



Guanajuato
Silver CO
LTD

Condensed Consolidated Interim Financial Statements

**For the three and nine months ended
September 30, 2024 and 2023**

(Unaudited)

Guanajuato Silver CO LTD

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

	Notes	September 30 2024	December 31 2023 (As adjusted - note 11)
ASSETS			
Current assets			
Cash and cash equivalents		\$ 1,631,203	\$ 1,956,616
Amounts receivable	4	11,038,132	13,329,558
Inventories	5	4,851,640	3,998,992
Prepaid expenses and deposits		1,536,820	1,023,869
Other current assets		339,009	349,062
		19,396,804	20,658,097
Non-current assets			
Property, plant and equipment	6	30,382,017	34,363,629
Mineral properties	7	16,967,309	17,370,305
Exploration and evaluation assets	7	3,422,165	3,375,771
Other assets	4	1,043,173	972,374
		\$ 71,211,468	\$ 76,740,176
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	\$ 23,299,775	\$ 23,783,235
Income tax payable		1,000,713	1,021,369
Current portion of loan payable	9	12,597,453	10,273,131
Current portion of lease liabilities	10	291,782	1,792,708
Other current liabilities	23(b)	2,680,140	2,228,667
		39,869,863	39,099,110
Non-current liabilities			
Loan payable	9	4,714,607	4,929,111
Lease liabilities	10	330,007	586,697
Provision for reclamation and rehabilitation	11	19,067,734	21,330,674
		63,982,211	65,945,592
SHAREHOLDERS' EQUITY			
Share capital	12	98,825,162	90,474,848
Reserves		29,727,006	26,735,450
Accumulated other comprehensive income		1,842,840	1,754,864
Deficit		(123,165,751)	(108,170,578)
		7,229,257	10,794,584
		\$ 71,211,468	\$ 76,740,176

Commitments and contingencies (note 23)

Subsequent events (note 23(b),24)

"James Anderson"
Director

"Miranda Werstiuk"
Director

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

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

	Notes	For the three months ended		For the nine months ended	
		September 30 2024	September 30 2023	September 30 2024	September 30 2023
Revenues	15	\$ 18,309,105	\$ 15,643,649	\$ 56,625,227	\$ 49,585,115
Cost of sales	16	17,793,529	19,968,655	56,817,821	59,451,052
Mine operating income (loss)		515,576	(4,325,006)	(192,594)	(9,865,937)
General and administration	17	2,117,753	2,093,963	6,464,990	7,328,258
Share based compensation	13(b,c)	214,129	226,334	1,014,120	1,127,644
Exploration expenses		316,310	317,542	867,442	1,521,093
Foreign exchange (gain) loss		(1,378,123)	(632,332)	(3,173,879)	1,712,958
Other operating expense (income)		893,646	(171,976)	774,000	(77,220)
Operating income (loss)		(1,648,139)	(6,158,537)	(6,139,267)	(21,478,670)
Interest and finance costs, net	18	(1,575,092)	(1,167,308)	(4,894,799)	(3,504,142)
Gain (loss) on derivative		(1,663,209)	455,394	(4,502,584)	829,133
Other finance income (expense), net		22,891	(191,707)	541,477	(165,094)
Net loss for the period		\$ (4,863,549)	\$ (7,062,158)	\$ (14,995,173)	\$ (24,318,773)
Other comprehensive income (loss)					
Foreign currency translation differences		43,017	(65,395)	87,976	(20,441)
Total comprehensive loss for the period		\$ (4,820,532)	\$ (7,127,553)	\$ (14,907,197)	\$ (24,339,214)
Basic and diluted loss per common share	14	\$ (0.01)	\$ (0.02)	\$ (0.04)	\$ (0.07)
Weighted average number of common shares outstanding (000's)		418,241	341,056	386,850	330,510

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

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

	Notes	Number of common shares	Common shares	Equity settled share-based payments	Warrants	Reserves total	Accumulated deficit	Accumulated OCI	Total shareholders' equity
Balance, December 31, 2022		318,628,147	\$82,370,710	\$11,220,844	\$13,352,514	\$24,573,358	\$(76,227,131)	\$1,794,850	\$32,511,787
Private placement	12(b)	26,330,486	5,912,748	-	1,337,913	1,337,913	-	-	7,250,661
Warrants issued for finder's fee	12(b)	-	(86,130)	-	86,130	86,130	-	-	-
Share issue cost	12(b)	-	(476,014)	-	-	-	-	-	(476,014)
Shares issued on settlement of debt	12(b)	81,465	35,799	-	-	-	-	-	35,799
Options exercise for cash	12(b)	2,433,000	282,600	(102,330)	-	(102,330)	-	-	180,270
Warrant exercise for cash	12(b)	3,512,050	1,748,992	-	(459,799)	(459,799)	-	-	1,289,193
Share-based compensation	-	-	-	1,127,644	-	1,127,644	-	-	1,127,644
Comprehensive loss for the period	-	-	-	-	-	-	(24,318,773)	(20,441)	(24,339,214)
Balance, September 30, 2023		350,985,148	\$89,788,705	\$12,246,158	\$14,316,758	\$26,562,916	\$(100,545,904)	\$1,774,409	\$17,580,126
Shares issued on settlement of debt	12(b)	2,928,330	686,143	-	-	-	-	-	686,143
Share-based compensation	-	-	-	172,534	-	172,534	-	-	172,534
Comprehensive loss for the period	-	-	-	-	-	-	(7,624,674)	(19,545)	(7,644,219)
Balance, December 31, 2023		353,913,478	\$90,474,848	\$12,418,692	\$14,316,758	\$26,735,450	\$(108,170,578)	\$1,754,864	\$10,794,584
Private placement	12(b)	56,752,300	6,341,716	-	1,948,201	1,948,201	-	-	8,289,917
Warrants issued for finder's fee	12(b)	-	(179,871)	-	179,871	179,871	-	-	-
Share issue cost	12(b)	-	(547,746)	-	-	-	-	-	(547,746)
Shares issued on settlement of debt	12(b)	4,342,245	892,869	-	-	-	-	-	892,869
Options exercise for cash	12(b)	133,333	29,068	(9,539)	-	(9,539)	-	-	19,529
Warrant exercise for cash	12(b)	3,100,000	814,278	-	(141,097)	(141,097)	-	-	673,181
Share-based compensation	-	-	-	1,014,120	-	1,014,120	-	-	1,014,120
Shares to be issued	23(b)	-	1,000,000	-	-	-	-	-	1,000,000
Comprehensive loss for the period	-	-	-	-	-	-	(14,995,173)	87,976	(14,907,197)
Balance, September 30, 2024		418,241,356	\$98,825,162	\$13,423,273	\$16,303,733	\$29,727,006	\$(123,165,751)	\$1,842,840	\$7,229,257

