 31 2024	Three months ended March 31 2023	% Change
Financial Results	**$**	**$**	
Revenue	**17,764,983**	**17,118,424**	**4%**
Gold	8,825,233	6,593,190	34%
Silver	7,906,620	8,730,606	(9%)
Lead	530,941	831,677	(36%)
Zinc	502,189	962,950	(48%)
Cost of Sales	**16,404,460**	**16,931,210**	**(3%)**
Production Costs	16,141,925	15,723,907	3%
Transportation and selling cost	754,652	825,173	(9%)
Inventory changes	(492,116)	382,130	(229%)
Mine operating cashflow before Taxes (5)(7)	**1,360,523**	**187,214**	**627%**
Depreciation and depletion	3,016,127	3,337,906	(10%)
Mine operating loss	**(1,655,603)**	**(3,150,692)**	**(47%)**
General and Administration	(2,343,234)	(2,356,938)	(1%)
SBC Compensation	(540,783)	(251,175)	115%
Exploration	(255,576)	(524,834)	(51%)
Foreign exchange gain (loss)	(366,286)	(1,065,257)	(66%)
Other operating income (expenses)	80,768	176,713	(54%)
Interest and finance (costs) income, net	(1,544,130)	(1,210,414)	28%
Gain (loss) on derivatives	(1,350,446)	134,138	(1,107%)
Other finance (expense) income, net	593,599	(450,619)	(232%)
Net loss	**(7,381,691)**	**(8,699,078)**	**(15%)**
Loss per share - basic and diluted	(0.02)	(0.03)	(33%)
EBITDA (1) (5)	(2,778,867)	(4,093,976)	(32%)
Adjusted EBITDA (2) (5)	(929,015)	(2,299,797)	(60%)
Cash cost Ag/Eq per ounce (3) (5)	16.55	17.06	(3%)
AISC cost per Ag/Eq ounce (4) (5)	20.19	21.83	(8%)
Realized silver price per ounce (6)	23.37	22.50	4%
Realized gold price per ounce (6)	2,068.57	1,890.60	9%
Realized lead price per pound (6)	0.94	0.96	(2%)
Realized zinc price per pound (6)	1.11	1.42	(22%)

1. See Reconciliation of Earnings before interest, taxes, depreciation, and amortization on page 31.
2. See reconciliation of Adjusted EBITDA on page 31.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 32.
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 32.
5. Mine Operating Cashflow Before Taxes, Cash cost per silver equivalent, AISC per Ag/Eq ounce, EBITDA and Adjusted EBITDA are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 30.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.
7. Mine operating cash flow before taxes is calculated by adding back depreciation, depletion, and inventory write-downs to mine operating loss. See Reconciliation to IFRS on page 31.



Three months ended March 31, 2024 (compared to the three months ended March 31, 2023)

Revenue

During the three months ended March 31, 2024, the Company generated revenues of $17,764,983 net of metal deductions, treatment, and refining costs ($2,683,262). This represents a 4% increase compared to same period in the prior year mainly due to prices increase. During the current quarter, the realized silver and gold price per ounce sold averaged $23.37 and $2,069, a 4% and 9% increase, respectively, compared to $22.50 and $1,891 per ounce in Q1 2023. In the first quarter of 2024, the Company sold 413,892 ounces of silver and 5,196 ounces of gold representing a decrease of 13% and increase of 13% respectively compared to sales during Q1 2023. Additionally, the Company sold 841,612 pounds of lead at a realized price of $0.94 and 934,873 pounds of zinc at a realized price of $1.11 from the Topia Mine.

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 decrease of 3% in cost of sales for the three months ended March 31, 2024, compared to the same period in 2023 is mainly due to a decrease of the transportation and selling costs offset by a 3% production cost increase for the three months ended March 31, 2024, which is consistent with the production cost in the same period in 2023. The number of tonnes mined and milled increased by 3% and total silver equivalent ounces increased by 5% on March 31, 2024, compared to the same period in the previous year.

General and administration

General and administration expenses decreased by 1% or $13,704 during the three months ended March 31, 2024, compared to Q1 2023. This decrease is due to increase in salaries and management fees from the addition of new employees and Senior Management throughout 2023 in Vancouver and Guanajuato offset by a decrease of professional fees mainly due to payments incurred in 2023.

Exploration

General exploration costs decreased 51% to $255,576 in the three months ended March 31, 2024, compared to $524,834 in the same period in 2023 as the Company is focusing its exploration efforts mainly in Topia.

Share-based compensation

Share-based compensation increased by $289,608 or 115% for the three months ended March 31, 2024, compared to the same period in 2023, because there were no options granted during the first quarter of 2023 compared to the 9,360,000 options granted in the first quarter of 2024 of which 1/3 vested immediately. Additionally, during Q1 2024, 1,040,000 RSU were also granted.

Interest and finance costs

Interest and finance costs increased by $333,716 or 28% for the 3 months ended March 31, 2024, compared to the 3 months ended March 31, 2023. This increase is mainly due to a 56% increase in interest accrued on debt being held in Q1 2024 compared to the same period in 2023. On December 5, 2023, the Company entered into a new $7,500,000 gold loan credit facility with Ocean Partners from which a portion of said facility was used to extinguish the remaining carrying amount of the previous loan. On February 28, 2024, the Company increased this gold facility with Ocean Partners to $13,300,000 and a portion was used to partially pay the original cash facility. This facility's balance, as of March 31, 2024, was $13,664,479 and has an implied rate of 30.78%. Additionally, as of March 31, 2024, the Company holds the Tertiary OCIM loan of $2,791,387 and an implied interest rate of 23.5%, and one Ocean Partners loan of $1,985,700 and implied interest rate of 13%. In March 2023, the Company held the Tertiary OCIM loan of $ 5,006,448 and an implied interest rate of 23% and two Ocean Partners loans of $9,451,825 with implied interest rate of 13% and 12%. (*See Liquidity and Capital Resources).*

Gain (loss) on derivatives

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

For the three months ended March 31, 2024, the Company recognized a loss of $1,343,670 on the revaluation of the derivative on the outstanding loans and a realized loss of $37,000 on the settlement of the derivative portion of the repayments to OCIM. For the three months ended March 31, 2023, the Company recognized a gain of $155,179 on the revaluation of the derivative due to a change in silver and gold futures prices in the period offset by a loss of $21,042 related to the settlement of three repayments to OCIM.

