Guanajuato Silver Co Ltd

Management's Discussion and Analysis

For the year ended December 31, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the annual audited consolidated financial statements of Guanajuato Silver Company Ltd. ("GSilver" or the "Company"), for the year ended December 31, 2024, and the related notes contained therein (the "Financial Statements") which were prepared in accordance 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 recent 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 April 25, 2025, 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, a global pandemic 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, tariffs, 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; the impact of tariffs; 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 any global pandemic that may occur, the ongoing war in Ukraine and Israel-Palestine conflict, inflation, higher interest rates, and the impact they will have on the Company's operations, personnel, supply chains, ability to access properties or procure exploration equipment, contractors, and other personnel on a timely basis or at all and economic activity in general. There can be no assurance that forward-looking statements and forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and information. Forward-looking statements and forward-looking information are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements and forward-looking information made in this MD&A are qualified by these cautionary statements and those made in the Company's other filings with applicable securities regulators in Canada including, but not limited to, the Financial Statements and the Annual Information Form. These factors are not intended to represent a complete list of the factors that could affect the Company, and readers should not place undue reliance on forward-looking statements or forward-looking information in this MD&A. The Company disclaims any intention or obligation to update or revise any forward-looking statements and forward-looking information, whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements and forward-looking information, except to the extent required by applicable law.

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

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OPERATING AND FINANCIAL HIGHLIGHTS

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

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

CONSOLIDATED	Year ended December 31, 2024	December 31, 2023	% Change
Operating			
Tonnes mined	611,128	600,352	2%
Tonnes milled	606,656	593,798	2%
Silver ounces produced	1,625,912	1,756,911	(7%)
Gold ounces produced	16,554	16,967	(2%)
Lead produced (lbs)	3,231,921	3,555,466	(9%)
Zinc produced (lbs)	3,901,785	3,868,262	1%
Silver equivalent ("AgEq") ounces produced (1)	3,321,273	3,516,684	(6%)
Silver ounces sold	1,613,121	1,761,832	(8%)
Gold ounces sold	16,250	17,061	(5%)
Lead sold (lbs)	3,119,518	3,580,029	(13%)
Zinc sold (lbs)	3,948,597	3,831,509	3%
AgEq ounces sold (1)	3,280,436	3,524,389	(7%)
Cost per tonne ($) (5)	101.52	106.27	(4%)
Cash cost per AgEq ounce ($) (1)(2)(5)	18.64	18.22	2%
AISC per AgEq ounce ($) (1)(3)(5)	23.44	22.91	2%
Financial	**$**	**$**	
Revenue	75,663,538	66,167,081	14%
Cost of Sales	73,193,450	77,966,369	(6%)
Mine operating income (loss)	2,470,088	(11,799,288)	121%
Mine operating cashflow before taxes (5)(7)	12,490,262	(156,654)	8,073%
Net loss	(17,408,613)	(31,943,447)	46%
EBITDA (4)(5)	1,022,698	(14,232,397)	107%
Adjusted EBITDA (4)(5)	3,630,276	(10,883,541)	133%
Realized silver price per ounce (6)	28.21	23.41	20%
Realized gold price per ounce (6)	2,342.36	1,947.59	20%
Realized lead price per pound (6)	0.94	0.97	(3%)
Realized zinc price per pound (6)	1.27	1.22	3%
Working capital (5)	(15,389,179)	(18,441,013)	17%
Shareholders			
Loss per share – basic and diluted	(0.04)	(0.10)	(60%)
Weighted Average Shares Outstanding	404,036,955	335,853,982	20%

1. Silver equivalents are calculated using 84.48:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for 2024 and an 82.91:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for 2023, respectively.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 34.
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 34.
4. See Reconciliation of earnings before interest, taxes, depreciation, and amortization on page 33.
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 32.
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 income (loss). See Reconciliation to IFRS on page 33.

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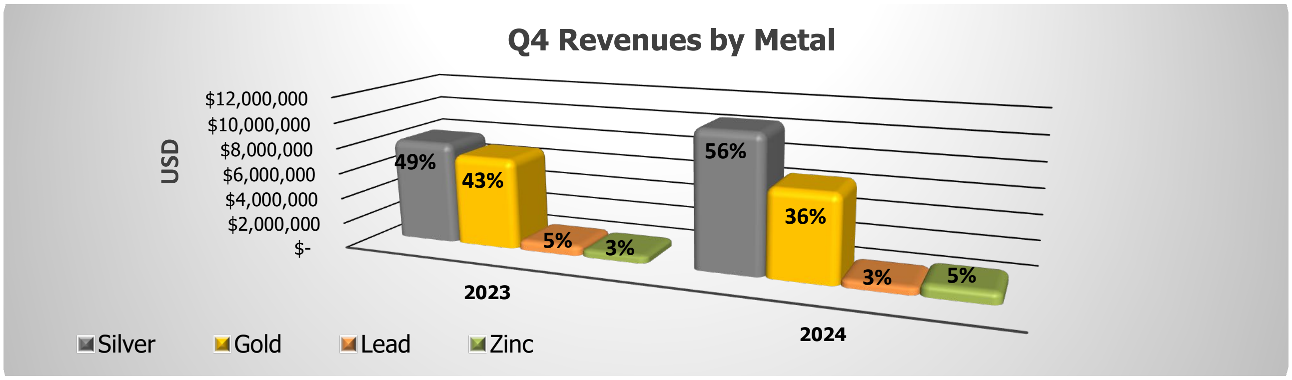

The following tables summarize the Company's consolidated operating and financial results for the last 8 quarters:

	Three Months Ended			
CONSOLIDATED	**December 31, 2024**	**September 30, 2024**	**June 30, 2024**	**March 31, 2024**
Operating				
Tonnes mined	136,962	138,575	171,534	164,057
Tonnes milled	135,584	144,537	161,457	165,079
Silver ounces produced	385,342	413,607	398,685	428,279
Gold ounces produced	3,298	3,617	4,255	5,384
Lead produced (lbs)	739,440	806,945	806,295	879,242
Zinc produced (lbs)	985,895	926,056	1,067,537	922,297
Silver equivalent ("AgEq") ounces produced(1)	730,485	779,797	823,679	987,312
Silver ounces sold	405,786	390,361	403,084	413,892
Gold ounces sold	3,122	3,625	4,306	5,196
Lead sold (lbs)	788,759	701,512	787,635	841,612
Zinc sold (lbs)	1,139,781	799,318	1,074,624	934,873
AgEq ounces sold(1)	743,153	748,747	833,208	955,328
Cost per tonne ($)(5)	106.21	102.58	100.46	97.78
Cash cost per AgEq ounce ($) (1)(2)(5)	19.84	18.78	19.93	16.55
AISC per AgEq ounce ($) (1)(3)(5)	24.98	23.88	25.55	20.19
Financial	**$**	**$**	**$**	**$**
Revenue	19,038,311	18,309,105	20,551,139	17,764,983
Cost of Sales	16,375,629	17,793,529	19,603,706	19,420,586
Mine operating income (loss)	2,662,682	515,576	947,433	(1,655,603)
Mine operating cash flows before taxes(5)(7)	3,941,776	3,300,039	3,887,924	1,360,523
Net loss	(2,413,440)	(4,863,549)	(2,749,933)	(7,381,691)
EBITDA(4)(5)	2,256,538	(462,880)	2,007,907	(2,778,867)
Adjusted EBITDA(4)(5)	1,750,081	892,277	1,916,933	(929,015)
Realized silver price per ounce(6)	31.44	29.43	28.78	23.37
Realized gold price per ounce(6)	2,664.40	2,477.39	2,334.24	2,068.57
Realized lead price per pound(6)	0.91	0.93	0.98	0.94
Realized zinc price per pound(6)	1.38	1.25	1.29	1.11
Working capital(5)	(15,389,179)	(20,473,059)	(16,770,538)	(21,238,584)
Shareholders				
Loss per share - basic and diluted	$(0.01)	$(0.01)	$(0.01)	$(0.02)
Weighted Average Shares Outstanding	455,223,199	418,241,356	387,959,573	354,496,832

1. Silver equivalents are calculated using an 84.86:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q4 2024; 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; and an 88.72:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q1 2024.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 34.
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 34.
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6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.
7. Mine operating cash flow before taxes is calculated by adding back depreciation, depletion, and inventory write-downs to mine operating income (loss). See Reconciliation to IFRS on page 33.

	Three Months Ended			
CONSOLIDATED	**December 31, 2023**	**September 30, 2023**	**June 30, 2023**	**March 31, 2023**
Operating				
Tonnes mined	133,497	134,865	166,171	162,116
Tonnes milled	137,339	132,484	163,793	160,182
Silver ounces produced	394,971	425,488	477,649	458,803
Gold ounces produced	4,395	3,441	4,719	4,413
Lead produced (lbs)	837,230	935,738	875,802	906,696
Zinc produced (lbs)	960,206	857,660	897,258	1,153,138
Silver equivalent ("AgEq") ounces produced(1)	850,214	787,086	941,338	938,047
Silver ounces sold	400,106	423,855	462,917	474,954
Gold ounces sold	4,275	3,773	4,427	4,586
Lead sold (lbs)	909,817	884,204	830,567	955,441
Zinc sold (lbs)	890,691	827,101	871,328	1,242,389
AgEq ounces sold(1)	844,572	808,742	901,474	969,603
Cost per tonne ($)(5)	107.95	121.82	100.22	98.16
Cash cost per AgEq ounce ($) (1)(2)(5)	17.66	20.79	17.71	17.06
AISC per AgEq ounce ($) (1)(3)(5)	21.52	26.22	22.47	21.83
Financial	**$**	**$**	**$**	**$**
Revenue	16,581,967	15,643,649	16,823,042	17,118,424
Cost of Sales	18,515,317	19,968,655	19,213,281	20,269,116
Mine operating loss	(1,933,352)	(4,325,006)	(2,390,239)	(3,150,692)
Mine operating cash flows before taxes(5)(7)	838,068	(1,576,212)	394,276	187,214
Net loss	(7,624,676)	(7,062,158)	(8,557,538)	(8,699,078)
EBITDA(4)(5)	(2,559,261)	(3,029,671)	(4,576,059)	(4,093,976)
Adjusted EBITDA(4)(5)	(1,099,580)	(3,612,173)	(3,409,928)	(2,299,797)
Realized silver price per ounce(6)	23.21	23.60	24.33	22.50
Realized gold price per ounce(6)	1,982.88	1,929.31	1,988.05	1,890.60
Realized lead price per pound(6)	0.96	0.99	0.97	0.96
Realized zinc price per pound(6)	1.14	1.10	1.14	1.42
Working capital(5)	(18,441,013)	(19,558,888)	(17,831,378)	(11,029,888)
Shareholders				
Loss per share - basic and diluted	$(0.02)	$(0.02)	$(0.03)	$(0.03)
Weighted Average Shares Outstanding	351,589,912	341,055,800	327,386,045	322,849,823