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

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

Notes	For the three months ended		For the nine months ended	
	September 30 2024	September 30 2023	September 30 2024	September 30 2023
Operating activities				
Net loss for the period	\$ (4,863,549)	\$ (7,062,158)	\$ (14,995,173)	\$ (24,318,773)
Items not involving cash and cash equivalents:				
Depreciation and amortization	2,825,577	2,865,179	8,866,534	9,141,493
Accretion	512,433	638,363	1,623,248	1,796,962
Loss (gain) on settlement of debt	-	-	(489,875)	461,622
Loss (gain) on derivatives	1,002,696	(455,394)	3,755,650	(829,133)
Gain on fair value of contingent payments	-	(131,430)	-	(261,037)
Loss (gain) on financial assets carried at fair value	237,726	323,137	258,465	(35,491)
Interest	1,177,928	529,184	3,414,386	1,707,663
Share-based compensation	214,129	226,334	1,014,120	1,127,644
Contingent payment settled in shares	1,000,000	-	1,000,000	-
Unrealized foreign exchange loss (gain)	(1,417,929)	(771,730)	(3,196,858)	1,744,342
Changes in non-cash operating working capital:				
Amounts receivable	5,111,174	(371,037)	2,999,062	1,692,018
Inventories	(265,055)	1,350,474	(853,169)	594,442
Prepaid expenses and deposits	(768,041)	(469,378)	(512,951)	(236,319)
Purchases of gold and silver bullion	(1,519,501)	(777,591)	(4,810,554)	(3,750,183)
Accounts payable and accrued liabilities	(1,562,180)	2,297,013	(805,195)	7,725,565
Reclamation expenditures	-	-	-	(62,111)
Net cash and cash equivalents provided by (used in) operating activities	1,685,408	(1,809,034)	(2,732,310)	(3,501,296)
Investing activities				
Acquisition of mineral properties and property, plant and equipment	(1,108,506)	(1,793,771)	(4,200,111)	(4,710,093)
Purchases of investments	(212,896)	(156,812)	(925,147)	(268,141)
Proceeds from sale of investments	284,127	-	966,491	-
Payments to acquire royalties	-	-	-	(70,000)
Net cash and cash equivalents used in investing activities	(1,037,275)	(1,950,583)	(4,158,767)	(5,048,234)
Financing activities				
Proceeds from issuance of units	12 -	5,973,600	8,289,917	7,250,661
Share issuance costs	12 -	(463,945)	(547,746)	(476,014)
Net proceeds from Ocean Partners loan	-	-	4,129,366	-
Proceeds from the exercise of options and warrants	682,961	37,721	692,710	1,469,463
Repayment of loan payable	(50,903)	(33,828)	(2,119,562)	(2,073,549)
Payments of lease obligations	(216,477)	(830,967)	(1,418,334)	(2,543,115)
Share subscriptions received	-	(37,722)	-	-
Interest paid	(1,673,832)	(22,500)	(2,548,666)	(257,506)
Net cash and cash equivalents provided by (used in) financing activities	(1,258,251)	4,622,359	6,477,685	3,369,940
Effect on cash and cash equivalents of foreign exchange	43,020	(65,392)	87,979	(20,444)
Change in cash and cash equivalents	(567,098)	797,350	(325,413)	(5,200,034)
Cash and cash equivalents, beginning of period	2,198,301	2,835,552	1,956,616	8,832,936
Cash and cash equivalents, end of period	\$ 1,631,203	\$ 3,632,902	\$ 1,631,203	3,632,902
Cash and cash equivalents are consisted of:				
Cash	\$ 1,571,260	\$ 3,595,680	\$ 1,571,260	\$ 3,595,680
Redeemable guaranteed investment certificate ("GIC")	59,943	37,222	59,943	37,222
Total cash and cash equivalents, end of period	\$ 1,631,203	\$ 3,632,902	\$ 1,631,203	\$ 3,632,902

Supplemental cash flow information (Note 22)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

Going concern

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company started producing and selling silver and gold concentrate in the fourth quarter of 2021. For the nine months ended September 30, 2024, the Company generated a mine operating loss of \$192,594, a net loss of \$14,995,173 and negative cash flows from operating activities of \$2,732,310. As at September 30, 2024, the Company has an accumulated deficit of \$123,165,751 and current liabilities that exceed its current assets by \$20,473,059, including accounts payable and accrued liabilities of \$23,299,775. 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.

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

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 - Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements as at and for the year ended December 31, 2023 (the "Annual Financial Statements").

The accounting policies and critical judgments and estimates applied by the Company in these interim financial statements are the same as those applied in the most recent Annual Financial Statements, except as described in Note 3(d). These condensed consolidated interim financial statements do not include all the information required for full annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of changes in the Company's financial position and performance since the most recent annual consolidated financial statements. Certain comparative figures have been reclassified to conform with the current period's presentation. The Company's interim results are not necessarily indicative of its results for a full year.

These interim financial statements were approved by the Company's Board of Directors on November 22, 2024.

3. MATERIAL ACCOUNTING POLICY INFORMATION

a) Basis of consolidation

The accounts of the Company and its subsidiaries, which are controlled by the Company, have been included in these interim financial statements. Control is achieved when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control. The principal subsidiaries of the Company and their geographic locations at September 30, 2024, were as follows:

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

Obras Mineras El Pinguico S.A. de C.V. operates the El Cubo Mines Complex and Minera Mexicana El Rosario, S.A. de C.V. ("MMR") operates the Valenciana Mines Complex, San Ignacio mine and Topia mine.

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

b) Basis of measurement

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

c) Presentation and functional currency

The functional currency represents the currency of the primary economic environment in which an entity conducts its operations. Determination of the functional currency is made at the entity level within the Company. In the case of its Canadian operations, the Company has identified the functional currency as the Canadian dollar. The functional currency of the Mexican entities is the United States dollar. The presentation currency of all entities is the United States dollar.

d) Changes in accounting policies and recent accounting pronouncements

The accounting policies applied in the Company's interim financial statements for the three and nine months ended September 30, 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. 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.

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements*. This new standard replaces IAS 1, *Presentation of Financial Statements*, while retaining many of its existing provisions. IFRS 18 introduces new guidelines that require: i) the presentation of specific categories and defined subtotals in the statement of earnings, ii) disclosures in the notes regarding management-defined performance measures (MPMs), and iii) enhanced aggregation and disaggregation practices. Certain requirements previously found in IAS 1 have been transferred to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, and IFRS 7, *Financial Instruments: Disclosures*. The new standard will be effective for annual reporting periods starting on or after January 1, 2027, with earlier adoption allowed. The Company is currently assessing how IFRS 18 will affect its consolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

e) Use of estimates assumptions and judgements

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

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

In preparing the interim financial statements for the three and nine months ended September 30, 2024, the Company applied the same critical estimates and judgements as disclosed in note 4 of its audited consolidated financial statements as at and for the year ended December 31, 2023.

4. AMOUNTS RECEIVABLE

	September 30 2024	December 31 2023
Trade receivables	\$ 2,666,790	\$ 3,350,036
VAT recoverable	8,488,512	10,066,458
Other receivables	926,003	885,438
	\$ 12,081,305	\$ 14,301,932
Less: non-current portion of VAT recoverable	(1,043,173)	(972,374)
	\$ 11,038,132	\$ 13,329,558

At September 30, 2024, the Company assessed the timing of collection of the total VAT recoverable of \$8,488,512 (December 31, 2023 – \$10,066,458) and concluded that \$1,043,173 (December 31, 2023 – \$972,374) of the VAT recoverable is not expected to be collected within the next 12 months, therefore it was classified as non-current Other assets.