For the three months ended March 31, 2024, the Company also recognized a gain $30,225 on call options.

Other finance items, net

During the period ended March 31, 2024, the Company recognized a gain of $489,875 due to the restructuring of the Ocean Partners Loans (three months ended March 31, 2023 – loss of $461,622 loss on extinguishment of debt due to the restructuring of the OCIM Secondary Loan).

During the three months ended March 31, 2024, the Company had an unrealized loss of $36,942 (three months ended March 31, 2023 – gain of $10,003) on changes in fair value on forward silver and gold pricing sales as well as a realized gain of $140,666 in the same period ended March 31, 2024 (three months ended March 31, 2023 - $nil).

LIQUIDITY AND CAPITAL RESOURCES

The Company's ability to generate sufficient 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 2024 is less than sufficient to fund ongoing operations and improve the Company's working capital position or in the event the Company determines it will undertake other projects that are currently not part of its plans, or if the Company undertakes another acquisition, additional capital may be required. While the Company completed a $5,973,600 (CAD$8,010,000) private placement in Q3, 2023 (discussed below) and refinanced its loan with Ocean Partners with a new $7,500,000 loan that on February 28, 2024, was extended to $13,300,000, based on its existing cash and cash equivalents as of March 31, 2024 of $1,601,906, negative working capital of $21,238,584, and estimated future cash flows, as of the end of Q1 2024, it does not have sufficient capital to continue operations for the next twelve months. As a result, it will need to raise additional capital and sources of capital include accessing the private and public capital markets for debt and equity over the next twelve months. Adverse movement in metal prices and unforeseen impacts to the Company's operation may increase the need to raise new external sources of capital, and the inability to access sources of capital could adversely impact the Company's liquidity and require the Company to curtail capital and exploration program and other discretionary expenditures.

	Three months ended		
	March 31 2024	**March 31 2023**	**% Change**
Cash Flow	**$**	**$**	
Cash used in operating activities	(2,291,299)	(2,098,765)	9%
Cash used in investing activities	(1,444,777)	(1,446,962)	0%
Cash provided by financing activities	3,398,546	88,503	3,740%
Effect of exchange rate changes on cash	(17,180)	(100,708)	(83%)
Change in cash	(354,710)	(3,557,932)	(90%)
Cash, beginning of period	1,956,616	8,832,936	(78%)
Cash, end of period	1,601,906	5,275,004	(70%)

As of March 31, 2024, the Company had cash and cash equivalents of $1,601,906 and negative working capital of $21,238,584, compared with cash of $1,956,616 and negative working capital of $18,441,013 at December 31, 2023.

Subsequent to March 31, 2024, the Company closed a brokered, best-efforts offering ("May 2024 Offering") for aggregate gross proceeds to the Company of C$11,350,460 under a combined Listed Issuer Financing Exemption private placement under Part 5A of National Instrument 45-106 – Prospectus Exemptions (the "LIFE Exemption") and concurrent private placement to accredited investors (the "Private Placement"). The May 2024 Offering consisted of units of the Company (the "May 2024 Units") at a price of C$0.20 per May 2024 Unit (the "May 2024 Offering Price"). The May 2024 Offering was led by Research Capital Corporation and Red Cloud Securities Inc. as the co-lead agents and joint bookrunners, on behalf of a syndicate of agents, including Canaccord Genuity Corp. (collectively, the "Agents").

Each May 2024 Unit consists of one Common Share and one Common Share purchase warrant (a "May 2024 Warrant"). Each May 2024 Warrant will entitle the holder to purchase an additional Common Share at an exercise price of C$0.30, subject to customary anti-dilution adjustments, until May 9, 2026.

In connection with the May 2024 Offering, the Agents received a cash commission of $525,982, a cash advisory fee of $48,000 and 2,889,388 non-transferable broker warrants (the "Broker Warrants"). Each Broker Warrant entitles the holder to purchase one Common Share at an exercise price equal to the May 2024 Offering Price, subject to customary anti-dilution adjustments, until May 9, 2026.

Operating activities

During the three months ended March 31, 2024, cash used in operating activities was $2,291,299 (three months ended March 31, 2023 –$2,098,765). The significant non-cash adjustments to the net loss of $7,381,691 in the three months ended March 31, 2024 (three months ended March 31, 2023 - $8,699,078) were depreciation and depletion of $3,058,693 (three months ended March 31, 2023 – $3,394,688), accretion of $558,262 (three months ended March 31, 2023 - $576,371), share-based compensation of $540,783 (three months ended March 31, 2023 – $251,175), gain on settlement of debt of $489,875 (three months ended March 31, 2023 – loss of $461,622), loss on derivatives and financial assets carried at fair value of $1,350,476 (three months ended March 31, 2023 – gain of $134,138), unrealized foreign exchange loss of $173,352 (three months ended March 31, 2023 – $1,048,514) and a decrease in non-cash working capital of $1,127,869 (three months ended March 31, 2023 – increase of $376,382). The net change in non-cash working capital was primarily due to an increase in accounts payable and accrued liabilities and prepaids offset by a decrease in purchases of gold and silver bullion, amounts receivable and inventory.

