Guanajuato Silver Co Ltd

Management's Discussion and Analysis

For the three and nine months ended September 30, 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 and nine months ended September 30, 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 November 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 William Gehlen, Director of the Company. Mr. Gehlen is a Certified Professional Geologist with the American Institute of Professional Geologists (No. 10626) 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 U.S. 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.

TABLE OF CONTENTS

OPERATING AND FINANCIAL HIGHLIGHTS 5
COMPANY HISTORY, OVERVIEW & STRATEGY 8
ENVIRONMENTAL, SOCIAL AND GOVERNANCE 10
MINING OPERATIONS 11
OPERATIONAL AND DEVELOPMENT ACTIVITIES 23
FINANCIAL PERFORMANCE 26
LIQUIDITY AND CAPITAL RESOURCES 30
NON-IFRS FINANCIAL MEASURES 33
SUMMARY OF QUARTERLY RESULTS 38
OTHER FINANCIAL INFORMATION 40
FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS 42
RISKS AND UNCERTAINTIES 46
MATERIAL ACCOUNTING POLICY AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS 49
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS 49

Guanajuato Silver CO LTD

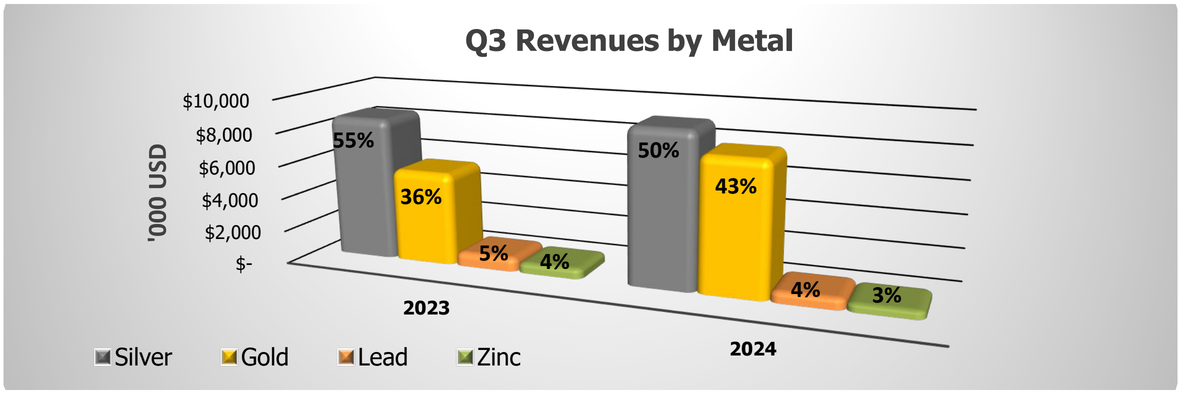
OPERATING AND FINANCIAL HIGHLIGHTS

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 and nine months ended September 30, 2024 and 2023:

CONSOLIDATED	Three months ended			Nine months ended		
	September 30, 2024	September 30, 2023	% Change	September 30, 2024	September 30, 2023	% Change
Operating						
Tonnes mined	138,575	134,865	3%	474,166	463,152	2%
Tonnes milled	144,537	132,484	9%	471,072	456,460	3%
Silver ounces produced	413,607	425,488	(3%)	1,240,570	1,361,940	(9%)
Gold ounces produced	3,617	3,441	5%	13,256	12,573	5%
Lead produced (lbs)	806,945	935,738	(14%)	2,492,481	2,718,236	(8%)
Zinc produced (lbs)	926,056	857,660	8%	2,915,890	2,908,056	0%
Silver equivalent ("AgEq") ounces produced (1)	779,797	787,086	(1%)	2,590,789	2,666,470	(3%)
Silver ounces sold	390,361	423,855	(8%)	1,207,336	1,361,726	(11%)
Gold ounces sold	3,625	3,773	(4%)	13,128	12,786	3%
Lead sold (lbs)	701,512	884,204	(21%)	2,330,759	2,670,212	(13%)
Zinc sold (lbs)	799,318	827,101	(3%)	2,808,816	2,940,818	(4%)
AgEq ounces sold (1)	748,747	808,742	(7%)	2,537,283	2,679,817	(5%)
Cost per tonne ($) (5)	102.58	121.82	(16%)	100.17	105.77	(5%)
Cash cost per AgEq ounce ($) (1)(2)(5)	18.78	20.79	(10%)	18.30	18.39	(1%)
AISC per AgEq ounce ($) (1)(3)(5)	23.88	26.22	(9%)	23.00	23.35	(1%)
Financial	**$**	**$**		**$**	**$**	
Revenue	18,309,105	15,643,649	17%	56,625,227	49,585,115	14%
Cost of Sales	17,793,529	19,968,655	(11%)	56,817,821	59,451,052	(4%)
Mine operating income (loss)	515,576	(4,325,006)	112%	(192,594)	(9,865,937)	98%
Mine operating cashflow before taxes (5)(7)	3,300,039	(1,576,212)	309%	8,548,486	(994,721)	959%
Net loss	(4,863,549)	(7,062,158)	(31%)	(14,995,173)	(24,318,773)	(38%)
EBITDA (4)(5)	(462,880)	(3,029,671)	85%	(1,233,840)	(11,673,138)	89%
Adjusted EBITDA (4)(5)	892,277	(3,612,173)	125%	1,880,195	(9,783,963)	119%
Realized silver price per ounce (6)	29.43	23.60	25%	27.13	23.46	16%
Realized gold price per ounce (6)	2,477.39	1,929.31	28%	2,267.76	1,935.76	17%
Realized lead price per pound (6)	0.93	0.99	(6%)	0.95	0.97	(2%)
Realized zinc price per pound (6)	1.25	1.10	13%	1.22	1.25	(2%)
Working capital (5)	(20,473,059)	(19,558,888)	(5%)	(20,473,059)	(19,558,888)	(5%)
Shareholders						
Loss per share – basic and diluted	(0.01)	(0.02)	50%	(0.04)	(0.07)	(43%)
Weighted Average Shares Outstanding	418,241,356	341,055,800	23%	386,850,334	330,510,136	17%

1. Silver equivalents are calculated using 84.04:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q3 2024; an 81.83:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q3 2023; an 84.34:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2024; and an 82.21:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2023, respectively.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 35.
3. AISC per AgEq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 35.
4. See Reconciliation of earnings before interest, taxes, depreciation, and amortization on page 34.
5. Mine Operating Cashflow Before Taxes, Cash cost per silver equivalent, cost per tonne, AISC per AgEq 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 33.
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 33.



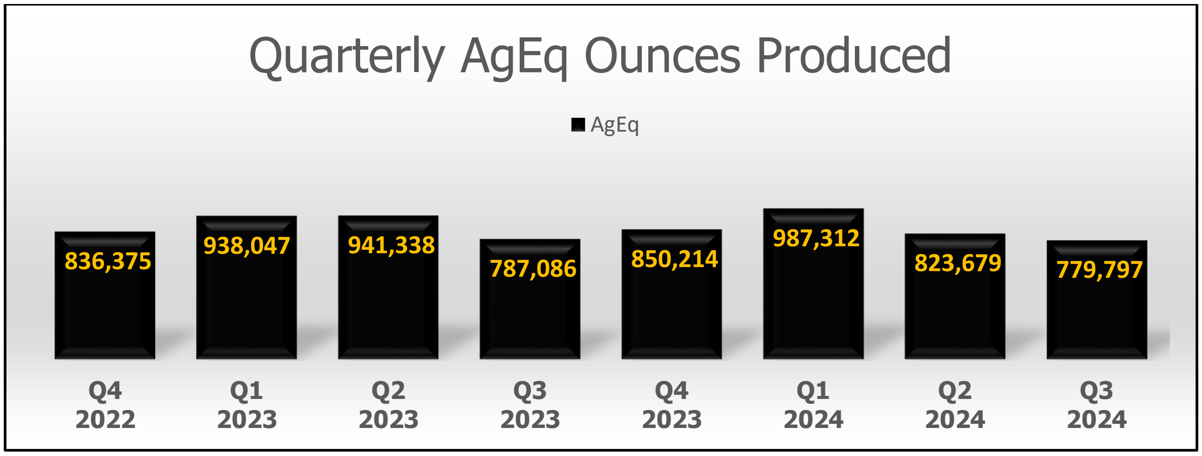
The following tables summarize the Company's consolidated operating and financial results for the last 8 quarters:

	Three Months Ended			
CONSOLIDATED	**September 30, 2024**	**June 30, 2024**	**March 31, 2024**	**December 31, 2023**
Operating				
Tonnes mined	138,575	171,534	164,057	133,497
Tonnes milled	144,537	161,457	165,079	137,339
Silver ounces produced	413,607	398,685	428,279	394,971
Gold ounces produced	3,617	4,255	5,384	4,395
Lead produced (lbs)	806,945	806,295	879,242	837,230
Zinc produced (lbs)	926,056	1,067,538	922,297	960,206
Silver equivalent ("AgEq") ounces produced(1)	779,797	823,679	987,312	850,214
Silver ounces sold	390,361	403,084	413,892	400,106
Gold ounces sold	3,625	4,306	5,196	4,275
Lead sold (lbs)	701,512	787,635	841,612	909,817
Zinc sold (lbs)	799,318	1,074,624	934,873	890,691
AgEq ounces sold(1)	748,747	833,208	955,328	844,572
Cost per tonne ($)(5)	102.58	100.46	97.78	107.95
Cash cost per AgEq ounce ($) (1)(2)(5)	18.78	19.93	16.55	17.66
AISC per AgEq ounce ($) (1)(3)(5)	23.88	25.55	20.19	21.52
Financial	**$**	**$**	**$**	**$**
Revenue	18,309,105	20,551,139	17,764,983	16,581,967
Cost of Sales	17,793,529	19,603,706	19,420,586	18,515,317
Mine operating income (loss)	515,576	947,433	(1,655,603)	(1,933,352)
Mine operating cash flows before taxes(5)(7)	3,300,039	3,887,924	1,360,523	838,068
Net loss	(4,863,549)	(2,749,933)	(7,381,691)	(7,624,676)
EBITDA(4)(5)	(462,880)	2,007,907	(2,778,867)	(2,559,261)
Adjusted EBITDA(4)(5)	892,277	1,916,933	(929,015)	(1,099,580)
Realized silver price per ounce(6)	29.43	28.78	23.37	23.21
Realized gold price per ounce(6)	2,477.39	2,334.24	2,068.57	1,982.88
Realized lead price per pound(6)	0.93	0.98	0.94	0.96
Realized zinc price per pound(6)	1.25	1.29	1.11	1.14
Working capital(5)	(20,473,059)	(16,770,538)	(21,238,584)	(18,441,013)
Shareholders				
Loss per share - basic and diluted	$(0.01)	$(0.01)	$(0.02)	$(0.02)
Weighted Average Shares Outstanding	418,241,356	387,959,573	354,496,832	351,589,912

1. Silver equivalents are calculated using 84.04:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q3 2024; 81.05:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2024; an 88.72:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q1 2024; and an 85.10:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q4 2023.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 35.
3. AISC per AgEq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 35.
4. See Reconciliation of earnings before interest, taxes, depreciation, and amortization on page 34.
5. Mine Operating Cashflow Before Taxes, Cash cost per silver equivalent, cost per tonne, AISC per AgEq 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 33.
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 33.

CONSOLIDATED	Three Months Ended September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Operating				
Tonnes mined	134,865	166,171	162,116	131,543
Tonnes milled	132,484	163,793	160,182	131,341
Silver ounces produced	425,488	477,649	458,803	401,244
Gold ounces produced	3,441	4,719	4,413	3,907
Lead produced (lbs)	935,738	875,802	906,696	811,492
Zinc produced (lbs)	857,660	897,258	1,153,138	1,261,554
Silver equivalent ("AgEq") ounces produced(1)	787,086	941,338	938,047	836,375
Silver ounces sold	423,855	462,917	474,954	405,384
Gold ounces sold	3,773	4,427	4,586	3,865
Lead sold (lbs)	884,204	830,567	955,441	846,281
Zinc sold (lbs)	827,101	871,328	1,242,389	1,600,811
AgEq ounces sold(1)	808,742	901,474	969,603	866,319
Cost per tonne ($)(5)	121.82	100.22	98.16	98.30
Cash cost per AgEq ounce ($) (1)(2)(5)	20.79	17.71	17.06	15.55
AISC per AgEq ounce ($) (1)(3)(5)	26.22	22.47	21.83	20.80
Financial	**$**	**$**	**$**	**$**
Revenue	15,643,649	16,823,042	17,118,424	15,487,714
Cost of Sales	19,968,655	19,213,281	20,269,116	15,635,541
Mine operating loss	(4,325,006)	(2,390,239)	(3,150,692)	(147,830)
Mine operating cash flows before taxes(5)(7)	(1,576,212)	394,276	187,214	2,367,522
Net loss	(7,062,158)	(8,557,538)	(8,699,078)	(9,905,707)
EBITDA(4)(5)	(3,029,671)	(4,576,059)	(4,093,976)	(5,997,153)
Adjusted EBITDA(4)(5)	(3,612,173)	(3,409,928)	(2,299,797)	(1,500,059)
Realized silver price per ounce(6)	23.60	24.33	22.50	21.23
Realized gold price per ounce(6)	1,929.31	1,988.05	1,890.60	1,783.36
Realized lead price per pound(6)	0.99	0.97	0.96	0.92
Realized zinc price per pound(6)	1.10	1.14	1.42	1.42
Working capital(5)	(19,558,888)	(17,831,378)	(11,029,888)	(5,972,704)
Shareholders				
Loss per share - basic and diluted	$(0.02)	$(0.03)	$(0.03)	$(0.03)
Weighted Average Shares Outstanding	341,055,800	327,386,045	322,849,823	302,153,922

1. Silver equivalents are calculated using an 81.83:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q3 2023, an 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; and an 81.35:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q4 2022.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 35.
3. AISC per AgEq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 35.
4. See Reconciliation of earnings before interest, taxes, depreciation, and amortization on page 34.
5. Mine Operating Cashflow Before Taxes, Cash cost per silver equivalent, cost per tonne, AISC per AgEq 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 33.
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 33.



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	September 30, 2024	December 31, 2023	December 31, 2022
	$	$	$
Cash and cash equivalents	1,631,203	1,956,616	8,832,936
Total assets	71,211,468	76,740,176	85,648,898
Debt	20,613,989	19,810,314	23,832,319
Shareholders' equity	7,229,257	10,794,584	32,511,787

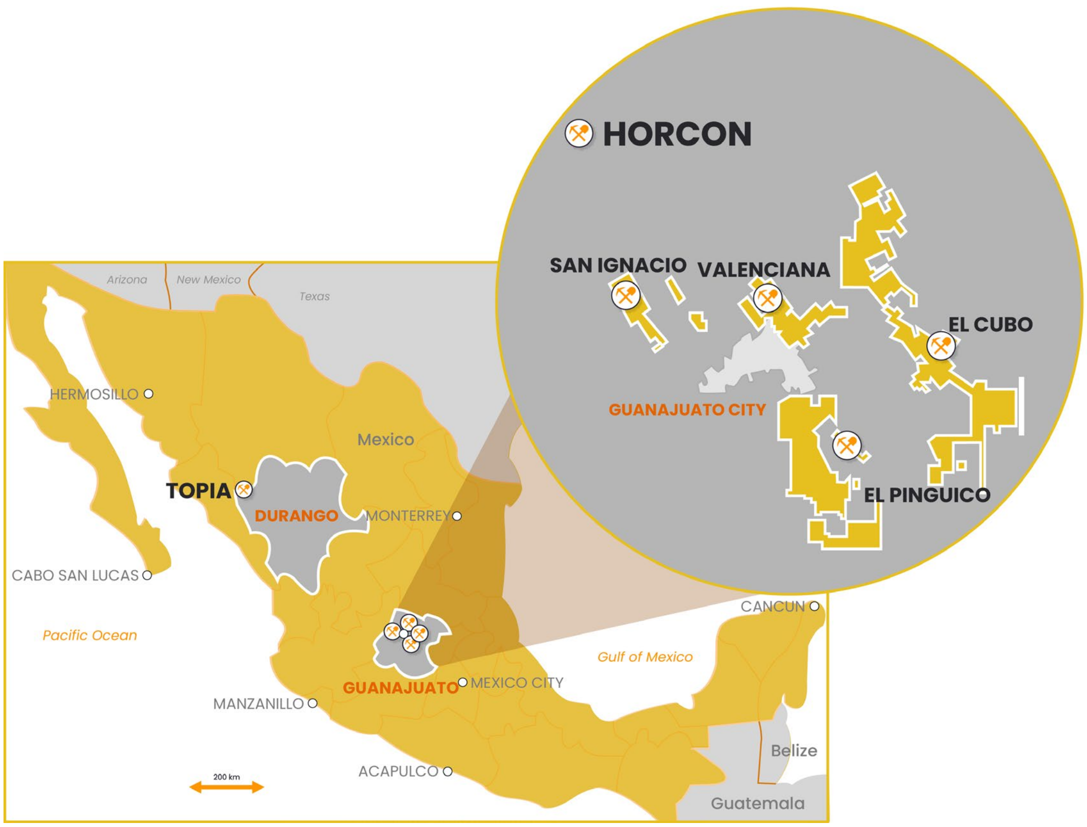
During the period ended June 30, 2024, the Company identified a non-material error in the provision for reclamation and rehabilitation previously reported as at December 31, 2023. As a result, the statement of financial position as at December 31, 2023 has been recast with the provision for reclamation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

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 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.