5. INVENTORIES

	September 30 2024	December 31 2023
Concentrate	\$ 2,313,514	\$ 1,512,316
Ore stockpiles	273,499	145,428
Coins and bullion for sale	6,470	38,345
Materials and supplies	2,258,157	2,302,903
Total inventories	\$ 4,851,640	\$ 3,998,992

During the three and nine months ended September 30, 2024, the Company expensed \$10,344,966 and \$37,416,826 respectively of inventories to cost of sales (September 30, 2023, \$14,012,202 and \$49,405,570 respectively).

6. PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment				Total PP&E
	Machinery and equipment	Land and buildings	Furniture and other equipment	Construction in progress	
COST	\$	\$	\$	\$	\$
Balance, December 31, 2023	36,511,239	8,372,994	3,446,849	1,632,304	49,963,386
Additions	1,640,375	880,023	55,861	853,207	3,429,466
Disposals	(4,779,159)	-	(102,078)	(14,016)	(4,895,253)
Transfers	961,474	-	-	(961,474)	-
Balance, September 30, 2024	34,333,929	9,253,017	3,400,632	1,510,021	48,497,599
ACCUMULATED DEPRECIATION					
Balance, December 31, 2023	13,400,053	733,250	1,466,454	-	15,599,757
Depreciation and depletion	5,830,181	545,646	460,030	-	6,835,857
Disposals	(4,230,756)	-	(89,276)	-	(4,320,032)
Balance, September 30, 2024	14,999,478	1,278,896	1,837,208	-	18,115,582
Net book value, September 30, 2024	19,334,451	7,974,121	1,563,424	1,510,021	30,382,017

	Property, plant and equipment				Total PP&E
	Machinery and equipment	Land and buildings	Furniture and other equipment	Construction in progress	
COST	\$	\$	\$	\$	\$
Balance, December 31, 2022	34,284,977	7,752,274	2,922,036	950,315	45,909,602
Additions	1,897,659	620,720	543,190	1,835,618	4,897,187
Disposals	(339,451)	-	(18,377)	(485,575)	(843,403)
Transfers	668,054	-	-	(668,054)	-
Balance, December 31, 2023	36,511,239	8,372,994	3,446,849	1,632,304	49,963,386
ACCUMULATED DEPRECIATION					
Balance, December 31, 2022	5,374,678	294,115	650,838	-	6,319,631
Depreciation and depletion	8,261,647	439,135	821,667	-	9,522,449
Disposals	(236,272)	-	(6,051)	-	(242,323)
Balance, December 31, 2023	13,400,053	733,250	1,466,454	-	15,599,757
Net book value, December 31, 2023	23,111,187	7,639,744	1,980,396	1,632,304	34,363,629

7. MINERAL PROPERTIES, AND EXPLORATION AND EVALUATION ASSETS

	Mineral properties (As adjusted - note 11)	Exploration and evaluation assets	Total
COST	\$	\$	\$
Balance, December 31, 2023	24,461,197	3,375,771	27,836,968
Additions	2,255,629	46,394	2,302,023
Changes in closure and reclamation	(628,469)	-	(628,469)
Balance, September 30, 2024	26,088,357	3,422,165	29,510,522
ACCUMULATED DEPRECIATION			
Balance, December 31, 2023	7,090,892	-	7,090,892
Depreciation and depletion	2,030,156	-	2,030,156
Balance, September 30, 2024	9,121,048	-	9,121,048
Net book value, September 30, 2024	16,967,309	3,422,165	20,389,474

	Mineral properties (As adjusted - note 11)	Exploration and evaluation assets	Total
COST	\$	\$	\$
Balance, December 31, 2022	19,429,875	3,195,938	22,625,813
Additions	4,551,489	179,833	4,731,322
Disposals	(4,628)	-	(4,628)
Changes in closure and reclamation	484,461	-	484,461
Balance, December 31, 2023	24,461,197	3,375,771	27,836,968
ACCUMULATED DEPRECIATION			
Balance, December 31, 2022	4,583,837	-	4,583,837
Depreciation and depletion	2,507,055	-	2,507,055
Balance, December 31, 2023	7,090,892	-	7,090,892
Net book value, December 31, 2023	17,370,305	3,375,771	20,746,076

Exploration and evaluation assets

	El Pinguico		Other claims		Total
Acquisition Cost:					
Balance, December 31, 2022	\$	2,930,681	\$	265,257	\$ 3,195,938
Additions		179,833		-	179,833
Balance, December 31, 2023	\$	3,110,514	\$	265,257	\$ 3,375,771
Additions		46,394		-	46,394
Balance, September 30, 2024	\$	3,156,908	\$	265,257	\$ 3,422,165

El Pinguico Mine Project

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

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

El Pinguico Mine Project (continued)

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

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

Under the terms of the Option Agreement, the Company will pay a total of CAD\$1,675,000 cash and issue 3,750,000 units (each unit comprised of one common share and one non-transferable share purchase warrant, exercisable at CAD\$0.175 per share for a term of 5 years) to EMBSA. As at September 30, 2024, \$425,000 remains outstanding, of which \$187,500 was due on June 30, 2024 and has not been paid. The terms of the remaining payments are under negotiation. The payments made to date are as follows:

- CAD\$200,000 cash (paid) and 3,750,000 units on or before November 30, 2020 (issued);
- CAD\$325,000 cash on or before February 22, 2021 (paid);
- CAD\$262,500 on or before April 10, 2022 (paid);
- CAD\$262,500 on or before October 10, 2022 (paid);
- CAD\$150,000 on or before October 16, 2023 (paid through the issuance of 468,750 common shares); and
- CAD\$50,000 on or before May 7, 2024 (paid).

On March 16, 2023, the Company purchased all of EMBSA's interest in its 15% royalty on net profits derived from the surface stockpile of historically mined (but unprocessed) mineralized material at El Pinguico for a purchase price of US\$70,000. Accordingly, upon payment of the final option payment of CAD\$475,000 payment to EMBSA, the only royalty that will remain over the El Pinguico project will be a 15% net profits royalty on the underground stockpile of previously mined material in favour of EMBSA.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30 2024	December 31 2023
Accounts payable	\$ 17,712,665	\$ 19,440,101
Other taxes payable	2,300,205	1,828,391
Payroll and benefits accrual	3,063,869	2,260,487
Other payables	223,036	254,256
	\$ 23,299,775	\$ 23,783,235

Of the \$17,712,665 in accounts payable, 47.7% is outstanding greater than 90 days. (December 31, 2023 – 43.8% of \$19,440,101)