1. Silver equivalents are calculated using 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, 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.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 34.
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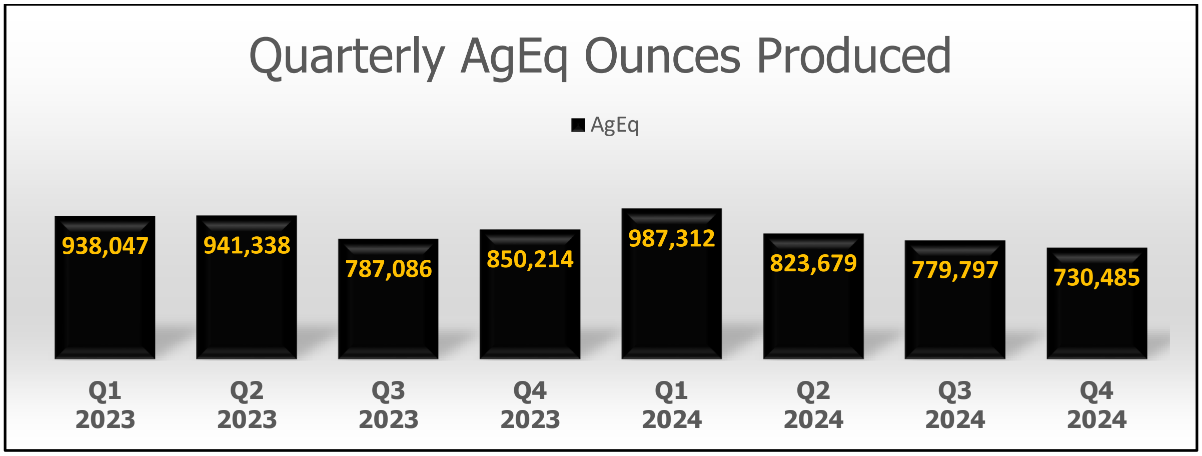


The above highlights are key measures used by management; however, they should not be the only measure used in determining the performance of the Company's operations. See footnotes to tables on pages 6 and 7 above, for assumptions regarding silver equivalent calculation.

As at	December 31, 2024	December 31, 2023	December 31, 2022
	$	$	$
Cash and cash equivalents	2,937,172	1,956,616	8,832,936
Total assets	71,177,951	76,740,176	85,648,898
Debt	17,138,186	19,810,314	23,832,319
Shareholders' equity	12,845,127	10,794,584	32,511,787

Year ended	December 31, 2024	December 31, 2023	December 31, 2022
	$	$	$
Total Revenue	75,663,538	66,167,081	36,880,204
Net income (loss)	(17,408,613)	(31,943,447)	(26,771,585)
Net income (loss) per share	(0.04)	(0.10)	(0.10)

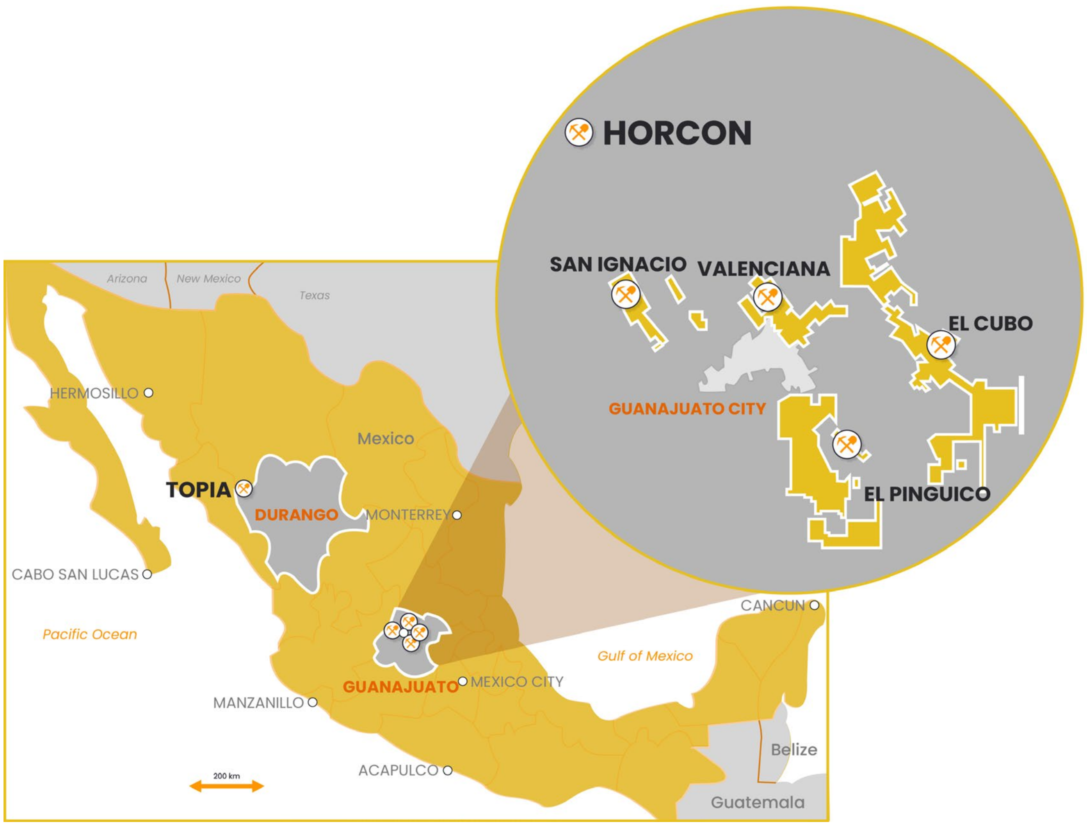
During the period ended June 30, 2024, the Company identified a non-material error in the provision for reclamation and rehabilitation previously reported as at December 31, 2023. As a result, the statement of financial position as at December 31, 2023 has been recast with the provision for reclamation 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 year ended December 31, 2024, the Company generated a mine operating income of $2,470,088, a net loss of $17,408,613 and negative cash flows from operating activities of $3,430,488. As at December 31, 2024, the Company has an accumulated deficit of $125,579,191 and current liabilities that exceed its current assets by $15,389,179, including accounts payable and accrued liabilities of $20,238,222. 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 will be required to raise additional capital and is considering new debt financing and is also considering raising additional equity financing. The Company has an active At-The-Market ("ATM") equity offering program. Under this program, the Company may, from time to time, issue and sell common shares in accordance with the terms of the ATM Prospectus. 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.

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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

- 7.2% of the entire Mexican operations workforce are female
- 100% of our Mexico operations are staffed by Mexican employees (991 as of December 31, 2024)
- Engagement and collaboration with the University of Guanajuato, including an internship and social service program
- Improvement of local community buildings, homes and schools and technology access. Monthly clean up brigades
- Curator of the Guanajuato Mining Museum at Valenciana. A key component of Guanajuato's UNESCO World Heritage Status

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:

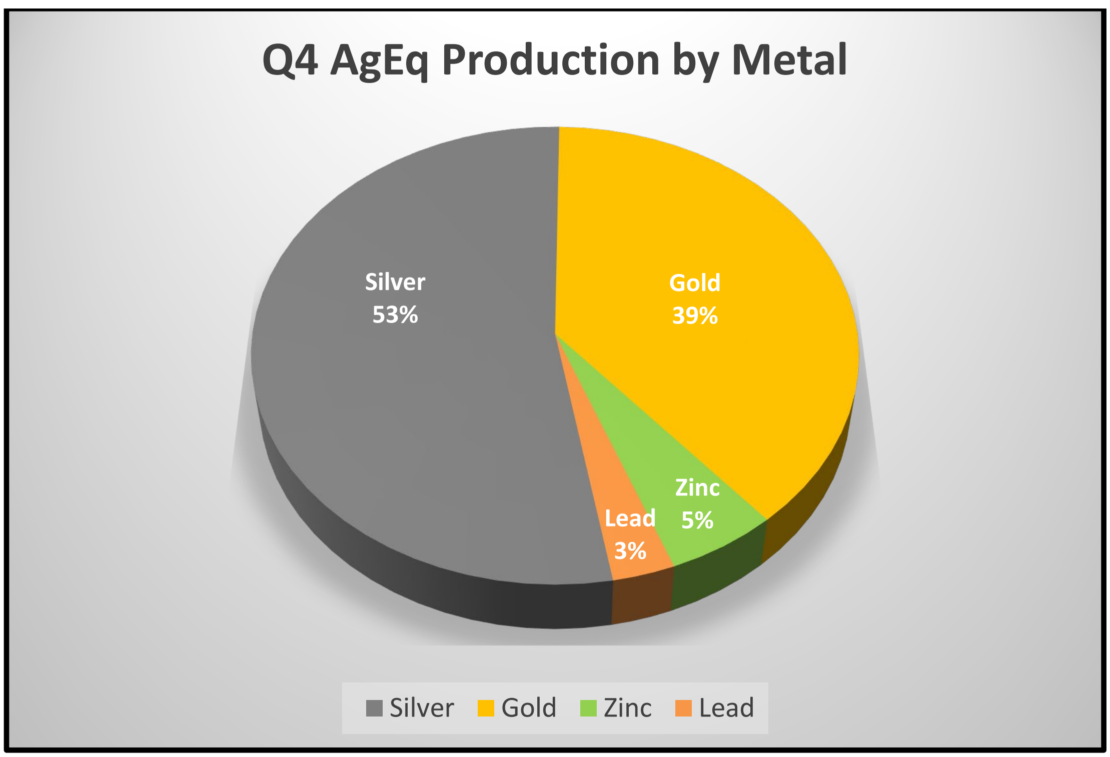
	Three months ended			Year ended		
CONSOLIDATED	**December 31, 2024**	**December 31, 2023**	**% Change**	**December 31, 2024**	**December 31, 2023**	**% Change**
Production						
Tonnes mined	136,962	133,497	3%	611,128	600,352	2%
Tonnes milled	135,584	137,339	(1%)	606,656	593,798	2%
Average tonnes milled per day	1,614	1,635	(1%)	1,806	1,767	2%
Average silver grade (g/t)	107.61	101.32	6%	97.36	105.92	(8%)
Average gold grade (g/t)	0.96	1.14	(16%)	1.01	1.07	(6%)
Average silver recovery (%)	82.15	84.50	(3%)	85.62	84.20	2%
Average gold recovery (%)	78.95	88.80	(11%)	84.23	83.60	1%
Silver ounces produced	385,342	394,971	(2%)	1,625,912	1,756,911	(7%)
Gold ounces produced	3,298	4,395	(25%)	16,554	16,967	(2%)
Lead produced (lbs)	739,440	837,230	(12%)	3,231,921	3,555,466	(9%)
Zinc produced (lbs)	985,895	960,206	3%	3,901,785	3,868,262	1%
AgEq ounces produced(1)	730,485	850,214	(14%)	3,321,273	3,516,684	(6%)
Sales						
Silver ounces sold	405,786	400,106	1%	1,613,121	1,761,832	(8%)
Gold ounces sold	3,122	4,275	(27%)	16,250	17,061	(5%)
Lead sold (lbs)	788,759	909,817	(13%)	3,119,518	3,580,029	(13%)
Zinc sold (lbs)	1,139,781	890,691	28%	3,948,597	3,831,509	3%
AgEq ounces sold	743,153	844,572	(12%)	3,280,436	3,524,389	(7%)
Realized silver price per ounce ($)(6)	31.44	23.21	35%	28.21	23.41	20%
Realized gold price per ounce ($)(6)	2,664.40	1,982.88	34%	2,342.36	1,947.59	20%
Realized lead price per pound ($)(6)	0.91	0.96	(5%)	0.94	0.97	(3%)
Realized zinc price per pound ($)(6)	1.38	1.14	21%	1.27	1.22	3%
Costs						
Cash cost per AgEq ounce ($)(3)(5)	19.84	17.66	12%	18.64	18.22	2%
AISC per AgEq ounce ($)(4)(5)	24.98	21.52	16%	23.44	22.91	2%
Production cost per tonne ($)(2)(5)	106.21	107.95	(2%)	101.52	106.27	(4%)
Capital expenditures						
Sustaining ($)	1,251,143	647,992	93%	5,644,437	5,349,047	6%
Diamond Drilling						
CMC (mts.)	-	-	0%	1,425	649	120%
VMC (mts.)	864	-	100%	1,741	618	182%
San Ignacio (mts.)	-	-	0%	249	3,271	(92%)
Topia (mts.)	346	-	100%	1,166	2,159	(46%)

1. Silver equivalents are calculated using 84.86:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q4 2024; an 85.11:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q4 2023; an 84.48:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2024; and an 82.91:1 (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 34.
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 34.
4. See Reconciliation of production cost per tonne 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 32.
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.