Investing activities

During the three months ended March 31, 2024, investing activities use of cash of $1,444,777, compared with the use of cash of $1,446,962 in the same period in 2023. The use of cash during the period was $312,725 on plant and equipment, $76,561 on construction in progress related to emergency rescue pods and rehabilitation of the tailings dam and $679,503 of mine development mainly for the continued ramp up of Topia, Valenciana and San Ignacio mines. Additionally, the Company purchased marketable securities for $365,771. The use of cash during the three months ended March 31, 2023, was for mine development, the acquisition of machinery and other equipment of $1,378,237 and the purchase of marketable securities for $59,530.

Financing activities

During the three months ended March 31, 2024, cash generated from financing activities was $3,398,546 mainly due to proceeds from the extension of the Ocean Partners Gold Facility for US$5,800,000 of which US$1,670,634 was used to partially repay another Ocean Partners loan, offset by other loans and lease obligations payments.

Cash generated from financing activities for the three months ended March 31, 2023, was $88,503, mainly from proceeds from the issuance of 4,080,486 common shares through a non-brokered Listed Issuer Financing Exemption private placement and from the exercises of warrants and options offset by loan and lease payments.

<u>OCIM Facility</u>

The Company had an existing loan facility with OCIM Precious Metals SA ("OCIM") for $7,500,000 (the "Initial Loan") and on May 4, 2022, the Company entered into a new silver and gold pre-payment facility amount of $7,500,000 with OCIM ("Secondary Loan") secured against GSilver's CMC assets. The Secondary Loan was for a term of 18-months and repayable over a period of 12 months, following a six-month grace period, by the Company delivering 20,240 ounces of silver and 163 ounces of gold on a monthly basis (an aggregate of 242,877 ounces of silver and 1,958 ounces of gold), calculated at a fixed discount to the prevailing London Bullion Market Association (LBMA) spot metals' prices on May 4, 2022.

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

On March 29, 2023, the Company completed the Tertiary gold and silver Loan of $5,000,000 with OCIM. The Tertiary Loan has a term of 19-months and is repayable over 16 months, following a 3-month grace period, by delivering 9,832 ounces of silver and 77 ounces of gold on a monthly basis (an aggregate of 157,232 ounces of silver and 1,241 ounces of gold), calculated at a fixed discount to the prevailing London Bullion Market Association (LBMA) spot metals' prices on March 29, 2023 and is secured by a guarantee of MMR and a pledge over the Company's shares of MMR. 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.

On September 27, 2023, delivery terms of the Tertiary Loan 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 amendment was accounted for as a loan modification resulting in a gain of $8,059 recognized in other finance income for the year ended December 31, 2023.

Ocean 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 was for a term of 24-months, repayable over a period of 21-months following a three-month grace period. Interest on the loan was calculated at 12-month LIBOR + 7.5%. As at March 31, 2024, the remaining payable amount of this loan is $1,985,700. Subsequent to the quarter, the Company paid the remaining balance of the OP Facility

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 had an initial payment free period until March 31, 2023 and thereafter was revolving in nature whereby it is re-payable and re-drawable in 4-month intervals over a term of 24 months. Interest was 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). The Company extinguished the New facility on December 5, 2023.

On December 5, 2023, the Company entered into a new $7,500,000 gold loan credit facility with Ocean Partners. The unsecured loan facility is for a term of 36 months, is repayable in equal fixed monthly installments of gold totalling approximately 191 troy ounces per month for a period of 30 months, following a six-month grace period. The number of ounces to be delivered per month is based on a discount to the LBMA (London Bullion Market Association) gold closing price of US$2,046.95 on November 29, 2023. A portion of the Gold Facility was used to extinguish the remaining carrying amount of $4,620,872 of the New Facility and was accounted as a loan extinguishment.

On February 29, 2024, the Company increased its Gold Facility with Ocean Partners to $13,300,000 (the "Expanded Facility"). The Expanded Facility is for a term of 36 months from the date of the initial draw. It is repayable in equal fixed monthly installments of gold totalling approximately 338 troy ounces per month for a period of 30 months following a six-month grace period from the date of the initial draw of December 5, 2023. The number of ounces to be delivered per month is based on a discount to the LBMA gold closing price of $2,046.95 on November 29, 2023. $1,670,634 of the Expanded Facility was used to pay the OP Facility.

Non-brokered Private Placement

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

Bought-deal Private Placement

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

NON-IFRS FINANCIAL MEASURES

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

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

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

WORKING CAPITAL

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

As at	March 31 2024	December 31 2023
	$	$
Current assets	22,233,522	20,658,097
Current liabilities	43,472,106	39,099,110
Working capital	(21,238,584)	(18,441,013)

MINE OPERATING CASH FLOW BEFORE TAXES

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

	Three months ended					
	31-Mar 2024	31-Dec 2023	30-Sep 2023	30-Jun 2023	31-Mar 2023	31-Dec 2022
	$	$	$	$	$	$
Revenues	17,764,983	16,581,967	15,643,649	16,823,042	17,118,424	15,487,714
Production cost	(16,141,925)	(14,825,898)	(16,138,682)	(16,415,956)	(15,723,907)	(12,911,041)
Transportation and other support cost	(754,652)	(768,203)	(719,251)	(878,096)	(825,173)	(596,916)
Inventory changes	492,116	(149,798)	(361,927)	865,285	(382,130)	387,765
Mine operating cash flows before taxes	**1,360,523**	**838,068**	**(1,576,211)**	**394,276**	**187,214**	**2,367,522**