9. LOANS PAYABLE

	OCIM	OP	Vehicles	Total
Balance, December 31, 2023	\$ 3,845,322	\$ 11,171,116	\$ 185,804	\$ 15,202,242
Additions	-	5,800,000	-	5,800,000
Interest expense	395,835	2,931,675	-	3,327,510
Accretion expense	-	90,321	-	90,321
Loan payments	(4,826,494)	(6,171,477)	(167,385)	(11,165,356)
Effect of change in foreign exchange rates	-	-	(9,774)	(9,774)
Gain on extinguishment of debt	-	(489,875)	-	(489,875)
Changes in fair value of derivative	585,337	3,971,655	-	4,556,992
Balance, September 30, 2024	\$ -	\$ 17,303,415	\$ 8,645	\$ 17,312,060
Which consist of:				
Current portion of loans	-	12,588,808	8,645	12,597,453
Non-current portion of loans	-	4,714,607	-	4,714,607
Balance, September 30, 2024	\$ -	\$ 17,303,415	\$ 8,645	\$ 17,312,060

	OCIM	OP	Vehicles	Total
Balance, December 31, 2022	\$ 7,263,703	\$ 9,106,182	\$ 118,219	\$ 16,488,104
Additions	5,000,000	7,500,000	238,674	12,738,674
Interest expense	1,109,228	1,184,055	-	2,293,283
Accretion expense	2,632	173,586	-	176,218
Loan payments	(10,049,289)	(6,771,129)	(200,548)	(17,020,966)
Effect of change in foreign exchange rates	-	-	29,459	29,459
Loss on settlement of debt	453,563	-	-	453,563
Changes in fair value of derivative	65,485	(21,578)	-	43,907
Balance, December 31, 2023	\$ 3,845,322	\$ 11,171,116	\$ 185,804	\$ 15,202,242
Which consist of:				
Current portion of loans	3,845,322	6,242,005	185,804	10,273,131
Non-current portion of loans	-	4,929,111	-	4,929,111
Balance, December 31, 2023	\$ 3,845,322	\$ 11,171,116	\$ 185,804	\$ 15,202,242

a) Ocean Partners Facilities

On December 5, 2023, the Company entered into a new \$7,500,000 gold loan credit facility (the "Gold 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 28, 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 on December 5, 2023. 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. 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. The Company drew down on the additional \$5,800,000 from the Expanded Facility and received net proceeds of \$4,129,366. \$1,670,634 of the Expanded Facility was used to pay the OP Facility. The Expanded Facility has been accounted for as a loan extinguishment resulting in a gain of \$489,875 recognized in other finance income. The remaining balance of the Expanded Facility inclusive of accrued interest is \$13,720,347 as at September 30, 2024.

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

9. LOANS PAYABLE (continued)

b) OCIM Loan

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

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

On March 29, 2023, the Company entered into a new \$5,000,000 gold and silver loan with OCIM (the "Tertiary Loan"). The Tertiary Loan has a term of 19 months and is repayable over 16 months, following a 3 month grace period, by delivery 9,832 ounces of silver and 77 ounces of gold on a monthly basis (an aggregate of 157,232 ounces of silver and 1,241 ounces of gold), calculated at a fixed discount to the prevailing London Bullion Market Association (LBMA) spot metals' prices on March 29, 2023 and is secured by a guarantee of MMR and a pledge over the Company's shares of MMR. The full proceeds of Tertiary loan plus an additional payment of \$510,143 were used to extinguish the outstanding balance on the Secondary Loan.

The Tertiary Loan was accounted for as a loan extinguishment of the Secondary Loan resulting in a loss of \$461,622 recognized in other finance income for the year ended December 31, 2023.

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. The Company extinguished the Tertiary Loan in September 2024 with the final delivery of gold and silver.

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

During the three and nine months ended September 30, 2024, the Company recognized a loss of \$1,981,458 and \$4,556,992 respectively on revaluation of the derivatives related to the OP and OCIM loans in other finance (expense) income (three and nine months ended September 30, 2023 - gain of \$111,998 and \$485,737 respectively) and the value of the derivative liability as at September 30, 2024 is \$3,583,066 (September 30, 2023 - derivative asset of \$330,051).

10. LEASE LIABILITIES

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

The following table presents the lease obligations of the Company for the nine-months ended September 30, 2024 and year ended December 31, 2023.

	September 30 2024	December 31 2023
Balance, at beginning of period	\$ 2,379,405	\$ 3,940,724
Additions	42,666	1,342,595
Terminations	(485,098)	(118,080)
Accretion	150,774	502,434
Payments	(1,418,334)	(3,306,186)
Foreign exchange	(47,624)	17,918
Balance, end of period	\$ 621,789	\$ 2,379,405
Which consist of:		
Current portion of lease liabilities	291,782	1,792,708
Non-current portion of lease liabilities	330,007	586,697
Balance, end of period	\$ 621,789	\$ 2,379,405

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

	September 30 2024	December 31 2023
Less than one year	\$ 300,445	\$ 1,907,662
Between one and two years	284,184	517,222
Between two and three years	70,801	160,996
Between three and four years	35,375	36,336
Between four and five years	9,151	25,809
Greater than five years	40,417	39,956
	\$ 740,373	\$ 2,687,981
Less future finance charges	(118,584)	(308,576)
Present value of minimum lease payments	\$ 621,789	\$ 2,379,405

11. PROVISION FOR RECLAMATION AND REHABILITATION

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

	San Ignacio Mine	Valenciana Mine	Topia Mine	El Cubo Mines Complex	Total
Balance, December 31, 2023	\$ 537,820	7,610,159	7,393,245	5,789,451	\$ 21,330,675
Accretion	35,068	494,648	480,558	371,878	1,382,152
Changes in estimate	(15,110)	(242,759)	(213,769)	(156,831)	(628,469)
Effect of changes in foreign exchange rates	(76,267)	(1,074,468)	(1,043,706)	(822,183)	(3,016,624)
Balance, September 30, 2024	\$ 481,511	6,787,580	6,616,328	5,182,315	\$ 19,067,734

During the period ended June 30, 2024, the Company identified a non-material error in the provision for reclamation and rehabilitation previously reported as at December 31, 2023. As a result, the statement of financial position as at December 31, 2023 has been recast, with the provision for reclamation and rehabilitation increasing by \$1,536,919 as compared to the amount previously reported, with an equal and offsetting increase to mineral properties. There was no impact on the statement of loss and comprehensive loss, changes in equity or cash flows for the periods ended September 30, 2023.

11. PROVISION FOR RECLAMATION AND REHABILITATION (continued)

	San Ignacio Mine	Valenciana Mine	Topia Mine	El Cubo Mines Complex
Anticipated settlement date	2028-2041	2028-2041	2028-2041	2029-2041
Undiscounted uninflated estimated cash flow	\$ 657,815	\$ 9,286,347	\$ 9,608,209	\$ 7,394,090
Estimated life of mine (years)	4.2	3.0	5.0	4.8
Discount rate (%)	9.3	9.3	9.3	9.3

12. SHARE CAPITAL

a) Authorized share capital

The authorized share capital of the Company is as follows:

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

b) Equity offerings

During the nine months ended September 30, 2024, the Company issued common shares as follows:

- i. On February 28, 2024, the Company issued a total of 1,658,912 common shares at a deemed price of CAD\$0.25 (\$0.18) per share in settlement of CAD\$414,728 (\$305,278) of debt.
- ii. On May 9, 2024, the Company completed a brokered Listed Issuer Financing Exemption private placement and issued 43,125,000 units at \$0.146 (CAD\$0.20) per unit for gross proceeds of \$6,299,351. 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\$0.30 per share for a period of two years. The proceeds from the private placement were allocated to the shares (\$4,818,950) and warrants (\$1,480,401) based on their relative fair values.