Q4 2024 - Production Summary	El Cubo Mines Complex	Valenciana Mines Complex	San Ignacio Mine	Topia	Consolidated
Tonnes mined	72,560	30,711	19,401	14,290	136,962
Tonnes milled	73,089	30,293	18,483	13,719	135,584
Silver ounces produced	139,718	48,473	31,569	165,582	385,342
Gold ounces produced	1,734	711	496	357	3,298
Lead produced (lbs)	-	-	-	739,440	739,440
Zinc produced (lbs)	-	-	-	985,895	985,895
Silver equivalent ("AgEq") ounces produced (1)	287,194	108,713	73,711	260,867	730,485
Silver ounces sold	139,069	55,457	35,611	175,649	405,786
Gold ounces sold	1,454	772	539	358	3,122
Lead sold (lbs)	-	-	-	788,759	788,759
Zinc sold (lbs)	-	-	-	1,139,781	1,139,781
AgEq ounces sold (1)	262,589	120,800	81,306	278,457	743,153
Cost per tonne (5)	67.92	98.65	99.24	336.34	106.21
Cash cost per AgEq ounce (1)(2)(3)(5)	17.42	27.75	25.15	17.70	19.84
AISC per AgEq ounce (1)(3)(4)(5)	20.22	32.89	28.36	18.38	24.98

1. Silver equivalents are calculated using 84.86:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q4 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 34.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 34.
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 34.
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 32.



Production

In Q4, total production amounted to 730,485 ounces of silver equivalent, which is comprised of 385,342 ounces of silver, 3,298 ounces of gold, 739,440 pounds of lead, and 985,895 pounds of zinc (see footnote to table above for calculation of silver equivalent). This represents a 14% decrease in silver equivalent ounces compared to Q4 2023. Out of total production, CMC accounted for 287,194 silver equivalent ounces, which is 39% of the total production, VMC contributed 108,713 silver equivalent ounces, representing 15% of the total production, San Ignacio's production was 73,711 representing 10% of the total, while Topia added 260,867 silver equivalent ounces, making up the remaining 36%.

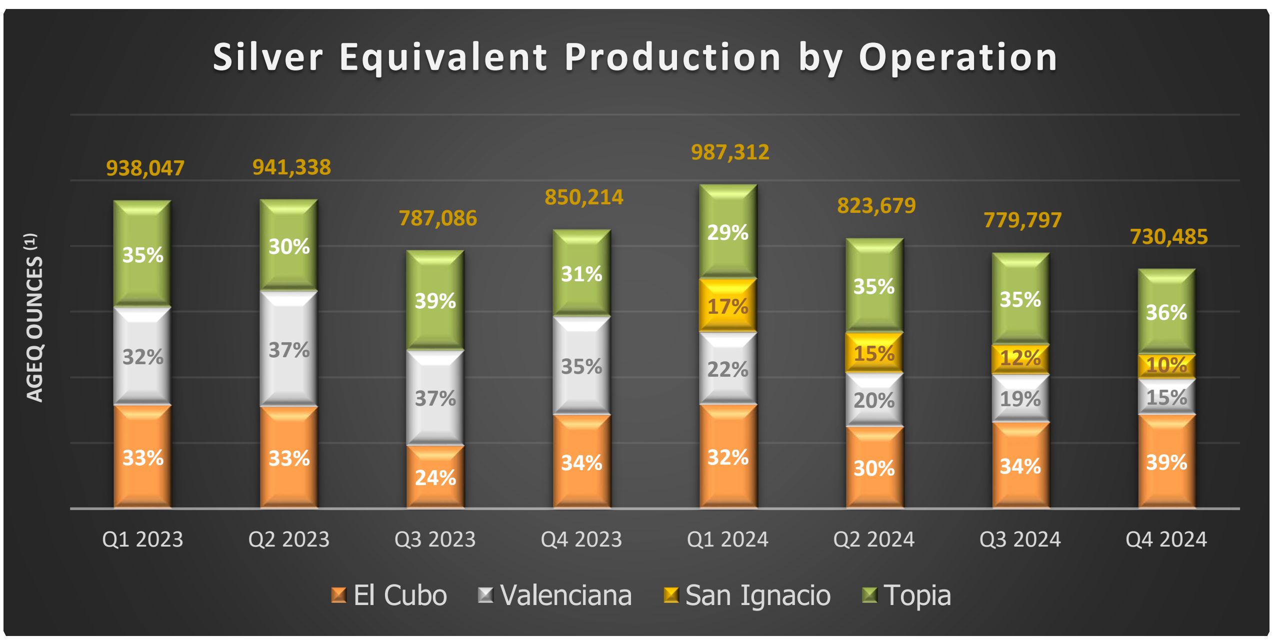
The Company's three plants processed a total of 135,584 tonnes of mineralized material with average grades of 107.61 grams per tonne ("g/t") for silver and 0.96 g/t for gold, compared to production in the same quarter of the prior year of 137,339 tonnes at average grades of 101.32 g/t of silver and 1.14 g/t of gold which represents a decrease of 1% in tonnes processed, 6% increase in average silver grades and 16% decrease in average gold grades. Average silver recoveries decreased by 3% in Q4 2024 compared to Q4 2023 from 84.50% to 82.15% and gold recoveries decreased by 11% in the same periods, from 88.80% in Q4 2023 to 78.95% in Q4 2024.

Cash Cost and All-In Sustaining Cost per Ounce

In Q4 2024, costs per tonne decreased by 2% to $106.21 compared to $107.95 in the corresponding period of 2023. Productions costs decreased by 3% and tonnes milled decreased by 1% to 135,584 in Q4 2024 compared to 137,339 in Q4 2023.

Cash cost and AISC per AgEq ounce produced for the quarter were $19.84 and $24.98, respectively, which represents an increase of 12% and 16%, respectively, compared to Q4 2023 of $17.66 and $21.52, respectively, and is primarily due to lower silver equivalent ounces produced by 14% from 850,214 AgEq ounces in Q4 2023 to 730,485 AgEq ounces in Q4 2024. Additional factors that affected this cost increase are an increase of sustaining capital expenditures of 93%, partially offset by a decrease of 4% in cash costs in Q4 2024 compared to Q4 2023, a decrease of 16% in operating lease payments and a decrease of 1% in general and administrative costs.

(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 32).



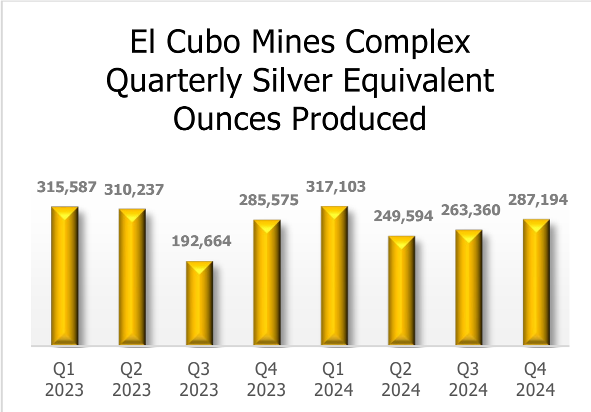
1. Silver equivalents are calculated using an 84.86:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q4 2024; 84.04:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q3 2024; 81.05:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2024; and an 88.72:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (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, 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.

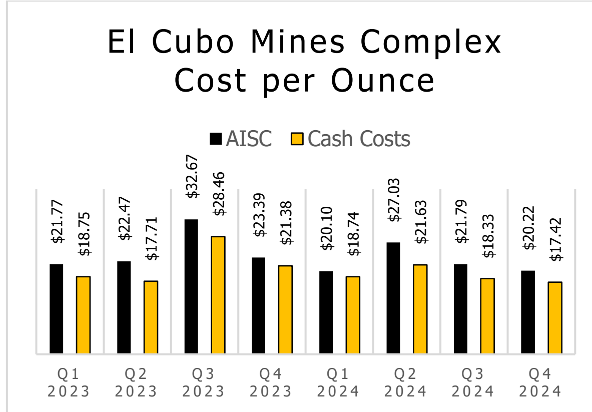
EL CUBO MINES COMPLEX OPERATIONS

Operating results were as follows:

EL CUBO MINES COMPLEX	Three months ended December 31, 2024	Three months ended December 31, 2023	% Change	Year ended December 31, 2024	Year ended December 31, 2023	% Change
Production						
Tonnes mined	72,560	71,426	2%	316,083	309,581	2%
Tonnes milled	73,089	71,233	3%	312,638	306,220	2%
Average tonnes milled per day	870	848	3%	930	911	2%
Average silver grade (g/t)	80.93	57.99	40%	59.58	58.16	2%
Average gold grade (g/t)	0.92	0.89	4%	0.89	0.86	3%
Average silver recovery (%)	73.5	86.0	(15%)	78.6	83.7	(6%)
Average gold recovery (%)	79.8	89.2	(11%)	84.6	86.0	(2%)
Silver ounces produced	139,718	94,113	48%	470,914	448,900	5%
Gold ounces produced	1,734	1,492	16%	7,589	6,795	12%
AgEq ounces produced(1)	287,194	285,575	1%	1,117,251	1,104,063	1%
Sales						
Silver ounces sold	139,069	117,130	19%	458,890	507,832	(10%)
Gold ounces sold	1,454	1,842	(21%)	7,148	7,656	(7%)
AgEq ounces sold	262,589	273,695	(4%)	1,066,884	1,141,398	(7%)
Realized silver price per ounce ($)(6)	31.37	23.34	34%	28.50	23.46	21%
Realized gold price per ounce ($)(6)	2,661.05	1,987.15	34%	2,346.63	1,943.67	21%
Costs						
Cash cost per AgEq ounce ($)(3)(5)	17.42	21.38	(19%)	18.95	21.26	(11%)
AISC per AgEq ounce ($)(4)(5)	20.22	23.39	(14%)	22.08	23.86	(7%)
Cost per tonne ($)(2)(5)	67.92	84.96	(20%)	67.28	76.07	(12%)
Capital expenditures						
Sustaining ($)	716,081	196,552	264%	3,039,681	1,747,615	74%
Diamond Drilling						
Villalpando/El Cubo Drilling (mts)	-	-	0%	1,425	649	120%

1. Silver equivalents are calculated using 84.86:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q4 2024; an 85.11:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q4 2023; an 84.48:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2024; and an 82.91:1 (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 34.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See reconciliation on page 34.
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 34.
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 32.
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 December 31, 2024 (compared to the three months ended December 31, 2023)

In Q4 2024, the total production of silver equivalent ounces in El Cubo amounted to 287,194, marking an increase of 1% from the 285,575 recorded in the comparable 2023 quarter. This minimal increase can be attributed to the 40% increase of the average silver grade from 57.99 g/t in Q4 2023 to 80.93 g/t in Q4 2024, offset by a decrease of the average silver recovery of 15% from 86.0% to 73.5% as well as a decrease in the average gold recovery of 11% from 89.2% to 79.8% between Q4 2023 and Q4 2024.