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 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.
- Code of Ethics and Business Conduct, Whistleblower and Anti-Bribery and Anti-Corruption policies in place
- Code of Prevention, Safety, Helth and Sustainability policy.

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

People , Community and Culture

- 8.8% of the entire Mexican operations workforce are female
- 100% of our Mexico operations are staffed by Mexican employees (996 people from Mexico as of Sept 30, 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

Guanajuato Silver CO LTD

MINING OPERATIONS

CONSOLIDATED OPERATIONS

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

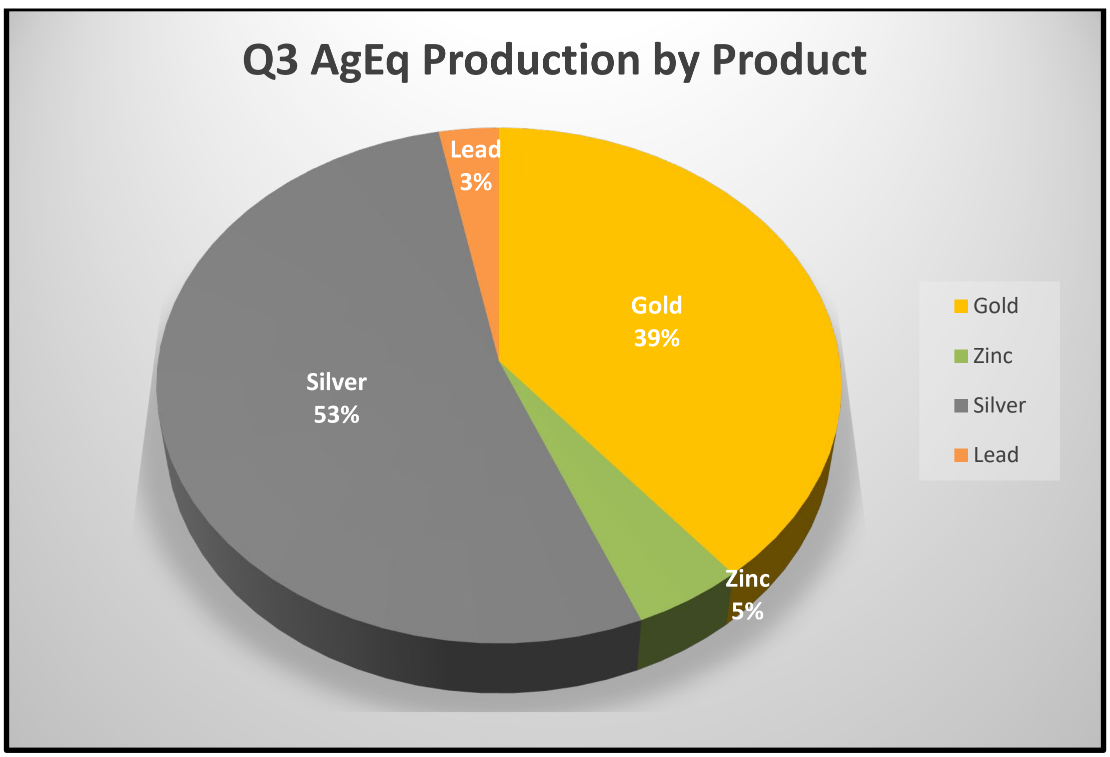
	Three months ended			Nine months ended		
CONSOLIDATED	**September 30, 2024**	**September 30, 2023**	**% Change**	**September 30, 2024**	**September 30, 2023**	**% Change**
Production						
Tonnes mined	138,575	134,865	3%	474,166	463,152	2%
Tonnes milled	144,537	132,484	9%	471,072	456,460	3%
Average tonnes milled per day	1,721	1,577	9%	1,869	1,811	3%
Average silver grade (g/t)	102.72	114.44	(10%)	94.41	107.30	(12%)
Average gold grade (g/t)	0.94	0.99	(5%)	1.02	1.05	(2%)
Average silver recovery (%)	86.64	83.34	4%	86.76	84.10	3%
Average gold recovery (%)	82.98	81.58	2%	85.66	81.98	4%
Silver ounces produced	413,607	425,488	(3%)	1,240,570	1,361,940	(9%)
Gold ounces produced	3,617	3,441	5%	13,256	12,573	5%
Lead produced (lbs)	806,945	935,738	(14%)	2,492,481	2,718,236	(8%)
Zinc produced (lbs)	926,056	857,660	8%	2,915,890	2,908,056	0%
AgEq ounces produced(1)	779,797	787,086	(1%)	2,590,789	2,666,470	(3%)
Sales						
Silver ounces sold	390,361	423,855	(8%)	1,207,336	1,361,726	(11%)
Gold ounces sold	3,625	3,773	(4%)	13,128	12,786	3%
Lead sold (lbs)	701,512	884,204	(21%)	2,330,759	2,670,212	(13%)
Zinc sold (lbs)	799,318	827,101	(3%)	2,808,816	2,940,818	(4%)
AgEq ounces sold	748,747	808,742	(7%)	2,537,283	2,679,817	(5%)
Realized silver price per ounce ($)(6)	29.43	23.60	25%	27.13	23.46	16%
Realized gold price per ounce ($)(6)	2,477.39	1,929.31	28%	2,267.76	1,935.76	17%
Realized lead price per pound ($)(6)	0.93	0.99	(6%)	0.95	0.97	(2%)
Realized zinc price per pound ($)(6)	1.25	1.10	13%	1.22	1.25	(2%)
Costs						
Cash cost per AgEq ounce ($)(3)(5)	18.78	20.79	(10%)	18.30	18.39	(1%)
AISC per AgEq ounce ($)(4)(5)	23.88	26.22	(9%)	23.00	23.35	(1%)
Production cost per tonne ($)(2)(5)	102.58	121.82	(16%)	100.17	105.77	(5%)
Capital expenditures						
Sustaining ($)	1,197,907	1,663,576	(28%)	4,393,295	4,701,054	(7%)
Diamond Drilling						
CMC (mts.)	979	-	100%	1,425	649	120%
VMC (mts.)	283	-	100%	877	618	42%
San Ignacio (mts.)	-	-	0%	249	3,271	(92%)
Topia (mts.)	410	663	(38%)	820	2,159	(62%)

1. Silver equivalents are calculated using 84.04:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q3 2024; an 81.83:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q3 2023; an 84.34:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2024; and an 82.21:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2023, respectively.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 35.
3. AISC per AgEq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 35.
4. See Reconciliation of production cost per tonne on page 35.
5. Mine Operating Cashflow Before Taxes, Cash cost per silver equivalent, cost per tonne, AISC per AgEq 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 33.
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 December 31, 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.

Q3 2024 - Production Summary	El Cubo Mines Complex	Valenciana Mines Complex	San Ignacio Mine	Topia	Consolidated
Tonnes mined	68,232	36,544	20,444	13,355	138,575
Tonnes milled	69,897	40,440	20,427	13,772	144,537
Silver ounces produced	132,723	58,994	38,774	183,116	413,607
Gold ounces produced	1,549	1,034	598	436	3,617
Lead produced (lbs)	-	-	-	806,945	806,945
Zinc produced (lbs)	-	-	-	926,056	926,056
Silver equivalent ("AgEq") ounces produced (1)	263,360	146,375	89,122	280,940	779,797
Silver ounces sold	118,355	65,576	40,357	166,073	390,361
Gold ounces sold	1,414	1,194	638	380	3,625
Lead sold (lbs)	-	-	-	701,512	701,512
Zinc sold (lbs)	-	-	-	799,318	799,318
AgEq ounces sold (1)	237,266	166,515	94,041	250,925	748,747
Cost per tonne (5)	68.60	82.70	97.10	341.49	102.58
Cash cost per AgEq ounce (1)(2)(3)(5)	18.33	23.19	22.51	15.73	18.78
AISC per AgEq ounce (1)(3)(4)(5)	21.79	26.21	26.25	16.33	23.88

1. Silver equivalents are calculated using 84.04:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q3 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 35.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 35.
4. AISC per AgEq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 35.
5. Cash cost per silver equivalent, AISC per AgEq 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 33.



Guanajuato Silver CO LTD

Production

In Q3, total production amounted to 779,797 ounces of silver equivalent, which is comprised of 413,607 ounces of silver, 3,617 ounces of gold, 806,945 pounds of lead, and 926,056 pounds of zinc (see footnote to table above for calculation of silver equivalent). This represents a 1% decrease in silver equivalent ounces compared to Q3 2023. Out of total production, CMC accounted for 263,360 silver equivalent ounces, which is 34% of the total production, VMC contributed 146,375 silver equivalent ounces, representing 19% of the total production, San Ignacio's production was 89,122 representing 11% of the total, while Topia added 280,940 silver equivalent ounces, making up the remaining 36%.

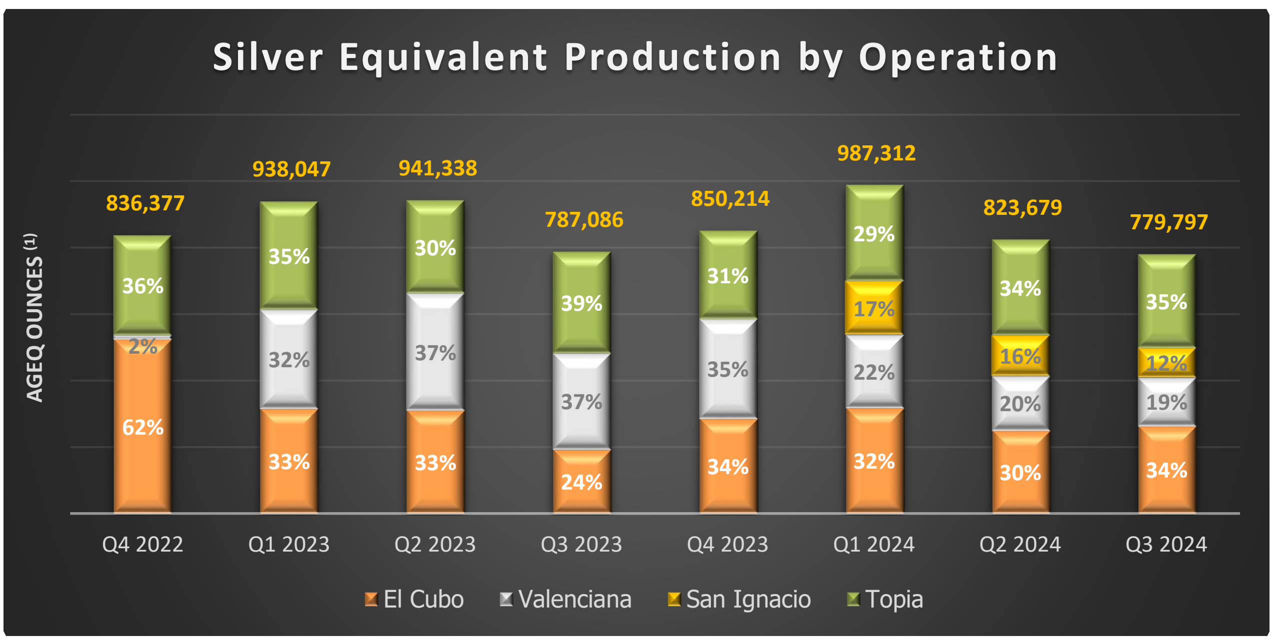
The Company's three plants processed a total of 144,537 tonnes of mineralized material with average grades of 102.72 grams per tonne ("g/t") for silver and 0.94 g/t for gold, compared to production in the same quarter of the prior year of 132,484 tonnes at average grades of 114.44 g/t of silver and 0.99 g/t of gold which represents an increase of 9% in tonnes processed, 10% decrease average silver grades and 5% decrease in average gold grades. Average silver recoveries increased by 4% in Q3 2024 compared to Q3 2023 from 83.34% to 86.64% and gold recoveries increased by 2% in the same periods, from 81.58% in Q3 2023 to 82.98% in Q3 2024.

Cash Cost and All-In Sustaining Cost per Ounce

In Q3 2024, costs per tonne decreased by 16% to $102.58 compared to $121.82 in the corresponding period of 2023. Productions costs decreased by 8% and tonnes milled increased by 9% to 144,537 in Q3 2024 compared to 132,484 in Q3 2023.

Cash cost and AISC per AgEq ounce produced for the quarter were $18.78 and $23.88, respectively, which represents a decrease of 10% and 9%, respectively, compared to Q3 2023 of $20.79 and $26.22, respectively, and is primarily due to lower cash costs that decreased by 10% in Q3 2024 compared to Q3 2023 as well as a decrease of sustaining capital expenditures of 28%, offset by an increase of 27% in operating lease payments. Silver equivalent ounces produced remain stable with a minor reduction of 1% to 779,797 AgEq ounces in Q3 2024 from 787,086 AgEq ounces in Q3 2023.

(Cash cost per silver equivalent and AISC per AgEq 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 33).



1. Silver equivalents are calculated using 84.04:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q3 2024; an 81.05:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2024; an 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; and an 81.35:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q4 2022.