Concurrently on May 9, 2024, the Company completed a best-efforts private placement offering and issued 13,627,300 units at \$0.146 (CAD\$0.20) per unit for gross proceeds of \$1,990,566. 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\$0.30 per share for a period of two years. The proceeds from the best-efforts private placement were allocated to the shares (\$1,522,766) and warrants (\$467,800) based on their relative fair values.

In connection with both the Listed Issuer Financing Exemption private placement and best-efforts private placement offering, the Company incurred issuance costs of \$547,746 paid in cash and issued 2,889,388 finder's warrants with an exercise price of CAD\$0.20 exercisable for two years and a fair value of \$179,871 as finders fees.

- iii. On June 20, 2024, the Company issued a total of 2,683,333 common shares at a deemed price of CAD\$0.30 (\$0.22) per share in settlement of CAD\$805,000 (\$587,591) of debt.
- iv. The Company issued 133,333 shares on the exercise of 133,333 stock options for proceeds of \$19,529 (CAD\$26,667).
- v. The Company issued 3,100,000 shares on the exercise of 3,100,000 warrants for proceeds of \$673,181 (CAD\$930,000).

12. SHARE CAPITAL (continued)

b) Equity offerings (continued)

During the year ended December 31, 2023, the Company issued common shares as follows:

- i. On January 11, 2023, the Company completed the second and final tranche of a non-brokered Listed Issuer Financing Exemption private placement and issued 4,080,486 units at \$0.313 (CAD\$0.425) per unit for gross proceeds of \$1,277,061. Each unit consisted of one common share and one-half common share purchase warrant. The warrants have an exercise price of CAD\$0.60 and expire on January 10, 2025. The proceeds from the private placement were allocated to the shares (\$1,087,722) and warrants (\$189,339) based on their relative fair values. In connection with the private placement, the Company incurred issuance costs of \$12,069 paid in cash and issued 36,000 finder's warrants with an exercise price of CAD\$0.60 exercisable for two years and a fair value of \$3,683 as finders fees.
- ii. On June 23, 2023, the Company issued a total of 81,465 common shares at a deemed price of CAD\$0.58 (\$0.44) per share in settlement of CAD\$47,250 (\$35,799) of debt.
- iii. On August 10, 2023, the Company completed a bought-deal private placement and issued 22,250,000 Units at CAD\$0.36, (\$0.27) per unit for gross proceeds of CAD\$8,010,000 (\$5,973,600). Each Unit consisted of one common share and one common share purchase warrant. The proceeds from the private placement were allocated to the shares (\$4,825,026) and warrants (\$1,148,574) based on their relative fair values. Each warrant entitles the holder to purchase one additional common share at CAD\$0.55 per share and expires on February 10, 2025. The Company paid the underwriters a cash commission of CAD\$480,600 (\$358,416) and issued 1,335,000 Broker's warrants. Each Broker's warrant entitles the holder to purchase one common share of the Company at CAD\$0.55 per share and expires on February 10, 2025. The Broker's warrants had a fair value of \$3,683.
- iv. On October 12, 2023, the Company issued a total of 2,928,330 common shares at a deemed price of CAD\$0.32 (\$0.234) per share in settlement of CAD\$937,066 (\$686,143) of debt.
- v. The Company issued 2,433,000 shares on the exercise of 2,433,000 stock options for proceeds of \$180,269 (CAD\$242,765).
- vi. The Company issued 3,512,050 shares on the exercise of 3,512,050 warrants for proceeds of \$1,289,194 (CAD\$1,735,423).

13. RESERVES

a) Warrants

The following summarizes the continuity of common share purchase warrants:

	September 30, 2024		December 31, 2023	
	Number outstanding	Weighted average exercise price CAD\$	Number outstanding	Weighted average exercise price CAD\$
Outstanding, beginning of the period	109,790,606	0.49	96,470,019	0.50
Issued	59,641,688	0.30	25,661,243	0.55
Exercised	(3,100,000)	0.30	(3,512,050)	0.49
Expired and forfeited	(29,072,765)	0.45	(8,828,606)	0.75
Outstanding, end of the period	137,259,529	0.42	109,790,606	0.49

13. RESERVES (continued)

a) Warrants (continued)

As at September 30, 2024 the following common share purchase warrants were outstanding:

Expiry date	Exercise price CAD\$	Warrants outstanding	Remaining life (years)
December 21, 2024	0.60	8,496,690	0.22
January 10, 2025	0.60	2,076,243	0.28
February 10, 2025	0.55	23,585,000	0.36
July 21, 2025	0.33	1,524,520	0.81
August 4, 2025	0.50	41,285,388	0.84
November 30, 2025	0.175	3,750,000	1.17
May 9, 2026	0.30	53,652,300	1.61
May 9, 2026	0.20	2,889,388	1.61
	0.42	137,259,529	1.04

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

	September 30 2024	December 31 2023
Risk-free interest rate	4.31%	4.02-5.00%
Expected life of options (years)	2 years	2 years
Expected annualized volatility	74.27%	74.58%-82.00%
Expected dividend yield	Nil	Nil

b) Stock options

Continuity of the Company's stock options issued and outstanding was as follows:

	Number of options	Weighted average exercise price CAD\$
Outstanding at December 31, 2022	20,187,500	0.38
Granted	4,240,000	0.54
Exercised	(2,433,000)	0.09
Expired and forfeited	(5,305,000)	0.39
Outstanding at December 31, 2023	16,689,500	0.46
Granted	10,460,000	0.21
Exercised	(133,333)	0.20
Expired and forfeited	(3,751,167)	0.35
Outstanding at September 30, 2024	23,265,000	0.37

13. RESERVES (continued)

b) Stock options (continued)

The following table summarizes the information about stock options outstanding as at September 30, 2024:

Expiry date	Options outstanding	Weighted average exercise price CAD\$	Options exercisable	Weighted average exercise price CAD\$
March 24, 2026	5,500,000	0.51	5,500,000	0.51
September 8, 2026	400,000	0.49	400,000	0.49
October 12, 2026	150,000	0.41	150,000	0.41
November 5, 2026	25,000	0.53	25,000	0.53
March 22, 2027	500,000	0.64	500,000	0.64
April 4, 2027	200,000	0.61	200,000	0.61
July 18, 2027	4,060,000	0.33	4,060,000	0.33
April 19, 2028	2,590,000	0.58	1,726,667	0.58
November 29, 2028	750,000	0.35	250,000	0.35
January 3, 2029	500,000	0.26	166,667	0.26
February 15, 2029	3,595,000	0.20	1,198,333	0.20
March 15, 2029	3,895,000	0.20	1,298,333	0.20
April 25, 2029	300,000	0.22	100,000	0.22
September 3, 2029	800,000	0.25	266,667	0.25
	23,265,000	0.37	15,841,667	0.42

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

	September 30 2024	December 31 2023
Risk-free interest rate	2.88%-4.16%	3.48-4.00%
Expected life of options (years)	3 years	3 years
Expected annualized volatility	97.46%-115.96%	115.28%-128.67%
Expected dividend yield	Nil	Nil

c) Restricted share units

The Company's Restricted share units ("RSUs") are settled in equity. The fair value is determined based on the quoted market price of the Company's common shares at the date of the grant. The RSUs are recognized as share-based compensation and are expensed over the vesting period with a corresponding amount recorded in equity reserves.