Year ended December 31, 2024 (compared to the year ended December 31, 2023)

In the year ended December 31, 2024, the total production of silver equivalent ounces amounted to 1,117,250, or a 1% increase from the 1,104,063 recorded in the comparable 2023 period. This increase can be attributed to the 2% increase in plant throughput to 312,638 tonnes in the period of 2024 from 306,220 tonnes in the same period of 2023. Average silver grades increased by 2% from 58.16 g/t to 59.58 g/t between 2023 and 2024 and average gold grades increased by 3% in the same periods from 0.86 g/t to 0.89 g/t.

Silver recoveries decreased by 6% from 83.7% in 2023 to 78.6% in 2024 and gold recoveries decreased by 2% from 86.0% to 84.6% 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 32.

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

Production costs decreased 20% to $67.92 per tonne in El Cubo in the fourth quarter of 2024 from $84.96 per tonne in the same period in 2023. The decreased cost at CMC was mainly due to a 18% reduction in production costs and an 3% increase in tonnes milled in Q4 2024 compared to the same period in 2023.

Cash costs per silver equivalent ounce in El Cubo for the three months ended December 31, 2024 was $17.42 compared to $21.38 for the three months ended December 31, 2023 reflecting a decrease of 19% mainly due to a decrease of 18% in total cash costs including a decrease of 24% of indirect costs from Q4 2023 to Q4 2024 due to a decrease in consulting fees, along with an increase of 1% in silver equivalent ounces produced in Q4 2024 of 287,194 compared to 285,575 in Q4 2023.

AISC at El Cubo decreased 14% to $20.22 per ounce in this quarter from $23.39 per ounce in Q4 2023, mainly due to a reduction of 13% of the total all-in sustaining cash costs during the two comparable periods, slightly offset by the 1% increase in silver equivalent ounces produced above mentioned.

Year ended December 31, 2024 (compared to the year ended December 31, 2023)

Production costs decreased 12% to $67.28 per tonne during the year ended December 31, 2024 from $76.07 per tonne in the same period last year. The decrease was mainly due to a 10% reduction in production costs along with 2% higher tonnes milled. Production cost was lower due to a 5% decrease in mining costs, 4% decrease in milling costs and 27% decrease in indirect costs.

Cash costs per silver equivalent ounce for the year ended December 31, 2024, decreased 11% to $18.95 compared to the year ended December 31, 2023, of $21.26 mainly due to the 10% decrease in total cash costs together with a 1% increase in silver equivalent ounces produced compared to same period last year.

AISC decreased 7% to $22.08 per ounce in the year ended December 31, 2024 from $23.86 per ounce in the same period of 2023, mainly due to a decrease in all-in sustaining cash costs of 6% in 2024 compared to 2023, and the increase of silver equivalent ounces previously mentioned.

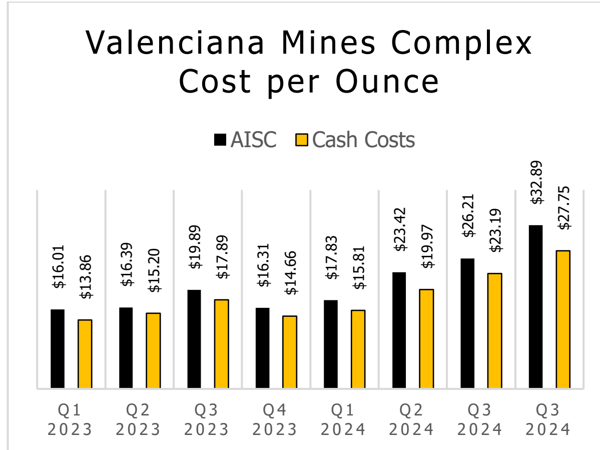
VALENCIANA MINES COMPLEX OPERATIONS

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			Year ended		
VALENCIANA MINES COMPLEX	**December 31, 2024**	**December 31, 2023**	**% Change**	**December 31, 2024**	**December 31, 2023**	**% Change**
Production						
Tonnes mined	30,711	52,247	(41%)	150,094	225,081	(33%)
Tonnes milled	30,293	55,220	(45%)	152,518	221,595	(31%)
Average tonnes milled per day	361	657	(45%)	454	660	(31%)
Average silver grade (g/t)	65.40	79.05	(17%)	66.33	91.77	(28%)
Average gold grade (g/t)	0.95	1.32	(28%)	1.07	1.34	(20%)
Average silver recovery (%)	76.1	84.3	(10%)	80.3	83.2	(4%)
Average gold recovery (%)	76.5	89.1	(14%)	85.0	85.9	(1%)
Silver ounces produced	48,473	145,364	(67%)	261,012	591,898	(56%)
Gold ounces produced	711	2,572	(72%)	4,446	8,899	(50%)
AgEq ounces produced(1)	108,713	299,461	(64%)	639,449	1,239,476	(48%)
Sales						
Silver ounces sold	55,457	115,476	(52%)	273,062	541,095	(50%)
Gold ounces sold	772	2,106	(63%)	4,633	8,139	(43%)
AgEq ounces sold	120,800	294,578	(59%)	667,566	1,213,280	(45%)
Realized silver price per ounce ($)(6)	31.64	23.23	36%	27.74	23.43	18%
Realized gold price per ounce ($)(6)	2,666.00	1,978.64	35%	2,335.34	1,952.04	20%
Costs						
Cash cost per AgEq ounce ($)(3)(5)	27.75	14.66	89%	20.60	15.38	34%
AISC per AgEq ounce ($)(4)(5)	32.89	16.31	102%	23.75	17.10	39%
Production cost per tonne ($)(2)(5)	98.65	79.20	25%	85.66	85.81	(0.2)%
Capital expenditures						
Sustaining ($)	332,494	359,913	(8%)	1,284,548	1,652,031	(22%)
Diamond Drilling						
VMC (mts)	864	-	100%	1,741	618	182%

1. Silver equivalents are calculated using 84.86:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q4 2024; an 85.11:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q4 2023; an 84.48:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2024; and an 82.91:1 (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 34.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See reconciliation on page 34.
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 34.
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 32.
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 December 31, 2024 (compared to the three months ended December 31, 2023)

During the three months ended December 31, 2024, VMC produced 108,713 silver equivalent ounces, consisting of 48,473 ounces of silver and 711 ounces of gold. Compared to the fourth quarter of 2023, there is a 64% 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 30,293 tonnes during the quarter ended December 31, 2024, reflecting a decrease of 45% from 55,220 tonnes milled in the same period in the prior year, also impacted by the split of San Ignacio from VMC. Silver grades in the fourth quarter averaged 65.40 g/t and gold grades averaged 0.95 g/t. Average metallurgical recoveries in the quarter were at 76.1% for silver and 76.5% for gold.

Year ended December 31, 2024 (compared to the year ended December 31, 2023)

During the year ended December 31, 2024, VMC produced 639,449 silver equivalent ounces, consisting of 261,012 ounces of silver and 4,446 ounces of gold. Compared to the same period in 2023, there is a 48% 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 152,518 tonnes during the year ended December 31, 2024, reflecting a decrease of 31% from 221,595 tonnes milled in the same period in the prior year, also impacted by the split of San Ignacio from VMC. Silver grades during the year, averaged 66.33 g/t and gold grades averaged 1.07 g/t. Average metallurgical recoveries in the period were at 80.3% for silver and 85.0% 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 32.

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

Production costs increased 25% to $98.65 per tonne in VMC in the fourth quarter of 2024 from $79.20 per tonne in the same period in 2023. The increased cost at VMC was mainly due to the separation of San Ignacio as a separate operation unit that resulted in a significant reduction of 45% of tonnes milled, partially offset by a decrease of 32% of productions costs in Q4 2024 compared to the same period in 2023.

Cash costs per silver equivalent ounce in VMC for the three months ended December 31, 2024 was $27.75 and AISC was $32.89 per ounce. The increase of costs compared to $14.66 and $16.31, respectively, in the previous quarter is due to a decrease of 64% in silver equivalent ounces reported in the fourth quarter of 2024, as well as the decrease in production costs, described above.

Year ended December 31, 2024 (compared to the year ended December 31, 2023)

Production costs per tonne remained stable during the year ended December 31, 2024 at $85.66 compared to $85.81 per tonne in the same period last year. There was a 31% reduction of production costs offset by a decrease of 31% in tonnes milled in Q4 2024 compared to the same period in 2023. The significant changes are mainly attributed to the separation of San Ignacio as a separate operation unit during 2024 compared to 2023.

Cash costs per silver equivalent ounce for the year ended December 31, 2024, increased 34% to $20.60 compared to the year ended December 31, 2023, of $15.38 and AISC increased 39% to $23.75 per ounce from $17.10 per ounce in the same period of 2023, mainly due to the 48% decrease in silver equivalent ounces produced partially 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.