	Cumulative as at the end of each period					
	31-Mar 2024	31-Dec 2023	30-Sep 2023	30-Jun 2023	31-Mar 2023	31-Dec 2022
	$	$	$	$	$	$
Revenues	17,764,983	66,167,081	49,585,115	33,941,466	17,118,424	36,880,204
Production cost	(16,141,925)	(63,104,443)	(48,278,545)	(32,139,863)	(15,723,907)	(33,868,211)
Transportation and other support cost	(754,652)	(3,190,722)	(2,422,519)	(1,703,268)	(825,173)	(1,011,083)
Inventory changes	492,116	(28,570)	121,228	483,155	(382,130)	37,003
Mine operating cash flows before taxes	**1,360,523**	**(156,654)**	**(994,721)**	**581,490**	**187,214**	**2,037,914**

EBITDA

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

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

Adjusted EBITDA excludes the following additional items from EBITDA:

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

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

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

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

	Three months ended					
	March 31 2024	**December 31 2023**	**September 30, 2023**	**June 30, 2023**	**March 31, 2023**	**December 31, 2022**
	$	**$**	**$**	**$**	**$**	**$**
Net loss per financial statements	(7,381,691)	(7,624,676)	(7,062,157)	(8,557,538)	(8,699,078)	(9,905,707)
Depreciation and depletion – cost of sales	3,016,127	2,771,418	2,784,795	2,784,515	3,337,906	2,515,349
Depreciation and depletion – general and administration	42,567	118,143	116,383	70,544	56,782	59,208
Interest and finance costs (income), net	1,544,130	1,154,485	1,167,308	1,126,420	1,210,414	1,452,284
Current income tax	-	1,021,369	-	-	-	(118,287)
EBITDA	**(2,778,867)**	**(2,559,261)**	**(3,029,672)**	**(4,576,059)**	**(4,093,976)**	**(5,997,153)**
Share based compensation	540,783	172,535	226,334	650,135	251,175	268,164
(Gain) loss on derivatives	1,350,446	492,081	(455,394)	(239,601)	(134,138)	1,677,253
ARO unrealized foreign exchange (gain) loss	263,979	772,846	(596,485)	1,098,944	1,182,666	629,811
Other finance items, net	(452,933)	20,529	191,707	-	450,619	115,212
Transaction cost associated with the acquisition of MMR	-	-	-	-	-	145,387
Union payment associated with acquisition of "EL Cubo Mines Complex"	-	-	-	(477,232)	-	-
Gain on change of fair value on gold contingent payments to Endeavour	-	-	-	-	-	(1,624)
Loss on change of fair value on silver contingent payments to MMR	-	-	-	-	-	269,478
Allowance on receivable amount from Great Panther	-	-	-	-	-	1,300,000
Other expenses	(13,726)	(112,119)	(64,671)	-	(118,287)	-
VAT write-off	161,303	113,809	116,008	133,885	162,144	93,412
Adjusted EBITDA	**(929,015)**	**(1,099,580)**	**(3,612,173)**	**(3,409,928)**	**(2,299,797)**	**(1,500,059)**

	Cumulative as at the end of each period					
	March 31, 2024	**December 31, 2023**	**September 30, 2023**	**June 30, 2023**	**March 31, 2023**	**December 31, 2022**
	$	**$**	**$**	**$**	**$**	**$**
Net loss per financial statements	(7,381,691)	(31,943,447)	(24,318,773)	(17,256,616)	(8,699,078)	(26,771,585)
Depreciation and depletion – cost of sales	3,016,127	11,642,634	8,871,216	6,122,421	3,337,906	8,920,902
Depreciation and depletion – general and administration	42,567	388,420	270,277	153,894	56,782	238,145
Interest and finance costs (income), net	1,544,130	4,658,627	3,504,142	2,336,834	1,210,414	3,786,748
Current income tax	-	1,021,369	-	-	-	-
EBITDA	**(2,778,867)**	**(14,232,397)**	**(11,673,138)**	**(8,643,467)**	**(4,093,976)**	**(13,825,789)**
Share based compensation	540,783	1,300,179	1,127,644	901,310	251,175	1,511,071
(Gain) loss on derivatives	1,350,446	(337,052)	(829,133)	(373,739)	(134,138)	(54,567)
Unrealized foreign exchange loss	263,979	2,457,971	1,685,125	2,281,610	1,182,666	805,937
Other finance items, net	(452,933)	185,623	165,094	-	450,619	(137,489)
Transaction cost associated with the acquisition of MMR	-	-	-	461,622	-	1,362,379
Union payment associated with acquisition of "EL Cubo Mines Complex"	-	(488,634)	(488,634)	(488,235)	-	488,634
Gain on change of fair value on gold contingent payments to Endeavour	-	-	-	-	-	(518,448)
Loss on change of fair value on silver contingent payments to MMR	-	-	-	-	-	269,478
Allowance on receivable amount from Great Panther	-	-	-	-	-	1,300,000
Other expenses	(13,726)	(295,077)	(182,958)	(118,287)	(118,287)	
VAT write-off	161,303	525,846	412,037	296,029	162,144	412,387
Adjusted EBITDA	**(929,015)**	**(10,883,541)**	**(9,783,963)**	**(5,683,156)**	**(2,299,797)**	**(8,386,408)**

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

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

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 the Company's consolidated financial statements.