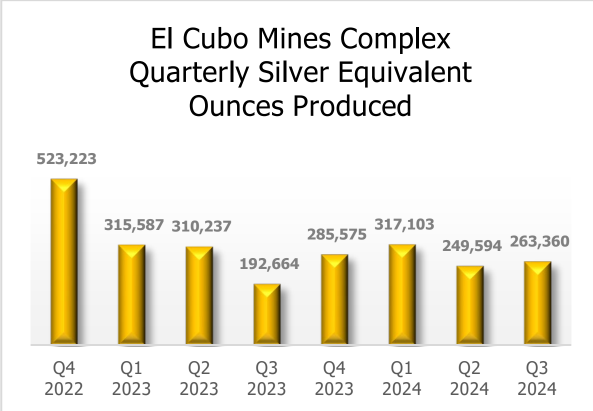
Guanajuato Silver CO LTD

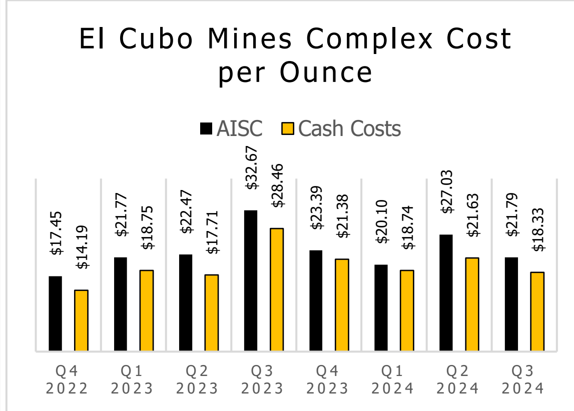
EL CUBO MINES COMPLEX OPERATIONS

Operating results were as follows:

EL CUBO MINES COMPLEX	Three months ended September 30, 2024	Three months ended September 30, 2023	% Change	Nine months ended September 30, 2024	Nine months ended September 30, 2023	% Change
Production						
Tonnes mined	68,232	63,744	7%	243,523	230,807	6%
Tonnes milled	69,897	62,742	11%	239,549	227,639	5%
Average tonnes milled per day	832	747	11%	951	903	5%
Average silver grade (g/t)	71.43	50.97	40%	53.07	58.20	(9%)
Average gold grade (g/t)	0.82	0.83	(1%)	0.88	0.86	3%
Average silver recovery (%)	82.68	81.16	2%	81.04	83.16	(3%)
Average gold recovery (%)	84.22	82.90	2%	86.18	85.15	1%
Silver ounces produced	132,723	83,089	60%	331,197	354,787	(7%)
Gold ounces produced	1,549	1,340	16%	5,855	5,304	10%
AgEq ounces produced(1)	263,360	192,664	37%	830,057	791,099	5%
Sales						
Silver ounces sold	118,355	96,154	23%	319,821	390,702	(18%)
Gold ounces sold	1,414	1,484	(5%)	5,694	5,814	(2%)
AgEq ounces sold	237,266	217,519	9%	804,295	867,703	(7%)
Realized silver price per ounce ($)(6)	29.33	23.55	25%	27.26	23.50	16%
Realized gold price per ounce ($)(6)	2,466.31	1,928.80	28%	2,264.97	1,929.90	17%
Costs						
Cash cost per AgEq ounce ($)(3)(5)	18.33	28.46	(36%)	19.48	21.22	(8%)
AISC per AgEq ounce ($)(4)(5)	21.79	32.67	(33%)	22.72	24.03	(5%)
Cost per tonne ($)(2)(5)	68.60	86.59	(21%)	67.09	73.38	(9%)
Capital expenditures						
Sustaining ($)	676,160	479,009	41%	2,323,599	1,502,019	55%
Diamond Drilling						
Villalpando/El Cubo Drilling (mts)	979	-	100%	1,425	649	120%

1. Silver equivalents are calculated using 84.04:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q3 2024; an 81.83:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q3 2023; an 84.34:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2024 and an 82.21:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2023, respectively.
2. Production costs include mining, milling, and direct overhead at the operation sites. See reconciliation on page 35.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See reconciliation on page 35.
4. AISC per AgEq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 35.
5. Cash cost per silver equivalent, AISC per AgEq 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 33.
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 September 30, 2024 (compared to the three months ended September 30, 2023)

In Q3 2024, the total production of silver equivalent ounces in El Cubo amounted to 263,360, marking an increase of 37% from the 192,664 recorded in the comparable 2023 quarter. This increase can be attributed to the 40% increase of the average silver grade from 50.97 g/t in Q3 2023 to 71.43 g/t in Q3 2024, offset by a 1% decrease of the average gold grade from 0.83 g/t to 0.82 g/t in the same periods mentioned before.

Average silver recoveries increased 2% from 81.16% to 82.68% as well as average gold recoveries that increased 2% from 82.90% to 84.22% between Q3 2023 and Q3 2024.

Nine months ended September 30, 2024 (compared to the nine months ended September 30, 2023)

In the nine months ended September 30, 2024, the total production of silver equivalent ounces amounted to 830,057, or a 5% increase from the 791,099 recorded in the comparable 2023 period. This increase can be attributed to the 5% increase in plant throughput to 239,549 tonnes in the period of 2024 from 227,639 tonnes in the same period of 2023. Average silver grades decreased by 9% from 58.20 g/t to 53.07 g/t between Q3 2023 and Q3 2024 while average gold grades increased by 3% in the same periods from 0.86 g/t to 0.88 g/t.

Silver recoveries decreased by 3% from 83.16% in Q3 2023 to 81.04% in Q3 2024 offset by gold recoveries increasing by 1% from 85.15% to 86.18% in the comparable periods respectively.

Production Cost, Cash Cost and All-In Sustaining Cost per Ounce

Cash cost per silver equivalent and AISC per AgEq 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 33.

Three months ended September 30, 2024 (compared to the three months ended September 30, 2023)

Production costs decreased 16% to $68.60 per tonne in El Cubo in the third quarter of 2024 from $86.59 per tonne in the same period in 2023. The decreased cost at CMC was mainly due to a 12% reduction in production costs and an 11% increase in tonnes milled in Q3 2024 compared to the same period in 2023.

Cash costs per silver equivalent ounce in El Cubo for the three months ended September 30, 2024 was $18.33 compared to $28.46 for the three months ended September 30, 2023 reflecting a decrease of 36% mainly due to a decrease of 12% in total cash costs from Q3 2023 to Q3 2024 along with an increase of 37% in silver equivalent ounces produced in Q3 2024 of 263,360 compared to 192,664 in Q3 2023.

AISC at El Cubo decreased 33% to $21.79 per ounce in this quarter from $32.67 per ounce in Q3 2023, mainly due to silver equivalent ounces produced as mentioned and a reduction of 9% of the total all-in sustaining cash costs during the two comparable periods.

Nine months ended September 30, 2024 (compared to the nine months ended September 30, 2023)

Production costs decreased 9% to $67.09 per tonne during the nine months ended September 30, 2024 from $73.38 per tonne in the same period last year. The decrease was mainly due to a 7% reduction in production costs along with 2% higher tonnes milled. Production cost was lower due to a 4% and 29% decrease in milling and indirect cost respectively, offset by a 2% increase in mining cost.

Cash costs per silver equivalent ounce for the nine months ended September 30, 2024, decreased 8% to $19.48 compared to the nine months ended September 30, 2023, of $21.22 mainly due to the 7% decrease in total cash costs together with a 1% increase in silver equivalent ounces produced compared to same period last year.

AISC decreased 5% to $22.72 per ounce in the nine months ended September 30, 2024 from $24.03 per ounce in the same period of 2023, mainly due to a decrease in all-in sustaining cash costs of 4% in Q3 2024 compared to Q3 2023, and the increase of silver equivalent ounces previously mentioned.

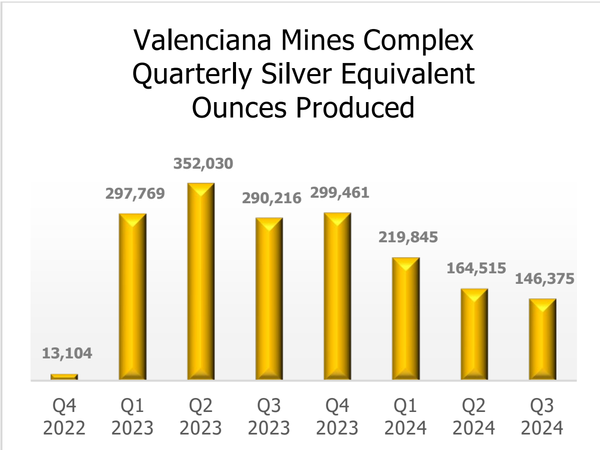
VALENCIANA MINES COMPLEX OPERATIONS

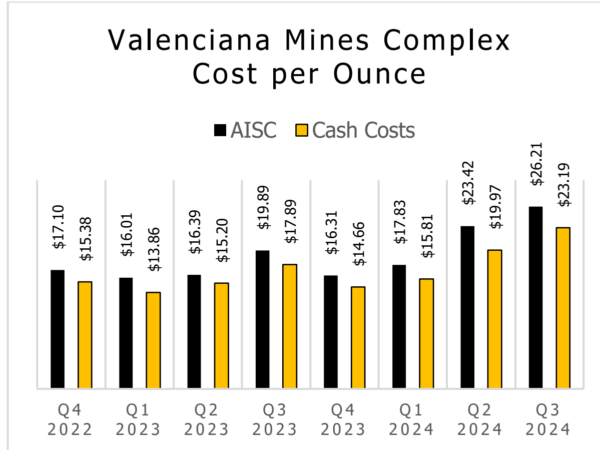
The Valenciana Mines Complex segment included the San Ignacio Mine until December 31, 2023. During the first quarter of 2024, the Company began to monitor the financial and operating results of San Ignacio as a separate operation from the rest of the Valenciana Mines Complex. Beginning in the first quarter 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, the comparative period data presented is inclusive of both San Ignacio and VMC and is not directly comparable to the current period data.

Operating results were as follows:

	Three months ended			Nine months ended		
VALENCIANA MINES COMPLEX	**September 30, 2024**	**September 30, 2023**	**% Change**	**September 30, 2024**	**September 30, 2023**	**% Change**
Production						
Tonnes mined	36,544	53,414	(32%)	119,383	176,480	(32%)
Tonnes milled	40,440	53,129	(24%)	122,225	173,724	(30%)
Average tonnes milled per day	481	632	(24%)	485	689	(30%)
Average silver grade (g/t)	57.99	95.69	(39%)	66.56	96.73	(31%)
Average gold grade (g/t)	0.96	1.31	(27%)	1.10	1.34	(18%)
Average silver recovery (%)	78.24	82.70	(5%)	81.26	82.84	(2%)
Average gold recovery (%)	82.85	84.95	(2%)	86.80	84.63	3%
Silver ounces produced	58,994	135,206	(56%)	212,539	446,534	(52%)
Gold ounces produced	1,034	1,897	(46%)	3,735	6,327	(41%)
AgEq ounces produced[1]	146,375	290,216	(50%)	530,735	967,403	(45%)
Sales						
Silver ounces sold	65,576	133,376	(51%)	217,605	425,619	(49%)
Gold ounces sold	1,194	2,062	(42%)	3,861	6,033	(36%)
AgEq ounces sold	166,515	301,725	(45%)	546,766	918,702	(40%)
Realized silver price per ounce ($)[6]	29.36	23.63	24%	26.78	23.48	14%
Realized gold price per ounce ($)[6]	2,489.13	1,930.10	29%	2,271.97	1,942.75	17%
Costs						
Cash cost per AgEq ounce ($)[3][5]	23.19	17.89	30%	19.13	15.61	23%
AISC per AgEq ounce ($)[4][5]	26.21	19.89	32%	21.87	17.35	26%
Production cost per tonne ($)[2][5]	82.70	97.95	(16%)	82.44	88.01	(6%)
Capital expenditures						
Sustaining ($)	227,851	424,442	(46%)	952,054	1,341,162	(29%)
Diamond Drilling						
VMC (mts)	283	-	(91%)	877	618	(77%)

1. Silver equivalents are calculated using 84.04:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q3 2024; an 81.83:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q3 2023; an 84.34:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2024 and an 82.21:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2023, respectively.
2. Production costs include mining, milling, and direct overhead at the operation sites. See reconciliation on page 35.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See reconciliation on page 35.
4. AISC per AgEq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 35.
5. Cash cost per silver equivalent, AISC per AgEq 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 33.
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 September 30, 2024 (compared to the three months ended September 30, 2023)

During the three months ended September 30, 2024, VMC produced 146,375 silver equivalent ounces, consisting of 58,994 ounces of silver and 1,034 ounces of gold. Compared to the third quarter of 2023, there is a 50% 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 December 31, 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 40,440 tonnes during the quarter ended September 30, 2024, reflecting a decrease of 24% from 53,129 tonnes milled in the same period in the prior year, also impacted by the split of San Ignacio from VMC. Silver grades in the third quarter averaged 57.99 g/t and gold grades averaged 0.96 g/t. Average metallurgical recoveries in the quarter were at 78.24% for silver and 82.85% for gold.

Nine months ended September 30, 2024 (compared to the nine months ended September 30, 2023)

During the nine months ended September 30, 2024, VMC produced 530,735 silver equivalent ounces, consisting of 212,539 ounces of silver and 3,735 ounces of gold. Compared to the same period in 2023, there is a 45% 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 December 31, 2023. Beginning in 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 122,225 tonnes during the nine months ended September 30, 2024, reflecting a decrease of 30% from 173,724 tonnes milled in the same period in the prior year, also impacted by the split of San Ignacio from VMC. Silver grades in the nine-month period averaged 66.56 g/t and gold grades averaged 1.10 g/t. Average metallurgical recoveries in the period were at 81.26% for silver and 86.80% for gold.

Production Cost, Cash Cost and All-In Sustaining Cost per Ounce

Cash cost per silver equivalent and AISC per AgEq 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 33.

Three months ended September 30, 2024 (compared to the three months ended September 30, 2023)

Production costs decreased 16% to $82.70 per tonne in VMC in the third quarter of 2024 from $97.95 per tonne in the same period in 2023. The decreased cost at VMC was mainly due to the separation of San Ignacio as a separate operation unit that resulted in a significant reduction of 36% of production costs offset by a decrease of 24% in tonnes milled in Q3 2024 compared to the same period in 2023. Cash costs per silver equivalent ounce in VMC for the three months ended September 30, 2024 was $23.19 and AISC was $26.21 per ounce. The increase of costs compared to $17.89 and $19.89, respectively, in the previous quarter is due to a decrease of 50% in silver equivalent ounces reported in the third quarter of 2024, as well as the decrease in production costs, described above.

Nine months ended September 30, 2024 (compared to the nine months ended September 30, 2023)

Production costs decreased 6% to $82.44 per tonne during the nine months ended September 30, 2024 from $88.01 per tonne in the same period last year. The decreased cost at VMC was mainly due to the separation of San Ignacio as a separate operation unit that resulted in a significant reduction of 31% of production costs offset by a decrease of 27% in tonnes milled in Q3 2024 compared to the same period in 2023.

Cash costs per silver equivalent ounce for the nine months ended September 30, 2024, increased 23% to $19.13 and compared to the nine months ended September 30, 2023, of $15.61 and AISC increased 26% to $21.87 per ounce from $17.35 per ounce in the same period of 2023, mainly due to the 44% decrease in silver equivalent ounces produced offset by a decrease of 31% of production costs, compared to same period last year, taking into account the fact that until 2023, San Ignacio's results were included as part of VMC's figures.