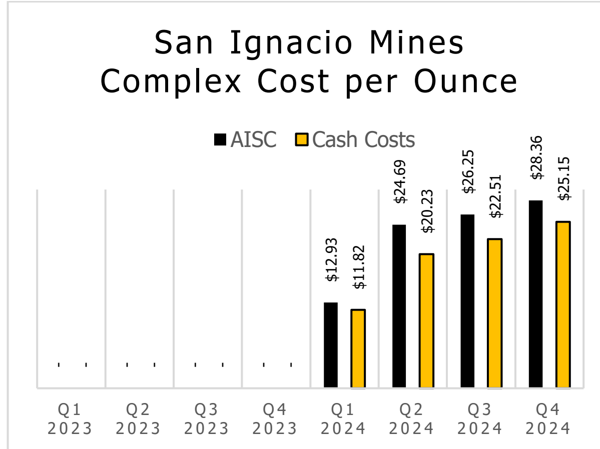
SAN IGNACIO MINES COMPLEX OPERATIONS

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			Year ended		
SAN IGNACIO MINES COMPLEX	**December 31, 2024**	**December 31, 2023**	**% Change**	**December 31, 2024**	**December 31, 2023**	**% Change**
Production						
Tonnes mined	19,401	-	100%	93,060	-	100%
Tonnes milled	18,483	-	100%	89,795	-	100%
Average tonnes milled per day	220	-	100%	267	-	100%
Average silver grade (g/t)	64.90	-	100%	71.56	-	100%
Average gold grade (g/t)	1.01	-	100%	1.24	-	100%
Average silver recovery (%)	81.9	-	100%	84.5	-	100%
Average gold recovery (%)	83.0	-	100%	88.9	-	100%
Silver ounces produced	31,569	-	100%	174,572	-	100%
Gold ounces produced	496	-	100%	3,190	-	100%
AgEq ounces produced(1)	73,711	-	100%	446,670	-	100%
Sales						
Silver ounces sold	35,611	-	100%	177,827	-	100%
Gold ounces sold	539	-	100%	3,199	-	100%
AgEq ounces sold	81,306	-	100%	450,524	-	100%
Realized silver price per ounce ($)(6)	31.58	-	100%	27.88	-	100%
Realized gold price per ounce ($)(6)	2,665.07	-	100%	2,321.81	-	100%
Costs						
Cash cost per AgEq ounce ($)(3)(5)	25.15	-	100%	18.45	-	100%
AISC per AgEq ounce ($)(4)(5)	28.36	-	100%	21.35	-	100%
Production cost per tonne ($)(2)(5)	99.24	-	100%	91.01	-	100%
Capital expenditures						
Sustaining ($)	94,297	-	100%	983,795	-	100%
Diamond Drilling						
San Ignacio Mine (mts)	-	-	0%	249	3,271	(92%)

1. Silver equivalents are calculated using 84.86:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q4 2024; an 85.11:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q4 2023; an 84.48:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2024; and an 82.91:1 (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 34.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See reconciliation on page 34.
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 34.
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 32.
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 December 31, 2024

During the three months ended December 31, 2024, San Ignacio produced 73,711 silver equivalent ounces, consisting of 31,569 ounces of silver and 496 ounces of gold. Total mineralized material processed amounted to 18,483 tonnes during the quarter. Silver grades in the fourth quarter averaged 64.90 g/t, gold grades averaged 1.01 g/t. Average metallurgical recoveries in the quarter were at 81.9% for silver and 83.0% for gold.

Year ended December 31, 2024

In the year ended December 31, 2024, the total production of silver equivalent ounces amounted to 446,670. Total mineralized material processed amounted to 89,795 tonnes during year ended December 31, 2024. Silver grades in the year ended December 2024 averaged 71.56 g/t, gold grades averaged 1.24 g/t. Average metallurgical recoveries in the same period were at 84.5% for silver and 88.9% 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 32.

Three months ended December 31, 2024

Production costs per tonne was $99.24 in the fourth quarter of 2024 while cash costs per silver equivalent ounce in San Ignacio and AISC for the three months ended December 31, 2024, were $25.15 and $28.36, respectively.

Year ended December 31, 2024

Production cost per tonne during the year ended December 2024 was $91.01. During the same period, cash cost per silver equivalent ounce and AISC were $18.45 and $21.35 respectively. The increase of costs quarter over quarter during 2024 was the result of the decrease in the silver equivalent ounces produced during the same quarters.

TOPIA MINES COMPLEX

Operating results were as follows:

TOPIA	Three months ended December 31, 2024	December 31, 2023	% Change	Year ended December 31, 2024	December 31, 2023	% Change
Production						
Tonnes mined	14,290	9,824	45%	51,891	65,689	(21%)
Tonnes milled	13,719	10,886	26%	51,705	65,982	(22%)
Average tonnes milled per day	163	130	26%	154	196	(22%)
Average silver grade (g/t)	400.49	473.54	(15%)	462.16	364.98	27%
Average gold grade (g/t)	1.08	1.40	(23%)	1.12	0.98	15%
Average lead grade (%)	2.66	3.80	(30%)	3.13	2.75	14%
Average zinc grade (%)	3.88	4.84	(20%)	4.15	3.29	26%
Average silver recovery (%)	93.7	77.7	21%	93.6	89.6	4%
Average gold recovery (%)	74.6	84.2	(11%)	71.3	64.4	11%
Average lead recovery (%)	92.0	91.7	0%	90.7	88.7	2%
Average zinc recovery (%)	84.1	82.5	2%	82.5	80.4	3%
Silver ounces produced	165,582	155,494	6%	719,414	716,113	0%
Gold ounces produced	357	331	8%	1,329	1,273	4%
Lead produced (lbs)	739,440	837,230	(12%)	3,231,921	3,555,466	(9%)
Zinc produced (lbs)	985,895	960,206	3%	3,901,785	3,868,262	1%
AgEq ounces produced(1)	260,867	265,178	(2%)	1,117,904	1,173,145	(5%)
Sales						
Silver ounces sold	175,649	167,500	5%	703,342	712,905	(1%)
Gold ounces sold	358	327	9%	1,270	1,266	0%
Lead sold (lbs)	788,759	909,817	(13%)	3,119,518	3,580,029	(13%)
Zinc sold (lbs)	1,139,781	890,691	28%	3,948,597	3,831,509	3%
AgEq ounces sold	278,457	276,299	1%	1,095,462	1,169,711	(6%)
Realized silver price per ounce ($)(6)	31.40	23.10	36%	28.31	23.35	21%
Realized gold price per ounce ($)(6)	2,675.41	1,986.08	35%	2,425.68	1,942.03	25%
Realized lead price per pound ($)(6)	0.91	0.96	(5%)	0.94	0.97	(3%)
Realized zinc price per pound ($)(6)	1.38	1.14	21%	1.27	1.22	4%
Costs						
Cash cost per AgEq ounce ($)(3)(5)	17.70	17.05	4%	17.27	18.35	(6%)
AISC per AgEq ounce ($)(4)(5)	18.38	17.82	3%	17.90	20.19	(11%)
Production cost per tonne ($)(2)(5)	336.34	404.22	(17%)	373.60	315.15	19%
Capital expenditures						
Sustaining ($)	108,270	91,528	18%	336,413	1,949,400	(83%)
Diamond Drilling						
Topia Mine (mts)	346	-	100%	1,166	2,159	(46%)

1. Silver equivalents are calculated using 84.86:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q4 2024; an 85.11:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q4 2023; an 84.48:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2024; and an 82.91:1 (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 34.
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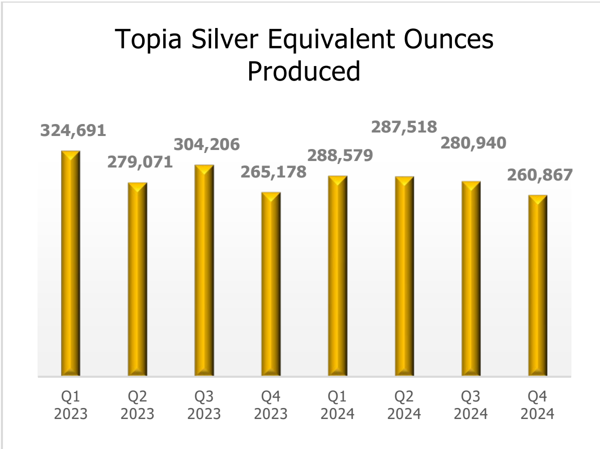
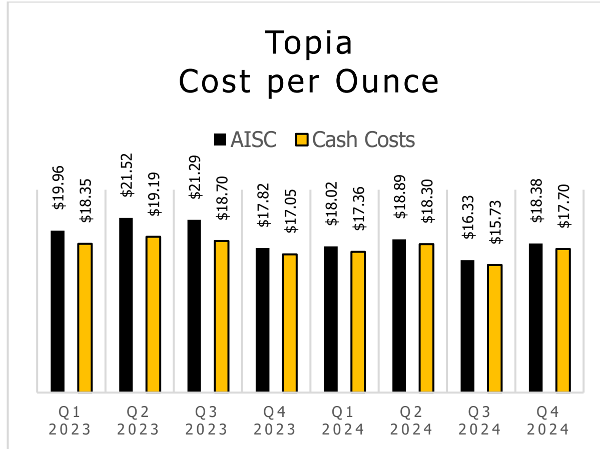




The above highlights are key measures used by management; however, they should not be the only measure used in determining the performance of the Company's operations. See footnotes to tables on pages 6 and 7 above for assumptions regarding silver equivalent calculation.

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

During the three months ended December 31, 2024, Topia produced 260,867 silver equivalent ounces, 2% lower than the 265,178 ounces produced in the fourth quarter of 2023. Tonnes milled increased from 10,886 to 13,719 during the quarter; however, silver grades averaged 400.49 g/t, which was 15% lower than the average of the same period in 2023 of 473.54 g/t. Average gold grade decreased by 23% from 1.40 g/t in Q4 2023 to 1.08 g/t in Q4 2024. Lead grades averaged 2.66% and zinc grades averaged 3.88%. Average metallurgical recoveries in the quarter were 93.7% for silver, 74.6% for gold, 92.0% for lead and 84.1% for zinc.

The silver equivalent ounces produced in the fourth quarter of 2024 consisted of 165,582 ounces of silver, 357 ounces of gold, 739,440 pounds of lead and 985,895 pounds of zinc.

Year ended December 31, 2024 (compared to the year ended December 31, 2023)

In the year ended December 31, 2024, the total production of silver equivalent ounces amounted to 1,117,904, a 5% decrease from the 1,173,145 recorded in the comparable 2023 period. This decrease can be attributed to a decrease of 22% in plant throughput from 65,982 tonnes in the period of 2023 to 51,705 tonnes in the same period of 2024, partially offset by a 27% increase in average silver grade to 462.16 g/t, from 364.98 g/t on the same period in 2023, along with an average gold grade increase of 15% to 1.12 g/t in Q4 2024 from 0.98 g/t in Q4 2023.

Lead grades averaged 3.13% and zinc grades averaged 4.15%. Average metallurgical recoveries in the quarter were 93.6% for silver, 71.3% for gold, 90.7% for lead and 82.5% for zinc.

The silver equivalent ounces produced in the year ended December 2024 consisted of 719,414 ounces of silver, 1,329 ounces of gold, 3,231,921 pounds of lead and 3,901,785 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 32.

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

Production costs in Topia decreased 17% to $336.34 per tonne in Q4 2024 from $404.22 per tonne mainly due to an increase of 26% in tonnes milled from 10,886 to 13,719 resulting from the change in the business model adopted since Q4 2023, described above, partially offset by an increase of 5% in production costs from Q4 2023 to Q4 2024.

Cash costs per silver equivalent ounce for the three months ended December 31, 2024 increased 4% to $17.70 compared to the three months ended December 31, 2023 of $17.05 mainly due a 2% increase in the total cash costs along with a decrease of 2% in silver equivalent ounces produced.