		Three months ended March 31, 2024					Three months ended March 31, 2023				
		El Cubo	VMC	San Ignacio	Topia	Consolidated	El Cubo	VMC-San Ignacio	Topia	Consolidated	% Change
Cost of sales [5]		**6,817,627**	**4,530,962**	**2,485,178**	**5,582,288**	**19,416,055**	**8,181,853**	**4,888,291**	**7,179,967**	**20,250,111**	**(4%)**
Transportation and selling cost [5]		(110,089)	(105,231)	(63,903)	(470,897)	(750,120)	(167,264)	(78,027)	(560,877)	(806,168)	(7%)
Inventory changes		153,860	26,407	114,953	196,896	492,116	(379,046)	147,988	(151,072)	(382,130)	(229%)
Depreciation		(950,616)	(981,279)	(632,699)	(451,532)	(3,016,127)	(1,756,455)	(855,653)	(725,798)	(3,337,906)	(10%)
Production cost	A	**5,910,780**	**3,470,859**	**1,903,530**	**4,856,755**	**16,141,925**	**5,879,088**	**4,102,599**	**5,742,221**	**15,723,907**	**3%**
Add (subtract):											
Government royalties and mining taxes		30,586	3,810	9,216	152,443	196,055	38,113	25,014	216,032	279,159	(30%)
Total cash cost	B	**5,941,366**	**3,474,669**	**1,912,746**	**5,009,198**	**16,337,979**	**5,917,201**	**4,127,612**	**5,958,253**	**16,003,066**	**2%**
General and administrative - corporate		-	-	-	-	2,343,234	-			2,356,938	(1%)
Operating lease payments		100,160	287,668	57,466	190,362	635,655	250,205	180,502	74,865	505,572	26%
Sustaining capital expenditures		332,982	157,665	121,895	-	612,542	704,247	459,411	448,893	1,612,551	(62%)
Total All-in sustaining cash cost	C	**6,374,508**	**3,920,002**	**2,092,107**	**5,199,559**	**19,929,410**	**6,871,654**	**4,767,525**	**6,482,011**	**20,478,127**	**(3%)**
Tonnes milled	D	84,945	41,607	27,451	11,075	165,079	89,000	51,653	19,529	160,182	3%
Silver equivalent ounces produced	E	317,103	219,845	161,785	288,579	987,312	315,587	297,769	324,691	938,047	5%
Production cost per tonne	A/D	**69.58**	**83.42**	**69.34**	**438.52**	**97.78**	**66.06**	**79.43**	**294.04**	**98.16**	**0%**
Cash cost per AgEq ounce produced	B/E	**18.74**	**15.81**	**11.82**	**17.36**	**16.55**	**18.75**	**13.86**	**18.35**	**17.06**	**(3%)**
All-in sustaining cash cost per AgEq ounce produced	C/E	**20.10**	**17.83**	**12.93**	**18.02**	**20.19**	**21.77**	**16.01**	**19.96**	**21.83**	**(8%)**
Mining cost per tonne		34.37	44.35	40.95	309.29	56.42	27.92	46.80	218.40	57.23	(1%)
Milling cost per tonne		23.82	26.24	19.17	79.11	27.36	23.42	14.25	46.07	23.23	18%
Indirect cost per tonne		11.41	12.84	9.22	50.12	14.00	14.72	18.38	29.57	17.70	(21%)
Production cost per tonne		**69.58**	**83.42**	**69.34**	**438.52**	**97.78**	**66.06**	**79.43**	**294.04**	**98.16**	**0%**
Mining		2,919,648	1,845,068	1,124,233	3,425,464	9,314,413	2,484,998	2,417,346	4,265,126	9,167,471	2%
Milling		2,023,029	1,091,588	526,114	876,153	4,516,883	2,084,819	736,063	899,703	3,720,586	21%
Indirect		968,104	534,203	253,183	555,138	2,310,629	1,309,270	949,189	577,392	2,835,850	(19%)
Production Cost		**5,910,780**	**3,470,859**	**1,903,530**	**4,856,755**	**16,141,925**	**5,879,088**	**4,102,599**	**5,742,221**	**15,723,907**	**3%**

1. Silver equivalents are calculated using 88.72:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q1 2024 and an 83.78:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q1 2023, respectively.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead.
3. AISC per oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital.
4. Production costs include mining, milling, and direct overhead at the operation sites.
5. Consolidated amount for the three months ended March 31, 2024, excludes $3,986 in relation to silver bullion transportation and selling cost from cost of sales.

SUMMARY OF QUARTERLY RESULTS

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

	2024	2023				2022		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	$	$	$	$	$	$	$	$
Total revenue	17,764,983	16,581,967	15,643,649	16,823,042	17,118,424	15,487,714	8,871,863	6,133,989
Production costs	16,141,925	14,825,898	16,138,682	16,415,956	15,723,907	12,911,041	9,670,274	5,767,560
Transportation and other selling costs	754,652	768,203	719,251	878,095	825,173	596,916	178,676	69,021
Inventory changes	(492,116)	149,798	361,927	(865,285)	382,130	(387,765)	(626,923)	289,485
Mine operating cash flow before depreciation	1,360,523	838,068	(1,576,212)	394,276	187,214	2,367,522	(350,164)	7,923
Depreciation	(3,016,127)	(2,771,418)	(2,748,795)	(2,784,515)	(3,337,906)	(2,515,349)	(2,991,577)	(1,664,219)
Mine operating loss	(1,655,603)	(1,933,351)	(4,325,007)	(2,390,240)	(3,150,692)	(147,828)	(3,341,742)	(1,656,296)
Net loss	(7,381,691)	(7,624,676)	(7,062,158)	(8,557,538)	(8,699,078)	(9,905,707)	(8,405,337)	(3,521,390)
EBITDA [(1)]	(2,778,867)	(2,559,261)	(3,029,670)	(4,576,059)	(4,093,976)	(5,997,153)	(4,192,955)	(1,132,278)
Adjusted EBITDA [(1)]	(929,015)	(1,099,580)	(3,612,172)	(3,409,928)	(2,299,797)	(1,500,059)	(2,684,927)	(2,349,805)
Basic and fully diluted loss per share	(0.02)	(0.02)	(0.02)	(0.03)	(0.03)	(0.03)	(0.03)	(0.02)
Weighted Average shares outstanding(000's)	354,497	351,590	341,056	327,386	322,850	302,154	271,510	226,033

(1) EBITDA and Adjusted EBITDA are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 30.