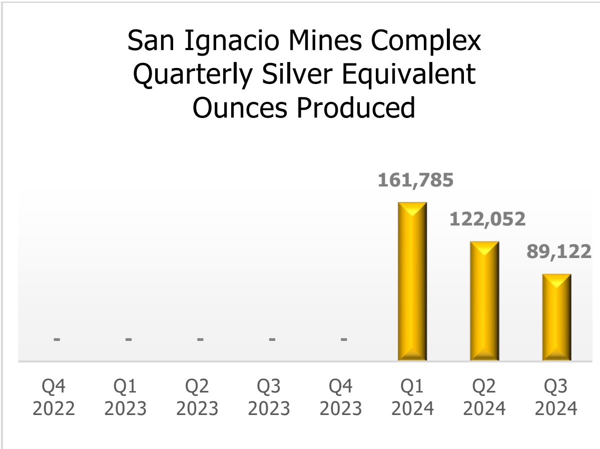
SAN IGNACIO MINES COMPLEX OPERATIONS

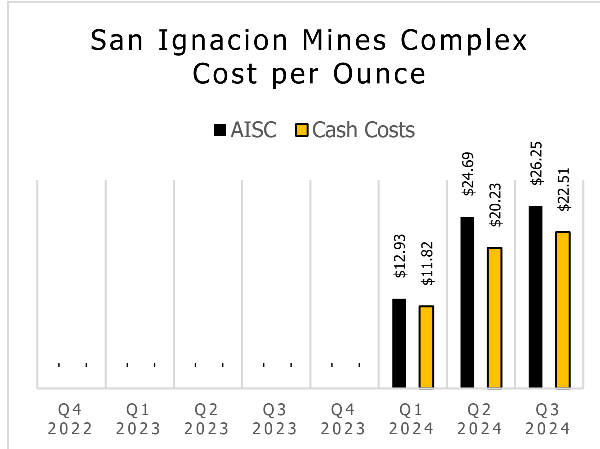
The Valenciana Mines Complex segment included the San Ignacio Mine until December 31, 2023. During the first quarter of 2024, the Company began to monitor the financial and operating results of San Ignacio as a separate operation from the rest of the Valenciana Mines Complex. Beginning in the first quarter 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:

	Three months ended			Nine months ended		
SAN IGNACIO MINES COMPLEX	**September 30, 2024**	**September 30, 2023**	**% Change**	**September 30, 2024**	**September 30, 2023**	**% Change**
Production						
Tonnes mined	20,444	-	100%	73,659	-	100%
Tonnes milled	20,427	-	100%	71,312	-	100%
Average tonnes milled per day	243	-	100%	283	-	100%
Average silver grade (g/t)	69.49	-	100%	73.28	-	100%
Average gold grade (g/t)	1.05	-	100%	1.30	-	100%
Average silver recovery (%)	84.95	-	100%	85.12	-	100%
Average gold recovery (%)	86.97	-	100%	90.04	-	100%
Silver ounces produced	38,774	-	100%	143,002	-	100%
Gold ounces produced	598	-	100%	2,693	-	100%
AgEq ounces produced(1)	89,122	-	100%	372,959	-	100%
Sales						
Silver ounces sold	40,357	-	100%	142,217	-	100%
Gold ounces sold	638	-	100%	2,660	-	100%
AgEq ounces sold	94,041	-	100%	369,218	-	100%
Realized silver price per ounce ($)(6)	29.56	-	100%	26.95	-	100%
Realized gold price per ounce ($)(6)	2,486.66	-	100%	2,252.31	-	100%
Costs						
Cash cost per AgEq ounce ($)(3)(5)	22.51	-	100%	17.13	-	100%
AISC per AgEq ounce ($)(4)(5)	26.25	-	100%	19.96	-	100%
Production cost per tonne ($)(2)(5)	97.10	-	100%	88.88	-	100%
Capital expenditures						
Sustaining ($)	224,875	-	100%	889,498	-	100%
Diamond Drilling						
San Ignacio Mine (mts)	-	-	(0%)	249	3,271	(92%)

1. Silver equivalents are calculated using 84.04:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q3 2024; an 81.83:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q3 2023; an 84.34:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2024; and an 82.21:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2023, respectively.
2. Production costs include mining, milling, and direct overhead at the operation sites. See reconciliation on page 35.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See reconciliation on page 35.
4. AISC per AgEq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 35.
5. Cash cost per silver equivalent, AISC per AgEq 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 33.
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 September 30, 2024

During the three months ended September 30, 2024, San Ignacio produced 89,122 silver equivalent ounces, consisting of 38,774 ounces of silver and 598 ounces of gold. Total mineralized material processed amounted to 20,427 tonnes during the quarter. Silver grades in the third quarter averaged 69.49 g/t, gold grades averaged 1.05 g/t. Average metallurgical recoveries in the quarter were at 84.95% for silver and 86.97% for gold.

Nine months ended September 30, 2024

In the nine months ended September 30, 2024, the total production of silver equivalent ounces amounted to 372,959. Total mineralized material processed amounted to 71,312 tonnes during the nine months of 2024. Silver grades in the nine months ended September 2024 averaged 73.28 g/t, gold grades averaged 1.30 g/t. Average metallurgical recoveries in the same period were at 85.12% for silver and 90.04% for gold.

Production Cost, Cash Cost and All-In Sustaining Cost per Ounce

Cash cost per silver equivalent and AISC per AgEq 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 33.

Three months ended September 30, 2024

Production costs per tonne was $97.10 in the third quarter of 2024 while cash costs per silver equivalent ounce in San Ignacio and AISC for the three months ended September 30, 2024, was $22.51 and $26.25, respectively.

Nine months ended September 30, 2024

Production cost per tonne during the nine months ended September 2024 was $88.88. During the same period, cash cost per silver equivalent ounce and AISC were $17.13 and $19.96 respectively.

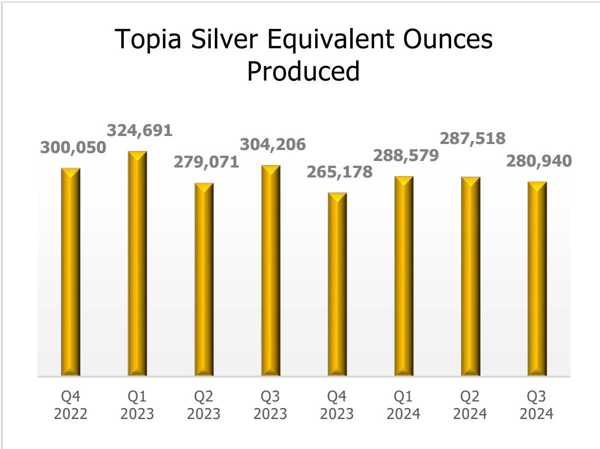
Guanajuato Silver CO LTD

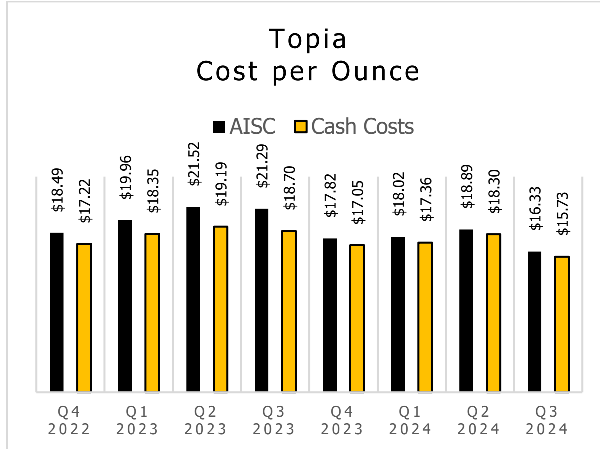
TOPIA MINES COMPLEX

Operating results were as follows:

TOPIA	Three months ended September 30, 2024	Three months ended September 30, 2023	% Change	Nine months ended September 30, 2024	Nine months ended September 30, 2023	% Change
Production						
Tonnes mined	13,355	17,707	(25%)	37,601	55,865	(33%)
Tonnes milled	13,772	16,613	(17%)	37,986	55,096	(31%)
Average tonnes milled per day	164	198	(17%)	151	219	(31%)
Average silver grade (g/t)	442.18	414.12	7%	484.43	343.53	41%
Average gold grade (g/t)	1.32	0.58	127%	1.14	0.90	27%
Average lead grade (%)	2.96	2.85	4%	3.30	2.54	30%
Average zinc grade (%)	3.86	3.00	29%	4.25	2.99	42%
Average silver recovery (%)	93.53	93.65	(0%)	93.61	91.96	2%
Average gold recovery (%)	74.68	65.82	13%	70.08	60.52	16%
Average lead recovery (%)	89.88	89.85	0%	90.31	88.05	3%
Average zinc recovery (%)	79.07	77.90	2%	81.92	79.96	2%
Silver ounces produced	183,116	207,192	(12%)	553,832	560,619	(1%)
Gold ounces produced	436	204	114%	972	942	3%
Lead produced (lbs)	806,945	935,738	(14%)	2,492,481	2,718,236	(8%)
Zinc produced (lbs)	926,056	857,660	8%	2,915,890	2,908,056	0%
AgEq ounces produced(1)	280,940	304,206	(8%)	857,038	907,968	(6%)
Sales						
Silver ounces sold	166,073	194,325	(15%)	527,694	545,405	(3%)
Gold ounces sold	380	226	68%	913	939	(3%)
Lead sold (lbs)	701,512	884,204	(21%)	2,330,759	2,670,212	(13%)
Zinc sold (lbs)	799,318	827,101	(3%)	2,808,816	2,940,818	(4%)
AgEq ounces sold	250,925	289,498	(13%)	817,005	893,412	(9%)
Realized silver price per ounce ($)(6)	29.55	23.60	25%	27.28	23.42	16%
Realized gold price per ounce ($)(6)	2,474.31	1,925.48	29%	2,327.82	1,926.66	21%
Realized lead price per pound ($)(6)	0.93	0.99	(6%)	0.95	0.97	(2%)
Realized zinc price per pound ($)(6)	1.25	1.10	13%	1.22	1.25	(2%)
Costs						
Cash cost per AgEq ounce ($)(3)(5)	15.73	18.70	(16%)	17.14	18.73	(8%)
AISC per AgEq ounce ($)(4)(5)	16.33	21.29	(23%)	17.76	20.89	(15%)
Production cost per tonne ($)(2)(5)	341.49	331.16	3%	387.05	297.55	30%
Capital expenditures						
Sustaining ($)	69,020	760,125	(91%)	228,143	1,857,873	(88%)
Diamond Drilling						
Topia Mine (mts)	410	663	(38%)	820	2,159	(62%)

1. Silver equivalents are calculated using 84.04:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q3 2024; an 81.83:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q3 2023; an 84.34:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2024; and an 82.21:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2023, respectively.
2. Production costs include mining, milling, and direct overhead at the operation sites. See reconciliation on page 35.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See reconciliation on page 35.
4. AISC per AgEq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 35.
5. Cash cost per silver equivalent, AISC per AgEq 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 33.
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

Since Q4 2023 Topia has shifted to the use of 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.

Three months ended September 30, 2024 (compared to the three months ended September 30, 2023)

During the three months ended September 30, 2024, Topia produced 280,940 silver equivalent ounces, 8% lower than the 304,206 ounces produced in the third quarter of 2023. Tonnes milled decreased from 16,613 to 13,772 during the quarter; however, silver grades averaged 442.18 g/t, which was 7% higher than the average of the same period in 2023 of 414.12 g/t. Average gold grade increased by 127% from 0.58 g/t in Q3 2023 to 1.32 g/t in Q3 2024. Lead grades averaged 2.96% and zinc grades averaged 3.86%. Average metallurgical recoveries in the quarter were 93.53% for silver, 74.68% for gold, 89.88% for lead and 79.07% for zinc.

The silver equivalent ounces produced in the third quarter of 2024 consisted of 183,116 ounces of silver, 436 ounces of gold, 806,945 pounds of lead and 926,056 pounds of zinc.

Nine months ended September 30, 2024 (compared to the nine months ended September 30, 2023)

In the nine months ended September 30, 2024, the total production of silver equivalent ounces amounted to 857,038, a 6% decrease from the 907,968 recorded in the comparable 2023 period. This decrease can be attributed to a decrease of 31% in plant throughput from 55,096 tonnes in the period of 2023 to 37,986 tonnes in the same period of 2024, offset by a 41% increase in average silver grade to 484.43 g/t, from 343.53 g/t on the same period in 2023, along with an average gold grade increase of 27% to 1.14 g/t in Q3 2024 from 0.90 g/t n Q3 2023.

Lead grades averaged 3.30% and zinc grades averaged 4.25%. Average metallurgical recoveries in the quarter were 93.61% for silver, 70.08% for gold, 90.31% for lead and 81.92% for zinc.

The silver equivalent ounces produced in the nine months ended September 2024 consisted of 553,832 ounces of silver, 972 ounces of gold, 2,492,481 pounds of lead and 2,915,890 pounds of zinc.

Production Cost, Cash Cost and All-In Sustaining Cost per Ounce

Cash cost per silver equivalent, AISC per AgEq 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 33.

Three months ended September 30, 2024 (compared to the three months ended September 30, 2023)

Production costs in Topia increased 3% to $341.49 per tonne in Q3 2024 from $331.16 per tonne mainly due to a decrease of 17% in tonnes milled from 16,613 to 13,772 resulting from the change in the business model adopted since Q4 2023, described above, offset by a decrease of 15% in production costs from Q3 2023 to Q3 2024.

Cash costs per silver equivalent ounce for the three months ended September 30, 2024 decreased 16% to $15.73 compared to the three months ended September 30, 2023 of $18.70 mainly due a 15% decrease in the total production costs as discussed above offset by a decrease of 8% in silver equivalent ounces produced.

AISC in Topia decreased 23% to $16.33 per ounce in this quarter from $21.29 per ounce in Q3 2023, due to a 91% decrease in sustaining capital costs and a decrease of 15% in production costs, offset by a decrease of 8% in silver equivalent ounces produced mentioned above.

Nine months ended September 30, 2024 (compared to the nine months ended September 30, 2023)

Production costs increased 30% to $387.05 per tonne during the nine months ended September 30, 2024 from $297.55 per tonne in the same period last year. The increase was mainly due to 31% lower tonnes milled offset by 10% decrease in total production cost. Production cost was lower mainly due to a 13% decrease in mining costs. Mining costs in Topia include mainly contractors' fees and supervisory costs.

Cash costs per silver equivalent ounce for the nine months ended September 30, 2024, decreased 8% to $17.14 compared to the nine months ended September 30, 2023 of $18.73 mainly due to the 14% decrease in total cash cost offset by 6% decrease in silver equivalent ounces produced compared to same period last year.

AISC decreased 15% to $17.76 per ounce in the nine months ended September 30, 2024 from $20.89 per ounce in the same period of 2023, mainly due to a decrease of 20% in all-in sustaining cash costs including a substantial decrease of 88% in sustaining capital expenditures offset by higher lease payments and a 6% reduction of Silver equivalent ounces produced during the period.

OPERATIONAL AND DEVELOPMENT ACTIVITIES

EL CUBO MINES COMPLEX

The Company continues with its electrification project aimed at eliminating the use of portable diesel generators; this initiative would reduce operating costs and improve safety and environmental standards.

In Q3, the Company began rehabilitating its diesel maintenance shop located inside the mine. This capex investment will ensure that the underground workshop meets all safety and hygiene standards; this project is also expected to increase overall productivity.

Pumping operations are underway to enable access to deeper areas in the southeast and central zones of Villalpando (Level 18).

The Company has implemented better measures in the processing plant to improve fine material feeding by adjusting the silos and the coarse material bin to accommodate this material. Additionally, a 6x4 metre Warman pump has been installed in the filter press to increase pressure, enhance filtration cycles, and reduce moisture percentages.

VALENCIANA MINES COMPLEX

VMC has been operating for nearly five centuries along the highly productive Veta Madre ('Mother Vein'). The Cata processing plant is located at the midpoint of the Company's 4.2km 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. The processing plant is situated near the Company's administrative offices, assay lab, and one of the two primary access shafts.

The Company has started the preparation of Phase No. 3 of the hydraulic fill in the Santa Margarita area, which is located in the southern zone of the Rayas mine. This area spans from Level 390 to Level 345 and has a total capacity of 135,766 m^3.

Stope 667 – Cata Mine
Mining operations are currently underway in the 667 Stope, which corresponds to the Alto 3 vein of the La Veta Madre system at the Cata mine. This stope has a total length of 62 metres and an average vein width of 0.90 metres; this generates approximately 350 tonnes per cut, with an average grade of 1.05 g/t Au, 219 g/t Ag, and 306 g/t AgEq; silver equivalents are calculated using an 82.86:1 (Ag/Au) ratio.

Face 823 – N345 South – Cata Mine
Development for exploration is being carried out over the vein known as Alto 3.5; the goal of this development is to project 19 metres below the economic impact of the BDD UGC24-001, which returned a real vein width of 0.45 metres, with an average grade of 3.72 g/t Au, 7 g/t Ag, for 323 g/t AgEq; silver equivalents are calculated using an 84.95:1 (Ag/Au) ratio.

Crosscut 734 – Cata Mine
The objective of this crosscut is to access an old mining face developed on the Alto 4 vein; this vein has not been mined at this elevation, and this presents an opportunity to recover the old workings and access this area for additional tonnage.