	Number of RSUs
Outstanding at December 31, 2022	-
Granted	577,500
Expired and forfeited	(17,500)
Outstanding at December 31, 2023	560,000
Granted	1,080,000
Expired and forfeited	(155,000)
Outstanding at September 30, 2024	1,485,000

14. LOSS PER SHARE

	Three months ended		Nine months ended	
	September 30 2024	September 30 2023	September 30 2024	September 30 2023
Net loss for the period	\$ (4,863,549)	\$ (7,062,158)	\$ (14,995,173)	\$ (24,318,773)
Weighted average number of shares (000's)	418,241	341,056	386,850	330,510
Loss per share - basic and diluted	\$ (0.01)	\$ (0.02)	\$ (0.04)	\$ (0.07)

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

15. REVENUES

The Company is principally engaged in the business of producing gold-silver, lead and zinc concentrate in Mexico. The disaggregated revenue information for the three and nine months ended September 30, 2024 and 2023, is as follows:

	Three months ended		Nine months ended	
	September 30 2024	September 30 2023	September 30 2024	September 30 2023
Gold-silver concentrate	\$ 12,342,291	\$ 8,253,528	\$ 38,009,047	\$ 33,441,111
Lead concentrate	5,203,379	5,040,531	15,245,507	14,471,565
Zinc concentrate	828,747	428,029	2,565,809	1,950,192
Provisional pricing adjustments	(65,312)	1,921,561	804,864	(277,753)
	\$ 18,309,105	\$ 15,643,649	\$ 56,625,227	\$ 49,585,115

The Company sells 100% of its gold-silver, lead and zinc concentrates to two customers.

Bullion sales of \$15,361 and \$36,880 for the three and nine months ended September 30, 2024 are included in gold-silver concentrate (three and nine months ended September 30, 2023 – \$12,519 and \$85,113, respectively).

16. COST OF SALES

	Three months ended		Nine months ended	
	September 30 2024	September 30 2023	September 30 2024	September 30 2023
Production costs	\$ 14,826,181	\$ 16,138,682	\$ 47,188,463	\$ 48,278,545
Transportation and other selling costs	315,167	719,251	1,817,546	2,422,519
Inventory changes	(132,282)	361,927	(929,268)	(121,228)
Depreciation	2,784,463	2,748,795	8,741,080	8,871,216
	\$ 17,793,529	\$ 19,968,655	\$ 56,817,821	\$ 59,451,052

17. GENERAL AND ADMINISTRATION

	Three months ended		Nine months ended	
	September 30 2024	September 30 2023	September 30 2024	September 30 2023
Salaries and employee benefits	\$ 840,818	\$ 548,782	\$ 2,712,284	\$ 2,251,765
Professional fees	459,481	862,452	1,499,984	2,607,449
Corporate and administration	776,340	566,346	2,127,268	2,198,767
Depreciation	41,114	116,383	125,454	270,277
	\$ 2,117,753	\$ 2,093,963	\$ 6,464,990	\$ 7,328,258

18. INTEREST AND FINANCE (COSTS) INCOME, NET

	Three months ended		Nine months ended	
	September 30 2024	September 30 2023	September 30 2024	September 30 2023
Interest income	\$ 115,269	\$ 239	\$ 142,835	\$ 483
Interest expense	(1,177,928)	(529,184)	(3,414,386)	(1,707,663)
Accretion expense	(512,433)	(638,363)	(1,623,248)	(1,796,962)
	\$ (1,575,092)	\$ (1,167,308)	\$ (4,894,799)	\$ (3,504,142)

19. RELATED PARTIES

In addition to related party transactions described elsewhere in the notes to the condensed consolidated interim financial statements, the Company had the following related party transactions:

Compensation of key management personnel

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

	Three months ended		Nine months ended	
	September 30 2024	September 30 2023	September 30 2024	September 30 2023
Salaries, bonus and benefits	\$ 91,792	\$ 176,262	\$ 275,872	\$ 504,110
Consulting fees ⁽¹⁾	40,301	104,017	211,995	317,064
Share-based compensation	97,952	126,310	447,310	714,481
	\$ 230,045	\$ 406,589	\$ 935,177	\$ 1,535,655

⁽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 former President of the Company.

20. SEGMENTED INFORMATION

The Company has a corporate head office in Canada and three reportable operating segments in Mexico. The Company's operating segments are based on internal management reports that are reviewed by the Company's executives in assessing performance. The El Cubo Mines Complex, Valenciana Mines Complex and San Ignacio Mine segments are located in the state of Guanajuato, Mexico. The Topia segment is located in the state of Durango, Mexico. Beginning January 1, 2024, the Company's executives began monitoring the financial and operating results of the San Ignacio mine independently from those of the Valenciana Mines Complex. As a result, the Company now considers San Ignacio to be a separate segment.

The change to the Company's operating segments has been applied retrospectively to the total assets, total liabilities and capital expenditures:

September 30, 2024	Total assets	Total liabilities	Capital expenditures
El Cubo Mines Complex	33,164,899	(13,862,367)	2,399,467
Valenciana Mines Complex	10,686,123	(7,254,145)	1,019,991
San Ignacio Mine	2,973,305	(512,307)	1,654,053
Topia	21,764,016	(23,084,098)	657,978
Corporate	2,623,125	(19,269,294)	-
Consolidated	71,211,468	(63,982,211)	5,731,489

December 31, 2023 (As adjusted - note 11)	Total Assets	Total liabilities	Capital expenditures
El Cubo Mines Complex	\$ 36,905,821	\$ (14,693,294)	\$ 2,944,778
Valenciana Mines Complex	9,566,836	(7,671,751)	951,582
San Ignacio Mine	4,133,185	(476,227)	2,986,153
Topia	22,586,654	(25,907,249)	2,668,746
Corporate	3,547,680	(17,197,071)	77,251
Consolidated	\$ 76,740,176	\$ (65,945,592)	\$ 9,628,510

20. SEGMENTED INFORMATION (continued)

The following segmented income statements considers San Ignacio as a separate segment.