Revenues increased 7% in the first quarter of 2024 to $17,764,983 compared to $16,581,967 in the fourth quarter of 2023, mainly due to a 13% increase in silver equivalent ounces sold to 955,328 from 844,572. The Company sold 413,892 ounces of silver and 5,196 ounces of gold, an increase of 3% and 22%, respectively, as compared to Q4, 2023. In addition, the Company sold 841,612 pounds of lead at a realized price of $0.94 and 934,873 pounds of zinc at a realized price of $1.11. Realized silver and gold price per ounce sold averaged $23.37 and $2,068.57 a 1% and 4% increase respectively, compared to Q4 2023.

In Q4 of 2023, the Company sold 400,106 ounces of silver and 4,275 ounces of gold, a decrease of 6% and increase of 13%, respectively, as compared to Q3, 2023. In addition, the Company sold 909,817 pounds of lead at a realized price of $0.96 and 890,691 pounds of zinc at a realized price of $1.14. Realized silver and gold price per ounce sold averaged $23.21 and $1,983 a 2% decrease and 3% increase respectively, compared to Q3 2023.

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

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

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

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

The Company generated revenues of $8,871,863 net of treatment and refining costs, during the three months ended September 30, 2022, a 45% increase compared to the prior quarter, from the sales of 311,754 ounces of silver at a realized price of $19.06 and 2,997 ounces of gold at a realized price of $1,1,724.81 a 95% and 37% increase in ounces respectively, as compared to Q2 2022. In addition, the Company sold 504,408 pounds of lead at a realized price of $0.86 and 237,327 pounds of zinc at a realized price of $1.44 from the Topia Mines. There was an increase of 102% of mine operating losses and 139% of net loss compared to prior quarter mainly due to the integration of MMR's operations.

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

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

	2024	2023				2022		
PRODUCTION	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
Processed tonnes	165,079	137,339	132,484	163,793	160,182	131,341	107,009	94,212
El Cubo	84,945	71,233	62,742	83,244	89,000	108,897	95,380	94,212
VMC	41,607	55,220	53,129	61,594	51,653	3,928	-	-
San Ignacio	27,451	-	-	-	-	-	-	-
Topia	11,075	10,886	16,613	18,955	19,529	18,516	11,629	-
Silver ounces	428,279	394,971	425,488	477,649	458,803	401,244	329,298	155,912
El Cubo	106,714	94,113	83,089	147,099	136,847	242,038	219,627	155,912
VMC	82,433	145,364	135,206	156,859	142,220	4,652	-	-
San Ignacio	52,040	-	-	-	-	-	-	-
Topia	187,092	155,494	207,192	173,691	179,736	154,552	109,671	-
Silver Grade (g/t)	91.12	101.32	114.44	106.93	103.68	106.08	106.28	64.00
El Cubo	46.19	57.99	50.97	65.38	64.00	80.00	74.94	64.00
VMC	73.10	79.05	95.69	99.04	104.00	49.46	-	-
San Ignacio	68.79	-	-	-	-	-	-	-
Topia	558.68	473.54	414.12	311.99	314.10	283.00	317.55	-
Silver Recovery (%)	88.6	84.5	83.3	84.9	80.9	86.8	88.5	80.9
El Cubo	84.6	86.0	81.2	84.4	83.5	86.4	87.1	80.9
VMC	84.3	84.3	82.7	83.6	82.0	72.9	-	-
San Ignacio	85.7	-	-	-	-	-	-	-
Topia	94.0	77.7	93.7	91.3	91.1	91.8	92.4	-
Gold Ounces	5,384	4,395	3,441	4,719	4,413	3,907	3,226	2,161
El Cubo	2,370	1,492	1,340	2,006	2,140	3,452	3,035	2,161
VMC	1,549	2,572	1,897	2,400	1,848	110	-	-
San Ignacio	1237	-	-	-	-	-	-	-
Topia	228	331	204	314	424	345	191	-
Gold Grade (g/)	1.14	1.14	0.99	1.10	1.07	1.09	1.08	0.86
El Cubo	0.96	0.89	0.83	0.88	0.87	1.12	1.05	0.86
VMC	1.28	1.32	1.31	1.45	1.36	1.19	-	-
San Ignacio	1.54	-	-	-	-	-	-	-
Topia	0.99	1.40	0.58	0.88	1.18	0.91	0.80	-
Gold Recovery (%)	89.2	88.8	81.6	83.1	81.1	84.2	86.3	82.6
El Cubo	90.6	89.2	82.9	86.2	85.9	88.2	88.4	82.6
VMC	90.4	89.1	85.0	86.5	81.8	74.5	-	-
San Ignacio	91.2	-	-	-	-	-	-	-
Topia	64.8	84.2	65.8	58.7	57.7	63.3	64.0	-
Lead pounds	879,242	837,230	935,738	875,802	906,696	811,492	537,608	-
Topia	879,242	837,230	935,738	875,802	906,696	811,492	537,608	-
Lead Grade (%)	3.97	3.80	2.85	2.40	2.42	2.25	2.34	-
Topia	3.97	3.80	2.85	2.40	2.42	2.25	2.34	-
Lead Recovery (%)	90.7	91.7	89.9	87.4	87.1	88.2	89.5	-
Topia	90.7	91.7	89.9	87.4	87.1	88.2	89.5	-
Zinc pounds	922,297	960,206	857,660	897,258	1,153,138	1,261,554	677,127	-
Topia	922,297	960,206	857,660	897,258	1,153,138	1,261,554	677,127	-
Zinc Grade (%)	4.55	4.84	3.00	2.75	3.21	3.56	3.25	-
Topia	4.55	4.84	3.00	2.75	3.21	3.56	3.25	-
Zinc Recovery (%)	83.0	82.5	77.9	78.1	83.5	86.7	80.9	-
Topia	83.0	82.5	77.9	78.1	83.5	86.7	80.9	-