Diamond drilling has begun in the Maravillas area. To date, two drill holes have been completed, and the Company is waiting for the results of the assays. The objective of this drilling is to intercept the stockwork in the hanging wall of the La Veta Madre vein. A total of 615 metres is planned to be drilled; this corresponds to three exploration holes within the underground mine. Following this, an analysis will be conducted with the relevant operational areas to develop an additional production plan for operations at VMC. Given the proximity of the area to the existing ramp and the Cata shaft infrastructure, a short-term production plan could be implemented with minimal additional development.

SAN IGNACIO MINE

The development of ramp 760 has begun on the Purisima del Alto Veta with the intention of exploring the IF02PU Block. The high-grade San Pedro vein is located in the same ramp.

During Q3, a total of 21,000 tonnes of material was processed at the two plants located in Guanajuato; 36% of mineralized material was directed to the El Cubo Plant and 64% to the Cata Plant.

The Company continues working on the deepening of the San Ignacio area to prepare the lower part of the Melladito Sur vein for production. The development has reached Block 629, which has a total tonnage of 22,686 tonnes.

Progress on Ramp 430 continues as the Company works towards reaching the Purisima vein. The remaining distance to the mineralized zone is 75 metres. Ventilation improvement projects are also underway; these include the expansion of the ventilation shaft in the San Pedro and Santo Nino areas.

During Q3, work continued on the installation and start-up for the new ore sorter. Full commissioning is scheduled for the end of Q4. The ore sorter is expected to improve the efficiency of mineralized material processing and help optimize recovery rates while reducing the tonnage of mineralized material being sent to the Cata Mill.

TOPIA MINES COMPLEX

The Company is currently modernizing and expanding the Topia processing facility; capacity is being upgraded 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 circuits, which will improve the recovery rates and humidity levels of the concentrates. By upgrading the 50-year-old plant with new equipment, the daily processing capacity is expected to increase by 12% to 15%. Future phases include upgrading and/or replacing the existing flotation cells, constructing a new reagent area, and refurbishing the crushing and grinding capacity, which is already built to handle 400 tonnes per day.

During Q3, the mill was optimized to the granulometry. In addition to this, a new pump has been installed to recover contents drained from the concentrate to improve overall recovery.

The mineralized systems at Topia are extraordinarily high in grade, but due to the very narrow nature of the vein structures, extraction costs are higher when compared to the Company's other operations. 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 has been able to curtail most of its mining activities and focus almost entirely on acquiring and processing mineralized material from these contractors.

For Q3 2024, the Company successfully completed the installation of drying filters for its lead concentrate, the Company is now working on the installation of filters for Zinc concentrate.

Two key projects are underway aimed at optimizing plant processes and reducing processing costs. One such project is the construction of a new reagents storage facility; another project involves replacing the current disc filters used for concentrate filtration with more efficient press filters. These two projects are both expected to be fully completed during the last quarter of 2024.

EXPLORATION

Silver equivalent values set out under this Section "Exploration", were calculated using an 85:1 (Ag/Au) ratio.

EL CUBO MINES COMPLEX

In the early months of 2024, exploration activities were focused on revisiting previously identified areas to open new production zones and establish additional fresh mineralized material. These efforts were supported by comprehensive geological, structural, sampling, and historical data, as well as further geological interpretation.

EL PINGUICO

Exploration efforts in 2024 are primarily focused on the El Pinguico mine. Diamond drilling commenced in late June with a planned 1,200-metre program targeting the southern area of the El Pinguico and San Jose veins. Most mining activities were concentrated in the north of the Constancia Fault. In this area, the El Pinguico vein, also referred to as the La Joya vein, and the continuity of the San Jose vein, now referred to as the La Joyita vein, showed favorable grades across all three drill holes targeting these veins.

Underground mining activities resumed at El Pinguico in July 2024, focusing on advancing Level 4 of the mine. To date, 75 metres of drilling has been completed, with the development of an 8.5-metre (4m x 4m) fully serviceable crosscut. The goal is to reach an old backfill stockpile the Company expects this to be completed by early 2025.

VALENCIANA MINE COMPLEX

Exploration efforts at the Valenciana Mine Complex during Q3 2024 focused on two key areas: the evaluation and reinterpretation of stope extensions and the analysis of the historical high-grade pillars along the Veta Madre vein and its associated hanging wall veins. These potential blocks are situated within favorable geological zones. Mineralization is primarily based on geological interpretation, supported by historical grade data.

In Q3, drilling was completed on the hanging wall of the Veta Madre vein in the Cata Mine. The mineralized material body that was mined is oriented in a different direction than the Veta Madre vein. In this area, a vein system was identified in the hanging wall with dips ranging from 30° to 60° toward the south-southwest. The veins in this zone are generally narrow, with widths ranging from 0.2 metres to 2.2 metres.

In September, a diamond drilling program began in the Maravillas area that targeted the hanging wall of the Veta Madre vein within the Cata mine. These veins are recognized as looping structures with widths that range from 0.3 metres to 3.2 metres.

Mineralized material development at the Valenciana Mine in 2024 produced 3,640 tonnes with an average grade of 0.96 grams per tonne (g/t) of gold, 121 g/t of silver, for 202 g/t silver equivalent. For Q3, development activities contributed an additional 2,812 tonnes to the mine's production, with an average grade of 1.05 g/t gold, 114 g/t silver, for 203 g/t silver equivalent.

SAN IGNACIO MINE

During Q3 2024, drilling activities were temporarily paused. The Company's drill rig was relocated to conduct drilling at the Valenciana Mines Complex. Drilling at the San Ignacio mine is expected to resume in Q4. The geology team continues to evaluate potential expansion areas on the western side of the San Ignacio mine. Access to the Santo Niño zone is expected to be completed by December 2024.

TOPIA

During Q3 2024, drilling efforts were concentrated on the Santa Viviana vein at the 1522 mine, the La Jicara vein at the La Jicara Mine, and the Veta Madre vein. In the upcoming quarter, exploration efforts will be focused into drilling at the 1522 mine, targeting the Intermedia vein, Santa Viviana vein, and the Animas vein at the La Elisa mine. Additional targets include the La Prieta mine, El Rosario vein, and the Union del Pueblo mine.

EL HORCON

In May 2024, the Company initiated geological mapping at El Horcon. Concurrently, the Company began sampling both on-site and broken material from the historic El Horcon mine. To date, a total of 955 channel samples and 107 broken material samples have been collected. These samples have led to the identification of previously unknown low-angle veins, which will play a key role in reinterpreting the resource model for the project.

In addition to exploration activities, mining of above-ground stockpiled material has produced favorable results. Since November 2023, a total of 33,680 tonnes have been processed, grading 1.33 g/t gold and 28 g/t silver, for a combined average of 141 g/t silver equivalent. Further sources of stockpile mineralized material have been identified, potentially increasing the resource available for processing.

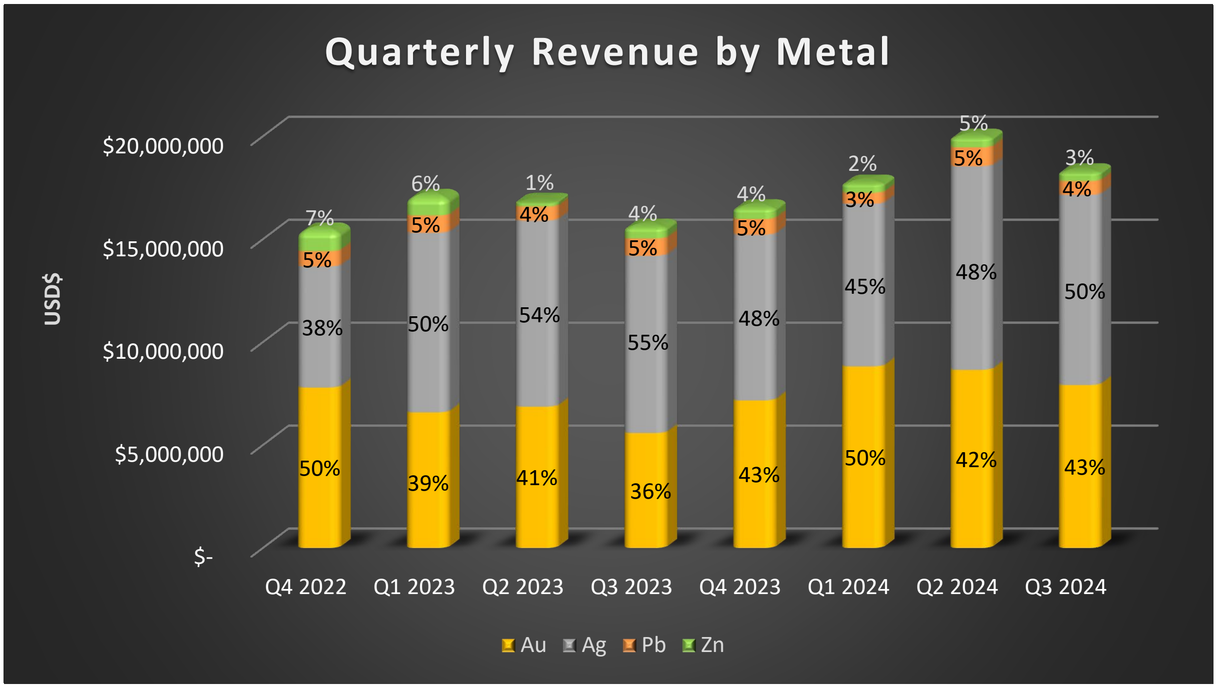
Guanajuato Silver CO LTD

FINANCIAL PERFORMANCE

The financial results for the three and nine month periods were as follows:

CONSOLIDATED	Three months ended September 30, 2024	Three months ended September 30, 2023	% Change	Nine months ended September 30, 2024	Nine months ended September 30, 2023	% Change
Financial Results	**$**	**$**		**$**	**$**	
Revenue	**18,309,105**	**15,643,649**	**17%**	**56,625,227**	**49,585,115**	**14%**
Gold	7,923,257	5,589,987	42%	25,408,230	19,055,861	33%
Silver	9,241,658	8,617,110	7%	27,040,698	26,389,662	2%
Lead	668,916	833,324	(20%)	2,120,015	2,343,246	(10%)
Zinc	475,273	603,226	(21%)	2,056,284	1,796,345	14%
Cost of Sales	**(17,793,529)**	**(19,968,655)**	**(11%)**	**(56,817,821)**	**(59,451,052)**	**(4%)**
Production Costs	(14,826,181)	(16,138,682)	(8%)	(47,188,463)	(48,278,545)	(2%)
Transportation and selling cost	(315,167)	(719,251)	(56%)	(1,817,546)	(2,422,519)	(25%)
Inventory changes	132,282	(361,927)	(137%)	929,268	121,228	667%
Mine operating cashflow before Taxes (5)(7)	**3,300,039**	**(1,576,212)**	**(309%)**	**8,548,486**	**(994,721)**	**(959%)**
Depreciation and depletion	(2,784,463)	(2,748,795)	1%	(8,741,080)	(8,871,216)	(1%)
Mine operating income (loss)	**515,576**	**(4,325,006)**	**112%**	**(192,594)**	**(9,865,937)**	**(98%)**
General and Administration	(2,117,753)	(2,093,963)	1%	(6,464,990)	(7,328,258)	(12%)
Share Based Compensation	(214,129)	(226,334)	(5%)	(1,014,120)	(1,127,644)	(10%)
Exploration	(316,310)	(317,542)	(0%)	(867,442)	(1,521,093)	(43%)
Foreign exchange gain (loss)	1,378,123	632,332	118%	3,173,879	(1,712,958)	(285%)
Other operating income (expenses)	(893,646)	171,976	(620%)	(774,000)	77,220	(1,102%)
Interest and finance (costs) income, net	(1,575,092)	(1,167,308)	35%	(4,894,799)	(3,504,142)	40%
Gain (loss) on derivatives	(1,663,209)	455,394	(465%)	(4,502,584)	829,133	(643%)
Other finance (expense) income, net	22,891	(191,707)	(112%)	541,477	(165,094)	(428%)
Net loss	**(4,863,549)**	**(7,062,158)**	**(31%)**	**(14,995,173)**	**(24,318,773)**	**(38%)**
Loss per share - basic and diluted	**(0.01)**	**(0.02)**	(50%)	**(0.04)**	**(0.07)**	(43%)
EBITDA (1) (5)	(462,880)	(3,029,671)	85%	(1,233,840)	(11,673,138)	89%
Adjusted EBITDA (2) (5)	892,277	(3,612,173)	125%	1,880,195	(9,783,963)	119%
Cash cost AgEq per ounce (3) (5)	18.78	20.79	(10%)	18.30	18.39	(1%)
AISC cost per AgEq ounce (4) (5)	23.88	26.22	(9%)	23.00	23.35	(1%)
Realized silver price per ounce (6)	29.43	23.60	25%	27.13	23.46	16%
Realized gold price per ounce (6)	2,477.39	1,929.31	28%	2,267.76	1,935.76	17%
Realized lead price per pound (6)	0.93	0.99	(6%)	0.95	0.97	(2%)
Realized zinc price per pound (6)	1.25	1.10	13%	1.22	1.25	(2%)

1. See Reconciliation of Earnings before interest, taxes, depreciation, and amortization on page 34.
2. See reconciliation of Adjusted EBITDA on page 34.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 35.
4. AISC per AgEq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 35.
5. Mine Operating Cashflow Before Taxes, Cash cost per silver equivalent, AISC per AgEq 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 33.
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 33.



Three months ended September 30, 2024 (compared to the three months ended September 30, 2023)

Revenue

During the three months ended September 30, 2024, the Company generated revenues of $18,309,105 net of metal deductions, treatment, and refining costs ($2,536,930). This represents a 17% increase compared to same period in the prior year mainly due to increased metal prices. During the current quarter, the realized silver and gold price per ounce sold averaged $29.43 and $2,477.39, a 25% and 28% increase, respectively, compared to $23.60 and $1,929.31 per ounce in Q3 2023. In the third quarter of 2024, the Company sold 390,361 ounces of silver and 3,625 ounces of gold representing a decrease of 8% and 4%, respectively compared to sales during Q3 2023. Additionally, the Company sold 701,512 pounds of lead at a realized price of $0.93 and 799,318 pounds of zinc at a realized price of $1.25 from the Topia Mine.

Cost of sales

Cost of sales is comprised of production cost, including mining, processing, maintenance and site general administration, inventory changes, transportation and selling cost and depreciation and depletion. The decrease of 11% in cost of sales for the three months ended September 30, 2024, compared to the same period in 2023 is mainly due to a decrease of 56% in transportation and selling costs attributed to increased efficiencies in shipments along with a decrease of Ecology tax no longer payable out of Topia. Additionally, production costs decreased by 8% for the three months ended September 30, 2024.

General and administration

During the third quarter of 2024, general and administrative expenses increased by 1%, or $23,790 compared to the same period in 2023. This can be attributed to a $209,994 increase in corporate administration expenses, offset by a decrease in depreciation of $75,279 and a net reduction of $110,935 in salaries and professional fees related to one-time services incurred only in 2023, such as audit and accounting consultations, consulting and legal fees related to due diligence costs for a potential financing, and reduction in senior management and director fees.

Exploration

General exploration costs remained consistent in the three months ended September 30, 2024, compared to the same period in 2023. Total metres drilled during Q3 2024 was 1,672 compared to 663 metres drilled during to Q3 2023.

Share-based compensation

Share-based compensation decreased by 5% for the three months ended September 30, 2024, compared to the same period in 2023. During Q3 2024, 800,000 stock options were granted and 1/3 vested immediately, however this expense was offset by stock options that were forfeited or cancelled during the same period. Additionally, during Q3 2024, 40,000 RSUs were granted compared to 230,000 RSUs issued in Q3 2023. The restricted share units vest evenly over 12 months.