AISC in Topia increased 3% to $18.38 per ounce in this quarter from $17.82 per ounce in Q4 2023, due to a 1% increase in all-in sustaining costs and a decrease of 2% in silver equivalent ounces produced mentioned above.

Year ended December 31, 2024 (compared to the year ended December 31, 2023)

Production costs increased 19% to $373.60 per tonne during the year ended December 31, 2024 from $315.15 per tonne in the same period last year. The increase was mainly due to 22% lower tonnes milled partially offset by 7% decrease in total production cost. Production cost was lower mainly due to a 10% decrease in mining costs. Mining costs in Topia include mainly contractors' fees and supervisory costs.

Cash costs per silver equivalent ounce for the year ended December 31, 2024, decreased 6% to $17.27 compared to the year ended December 31, 2023 of $18.35 mainly due to the 10% decrease in total cash cost partially offset by 5% decrease in silver equivalent ounces produced compared to same period last year.

AISC decreased 11% to $17.90 per ounce in the year ended December 31, 2024 from $20.19 per ounce in the same period of 2023, mainly due to a decrease of 16% in all-in sustaining cash costs including a substantial decrease of 83% in sustaining capital expenditures partially offset by higher lease payments and a 5% reduction of Silver equivalent ounces produced during the period.

OPERATIONAL AND DEVELOPMENT ACTIVITIES

The Company's operating and development activities were focused on improving infrastructure, increasing production, and enhancing environmental and safety standards.

At the El Cubo Mines Complex, the Company continued its electrification project with a goal to achieve significant cost reductions by eliminating portable diesel generators and is expected to be completed in May 2025.

Pumping operations have been initiated to recover deep zones in the southeastern and central Villalpando areas, reaching the 17 level and aiming to reach the 18 level in the near future. Pumping in the area remains continuous with a plan being developed to improve efficiency with upgraded equipment. This initiative is vital to maintaining the mine sequence and enabling efficient development using Jumbo drilling equipment, which is currently undergoing maintenance in preparation for the project.

In Ramp 7-2160 SE (Cebolletas area), the vein has been intersected, and development is now underway on the 7-2186 front. As for Ramp 12-1850 SE, progress continues, with 32 meters remaining to intersect the Villalpando vein. In Ramp 12-2046 C, 25 meters of development was completed, and the Villalpando vein has been reached, with plans to start mineral front development soon. In Ramp 15-1790 NW, development has been completed, reaching a length of 58 meters in the mineral front, and work has now begun on stoping. Additionally, 75 meters remain to connect Contra Canon 11-2070 C with Ramp 1140, which will enable access to stopes for developing new areas.

A personnel centralization initiative allowed the majority of the workforce to concentrate specifically on the Villalpando zone. The goal was to optimize resources by having staff in a more consolidated space, which improved transportation, services, water supply, and compressed air availability, ultimately making costs more efficient. This also enabled the operation of a centralized underground mechanical workshop.

Additionally, in Q1 2025, the pipeline construction was completed at the Mastrantos IV project, which is expected to further boost production.

At the Valenciana Mines Complex, preparation of block 310-Tridente began at the Los Pozos Mine, totaling 6,589 tonnes. A crosscut development at level 310 was initiated to intersect the Santa Margarita vein, which lies above the Mother Vein. The Cata Mine completed the development of stope 345-823, focusing on the exploitation of the Alto 4 vein.

An essential development in the Valenciana Mines was the hydraulic fill project in the Santa Margarita area, which was finished during Q1 2025. This tailings containment wall, spanning from level 390 to level 345, is expected to have a capacity of 135,766 m^3, providing one year's worth of capacity.

In Q1 2025, work was underway on the drainage project at deep zones in Valenciana to open up this new area and begin mining activities. Two economically viable blocks have been identified below the 390 level, which has been flooded since operations under the previous owner. The necessary equipment and infrastructure are being put in place to support the water drainage system, and continuous pumping will be required for approximately three months to fully drain the area.

At the San Ignacio Mine, significant milestones were achieved, including the preparation of ramp 629 in Melladito Sur and the development of ramp 430. After several months of development work, the 430 Ramp has reached the Purisima vein where mining activity has been initiated. The advance of the ramp then continued to the west approximately where the Santo Nino vein was contacted. The Santo Nino vein offers the Company access to an entirely new mining area with comparatively higher gold content. Ventilation improvements were also underway, with the expansion of the San Pedro countershaft and the rehabilitation of the ventilation circuit in ramps 185 and 442.

At Topia, the high-grade mineralized systems continued to offer substantial value, although extraction costs remain high due to the narrow nature of the veins. To improve profitability, the Company shifted to working exclusively with local mining contractors for material extraction, allowing it to focus on acquiring and processing material. In Q4 2024, progress was made on the installation of a zinc concentrate filter with the filtration area being prepared for installation in early 2025. This filter will improve final grades and reduce transportation and selling costs. Additionally, the renovation of the reagent room is now complete, which is expected to enhance flotation process control, improve recovery rates, and reduce processing costs.

In early 2025, a ventilation review will aim to enhance airflow and safety. A comprehensive review of all mines is being conducted to assess and improve ventilation systems, with the goal of increasing production and supporting the transition to additional production shifts. Also, once more material is available, additional flotation cells will be added to increase processing capacity.

The Company's ongoing efforts reflect its commitment to optimizing production, reducing costs, and adhering to environmental and safety standards. In 2025, numerous projects are nearing completion, including ramp developments, electrification efforts, and infrastructure improvements across multiple mining complexes.

Guanajuato Silver CO LTD

EXPLORATION

Throughout 2024, the Company remained focused on advancing exploration across its key mining projects. Significant efforts were made to enhance resource development and production potential through strategic drilling programs, geological studies, and mine development activities. These initiatives were aimed at supporting long-term growth and ensuring continued resource generation at the Company's core assets.

At El Cubo Mines Complex, exploration efforts in early 2024 focused on revisiting previously identified areas to open new production zones and identify additional fresh mineralized material. These activities were supported by comprehensive geological, structural, sampling, and historical data. A new drilling program was approved in Q4, and in Q1 2025, the Company completed 845.8 meters of exploration diamond drilling.

At El Pinguico, exploration efforts in 2024 primarily targeted the El Pinguico mine. A 1,200-meter diamond drilling program commenced in late June 2024, focusing on the southern area of the El Pinguico and San Jose veins. Most mining activities were concentrated north of the Constancia Fault. Underground mining resumed at El Pinguico in July 2024, advancing Level 4 with 75 meters of drifting completed. Development included an 8.5-meter (4m x 4m) fully serviceable crosscut.

At Valenciana Mines Complex, exploration efforts during Q4 2024 concentrated on two key areas: Cata and Pozos. These efforts included the evaluation of stope extensions and the analysis of high-grade historical pillars along the Veta Madre vein and its hanging wall veins. Another drill target focused on the west side of the Veta Madre hanging wall. In Q4 2024, 863.9 meters of diamond drilling was completed in the Maravillas area, targeting the hanging wall of the Veta Madre vein within the Cata mine. The veins in this area, recognized as looping structures, ranged between 0.3 and 3.2 meters in width. Located 400 meters NW of the Cata mineralized material shoot, the drilling aimed to intercept stockwork originating from the Veta Madre hanging wall. In 2025, a total of 476.50 meters of diamond drilling were completed to date.

At the San Ignacio Mine, during Q4 2024, notable progress included preparing stope 629 in Melladito South. The development of ramp 430 also continued, reaching the Purisima vein. In late February and early March 2025, a surface geophysical survey was conducted at the San Ignacio Mine. The study aimed to identify anomalies that could provide drilling targets, as well as to prospect for a vein system located to the west of our current operations, near the area recently integrated into the Purísima and Santo Niño operation.

At Topia, exploration during Q4 2024 focused on the Santa Viviana vein at the 1522 Mine, the La Jicara vein at the La Jicara Mine, the Las Brisas Mine to Veta Madre, and the Agusticidad Mine.

At El Horcon, mapping and sampling continued at the El Horcon underground mine in Q4 2024, with 1,205 channel samples and 147 broken material samples collected to date. These samples revealed previously unknown low-angle veins, which will play a key role in reinterpreting the resource model for the project.

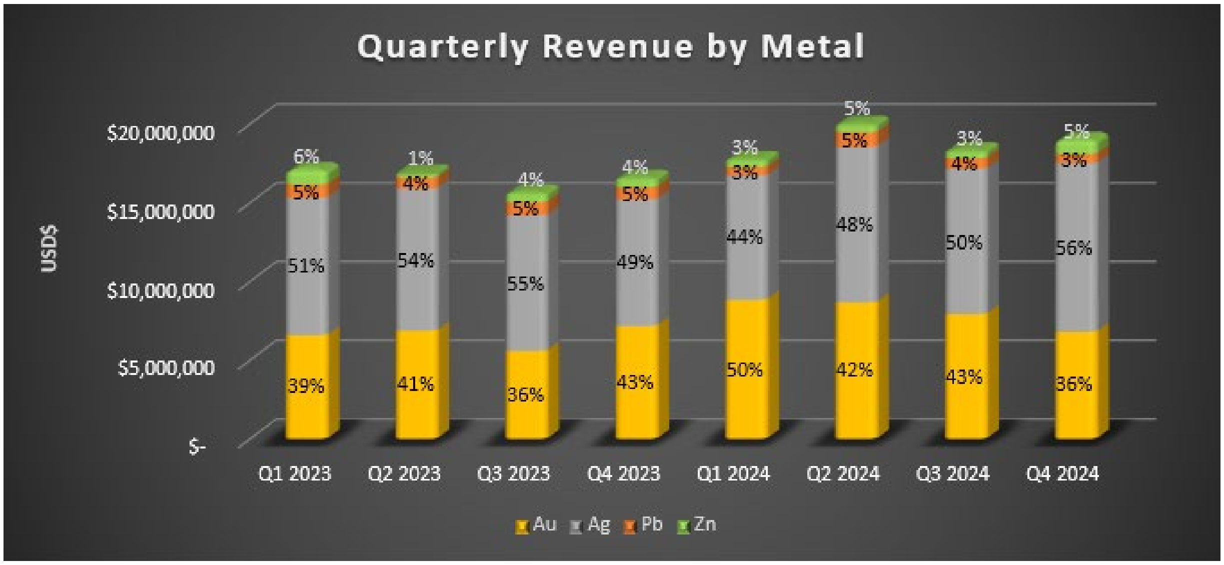
In 2024, the Company made significant strides in its exploration efforts, with promising drilling results, resource development, and the advancement of key mining projects. As the Company moves into 2025, its focus remains on expanding the resource base, optimizing development strategies, and ensuring the long-term growth and sustainability of the Company's operations. Continued exploration across our assets will be essential in driving future production and supporting the Company's overall strategic objectives.