PRODUCTION	2024 Q1	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2
Cost per tonne	97.78	107.95	121.82	100.22	98.16	98.30	90.37	60.89
El Cubo	69.58	84.96	86.59	71.24	66.06	67.70	67.20	60.89
VMC	83.42	79.20	97.95	86.63	79.43	102.85	-	-
San Ignacio	69.34	-	-	-	-	-	-	-
Topia	438.52	404.22	331.16	271.69	294.04	277.29	280.44	-
Cash costs per ounce	16.55	17.66	20.79	17.71	17.06	15.55	13.86	17.08
El Cubo	18.74	21.38	28.46	19.24	18.75	14.19	13.09	17.08
VMC	15.81	14.66	17.89	15.20	13.86	31.92	-	-
San Ignacio	11.82	-	-	-	-	-	-	-
Topia	17.36	17.05	18.70	19.19	18.35	17.22	15.69	-
AISC per ounce	20.19	21.52	26.22	22.47	21.83	20.80	19.53	24.15
El Cubo	20.10	23.39	32.67	20.96	21.77	17.45	15.18	24.15
VMC	17.83	16.31	19.89	16.39	16.01	31.92	-	-
San Ignacio	12.93	-	-	-	-	-	-	-
Topia	18.02	17.82	21.29	21.52	19.96	18.49	17.69	-

OTHER FINANCIAL INFORMATION

SHARE CAPITAL

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

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

	March 31, 2024			May 22, 2024		
	#	Weighted average exercise price	Weighted average life (years)	#	Weighted average exercise price	Weighted average life (years)
Common shares	355,572,390			412,324,690		
Warrants	80,717,841	0.51	1.14	137,470,141	0.42	1.39
Stock options	23,965,000	0.36	3.72	23,965,000	0.36	3.57
Restricted Share Units	1,565,000	-	0.73	1,565,000	-	0.58
Fully diluted	**461,820,231**			**575,324,831**		

MANAGEMENT OF CAPITAL

The Company's capital consists of share capital, equity reserves, and deficit as well as loans and leases. The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support operations, 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 operations, 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 and exploration stages and the Company is dependent on external financing to fund planned growth and working capital. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

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. In addition, the Company may issue new equity or incur additional debt, 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.

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			
		March 31 2024		March 31 2023
Salaries, bonus and benefits	**$**	**55,629**	$	87,113
Consulting fees[1]		**134,984**		156,118
Share-based compensation		**222,250**		140,763
	$	**412,863**	$	383,994

[1] Consulting fees were paid to Universal Solution Inc., a company controlled by the VP Corporate Development and Corporate Secretary of the Company, and Ramon T. Davila Flores, the President of the Company.

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

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

CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

a) Commitments

As at March 31, 2024, the Company has no commitments which are expected to be expended within one year.

b) Contingencies – El Cubo

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 year ended December 31, 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"). On March 8, 2024, Contingent Payment #3 expired unpaid.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Fair value measurement and valuation techniques

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

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

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

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

Financial asset or liability	Methods and assumptions used to estimate fair value
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.
Embedded Derivative	Valued using inputs derived from observable market data, including quoted commodity forward prices.
Vehicle loans	The carrying values of vehicle loans approximate their fair values as a result of relatively unchanged interest rates since inception of the loans.
Other current liabilities	The fair value of the contingent liabilities where payment is contingent on the price of gold and silver was estimated using the Monte-Carlo averaging simulation technique on simulated gold and silver prices. The fair value of the contingent liability where payment is contingent on achieving production milestones was estimated using the discounted cash flow method and an assigned probability of the achievement of the production milestones.

The carrying value of cash and cash equivalents, other receivables, accounts payable, and accrued liabilities, all of which are carried at amortized cost, approximate their fair value given their short-term nature. Trade receivables, loans, 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 months ended March 31, 2024, and 2023, there were no transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy.

March 31, 2024	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	4,705,033	-	4,705,033	-	4,705,033	-
Forward contracts	451,475	-	451,475	451,475	-	-
	5,156,508	**-**	**5,156,508**	**451,475**	**4,705,033**	**-**
Financial assets not measured at fair value						
Cash and cash equivalents	-	1,601,906	1,601,906	-	-	1,601,906
VAT and other receivables	-	11,377,667	11,377,667	-	-	11,377,667
	-	**12,979,573**	**12,979,573**	**-**	**-**	**12,979,573**
Financial liabilities measured at fair value						
Other current liabilities	(2,346,080)	-	(2,346,080)	-	(2,346,080)	-
Derivative	(1,557,324)	-	(1,557,324)	-	(1,557,324)	-
	(3,903,404)	**-**	**(3,903,404)**	**-**	**(3,903,404)**	**-**
Financial liabilities not measured at fair value						
Accounts payable and accrued liabilities	-	(25,412,030)	(25,412,030)	-	-	(25,412,030)
Vehicle loan	-	(144,016)	(144,016)	-	-	(144,016)
OCIM loan	-	(2,791,388)	(2,791,388)	-	-	(2,791,388)
Ocean Partners loans	-	(15,650,179)	(15,650,179)	-	-	(15,650,179)
	-	**(43,997,613)**	**(43,997,613)**	**-**	**-**	**(43,997,613)**