Other operating income (expenses)

During the three months ended September 30, 2024, other operating expenses increased by $1,065,622 or 620% compared to the same period in 2023 mainly due to the recognition of a contingent payment of $1,000,000 related to the acquisition of El Cubo Complex upon the Company producing 3,000,000 ounces of silver equivalent from the combined project. During Q3 2024, the Company reached this milestone (three months ended September 30, 2023 – income of $171,976 for sale of scrap mainly). Silver equivalent has been calculated using an 82.77:1 (Ag/Au) ratio from October 1, 2021, until September 20, 2024.

Interest and finance costs

Interest and finance costs increased by $407,784 or 35% for the three months ended September 30, 2024, compared to the three months ended September 30, 2023. This increase is mainly due to a 123% increase in interest accrued on debt being held in Q3 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 facility. This facility's balance, as of September 30, 2024, was $13,720,347 with an implied interest rate of 30.78%. During Q3 2024, the Company extinguished the Tertiary Loan with OCIM with the final delivery of gold and silver. In September 2023, the Company held the Tertiary OCIM loan of $3,837,002 and an implied interest rate of 23% and two Ocean Partners loans of $8,416,328 with implied interest rates of 13%. (*See Liquidity and Capital Resources).*

During Q3 2024, the interest expense was offset by an increase of 86% in the interest income received in relation to taxes claimed and refunded.

Gain (loss) on derivatives

Under the OCIM and Ocean Partners loans, the requirement to deliver silver and gold ounces is considered a derivative which is required to be revalued at the end of each reporting period. Additionally, as the Company repays the loans, the derivative portion of the loan will result in a gain or loss on settlement. Furthermore, the Company recognizes gains or losses on the changes of fair value on forward silver and gold pricing sales agreements with Ocean Partners that at expiry result additionally in premiums on call options in the Company's favour.

For the three months ended September 30, 2024, the Company recognized a loss on derivatives of $1,663,209. This result includes a loss of $1,528,284 on the revaluation of the derivative on the outstanding loan, a realized loss of $453,174 on the settlement of the derivative portion of the repayments to OCIM and Ocean Partners, offset by an unrealized gain of $102,991 in changes of fair value on forward silver and gold pricing sales and a realized gain of $156,000 on premiums on call options. For the three months ended September 30, 2023, the Company recognized a gain of $111,998 on the revaluation of the derivative on the outstanding OCIM Loans

For the three months ended September 30, 2024, the Company also recognized a gain of $59,258 on call options while in Q3 2023, the Company recognized a gain of $343,396 on gold call options.

Other finance items, net

During the three months ended September 30, 2024, the Company recognized a gain of $22,891 on revaluation of commodities and marketable securities (three months ended September 30, 2023 – loss of $106,701 combined with a loss on revaluation of contingent payments of $85,006).

Nine months ended September 30, 2024 (compared to the nine months ended September 30, 2023)

Revenues

Revenues of $56,625,227 net of metal deductions, treatment, and refining costs ($8,737,869) for the nine months ended September 2024, increased by 14% compared to $49,585,115 net of metal deductions, treatment, and refining costs ($8,324,242) for the nine months ended September 30, 2023, mainly due to the increase of realized prices. As of September 30, 2024, realized silver and gold price per ounce sold averaged $27.13 and $2,267.76, a 16% and 17% increase, respectively, compared to $23.46 and $1,935.76 per ounce in the same period of 2023.

During the nine months ended September 30, 2024, the Company sold 1,207,336 ounces of silver and 13,128 ounces of gold which is an 11% decrease and a 3% increase, respectively, compared to the nine months ended September 30, 2023. Additionally, the Company sold 2,330,759 pounds of lead at a realized price of $0.95 and 2,808,816 pounds of zinc at a realized price of $1.22 from the Topia Mine.

Cost of sales

Cost of sales for the nine months ended September 30, 2024 decreased by 4% compared to the same period in 2023. This can be attributed to a decrease of 25% in transportation and selling costs due to increased efficiencies in shipments along with a decrease of Ecology tax no longer payable out of Topia. Additionally, production costs decreased by 2% for the nine months ended September 30, 2024 is consistent with production costs in the same period in 2023. The number of tonnes mined and milled increased by 3% and total silver equivalent ounces decreased by 3% on September 30, 2024 compared to the same period in the previous year.

General and administration

During the nine months ended September 30, 2024, general and administrative expenses decreased by 12%, or $863,268 compared to the same period in 2023. This decrease was mainly due to a $1,107,465 reduction in professional fees related to one-time services incurred only in 2023, such as audit and tax consultations, consulting and legal fees related to due diligence costs for a potential financing, a decrease in external geology consulting and a reduction in senior management fees and bonuses. There was also a $71,500 decrease in corporate administration expenses, including insurance and lower trade show and conference fees. The decrease was partially offset by a $460,519 increase in salaries during the nine months ended September 30, 2024.

Exploration

General exploration costs decreased 43% to $867,442 in the nine months ended September 30, 2024, compared to $1,521,093 in the same period in 2023. During the nine months ended on September 30, 2024, as part of the exploration program, the Company drilled 3,371 metres (1,425 in CMC, 877 in VMC, 249 in San Ignacio and 820 in Topia) while during the same period in 2023, the total metres drilled was 6,697 (649 in CMC, 618 in VMC, 3,271 in San Ignacio and 2,159 in Topia). In 2024, the exploration program began in Q2, and the Company used their own machinery. In 2023, the drilling program was performed by an independent contractor, resulting in higher exploration costs.

Share-based compensation

Share-based compensation decreased by $113,524 or 10% for the nine months ended September 30, 2024, compared to the same period in 2023 mainly due to forfeited or expired options during 2024. During the nine months ended September 30, 2024, the Company granted 10,460,000 stock options and 1,080,000 RSUs while in the same period of 2023, 3,490,000 stock options and 347,500 RSUs were granted. The restricted share units will vest evenly over 12 months.

Other operating income (expenses)

Other operating expenses increased by $851,220 in the nine months ended September 30, 2024 compared to the same period in 2023 mainly due to the recognition of a contingent payment of $1,000,000 related to the acquisition of El Cubo Complex upon the Company producing 3,000,000 ounces of silver equivalent from the combined project. During Q3 2024, the Company reached this milestone. This expense was offset by a $40,526 gain on disposal of PP$E along with an impairment recognition of $161,303 for VAT not recoverable (nine months ended September 30, 2023 – income of $77,220 for sale of scrap mainly). Silver equivalent has been calculated using an 82.77:1 (Ag/Au) ratio from October 1, 2021, until September 20, 2024.

Interest and finance costs

Interest and finance costs increased by $1,390,657 or 40% for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023, due to the different types of loans outstanding. As of this date, the Company held the Ocean Partners gold loan of $13,720,347 with an implied rate of 30.78%. In September 2024, the Company fully repaid the OCIM loan with the final delivery of silver and gold. In September 2023, the Company held the Tertiary OCIM loan of $3,837,002 and an implied interest rate of 23% and two Ocean Partners loans totalling $8,416,328 with an implied interest rate of 13%.

During the nine months ended September 30, 2024, the interest expense was offset by $142,352 of interest income received in relation to taxes claimed and refunded.

Gain and loss on derivatives

Under the OCIM and 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 the OCIM and OP loans, the derivative portion of the loan will result in a gain or loss on settlement. Furthermore, the Company recognizes gains or losses on the changes of fair value on forward silver and gold pricing sales agreements with Ocean Partners that at expiry result additionally in premiums on call options in the Company's favour.

In the nine months ended September 30, 2024, the Company recognized a loss of $4,502,584 that includes a loss of $3,604,646 on revaluation of the derivative of the outstanding facility with Ocean Partners. Additionally, during these nine months, there was a realized loss of $952,346 on the settlement of the derivative portion of the loan repayment of the two facilities, an unrealized loss of $505,707 in changes of fair value on forward silver and gold pricing sales and a realized gain of $527,500 on premiums on call options. As of September 30, 2023, the Company recognized a gain of $485,230 on the revaluation of the derivative of the gold and silver pre-payment facility with OCIM (Secondary Loan) with a new $5,000,000 pre-payment agreement with OCIM (the "Tertiary Loan").

For the nine months ended September 30, 2024, the Company also recognized a loss of $32,615 on call options compared to a gain of $344,585 in the same period in 2023.

Other finance items, net

During the nine months ended September 30, 2024, the Company recognized a gain on settlement of debt of $489,875 in relation to the restructuring of the latest Ocean Partner's credit facility, an unrealized gain of $2,152 on revaluation of commodities and marketable securities and a realized gain of $49,450 on sale of investments. During the nine months ended September 30, 2023, the Company recognized a gain of $279,641 on changes of fair value on forward silver and gold sales contracts. In addition, the Company recognized a gain on the fair value measurement on the contingent payments of $16,887 offset by a loss of $461,622 on settlement of debt in refinancing the OCIM loans.

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 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. The Company completed a $5,973,600 (CAD$8,010,000) private placement in Q3, 2023 (discussed below), refinanced its loan with Ocean Partners with a new $7,500,000 loan that on February 28, 2024, was increased to $13,300,000, and on May 9, 2024 closed a brokered Listed Issuer Financing Exemption (LIFE) private placement, concurrently with a best-efforts private placement offering for aggregate gross proceeds to the Company of $8,289,917.

Moreover, subsequently to the date of this report, on October 29, 2024, the Company completed a non-brokered private placement offering and issued 36,335,000 units at $0.17 (CA$0.24) per unit for gross proceeds of $6,271,872 (CA$8,720,400). The Company intends to use the net proceeds for capital expenditures aimed at expanding its productions and for working capital and general corporate purposes.

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 programs and other discretionary expenditures.

Please refer to "FORWARD-LOOKING STATEMENTS" in this document for further details of the material risk factors that could cause actual results to differ materially from the forward-looking information; the material factors and assumptions used to develop such forward-looking information; and the Company's policy for updating forward-looking information.

	Three months ended			Nine months ended		
	September 30, 2024	**September 30, 2023**	**% Change**	**September 30, 2024**	**September 30, 2023**	**% Change**
Cash Flow	**$**	**$**		**$**	**$**	
Cash provided by (used in) operating activities	1,685,408	(1,809,034)	193%	(2,732,310)	(3,501,296)	(22%)
Cash used in investing activities	(1,037,275)	(1,950,583)	(47%)	(4,158,767)	(5,048,234)	(18%)
Cash provided by (used in) financing activities	(1,258,251)	4,622,359	(127%)	6,477,685	3,369,940	92%
Effect of exchange rate changes on cash	43,020	(65,392)	166%	87,979	(20,444)	530%
Change in cash	(567,098)	797,350	(171%)	(325,413)	(5,200,034)	94%
Cash, beginning of period	2,198,301	2,835,552	(22%)	1,956,616	8,832,936	(78%)
Cash, end of period	1,631,203	3,632,902	(55%)	1,631,203	3,632,902	(55%)

As of September 30, 2024, the Company had cash and cash equivalents of $1,631,203 and negative working capital of $20,473,059, compared with cash of $1,956,616 and negative working capital of $18,441,013 at December 31, 2023.

Operating activities

During the three months ended September 30, 2024, cash generated by operating activities was $1,685,408 (three months ended September 30, 2023 – cash used of $1,809,034). The significant non-cash adjustments to the net loss of $4,863,549 in the three months ended September 30, 2024 (three months ended September 30, 2023 - $7,062,158) were depreciation and depletion of $2,825,577 (three months ended September 30, 2023 – $2,865,179), accretion of $512,433 (three months ended September 30, 2023 - $638,363), share-based compensation of $214,129 (three months ended September 30, 2023 – $226,334), loss on derivatives and financial assets carried at fair value of $1,240,422 (three months ended September 30, 2023 – gain of $263,687), contingent payment settled in shares of $1,000,000 (three months ended September 30, 2023 – nil), unrealized foreign exchange gain of $1,417,929 (three months ended September 30, 2023 gain – $771,730) and an increase in non-cash working capital of $996,398 (three months ended September 30, 2023 – increase of $2,029,481). The net change in non-cash working capital was primarily due to an increase in accounts payable and accrued liabilities and amounts receivable offset by a decrease in purchases of gold and silver bullion, prepaids and inventory.
During the nine months ended September 30, 2024, cash used in operating activities was $2,732,310 (nine months ended September 30, 2023 – $3,501,296). The significant non-cash adjustments to the net loss of $14,995,173 in the nine months ended September 30, 2024 (nine months ended September 30, 2023 - $24,318,773) were depreciation and depletion of $8,866,534 (nine months ended September 30, 2023 – $9,141,493), accretion of $1,623,248 (nine months ended September 30, 2023 - $1,796,962), share-based compensation of $1,014,120 (nine months ended September 30, 2023 $1,127,644), gain on settlement of debt of $489,875 (nine months ended September 30, 2023 – loss of $461,622), loss on derivatives and financial assets carried at fair value of $4,014,115 (nine months ended September 30, 2023 – $1,125,661), contingent payment settled in shares of $1,000,000 (nine months ended September 30, 2023 – nil), unrealized foreign exchange gain of $3,196,858 (nine months ended September 30, 2023 loss – $1,744,342) and a decrease in non-cash working capital of $3,982,807 (nine months ended September 30, 2023 – decrease of $6,025,523). The net change in non-

cash working capital was primarily due to an increase in amounts receivable, offset by a decrease in prepaid expenses, accounts payable and accrued liabilities, purchase of gold and silver bullion, and inventory.

Investing activities

During the three months ended September 30, 2024, cash used in investing activities was $1,037,275 compared with the use of cash of $1,950,583 in the same period in 2023. During Q3 2024, $1,108,506 was used for investments in PP&E, construction in progress including the installation of automated equipment for mineralized material sorting in the San Ignacio mine, as well as additional jobs in the Topia and El Cubo tailing dams. Cash was also used in mine development, such as drifts and ramps in the Topia, Valenciana and San Ignacio mines. Additionally, the Company purchased marketable securities for $212,896, offset by the $284,127 related to the proceeds from sale of investments. The use of cash during the three months ended September 30, 2023 was $1,793,771 mainly directed to the acquisition of PP&E, constructions in progress related to emergency rescue pods and rehabilitation of the tailings dam and mine development mainly for the continued ramp up of Topia, Valenciana and San Ignacio mines. Additionally, the Company purchased marketable securities for $156,813.

During the nine months ended September 30, 2024, investing activities use of cash was $4,158,767, compared to the use of cash of $5,048,234 in the same period in 2023. During the nine months ended September 30, 2024, $4,200,111 was used on PP&E purchases, on construction in progress including the installation of automated equipment for mineralized material sorting in the San Ignacio mine, and mine development, mainly for the continued drifts, ramps and crosscuts of the Topia, Valenciana and San Ignacio mines. Additionally, the Company purchased marketable securities for $925,147 offset by $966,491 resulting from their sale. The use of cash during the period ended September 30, 2023 of $4,710,093 was invested mainly in PP&E, on construction in progress related to emergency rescue pods and rehabilitation of the tailings dam and mine development mainly for the continued ramp up of Topia, Valenciana and San Ignacio mines. Additionally, the Company purchased marketable security for $268,141 and the purchase of 3 of the 4 underlying royalties on El Pinguico from the original vendor of the property, Exploraciones Mineras Del Bajio S.A. de C.V. for $70,000.

Financing activities

During the three months ended September 30, 2024, cash used in financing activities was $1,258,251. Cash of $1,941,212 was used to repay Ocean Partners loan and lease obligations payments offset by $682,961 of proceeds from the exercise of options and warrants.

Cash generated by financing activities for the three months ended September 30, 2023 was $4,622,359 mainly from proceeds from the issuance of 22,250,000 common shares for $5,973,600, and from the exercises of warrants and options of $37,722, offset by loan and lease payments of $887,295.

During the nine months ended September 30, 2024, cash provided by financing activities was $6,477,685 mainly from proceeds from issuance of 56,752,300 shares for $8,289,917, $692,710 from the exercise of options and warrants and 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 the original Ocean Partners loan, offset by loan and lease payments of $6,086,562.