For the three months ended September 30, 2024							
		Corporate	El Cubo Mines Complex	Valenciana Mines Complex	San Ignacio Mine	Topia Mines	Total
Revenues	\$	15,361	7,124,917	2,976,455	2,324,997	5,867,375	18,309,105
Cost of sales		13,330	5,652,073	4,563,973	2,587,791	4,976,362	17,793,529
Mine operating profit (loss)		2,031	1,472,844	(1,587,518)	(262,794)	891,013	515,576
General and administration		886,202	735,455	131,893	104,906	259,297	2,117,753
Share based compensation		214,129	-	-	-	-	214,129
Exploration expenses		-	214,475	51,765	22,256	27,814	316,310
Foreign exchange loss (gain)		76,546	(206,922)	(721,698)	(35,889)	(490,160)	(1,378,123)
Other operating expense (income)		999,757	(65,375)	(40,736)	-	-	893,646
Operating profit (loss)	\$	(2,174,603)	795,211	(1,008,742)	(354,067)	1,094,062	(1,648,139)
Interest and finance costs, net		(1,066,490)	(143,790)	(186,043)	(12,176)	(166,593)	(1,575,092)
Loss (gain) on derivative		(1,922,200)	-	258,991	-	-	(1,663,209)
Other finance income, net		22,891	-	-	-	-	22,891
Segmented profit (loss) before income taxes	\$	(5,140,402)	651,421	(935,794)	(366,243)	927,469	(4,863,549)

Notes to the condensed consolidated interim financial statements
(Unaudited - Expressed in US dollars, unless otherwise indicated)

20. SEGMENTED INFORMATION (continued)

For the nine months ended September 30, 2024							
		Corporate	El Cubo Mines Complex	Valenciana Mines Complex	San Ignacio Mine	Topia Mines	Total
Revenues	\$	36,880	21,528,988	9,185,122	8,114,988	17,759,249	56,625,227
Cost of sales		34,568	19,061,153	13,007,845	8,110,415	16,603,840	56,817,821
Mine operating profit (loss)		2,312	2,467,835	(3,822,723)	4,573	1,155,409	(192,594)
General and administration		2,846,127	2,211,711	368,657	325,706	712,789	6,464,990
Share based compensation		1,014,120	-	-	-	-	1,014,120
Exploration expenses		-	586,000	114,873	59,079	107,490	867,442
Foreign exchange loss (gain)		127,453	(368,450)	(1,812,907)	(76,269)	(1,043,706)	(3,173,879)
Other operating expense (income)		994,732	(73,151)	(147,581)	-	-	774,000
Operating profit (loss)	\$	(4,980,120)	111,725	(2,345,765)	(303,943)	1,378,836	(6,139,267)
Interest and finance costs, net		(3,374,633)	(403,575)	(600,965)	(35,068)	(480,558)	(4,894,799)
Loss on derivative		(4,524,377)	-	21,793	-	-	(4,502,584)
Other finance income, net		541,477	-	-	-	-	541,477
Segmented profit (loss) before income taxes	\$	(12,337,653)	(291,850)	(2,924,937)	(339,011)	898,278	(14,995,173)

20. SEGMENTED INFORMATION (continued)

The following segmented income statements considers San Ignacio as part of the Valenciana Mines Complex. The Company has not restated the segmented income statement for periods prior to January 1, 2024, as the information for such a restate is not available. As such, segmented information for the three and nine months ended September 30, 2024 has also been presented below using the previous definition of segments (in which San Ignacio is included within the Valenciana Mines Complex segment) to allow comparability with the information presented for the three and nine months ended September 30, 2023.

For the three months ended September 30, 2024						
		Corporate	El Cubo Mines Complex	Valenciana Mines Complex	Topia Mines	Total
Revenues	\$	15,361	7,124,917	5,301,452	5,867,375	18,309,105
Cost of sales		13,330	5,652,073	7,151,764	4,976,362	17,793,529
Mine operating profit (loss)		2,031	1,472,844	(1,850,312)	891,013	515,576
General and administration		886,202	735,455	236,799	259,297	2,117,753
Share based compensation		214,129	-	-	-	214,129
Exploration expenses		-	214,475	74,021	27,814	316,310
Foreign exchange loss (gain)		76,546	(206,922)	(757,587)	(490,160)	(1,378,123)
Other operating expense (income)		999,757	(65,375)	(40,736)	-	893,646
Operating loss	\$	(2,174,603)	795,211	(1,362,809)	1,094,062	(1,648,139)
Interest and finance costs, net		(1,066,490)	(143,790)	(198,219)	(166,593)	(1,575,092)
Loss on derivative		(1,922,200)	-	258,991	-	(1,663,209)
Other finance income, net		22,891	-	-	-	22,891
Segmented loss before income taxes	\$	(5,140,402)	651,421	(1,302,037)	927,469	(4,863,549)

For the three months ended September 30, 2023						
		Corporate	El Cubo Mines Complex	Valenciana Mines Complex	Topia Mines	Total
Revenues	\$	12,519	\$ 3,868,112	\$ 5,935,713	\$ 5,827,305	\$ 15,643,649
Cost of sales		12,901	7,154,236	6,870,958	5,930,560	19,968,655
Mine operating profit (loss)		(382)	(3,286,124)	(935,245)	(103,255)	(4,325,006)
General and administration		1,078,127	761,756	133,182	120,898	2,093,963
Share based compensation		226,334	-	-	-	226,334
Exploration expenses		-	100,560	96,489	120,493	317,542
Foreign exchange loss (gain)		(64,809)	(43,196)	(314,530)	(209,797)	(632,332)
Other operating expense (income)		6120	(58,631)	(119,465)	-	(171,976)
Operating loss	\$	(1,246,154)	(4,046,613)	(730,921)	(134,849)	(6,158,537)
Interest and finance costs, net		(573,326)	(167,406)	(268,561)	(158,015)	(1,167,308)
Loss on derivative		455,394	-	-	-	455,394
Other finance income, net		(43,605)	(148,102)	-	-	(191,707)
Segmented loss before income taxes	\$	(1,407,691)	\$ (4,362,121)	\$ (999,482)	\$ (292,864)	\$ (7,062,158)

20. SEGMENTED INFORMATION (continued)

For the nine months ended September 30, 2024					
	Corporate	El Cubo Mines Complex	Valenciana Mines Complex	Topia Mines	Total
Revenues	\$ 36,880	21,528,988	17,300,110	17,759,249	56,625,227
Cost of sales	34,568	19,061,153	21,118,260	16,603,840	56,817,821
Mine operating profit (loss)	2,312	2,467,835	(3,818,150)	1,155,409	(192,594)
General and administration	2,846,127	2,211,711	694,363	712,789	6,464,990
Share based compensation	1,014,120	-	-	-	1,014,120
Exploration expenses	-	586,000	173,952	107,490	867,442
Foreign exchange loss (gain)	127,453	(368,450)	(1,889,176)	(1,043,706)	(3,173,879)
Other operating expense (income)	994,732	(73,151)	(147,581)	-	774,000
Operating loss	\$ (4,980,120)	111,725	(2,649,708)	1,378,836	(6,139,267)
Interest and finance costs, net	(3,374,633)	(403,575)	(636,033)	(480,558)	(4,894,799)
Loss on derivative	(4,524,377)	-	21,793	-	(4,502,584)
Other finance income, net	541,477	-	-	-	541,477
Segmented loss before income taxes	\$ (12,337,653)	(291,850)	(3,263,948)	898,278	(14,995,173)