December 31, 2023	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Carrying value approximates fair value
Financial assets measured at fair value	**$**	**$**	**$**	**$**	**$**	**$**
Trade receivables from sale of concentrate	3,350,036	-	3,350,036	-	3,350,036	-
Forward contracts	333,310	-	333,310	333,310	-	-
	3,683,346	**-**	**3,683,346**	**333,310**	**3,350,036**	**-**
Financial assets not measured at fair value						
Cash and cash equivalents	-	1,956,616	1,956,616	-	-	1,956,616
VAT and other receivables	-	10,951,896	10,951,896	-	-	10,951,896
	-	**12,908,512**	**12,908,512**	**-**	**-**	**12,908,512**
Financial liabilities measured at fair value						
Other current liabilities	(2,228,667)	-	(2,228,667)	-	(2,228,667)	-
Derivative	(213,654)	-	(213,654)	-	(213,654)	-
	(2,442,321)	**-**	**(2,442,321)**	**-**	**(2,442,321)**	**-**
Financial liabilities not measured at fair value						
Accounts payable and accrued liabilities	-	(23,783,235)	(23,783,235)	-	-	(23,783,235)
Vehicle loan	-	(185,804)	(185,804)	-	-	(185,804)
OCIM loan	-	(3,610,089)	(3,610,089)	-	-	(3,610,089)
Ocean Partners loans	-	(11,192,695)	(11,192,695)	-	-	(11,192,695)
	-	**(38,771,823)**	**(38,771,823)**	**-**	**-**	**(38,771,823)**

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 dollar and Mexican Peso, respectively; the risk of not being able to obtain financing from external sources; 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 potential resurgence 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 most recent Annual Information Form (available on SEDAR+ at www.sedarplus.ca). Readers are encouraged to refer to these documents for a more detailed description of some of the risks and uncertainties inherent to GSilver's business.

Financial risk management

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

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

Commodity price risk

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

The following table summarizes the effect on provisionally priced sales and accounts receivables of a 10% change in metal prices from the realized prices used at March 31, 2024:

Metal	Change	Effect on Sales $
Silver	+/- 10%	1,349,372
Gold	+/- 10%	1,603,306
Lead	+/- 10%	80,620
Zinc	+/- 10%	114,980

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.

As of	March 31, 2024	December 31, 2023
	$	$
Cash and cash equivalents	1,601,906	1,956,616
Trade receivables	4,705,033	3,350,036
VAT recoverable	10,714,405	10,066,458
Other receivables	663,262	885,438
	17,684,606	16,258,548

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 March 31, 2024:

	Expected payments by year as at March 31, 2024			
	Less than 1 year	1 -5 years	After 5 years	Total
	$	$	$	$
Trade and other payables	25,412,030	-	-	**25,412,030**
Loans	13,405,921	6,736,986	-	**20,142,907**
Lease obligations	1,407,328	590,989	40,472	**2,038,789**
Other liabilities	2,346,080	-	31,780,118	**34,126,198**
Total	**42,571,359**	**7,327,975**	**31,820,590**	**81,719,924**

Interest rate risk

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

The Company's interest rate risk principally arises from the interest rate impact on interest charged on its loan payable and lease liability. The Company's lease liability is 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. A portion of the Company's loans are variable and linked to SOFR. Based on the Company's interest rate exposure at March 31, 2024, a change of 25 basis points increase or decrease of market interest rate does not have a significant impact on net loss.

Currency risk

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

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

As at March 31, 2024	Canadian dollars	Mexican pesos
Cash and cash equivalents	150,222	4,600,200
Amounts receivable	-	265,203,079
Other Assets	222,293	-
Accounts payable and accrued liabilities	(611,705)	(213,643,465)
Current portion of loan payable	-	(2,401,927)
Current portion of lease liabilities	(83,617)	(20,430,488)
Lease liabilities	(111,392)	(7,176,021)
Provision for reclamation and rehabilitation	-	(326,533,197)
Total foreign currency exposure	(434,199)	(300,381,818)
US$ equivalent of foreign currency exposure	(320,442)	(18,003,877)

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

Currency	Change	Effect $
Canadian dollars	+/- 10%	(28,052)
Mexican pesos	+/- 10%	1,632,512

Climate Change

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

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

Calculation of Reserves and Resources and Precious Metal Recoveries

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

Economic Conditions for Mining

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

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

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

Assurance on Financial Statements

The Company prepares the financial reports in accordance with accounting policies and methods prescribed by IFRS. In the preparation of financial reports, management may need to rely upon assumptions, make estimates or use their best judgement in determining the financial condition of the Company. Material accounting policy information, and practices are described in more detail in the notes to the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2024. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported, the Company has implemented and continues to analyze the internal control systems for financial reporting.

MATERIAL ACCOUNTING POLICY INFORMATION AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The accounting policies applied in the Company's interim financial statements for the three months ended March 31, 2024, are the same as those applied in the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2023 and 2022, except as described below for amendments to IFRS standards adopted in the current year. A number of new standards and amendments to standards are effective for annual periods beginning on or after January 1, 2025 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 interim financial statements.

In the current year, the Company has adopted the amendments to IFRS Standards and Interpretations issued by the IASB that became effective for annual periods starting on or after January 1, 2024. The application of these changes did not have a material impact on the company's financial statements, including reported amounts or disclosures.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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