FINANCIAL PERFORMANCE

The financial results for the three months and year ended periods were as follows:

CONSOLIDATED	Three months ended December 31, 2024	Three months ended December 31, 2023	% Change	Year ended December 31, 2024	Year ended December 31, 2023	% Change
Financial Results	**$**	**$**		**$**	**$**	
Revenue	**19,038,311**	**16,581,967**	**15%**	**75,663,538**	**66,167,081**	**14%**
Gold	6,804,355	7,174,711	(5%)	32,212,585	26,230,572	23%
Silver	10,707,059	8,054,107	33%	37,747,757	34,443,770	10%
Lead	593,703	763,203	(22%)	2,713,718	3,106,449	(13%)
Zinc	933,194	589,945	58%	2,989,478	2,386,290	25%
Cost of Sales	**(16,375,629)**	**(18,515,317)**	**(12%)**	**(73,193,450)**	**(77,966,369)**	**(6%)**
Production Costs	(14,400,672)	(14,825,898)	(3%)	(61,589,135)	(63,104,443)	(2%)
Transportation and selling cost	(628,913)	(768,203)	(18%)	(2,446,459)	(3,190,722)	(23%)
Inventory changes	(66,950)	(149,798)	(55%)	862,318	(28,570)	3,118%
Mine operating cashflow before Taxes (5)(7)	**3,941,776**	**838,068**	**370%**	**12,490,262**	**(156,654)**	**8,073%**
Depreciation and depletion	(1,279,094)	(2,771,418)	(54%)	(10,020,174)	(11,642,634)	(14%)
Mine operating income (loss)	**2,662,682**	**(1,933,352)**	**238%**	**2,470,088**	**(11,799,288)**	**121%**
General and Administration	(1,980,436)	(2,005,941)	(1%)	(8,445,426)	(9,334,199)	(10%)
Share Based Compensation	(118,490)	(172,535)	(31%)	(1,132,610)	(1,300,179)	(13%)
Exploration	(248,969)	(239,484)	4%	(1,116,411)	(1,760,577)	(37%)
Foreign exchange gain (loss)	690,033	(941,575)	173%	3,863,912	(2,654,532)	246%
Other operating income (expenses)	139,166	356,676	(61%)	(634,834)	433,895	(246%)
Interest and finance (costs) income, net	(1,439,282)	(1,154,485)	25%	(6,334,081)	(4,658,627)	36%
Gain (loss) on derivatives	(159,997)	(492,081)	(67%)	(4,662,581)	337,052	(1,483%)
Other finance (expense) income, net	(46,806)	(20,529)	128%	494,671	(185,623)	366%
Current income tax (expense) recovery	(1,911,341)	(1,021,369)	87%	(1,911,341)	(1,021,369)	87%
Net loss	**(2,413,440)**	**(7,624,676)**	**68%**	**(17,408,613)**	**(31,943,447)**	**46%**
Loss per share - basic and diluted	**(0.01)**	**(0.02)**	(50%)	**(0.04)**	**(0.10)**	(60%)
EBITDA (1) (5)	$2,256,538	$(2,559,261)	188%	$1,022,698	$(14,232,397)	107%
Adjusted EBITDA (2) (5)	$1,750,081	$(1,099,580)	259%	$3,630,276	$(10,883,541)	133%
Cash cost AgEq per ounce (3) (5)	$19.84	$17.66	12%	$18.64	$18.22	2%
AISC cost per AgEq ounce (4) (5)	$24.98	$21.52	16%	$23.44	$22.91	2%
Realized silver price per ounce (6)	$31.44	$23.21	35%	$28.21	$23.41	20%
Realized gold price per ounce (6)	$2,664.40	$1,982.88	34%	$2,342.36	$1,947.59	20%
Realized lead price per pound (6)	$0.91	$0.96	(5%)	$0.94	$0.97	(3%)
Realized zinc price per pound (6)	$1.38	$1.14	21%	$1.27	$1.22	3%

1. See Reconciliation of Earnings before interest, taxes, depreciation, and amortization on page 33.
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 34.
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 34.
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 32.
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 December 31, 2024 (compared to the three months ended December 31, 2023)

Revenue

During the three months ended December 31, 2024, the Company generated revenues of $19,038,311 net of metal deductions, treatment, and refining costs ($3,456,614). This represents a 15% 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 $31.44 and $2,664.40, a 35% and 34% increase, respectively, compared to $23.21 and $1,982.88 per ounce in Q4 2023. In the fourth quarter of 2024, the Company sold 405,786 ounces of silver and 3,122 ounces of gold representing an increase of 1% and a decrease of 27%, respectively compared to sales during Q4 2023. Additionally, the Company sold 788,759 pounds of lead at a realized price of $0.91 and 1,139,781 pounds of zinc at a realized price of $1.38 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 12% in cost of sales for the three months ended December 31, 2024, compared to the same period in 2023 is mainly due to a 54% decrease of depletion and depreciation attributed to the increase to the estimated life of mine for San Ignacio, a decrease of 18% in transportation and selling costs attributed to increased efficiencies in shipments and a decrease of Ecology tax no longer payable out of Topia. Additionally, production costs decreased by 3% for the three months ended December 31, 2024.

General and administration

During the fourth quarter of 2024, general and administrative expenses decreased by 1%, or $25,505 compared to the same period in 2023. This can be attributed to a $71,755 decrease in depreciation, and a reduction of $16,593 in salaries and professional fees related to consulting services incurred only in 2023 along with a decrease in senior management and director fees in Q4 2024 compared to Q4 2023, partially offset by a $62,843 increase in corporate administration expenses, including insurances.

Exploration

General exploration costs increased by 4% in the three months ended December 31, 2024, compared to the same period in 2023. Total metres drilled during Q4 2024 was 1,210 compared to no metres drilled during to Q4 2023.

Share-based compensation

Share-based compensation decreased by 31% for the three months ended December 31, 2024, compared to the same period in 2023. During Q4 2024, no stock options or RSUs were granted, however in this period, 2,745,000 stock options and 120,000 RSUs were forfeited or cancelled. During Q4 2023, 750,000 stock options and 230,000 RSUs were granted. From these RSUs, 120,000 were cancelled during Q4 2024. The restricted share units vest evenly over 12 months.

Other operating income (expenses)

During the three months ended December 31, 2024, other operating expenses decreased by $217,510 or 61% compared to the same period in 2023. In Q4 2024 the Company recognized a gain of $88,807 in property and equipment disposal along with a gain of $84,228 on sale of scrap material partially offset by a loss of $34,120 originated by an account receivable write off that the Company had with

Great Panther. During Q4 2023 other operating income (expenses) included losses of $90,779 in equipment disposal and $113,809 related to a VAT receivable write off, offset by a gain of $408,683 on sale of scrap and a gain of $203,838 from the expiration of a contingent liability.

Interest and finance costs

Interest and finance costs increased by $284,797 or 25% for the three months ended December 31, 2024, compared to the three months ended December 31, 2023. This increase is mainly due to a 69% increase in interest accrued on debt being held in Q4 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 December 31, 2024, was $11,257,218. In December 2023, the Company held the Tertiary OCIM loan of $3,610,089 and two Ocean Partners loans of $11,192,695. (*See Liquidity and Capital Resources).*

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 December 31, 2024, the Company recognized a loss on derivatives of $159,997. This result includes a gain of $324,555 on the revaluation of the derivative on the outstanding loan, a realized loss of $1,026,954 on the settlement of the derivative portion of the repayments to Ocean Partners, an unrealized gain of $510,121 in changes of fair value on forward silver and gold pricing sales and a realized gain of $32,281 on premiums on call options. For the three months ended December 31, 2023, the Company recognized a loss of $529,644 on the revaluation of the derivative offset by a gain of $37,563 on call options of metals.

Other finance items, net

During the three months ended December 31, 2024, the Company recognized a loss on settlement of debt of $49,125 originated on the modification of the delivery terms of the Expanded Facility with Ocean Partners where the parties agreed to defer the December 2024 payment to December 2026, with early payment of the January and February 2025 instalments, offset by a gain of $2,319 on revaluation of commodities and marketable securities (three months ended December 31, 2023 – loss of $28,588 on changes of fair value on commodities combined with a gain of $8,059 on the modification of the OCIM loan terms of delivery of silver and gold.

Year ended December 31, 2024 (compared to the year ended December 31, 2023)

Revenues

Revenues of $75,663,538 net of metal deductions, treatment, and refining costs ($12,194,483) for the year ended December 2024, increased by 14% compared to $66,167,081 net of metal deductions, treatment, and refining costs ($10,858,293) for the year ended December 31, 2023, mainly due to the increase of realized prices. As of December 31, 2024, realized silver and gold price per ounce sold averaged $28.21 and $2,342.36, a 20% increase in both metals, compared to $23.41 and $1,947.59 per ounce in the same period of 2023.

During the year ended December 31, 2024, the Company sold 1,613,121 ounces of silver and 16,250 ounces of gold which is an 8% and 5% decrease, compared to the year ended December 31, 2023. Additionally, the Company sold 3,119,518 pounds of lead at a realized price of $0.94 and 3,948,597 pounds of zinc at a realized price of $1.27 from the Topia Mine.

Cost of sales

Cost of sales for the year ended December 31, 2024 decreased by 6% compared to the same period in 2023 mainly due to a 14% decrease of depletion and depreciation attributed to the increase to the estimated life of mine for San Ignacio, a decrease of 23% in transportation and selling costs due to increased efficiencies in shipments, and a decrease of Ecology tax no longer payable out of Topia. Additionally, production costs decreased by 2% for the year ended December 31, 2024.

General and administration

During the twelve months ended December 31, 2024, general and administrative expenses decreased by 10%, or $888,773 compared to the same period in 2023. This decrease was mainly due to a $1,091,855 reduction in professional fees related to one-time services incurred only in 2023, such as tax consultations, consulting and legal fees related to due diligence costs for a potential financing, as well as a decrease in external geology consulting fess and a reduction in senior management fees and bonuses. There was also a $225,234 decrease in corporate administration expenses and depreciation, including insurance and lower trade show and conference fees. The decrease was partially offset by a $428,316 increase in salaries during the year ended December 31, 2024.

Exploration

General exploration costs decreased 37% to $1,116,411 in the year ended December 31, 2024, compared to $1,760,577 in the same period in 2023. During the year ended on December 31, 2024, as part of the exploration program, the Company drilled 4,581 metres (1,425 in CMC, 1,741 in VMC, 249 in San Ignacio and 1,166 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 $167,569 or 13% for the year ended December 31, 2024, compared to the same period in 2023 mainly due to forfeited or expired options during 2024. During the year ended December 31, 2024, the Company granted 10,460,000 stock options and 1,080,000 RSUs while in the same period of 2023, 4,240,000 stock options and 577,500 RSUs were granted. The restricted share units vest evenly over 12 months.