In the nine months ended September 30, 2023, cash generated by financing activities was $3,369,940 mainly from proceeds from issuance of 26,330,486 shares for $7,250,661, and from the exercises of warrants and options of $1,469,463, offset by loan and lease payments of $4,874,170.

<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 monthly delivery of 7,000 ounces of silver and 50 ounces of gold until February 2024 and monthly delivery of 12,606 ounces of silver and 104 ounces of gold 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.

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%. On May 10, 2024, the Company paid in full the remaining portion of the OP Facility of $2,055,586 due to Ocean Partners.

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.

LIFE Financing and Best-efforts Private Placement

On May 9, 2024, the Company completed a brokered Listed Issuer Financing Exemption (LIFE) 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.

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. 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.

Shares for Debt

Subsequent to September 30, 2024, the Company issued a total of 15,588,085 common shares at an average deemed price of $0.178 (CAD$0.248) per share in settlement of $2,780,804 of debt, including 40,000 shares issued to related parties in settlement of $7,187 (CAD$10,000) of debt.

Non-brokered Private Placement

October 29, 2024, the Company completed a non-brokered private placement offering and issued 36,335,000 units at $0.17 (CAD$0.24) per unit for gross proceeds of $6,271,872 (CA$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.

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 ratio, 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 for measures prepared in accordance with IFRS. The measure is intended to assist readers in evaluating the Company's liquidity.

As at	September 30, 2024	December 31, 2023
	$	$
Current assets	19,396,804	20,658,097
Current liabilities	39,869,863	39,099,110
Working capital	(20,473,059)	(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						
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
	$	$	$	$	$	$	$
Revenues	18,309,105	20,551,139	17,764,983	16,581,967	15,643,649	16,823,042	17,118,424
Production cost	(14,826,181)	(16,220,357)	(16,141,925)	(14,825,898)	(16,138,682)	(16,415,956)	(15,723,907)
Transportation and other support cost	(315,167)	(747,727)	(754,652)	(768,203)	(719,251)	(878,096)	(825,173)
Inventory changes	132,282	304,868	492,118	(149,798)	(361,927)	865,285	(382,130)
Mine operating cash flows before taxes	**3,300,039**	**3,887,924**	**1,360,523**	**838,068**	**(1,576,212)**	**394,276**	**187,214**

	Cumulative year to date						
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
	$	$	$	$	$	$	$
Revenues	56,625,227	38,316,122	17,764,983	66,167,081	49,585,115	33,941,466	17,118,424
Production cost	(47,188,463)	(32,362,282)	(16,141,925)	(63,104,443)	(48,278,545)	(32,139,863)	(15,723,907)
Transportation and other support cost	(1,817,546)	(1,502,379)	(754,652)	(3,190,722)	(2,422,519)	(1,703,268)	(825,173)
Inventory changes	929,268	796,986	492,118	(28,570)	121,228	483,155	(382,130)
Mine operating cash flows before taxes	**8,548,486**	**5,248,447**	**1,360,523**	**(156,654)**	**(994,721)**	**581,490**	**187,214**

Guanajuato Silver CO LTD

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					
	September 30, 2024	**June 30, 2024**	**March 31, 2024**	**December 31, 2023**	**September 30, 2023**	**June 30, 2023**
	$	**$**	**$**	**$**	**$**	**$**
Net loss per financial statements	(4,863,549)	(2,749,933)	(7,381,691)	(7,624,676)	(7,062,158)	(8,557,538)
Depreciation and depletion – cost of sales	2,784,463	2,940,490	3,016,127	2,771,418	2,784,795	2,784,515
Depreciation and depletion – general and administration	41,114	41,773	42,567	118,143	116,383	97,112
Interest and finance costs (income), net	1,575,092	1,775,577	1,544,130	1,154,485	1,167,308	1,126,420
Current income tax	-	-	-	1,021,369	-	-
EBITDA	**(462,880)**	**2,007,907**	**(2,778,867)**	**(2,559,261)**	**(3,029,671)**	**(4,549,491)**
Share based compensation	214,129	259,208	540,783	172,535	226,334	650,135
(Gain) loss on derivatives	1,663,209	1,488,929	1,350,446	492,081	(455,394)	(239,601)
Unrealized foreign exchange (gain) loss	(1,446,722)	(1,833,882)	263,979	772,846	(596,485)	1,098,944
Other finance items, net	(22,891)	(16,203)	(452,933)	20,529	191,707	-
Union payment associated with acquisition of "El Cubo Mines Complex"	-	-	-	-	-	(477,232)
Endeavour Silver contingent payment	1,000,000	-	-	-	-	-
Other expenses	(52,568)	10,974	(13,726)	(112,119)	(64,671)	-
VAT write-off	-	-	161,303	113,809	116,008	133,885
Adjusted EBITDA	**892,277**	**1,916,933**	**(929,015)**	**(1,099,580)**	**(3,612,173)**	**(3,383,360)**

	Cumulative year to date					
	September 30, 2024	**June 30, 2024**	**March 31, 2024**	**December 31, 2023**	**September 30, 2023**	**June 30, 2023**
	$	$	$	$	$	$
Net loss per financial statements	(14,995,173)	(10,131,624)	(7,381,691)	(31,943,447)	(24,318,773)	(17,256,616)
Depreciation and depletion – cost of sales	8,741,080	5,956,617	3,016,127	11,642,634	8,871,216	6,122,421
Depreciation and depletion – general and administration	125,454	84,340	42,567	388,420	270,277	153,894
Interest and finance costs (income), net	4,894,799	3,319,707	1,544,130	4,658,627	3,504,142	2,336,834
Current income tax	-	-	-	1,021,369	-	-
EBITDA	**(1,233,840)**	**(770,960)**	**(2,778,867)**	**(14,232,397)**	**(11,673,138)**	**(8,643,467)**
Share based compensation	1,014,120	799,991	540,783	1,300,179	1,127,644	901,310
(Gain) loss on derivatives	4,502,584	2,839,375	1,350,446	(337,052)	(829,133)	(373,739)
Unrealized foreign exchange (gain) loss	(3,016,624)	(1,569,903)	263,979	2,457,971	1,685,125	2,281,610
Other finance items, net	(492,027)	(469,136)	(452,933)	185,623	165,094	-
Transaction cost associated with the acquisition of MMR	-	-	-	-	-	461,622
Union payment associated with acquisition of "EL Cubo Mines Complex"	-	-	-	(488,634)	(488,634)	(488,235)
Endeavour Silver contingent payment	1,000,000	-	-	-	-	-
Other expenses	(55,320)	(2,752)	(13,726)	(295,077)	(182,958)	(118,287)
VAT write-off	161,303	161,303	161,303	525,846	412,037	296,029
Adjusted EBITDA	**1,880,195**	**987,918**	**(929,015)**	**(10,883,541)**	**(9,783,963)**	**(5,683,156)**

Cash Cost per AgEq Ounce, All-In Sustaining Cost per AgEq Ounce and Production Cost per Tonne

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

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 September 30, 2024					Three months ended September 30, 2023				
		El Cubo	**VMC**	**San Ignacio**	**Topia**	**Consolidated**	**El Cubo**	**VMC-San Ignacio**	**Topia**	**Consolidated**	**% Change**
Cost of sales (5)		**5,652,071**	**4,563,973**	**2,587,791**	**4,976,362**	**17,780,197**	**7,154,236**	**6,870,958**	**5,930,560**	**19,955,754**	**(11%)**
Transportation and selling cost (5)		(37,464)	(193,744)	(78,661)	8,033	(301,837)	(177,839)	(48,154)	(480,361)	(706,354)	(57%)
Inventory changes		219,109	(174,967)	(89,036)	177,177	132,282	(443,448)	(321,927)	403,448	(361,927)	(137%)
Depreciation		(1,038,566)	(850,723)	(436,698)	(458,476)	(2,784,463)	(1,099,989)	(1,296,630)	(352,175)	(2,748,795)	1%
Production cost	A	**4,795,149**	**3,344,539**	**1,983,396**	**4,703,096**	**14,826,181**	**5,432,960**	**5,204,246**	**5,501,473**	**16,138,682**	**(8%)**
Add (subtract):											
Government royalties and mining taxes		33,048	49,410	22,674	(283,375)	(178,243)	49,424	(11,659)	185,683	223,448	(180%)
Total cash cost	B	**4,828,197**	**3,393,949**	**2,006,070**	**4,419,722**	**14,647,938**	**5,482,384**	**5,192,587**	**5,687,156**	**16,362,126**	**(10%)**
General and administrative - corporate		-	-	-	-	2,117,753	-	-	-	2,093,963	1%
Operating lease payments		234,151	214,046	108,622	98,995	655,815	333,143	154,935	28,711	516,789	27%
Sustaining capital expenditures		676,160	227,851	224,875	69,020	1,197,907	479,009	424,444	760,125	1,663,576	(28%)
Total All-in sustaining cash cost	C	**5,738,509**	**3,835,846**	**2,339,567**	**4,587,737**	**18,619,412**	**6,294,533**	**5,771,967**	**6,475,993**	**20,636,454**	**(10%)**
Tonnes milled	D	69,897	40,440	20,427	13,772	144,537	62,742	53,129	16,613	132,484	9%
Silver equivalent ounces produced	E	263,360	146,375	89,122	280,940	779,797	192,664	290,216	304,206	787,086	(1%)
Production cost per tonne	A/D	**68.60**	**82.70**	**97.10**	**341.49**	**102.58**	**86.59**	**97.95**	**331.16**	**121.82**	**(16%)**
Cash cost per AgEq ounce produced	B/E	**18.33**	**23.19**	**22.51**	**15.73**	**18.78**	**28.46**	**17.89**	**18.70**	**20.79**	**(10%)**
All-in sustaining cash cost per AgEq ounce produced	C/E	**21.79**	**26.21**	**26.25**	**16.33**	**23.88**	**32.67**	**19.89**	**21.29**	**26.22**	**(9%)**
Mining cost per tonne		33.33	45.28	69.88	248.87	62.38	40.93	65.04	254.79	77.42	(19%)
Milling cost per tonne		22.88	18.50	18.89	59.60	24.59	26.29	15.99	47.73	24.85	(1%)
Indirect cost per tonne		12.39	18.92	8.33	33.02	15.61	19.36	16.93	28.64	19.55	(20%)
Production cost per tonne		**68.60**	**82.70**	**97.10**	**341.49**	**102.58**	**86.59**	**97.95**	**331.16**	**121.82**	**(16%)**
Mining		2,329,365	1,830,982	1,427,369	3,427,525	9,015,242	2,568,228	3,455,346	4,232,753	10,256,327	(12%)
Milling		1,599,863	748,327	385,892	820,779	3,554,862	1,649,796	849,428	792,900	3,292,125	8%
Indirect		865,921	765,230	170,135	454,792	2,256,077	1,214,936	899,472	475,819	2,590,231	(13%)
Production Cost		**4,795,149**	**3,344,539**	**1,983,396**	**4,703,096**	**14,826,181**	**5,432,960**	**5,204,246**	**5,501,473**	**16,138,682**	**(8%)**

1. Silver equivalents are calculated using 84.04:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q3 2024; an 81.83:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q3 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 September 30, 2024, excludes $13,330 in relation to silver bullion transportation and selling cost from cost of sales.

Guanajuato Silver Co Ltd

		Nine months ended September 30, 2024					Nine months ended September 30, 2023				
		El Cubo	VMC	San Ignacio	Topia	Consolidated	El Cubo	VMC-San Ignacio	Topia	Consolidated	% Change
Cost of sales [5]		**19,061,151**	**13,007,845**	**8,110,415**	**16,603,840**	**56,783,252**	**22,695,055**	17,499,108	**19,171,767**	**59,365,930**	**(4%)**
Transportation and selling cost [5]		(205,431)	(450,428)	(230,907)	(896,213)	(1,782,978)	(511,124)	(252,949)	(1,573,324)	(2,337,397)	(24%)
Inventory changes		241,355	198,245	140,570	349,099	929,268	(816,051)	444,236	493,042	121,228	667%
Depreciation		(3,025,593)	(2,679,567)	(1,681,812)	(1,354,108)	(8,741,080)	(4,125,446)	(3,047,729)	(1,698,040)	(8,871,216)	(1%)
Production cost	A	**16,071,483**	**10,076,095**	**6,338,266**	**14,702,619**	**47,188,463**	**17,242,434**	**14,642,666**	**16,393,446**	**48,278,545**	**(2%)**
Add (subtract):											
Government royalties and mining taxes		96,945	77,973	50,268	(11,103)	214,083	126,129	27,072	608,494	761,695	(72%)
Total cash cost	B	**16,168,428**	**10,154,069**	**6,388,533**	**14,691,516**	**47,402,545**	**17,368,563**	**14,669,738**	**17,001,940**	**49,040,241**	**(3%)**
General and administrative - corporate		-	-	-	-	6,464,990	-	-	-	7,328,258	(12%)
Operating lease payments		366,621	503,399	167,098	297,638	1,334,756	749,510	347,823	103,576	1,200,910	11%
Sustaining capital expenditures		2,323,599	952,054	889,498	228,143	4,393,295	1,551,061	1,292,120	1,857,873	4,701,054	(7%)
Total All-in sustaining cash cost	C	**18,858,648**	**11,609,522**	**7,445,130**	**15,217,296**	**59,595,586**	**19,669,134**	**16,309,681**	**18,963,389**	**62,270,462**	**(4%)**
Tonnes milled	D	239,549	122,225	71,312	37,986	471,072	234,986	166,376	55,095	456,457	3%
Silver equivalent ounces produced	E	830,057	530,735	372,959	857,038	2,590,789	818,488	940,015	907,968	2,666,470	(3%)
Production cost per tonne	A/D	**67.09**	**82.44**	**88.88**	**387.05**	**100.17**	**73.38**	**88.01**	**297.55**	**105.77**	**(5%)**
Cash cost per AgEq ounce produced	B/E	**19.48**	**19.13**	**17.13**	**17.14**	**18.30**	**21.22**	**15.61**	**18.73**	**18.39**	**(1%)**
All-in sustaining cash cost per AgEq ounce produced	C/E	**22.72**	**21.87**	**19.96**	**17.76**	**23.00**	**24.03**	**17.35**	**20.89**	**23.35**	(1%)
Mining cost per tonne		32.75	48.84	61.19	278.01	61.01	32.88	54.82	221.08	63.59	(4%)
Milling cost per tonne		22.96	17.99	18.98	67.08	24.62	24.25	16.27	46.48	24.02	3%
Indirect cost per tonne		11.39	15.61	8.70	41.96	14.54	16.25	16.92	29.99	18.15	(20%)
Production cost per tonne		**67.09**	**82.44**	**88.88**	**387.05**	**100.17**	**73.38**	**88.01**	**297.55**	**105.77**	**(5%)**
Mining		7,844,565	5,969,905	4,363,664	10,560,669	28,738,803	7,725,847	9,121,457	12,180,320	29,027,623	(1%)
Milling		5,499,433	2,198,684	1,353,851	2,547,991	11,599,958	5,698,920	2,706,358	2,560,639	10,965,918	6%
Indirect		2,727,485	1,907,507	620,750	1,593,959	6,849,701	3,817,667	2,814,851	1,652,487	8,285,004	(17%)
Production Cost		**16,071,483**	**10,076,095**	**6,338,266**	**14,702,619**	**47,188,463**	**17,242,435**	**14,642,666**	**16,393,446**	**48,278,545**	(2%)

1. Silver equivalents are calculated using an 84.34:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) YTD 2024 and an 82.21:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) YTD 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 nine months ended September 30, 2024, excludes $34,568 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 Q3	2024 Q2	2024 Q1	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4
	$	$	$	$	$	$	$	$
Total revenue	18,309,105	20,551,139	17,764,983	16,581,967	15,643,649	16,823,042	17,118,424	15,487,714
Production costs	14,826,181	16,220,357	16,141,925	14,825,898	16,138,682	16,415,956	15,723,907	12,911,041
Transportation and other selling costs	315,167	747,727	754,652	768,203	719,251	878,096	825,173	596,916
Inventory changes	(132,282)	(304,868)	(492,118)	149,798	361,927	(865,285)	382,130	(387,765)
Mine operating cash flow before depreciation	3,300,039	3,887,924	1,360,523	838,068	(1,576,212)	394,276	187,214	2,367,522
Depreciation	(2,784,463)	(2,940,490)	(3,016,127)	(2,771,418)	(2,748,795)	(2,784,515)	(3,337,906)	(2,515,349)
Mine operating income (loss)	515,576	947,433	(1,655,603)	(1,933,352)	(4,325,006)	(2,390,239)	(3,150,692)	(147,828)
Net (loss)	(4,863,549)	(2,749,933)	(7,381,691)	(7,624,676)	(7,062,158)	(8,557,538)	(8,699,078)	(9,905,707)
EBITDA [(1)]	(462,880)	2,007,907	(2,778,867)	(2,559,261)	(3,029,671)	(4,576,059)	(4,093,976)	(5,997,153)
Adjusted EBITDA [(1)]	892,277	1,916,933	(929,015)	(1,099,580)	(3,612,173)	(3,409,928)	(2,299,797)	(1,500,059)
Basic and fully diluted loss per share	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)	(0.03)	(0.03)	(0.03)
Weighted Average shares outstanding(000's)	418,241	387,960	354,497	351,590	341,056	327,386	322,850	302,154

(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 33.