For the nine months ended September 30, 2023					
	Corporate	El Cubo Mines Complex	Valenciana Mines Complex	Topia Mines	Total
Revenues	\$ 85,113	\$ 14,644,782	\$ 18,310,130	\$ 16,545,090	\$ 49,585,115
Cost of sales	85,122	22,695,055	17,499,108	19,171,767	59,451,052
Mine operating profit (loss)	(9)	(8,050,273)	811,022	(2,626,677)	(9,865,937)
General and administration	4,041,030	2,234,819	567,512	484,898	7,328,258
Share based compensation	1,127,644	-	-	-	1,127,644
Exploration expenses	4,869	582,844	521,949	411,431	1,521,093
Foreign exchange loss (gain)	(333,744)	359,770	1,098,925	588,007	1,712,958
Other operating expense (income)	(185,060)	149,843	(42,003)	-	(77,220)
Operating loss	\$ (4,654,748)	(11,377,548)	(1,335,361)	(4,111,013)	(21,478,670)
Interest and finance costs, net	(1,862,636)	(479,606)	(721,423)	(440,477)	(3,504,142)
Loss on derivative	829,133	-	-	-	829,133
Other finance income, net	(403,644)	238,550	-	-	(165,094)
Segmented loss before income taxes	\$ (6,091,895)	\$(11,618,604)	\$ (2,056,784)	\$ (4,551,490)	\$ (24,318,773)

21. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

a) Fair value measurement and valuation techniques

Financial instruments included in the interim statements of financial position are measured either at fair value or amortized cost. Estimated fair values for financial instruments 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	<p>The fair value of the contingent liabilities where payment is contingent on the price of gold and silver was estimated using the Monte-Carlo averaging simulation technique on simulated gold and silver prices.</p> <p>The fair value of the contingent liability where payment is contingent on achieving production milestones was estimated using the discounted cash flow method and an assigned probability of the achievement of the production milestones.</p>

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

During the three and nine months ended September 30, 2024, and 2023, there were no transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy.

21. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

a) Fair value measurement and valuation techniques (continued)

September 30, 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	\$	2,666,790	\$	-	\$	2,666,790	\$	-	\$	2,666,790	\$	-
Forward contracts		339,009		-		339,009		339,009		-		-
	\$	3,005,799	\$	-	\$	3,005,799	\$	339,009	\$	2,666,790	\$	-
Financial assets not measured at fair value												
Cash and cash equivalents	\$	-	\$	1,631,203	\$	1,631,203	\$	-	\$	-	\$	1,631,203
VAT and other receivables		-		9,414,515		9,414,515		-		-		9,414,515
	\$	-	\$	11,045,718	\$	11,045,718	\$	-	\$	-	\$	11,045,718
Financial liabilities measured at fair value												
Other current liabilities	\$	(2,680,140)	\$	-	\$	(2,680,140)	\$	-	\$	(2,680,140)	\$	-
Derivative		(3,583,066)		-		(3,583,066)		-		(3,583,066)		-
	\$	(6,263,206)	\$	-	\$	(6,263,206)	\$	-	\$	(6,263,206)	\$	-
Financial liabilities not measured at fair value												
Accounts payable and accrued liabilities	\$	-	\$	(23,299,775)	\$	(23,299,775)	\$	-	\$	-	\$	(23,299,775)
Vehicle loan		-		(8,645)		(8,645)		-		-		(8,645)
Ocean Partners loans		-		(13,720,349)		(13,720,349)		-		-		(13,720,349)
	\$	-	\$	(37,028,769)	\$	(37,028,769)	\$	-	\$	-	\$	(37,028,769)

21. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

a) Fair value measurement and valuation techniques (continued)

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)

22. SUPPLEMENTAL CASHFLOW INFORMATION

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

	Loans	Leases	Other current liabilities
As at December 31, 2022	16,488,104	3,940,724	3,403,491
Additions	12,738,674	1,342,595	803,768
Terminations or Disposals	-	(118,082)	-
Settlement of Great Panther receivable	-	-	(1,080,902)
Interest	2,293,283	-	-
Accretion	176,218	502,434	-
Payments in cash	(12,516,732)	(3,306,186)	-
Payments in gold and silver	(4,504,233)	-	-
Foreign exchange	29,458	17,920	-
Loss on settlement of debt	453,563	-	-
Changes in fair value of contingent payment	-	-	(492,589)
Changes in fair value of derivative	43,907	-	(405,101)
As at December 31, 2023	15,202,242	2,379,405	2,228,667
Additions	5,800,000	42,666	852,710
Terminations or Disposals	-	(485,098)	(401,237)
Interest	3,327,510	-	-
Accretion	90,321	150,774	-
Payments in cash	(6,338,862)	(1,418,334)	-
Payments in gold and silver	(4,826,494)	-	-
Foreign exchange	(9,774)	(47,624)	-
Gain on settlement of debt	(489,875)	-	-
Changes in fair value of derivative	4,556,992	-	-
As at September 30, 2024	\$ 17,312,060	\$ 621,789	\$ 2,680,140

The significant non-cash financing and investing transactions during the nine months ended September 30, 2024 and 2023, are as follows:

	Three months ended		Nine months ended	
	September 30 2024	September 30 2023	September 30 2024	September 30 2023
Payment for loans in gold and silver ounces	\$ 3,769,659	\$ 998,531	\$ 4,826,494	\$ 3,735,062
Closure and reclamation provision	\$ 1,830,743	\$ (2,564,533)	\$ 908,451	\$ (1,948,083)
Changes in contingent liability	\$ -	\$ 105,281	\$ -	\$ (262,129)
Shares and warrants issued for finders' fees	\$ 179,871	\$ 82,447	\$ 179,871	\$ 86,130
Shares issued on settlement of debt	\$ 587,591	\$ -	\$ 892,869	\$ 35,799
Leases/ROU assets recognized	\$ 21,727	\$ 484,124	\$ 42,666	\$ 1,340,075
Shares issued for contingent payment (note 23(b))	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -

23. COMMITMENTS AND CONTINGENCIES

a) Commitments

As at September 30, 2024, the Company has no commitments which are expected to be expended within one year.

b) Contingencies – El Cubo

The Company had certain contingent payments in relation to the acquisition of the 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. In the nine months ended September 30 2024, the Company reached this milestone for Contingent Payment #1 and will be required to make the contingent payment. The Company has settled Contingent Payment #1 through the issuance of 5,506,530 common shares. As at September 30, 2024, the obligation to issue these common shares was recognized in equity, as the number of shares was fixed prior to September 30, 2024. A corresponding expense was recognized in Other operating expense (income) for the three and nine months ended September 30, 2024.

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.

As at September 30, 2024, the Company has accrued a total of \$nil for contingent payment #3 in other current liabilities (\$nil at December 31, 2023), with an amount of \$nil recorded in other operating (income) expense for the three and nine months ended September 30, 2024 (three and nine months ended September 30, 2023 - loss of \$85,006 and \$186,899 respectively).

24. SUBSEQUENT EVENTS

Subsequent to September 30, 2024:

- The Company issued a total of 15,588,085 common shares at an average deemed price of CAD\$0.248 (\$0.18) per share in settlement of \$2,780,804 of debt, including 309,920 shares issued to related parties in settlement of CAD\$77,480 of debt.
- 200,000 stock options expired or forfeited unexercised.
- 172,500 RSU's were paid out in shares.

On October 29, 2024, the Company completed a non-brokered private placement offering and issued 36,335,000 units at CAD\$0.24 (\$0.17) per unit for gross proceeds of CAD\$8,720,400. Each unit consisted of one common share and one-half common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at CAD\$0.35 per share for a period of two years.