In Q3 2024, revenues decreased by 11% to $18,309,105 from $20,551,139 in the second quarter of 2024. This decrease is mainly attributed to lower silver equivalent ounces produced and sold. The Company sold 390,361 ounces of silver at a realized price of $29.43 ($28.78 in Q2 2024) and 3,625 ounces of gold at a realized price of $2,477 ($2,334 in Q2 2024). In addition, the Company sold 701,512 pounds of lead at a realized price of $0.93 and 799,318 pounds of zinc at a realized price of $1.25. The Company generated a 46% lower mine operating income compared to the prior quarter of $947,432 in Q2 2024 to $515,576 in Q3 2024. The generated net loss increased by 77% from $2,749,933 in Q2 2024 to $4,863,549 in Q3 2024.

In the second quarter of 2024, revenues increased by 14% to $20,551,139 from $17,764,983 in the first quarter of 2024. This increase is mainly attributed to higher realized prices. The Company sold 403,084 ounces of silver at a realized price of $28.78 ($23.37 in Q1 2024) and 4,306 ounces of gold at a realized price of $2,334 ($2,069 in Q1 2024). In addition, the Company sold 787,635 pounds of lead at a realized price of $0.98 and 1,074,624 pounds of zinc at a realized price of $1.29. The Company generated a mine operating income of $947,433 and $2,749,933 of net loss a 157% increase and 63% decrease respectively, compared to prior quarter.

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

	2024			2023				2022
PRODUCTION	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Processed tonnes	144,537	161,457	165,079	137,339	132,484	163,793	160,182	131,341
El Cubo	69,897	84,706	84,945	71,233	62,742	83,244	89,000	108,897
VMC	40,440	40,178	41,607	55,220	53,129	61,594	51,653	3,928
San Ignacio	20,427	23,434	27,451	-	-	-	-	-
Topia	13,772	13,139	11,075	10,886	16,613	18,955	19,529	18,516
Silver ounces	413,607	398,685	428,279	394,971	425,488	477,649	458,803	401,244
El Cubo	132,723	91,760	106,714	94,113	83,089	147,099	136,847	242,038
VMC	58,994	71,112	82,433	145,364	135,206	156,859	142,220	4,652
San Ignacio	38,774	52,189	52,040	-	-	-	-	-
Topia	183,116	183,624	187,092	155,494	207,192	173,691	179,736	154,552
Silver Grade (g/t)	102.72	90.34	91.12	101.32	114.44	106.93	103.68	106.08
El Cubo	71.43	44.80	46.19	57.99	50.97	65.38	64.00	80.00
VMC	57.99	68.41	73.10	79.05	95.69	99.04	104.00	49.46
San Ignacio	69.49	81.83	68.79	-	-	-	-	-
Topia	442.18	466.12	558.68	473.54	414.12	311.99	314.10	283.00
Silver Recovery (%)	86.64	85.02	88.56	84.5	83.34	84.90	80.90	86.80
El Cubo	82.68	75.20	84.59	86.0	81.16	84.38	83.50	86.40
VMC	78.24	80.50	84.30	84.3	82.70	83.60	82.00	72.90
San Ignacio	84.95	84.60	85.71	-	-	-	-	-
Topia	93.53	93.30	94.00	77.7	93.65	91.34	91.10	91.80
Gold Ounces	3,617	4,255	5,384	4,395	3,441	4,719	4,413	3,907
El Cubo	1,549	1,936	2,370	1,492	1,340	2,006	2,140	3,452
VMC	1,034	1,153	1,549	2,572	1,897	2,400	1,848	110
San Ignacio	598	858	1237	-	-	-	-	-
Topia	436	308	228	331	204	314	424	345
Gold Grade (g/)	0.94	0.98	1.14	1.14	0.99	1.10	1.07	1.09
El Cubo	0.82	0.86	0.96	0.89	0.83	0.88	0.87	1.12
VMC	0.96	1.04	1.28	1.32	1.31	1.45	1.36	1.19
San Ignacio	1.05	1.26	1.54	-	-	-	-	-
Topia	1.32	1.07	0.99	1.40	0.58	0.88	1.18	0.91
Gold Recovery (%)	82.98	83.78	89.17	88.80	81.58	83.10	81.10	84.20
El Cubo	84.22	82.80	90.61	89.20	82.90	86.16	85.90	88.20
VMC	82.85	85.90	90.40	89.10	84.95	86.54	81.80	74.50
San Ignacio	86.97	90.60	91.21	-	-	-	-	-
Topia	74.68	68.30	64.80	84.15	65.82	58.74	57.70	63.30
Lead pounds	806,945	806,294	879,242	837,230	935,738	875,802	906,696	811,492
Topia	806,945	806,294	879,242	837,230	935,738	875,802	906,696	811,492
Lead Grade (%)	2.96	3.08	3.97	3.80	2.80	2.40	2.42	2.25
Topia	2.96	3.08	3.97	3.80	2.80	2.40	2.42	2.25
Lead Recovery (%)	89.88	90.30	90.70	91.70	89.90	87.40	87.10	88.20
Topia	89.88	90.30	90.70	91.70	89.90	87.40	87.10	88.20
Zinc pounds	926,056	1,067,537	922,297	960,206	857,660	897,258	1,153,138	1,261,554
Topia	926,056	1,067,537	922,297	960,206	857,660	897,258	1,153,138	1,261,554
Zinc Grade (%)	3.86	4.41	4.55	4.80	3.00	2.75	3.21	3.56
Topia	3.86	4.41	4.55	4.80	3.00	2.75	3.21	3.56
Zinc Recovery (%)	79.07	83.60	83.00	82.50	77.90	78.10	83.50	86.70
Topia	79.07	83.60	83.00	82.50	77.90	78.10	83.50	86.70

PRODUCTION	2024 Q3	2024 Q2	2024 Q1	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4
Cost per tonne	102.58	100.46	97.78	107.95	121.82	100.22	98.16	98.30
El Cubo	68.60	63.34	69.58	84.96	86.59	71.24	66.06	67.70
VMC	82.70	81.16	83.42	79.20	97.95	86.63	79.43	102.85
San Ignacio	97.10	104.61	69.34	-	-	-	-	-
Topia	341.49	391.37	438.52	404.22	331.16	271.69	294.04	277.29
Cash costs per ounce	18.78	19.93	16.55	17.66	20.79	17.71	17.06	15.55
El Cubo	18.33	21.63	18.74	21.38	28.46	19.24	18.75	14.19
VMC	23.19	19.97	15.81	14.66	17.89	15.20	13.86	31.92
San Ignacio	22.51	20.23	11.82	-	-	-	-	-
Topia	15.73	18.30	17.36	17.05	18.70	19.19	18.35	17.22
AISC per ounce	23.88	25.55	20.19	21.52	26.22	22.47	21.83	20.80
El Cubo	21.79	27.03	20.10	23.39	32.67	20.96	21.77	17.45
VMC	26.21	23.42	17.83	16.31	19.89	16.39	16.01	31.92
San Ignacio	26.25	24.69	12.93	-	-	-	-	-
Topia	16.33	18.89	18.02	17.82	21.29	21.52	19.96	18.49

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:

	September 30, 2024			November 22, 2024		
	#	Weighted average exercise price	Weighted average life (years)	#	Weighted average exercise price	Weighted average life (years)
Common shares	418,241,356			470,336,941		
Warrants	137,259,529	0.42	1.04	155,427,029	0.41	1.02
Stock options	23,265,000	0.37	3.23	23,065,000	0.37	3.09
Restricted Share Units	1,485,000	-	0.32	1,312,500	-	0.23
Fully diluted	**580,250,885**			650,141,470		

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		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.

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 September 30, 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 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.

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.

SUPPLEMENTAL DISCLOSURE ON USE OF PROCEEDS FROM PRIOR FINANCINGS

On May 9, 2024, the Company completed a brokered Listed Issuer Financing Exemption (LIFE) private placement and issued 43,125,000 units at $0.146 (CAD$0.20) per unit for gross proceeds of $6,299,351 (C$8,625,000). The table below provides the disclosure the Company previously made about how it was going to use proceeds from the financing, an explanation of variances and the impact of the variances, if any, on the Company's ability to achieve its business objectives and milestones.

Use of Proceeds	Initial Estimated Amount (C$)	Actual Amount (C$)	Explanation of Variances and Impact of Variances
To add to the underground fleet and ramp up production at GSilver's producing mines in and about Guanajuato, Mexico including El Cubo, San Ignacio and Valenciana mines and as a reserve against future operating deficits therefrom	900,000	884,787	The additions to the underground have been completed with actual costs under the initial estimated amount. There was no impact on the Company's ability to achieve its business objectives and milestones.
To fund corporate head office G&A expenses including legal, audit, overhead and salaries for ensuing 12 months	1,800,000	2,023,375	The actual amount includes five months of actual expenditures which was higher than the initial estimated amount as production was lower for the same time period.
To fund certain improvements to expand and modernize the processing facilities at the Topia mine and mill complex including capital expenditures and related costs	3,100,000	333,446	Only five months of actual expenditures are included in the actual amount spent since the closing of the financing. There was no impact on the Company's ability to achieve its business objectives and milestones.
To carry out brownfields' exploration at GSilver's mineral properties, particularly San Ignacio and Valenciana	400,000	148,168	Only five months of actual expenditures are included in the actual amount spent since the closing of the financing. There was no impact on the Company's ability to achieve its business objectives and milestones.
Unallocated working capital	3,408,995	4,122,845	Additional amounts were used for general working capital purposes as operating cashflow was lower than expected. There was no impact on the Company's ability to achieve its business objectives and milestones.
Total	**9,608,995**	**7,512,621**	

On August 10, 2023, the Company completed a bought-deal private placement and issued 22,250,000 Units at $0.27 (C$0.36) per unit for gross proceeds of $5,973,600 (C$8,010,000). The Company disclosed that the net proceeds from the Offering will be used for working capital and general corporate purposes. The Company did not disclose a specific dollar amount that would be spent on the use of proceeds. The Company confirms the net proceeds were used to fund working capital and for general corporate purposes.

On December 22, 2022, the Company completed the first tranche of a non-brokered Listed Issuer Financing Exemption private placement and issued 15,952,196 units at $0.312 (C$0.425) per unit for gross proceeds of $4,971,307 (C$6,779,683). 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 (C$0.425) per unit for gross proceeds of $1,277,061 (C$1,734,206.55). The total proceeds from both tranches of this financing were $6,248,908 (C$8,513,889.85). The table below provides the disclosure the Company previously made about how it was going to use proceeds from the financing, an explanation of variances and the impact of the variances, if any, on the Company's ability to achieve its business objectives and milestones.

Use of Proceeds	Initial Estimated Amount (C$)	Actual Amount (C$)	Explanation of Variances and Impact of Variances
To ramp up production at GSilver's producing mines in and about Guanajuato, Mexico including El Cubo, San Ignacio and Valenciana mines and as a reserve against future operating deficits therefrom	4,586,072	3,430,460	Offering proceeds were less than forecasted. There was no impact on the Company's ability to achieve its business objectives and milestones.
To fund corporate head office G&A expenses including legal, audit, overhead and salaries for ensuing 12 months	950,000	900,000	Offering proceeds were less than forecasted. There was no impact on the Company's ability to achieve its business objectives and milestones.
To fund certain improvements to expand and modernize the processing facilities at the Topia mine and mill complex including capital expenditures and related costs	2,225,000	1,949,400	Offering proceeds were less than forecasted. There was no impact on the Company's ability to achieve its business objectives and milestones.
To carry out brownfields' exploration at GSilver's mineral properties, particularly San Ignacio and Valenciana	450,000	546,666	Offering proceeds were less than forecasted; however, this item ended up costing more than expected and certain proceeds were reallocated. There was no impact on the Company's ability to achieve its business objectives and milestones.
Unallocated working capital	1,561,630	1,687,363	Offering proceeds were less than forecasted. There was no impact on the Company's ability to achieve its business objectives and milestones.
Total	**9,772,702**	**8,513,889**	

On July 21, 2022, the Company completed a private placement and issued 41,885,388 units at $0.256 (C$0.33) per unit for gross proceeds of $10,722,659. The Company disclosed that the net proceeds of this financing would be used to, among other things, finance the purchase price for the acquisition of MMR ($8 million in cash), fund ongoing mining operations and for general corporate and working capital purposes. Other than the $8 million cash purchase price for the acquisition of MMR, the Company did not disclose a specific dollar amount that would be spent on the use of proceeds. The Company confirms $8 million was paid for the ash purchase price for the acquisition of MMR and the remaining net proceeds were used to fund ongoing mining operations and for general corporate and working capital purposes.

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, 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.

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)**

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 September 30, 2024:

Metal	Change	Effect on Sales $
Silver	+/- 10%	2,213,597
Gold	+/- 10%	2,303,277
Lead	+/- 10%	111,226
Zinc	+/- 10%	162,482

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	September 30, 2024	December 31, 2023
	$	$
Cash and cash equivalents	**1,631,203**	1,956,616
Trade receivables	**2,666,790**	3,350,036
VAT recoverable	**8,488,512**	10,066,458
Other receivables	**926,003**	885,438
	13,712,508	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 September 30, 2024:

	Expected payments by year as at September 30, 2024			
	Less than 1 year	1 -5 years	After 5 years	Total
	$	$	$	$
Trade and other payables	23,299,775	-	-	**23,299,775**
Loans	12,597,453	4,714,607	-	**17,312,060**
Lease obligations	300,445	399,511	40,417	**740,373**
Other liabilities	2,680,140	-	32,619,165	**35,299,305**
Total	**38,877,813**	**5,114,118**	**32,659,582**	**76,651,513**

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 September 30, 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 September 30, 2024	Canadian dollars	Mexican pesos
Cash and cash equivalents	168,249	5,179,212
Amounts receivable	-	201,660,577
Other Assets	230,001	-
Accounts payable and accrued liabilities	(1,690,029)	(445,027,065)
Current portion of loan payable	-	(170,034)
Current portion of lease liabilities	(88,901)	(4,443,874)
Lease liabilities	(65,598)	(5,535,287)
Provision for reclamation and rehabilitation	-	(414,750,105)
Total foreign currency exposure	(1,446,279)	(663,086,576)
US$ equivalent of foreign currency exposure	(1,071,397)	(33,832,692)

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%	(97,472)
Mexican pesos	+/- 10%	3,077,285

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 and nine months ended September 30, 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 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 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.