Other operating income (expenses)

Other operating income decreased by $1,068,729 or 246% during the year ended December 31, 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. Additionally, during the year ended December 31, 2024 the Company recorded an impairment of $161,303 for VAT not recoverable and $34,120 write-off of a receivable with Great Panther. These expenses were partially offset by a $560,915 gain on disposal of PP&E and sale of scrap material

In the year ended December 31, 2023 the Company recognized a gain of $198,665 of premiums received on futures sales of metals to Ocean Partners, a gain of $350,765 in mining rights adjustments and expiration of a contingent payment, along with income of $395,482 of PP&E disposal and sale of scrap material, offset by a recognition of an impairment in accounts receivable of $511,899 related to a non recoverable VAT

Interest and finance costs

Interest and finance costs increased by $1,675,454 or 36% for the year ended December 31, 2024, compared to the year ended December 31, 2023. During 2024, the Company held the Ocean Partners gold loan with an ending balance as of the end of the year of $11,257,218. In September 2024, the Company fully repaid the OCIM loan with the final delivery of silver and gold. As of December 31, 2023, the Company held the Tertiary OCIM loan of $3,610,089 and two Ocean Partners loans totalling $11,192,695.

During the year ended December 31, 2024, the interest expense was offset by $163,229 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 year ended December 31, 2024, the Company recognized a loss of $4,662,581 that includes a loss of $3,280,091 on revaluation of the derivative of the outstanding facility with Ocean Partners. Additionally, during the year, there was a realized loss of $1,979,301 on the settlement of the loan's repayment, an unrealized loss of $814 in changes of fair value on forward silver and gold pricing sales and a realized gain of $597,625 on premiums on call options.

During the year ended December 31, 2023, the Company recognized a gain of $380,959 in changes of fair value on forward silver and gold pricing sales and call options and a realized gain of $14,567 on settlement of the loans' repayment, offset by and unrealized loss of $58,474 on revaluation of the derivative of the outstanding credit facilities.

Other finance items, net

During the year ended December 31, 2024, the Company recognized a gain on settlement of debt of $440,750 in relation to the restructuring of the latest Ocean Partner's credit facility and the amendment of the delivery terms, a realized gain of $62,551 on sales and maturity of securities offset by a loss on revaluation of commodities and marketable securities of $8,630

During the year ended December 31, 2023, the Company had an unrealized gain of $267,940 on the changes of fair value on forward silver and gold pricing sales offset against a loss of $453,563 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, 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. 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. Based on its existing cash and cash equivalents as of December 31, 2024 of $2,937,172, negative working capital of $15,389,179 and estimated future cash flows, the Company does not have sufficient capital to continue operations for the next twelve months. As a result, it will need to raise additional capital and sources of capital include accessing the private and public capital markets for debt and equity over the next twelve months. The Company's cashflow forecast for the next 12 months is based on assumptions regarding production rates, operating and capital costs. In general, the use of proceeds from recent financings are expected to improve grade, improve metal recoveries, reduce energy consumption, increase concentrate production capacity and lower operating costs.

In addition, the Company has entered into an equity distribution agreement (the "Distribution Agreement") with Research Capital Corporation (the "Agent") to establish an at-the-market equity program (the "ATM Program"). The Company may issue up to CA$7,500,000 of common shares of the Company (the "ATM Offered Shares") from treasury under the ATM Program. The ATM Offered Shares will be issued by the Company to the public from time to time, through the Agent, at the Company's discretion. The ATM Offered Shares sold under the ATM Program, if any, will be sold at the prevailing market price at the time of sale. Since the ATM Offered Shares will be distributed at trading prices prevailing at the time of the sale, prices may vary between purchasers and during the period of distribution. The Company intends to use the net proceeds from any sales of ATM Offered Shares under the ATM Program, if any, to advance the Company's business objectives and for general corporate purposes, including, without limitation, funding ongoing operations or working capital requirements, repaying indebtedness outstanding from time to time, discretionary capital programs and potential future acquisitions. No sales under the ATM Program were completed during the year end December 31, 2024.

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			Year ended		
	December 31, 2024	December 31, 2023	% Change	December 31, 2024	December 31, 2023	% Change
Cash Flow	$	$		$	$	
Cash used in operating activities	(698,178)	(2,646,432)	74%	(3,430,488)	(6,147,728)	44%
Cash used in investing activities	(1,358,927)	(561,560)	(142%)	(5,517,694)	(5,609,794)	2%
Cash provided by financing activities	3,427,338	1,551,251	121%	9,905,023	4,921,191	101%
Effect of exchange rate changes on cash	(64,264)	(19,545)	(229%)	23,715	(39,989)	159%
Change in cash	1,305,969	(1,676,286)	178%	980,556	(6,876,320)	114%
Cash, beginning of period	1,631,203	3,632,902	(55%)	1,956,616	8,832,936	(78%)
Cash, end of period	2,937,172	1,956,616	50%	2,937,172	1,956,616	50%

As of December 31, 2024, the Company had cash and cash equivalents of $2,937,172 and negative working capital of $15,389,179, 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 December 31, 2024, cash used in operating activities was $698,178 (three months ended December 31, 2023 – cash used of $2,646,432). The significant non-cash adjustments to the net loss of $2,413,440 in the three months ended December 31, 2024 (three months ended December 31, 2023 - $7,624,674) were depreciation and depletion of $1,319,355 (three months ended December 31, 2023 – $2,889,561), accretion of $452,398 (three months ended December 31, 2023 - $560,168), share-based compensation of $118,490 (three months ended December 31, 2023 – $172,535), loss on settlement of debt of $49,125 (three months ended December 31, 2023 – gain of $8,059), gain on derivatives and financial assets carried at fair value of $724,580 (three months ended December 31, 2023 – loss of $908,596), current income tax of $1,911,341 (three months ended December 31, 2023 – 1,021,369), unrealized foreign exchange gain of $933,479 (three months ended December 31, 2023 loss – $172,535) and a decrease in non-cash working capital of $1,484,666 (three months ended December 31, 2023 – increase of $2,222,876). The net change in non-cash working capital was primarily due to an increase in amounts receivable and prepaids, offset by a decrease in inventories and accounts payable and accrued liabilities.

During the year ended December 31, 2024, cash used in operating activities was $3,430,488 (year ended December 31, 2023 – $6,147,728). The significant non-cash adjustments to the net loss of $17,408,613 in the year ended December 31, 2024 (year ended December 31, 2023 - $31,943,447) were depreciation and depletion of $10,185,889 (year ended December 31, 2023 – $12,031,054), accretion of $2,075,646 (year ended December 31, 2023 - $2,357,130), share-based compensation of $1,132,610 (year ended December 31, 2023 $1,300,179), gain on settlement of debt of $440,750 (year ended December 31, 2023 – loss of $453,563), loss on derivatives and financial assets carried at fair value of $3,289,535 (year ended December 31, 2023 – gain $217,065), contingent payment settled in shares of $1,000,000 (year ended December 31, 2023 – nil), current income tax of $1,911,341 (year ended December 31, 2023 – 1,021,369), unrealized foreign exchange gain of $4,130,337 (year ended December 31, 2023 loss – $2,805,226) and a decrease in non-cash working capital of $5,467,473 (year ended December 31, 2023 – decrease of $3,740,536). 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, purchases of gold and silver bullion, and inventory.

Investing activities

During the three months ended December 31, 2024, cash used in investing activities was $1,358,928 compared with the use of cash of $561,560 in the same period in 2023. During Q4 2024, $1,216,470 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 $527,512, offset by the $385,504 related to the proceeds from sale of investments. The use of cash during the three months ended December 31, 2023 was $512,065 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 $49,495.

During the year ended December 31, 2024, investing activities use of cash was $5,517,694, compared to the use of cash of $5,609,794 in the same period in 2023. During the year ended December 31, 2024, $5,416,580 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 $1,452,659 offset by proceeds of $1,351,545 resulting from their sale. The use of cash during the period ended December 31, 2023 included investments of $5,222,158 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 $317,636 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

Cash generated by financing activities for the three months ended December 31, 2024 included $6,271,872 from proceeds from the issuance of 36,335,000 common shares, offset by $77,596 related to share issuance costs as well as loan and lease payments of $2,766,939. Cash generated by financing activities for the three months ended December 31, 2023 was $2,879,128 mainly from net proceeds from Ocean Partners loan, offset by loan and lease payments of $1,327,877.

During the year ended December 31, 2024, cash provided by financing activities was $9,905,023 mainly from proceeds from issuance of 93,087,300 shares for $14,561,789, $692,711 from the exercise of options and warrants and $5,800,000 from the extension of the Ocean Partners Gold Facility, of which $1,670,634 was used to partially repay the original Ocean Partners loan, partially offset by $625,342 used in share issuance costs, loans, interests and lease repayments of $8,853,501. During the year ended December 31, 2023, cash generated by financing activities was $4,921,191 mainly from proceeds from the issuance of 26,330,486 shares for $7,250,661, from the exercises of warrants and options of $1,469,462, and $2,879,128 mainly from net proceeds from Ocean Partners loan, offset by share issuance costs of $476,014 and loan and lease payments of $6,202,046.

OCIM Facility

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 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%.

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

On February 28, 2024, the Company increased its Gold Facility with Ocean Partners to $13,300,000 (the "Expanded Facility"). The Expanded Facility is for a term of 36 months from the date of the initial draw on December 5, 2023. It is repayable in equal fixed monthly installments of gold totalling approximately 338 troy ounces per month for a period of 30 months following a six-month grace period from the date of the initial draw. The number of ounces to be delivered per month is based on a discount to the LBMA gold closing price of $2,046.95 on November 29, 2023. $1,670,634 of the Expanded Facility was used to pay the OP Facility.

On December 3, 2024, delivery terms of the Expanded Facility were amended. The Company paid two payments early and deferred another payment to December 2026.

Subsequently, in April 2025, the Company reached and agreement in principle (subject to final documentation) to amend its Expanded Facility with Ocean Partners (the "Enhanced Facility"). Under the terms of the Enhanced Facility, two-thirds of the outstanding balance, 4,741 gold ounces, will be amortized over 36 months starting April 2025, and repayable in equal fixed installments of 131.7 ounces of gold bullion. Payments will be made monthly in US dollars, with the price fixed at the LBMA AM price on the 15th of each month. The April 2025 payment was made on the basis of these revised terms. The remaining one-third of the outstanding balance, 2,369 gold ounces, will be paid on conclusion of the 36-month term and is secured by a guarantee of OMPSA and a pledge over the Company's shares of OMPSA. The Company is working with Ocean Partners to execute final documentation with respect to the arrangement. In connection with the terms of the Enhanced Facility, and subject to TSX Venture Exchange approval, 4,550,000 warrants with an exercise price of CAD$0.24 with a 36 month term will be issued to Ocean Partners.

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.

Non-brokered Private Placement

On 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	December 31, 2024	December 31, 2023
	$	$
Current assets	20,688,229	20,658,097
Current liabilities	36,077,408	39,099,110
Working capital	(15,389,179)	(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						
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
	$	$	$	$	$	$	$
Revenues	19,038,311	18,309,105	20,551,139	17,764,983	16,581,967	15,643,649	16,823,042
Production cost	(14,400,672)	(14,826,181)	(16,220,357)	(16,141,925)	(14,825,898)	(16,138,682)	(16,415,956)
Transportation and other support cost	(628,913)	(315,167)	(747,727)	(754,652)	(768,203)	(719,251)	(878,096)
Inventory changes	(66,950)	132,282	304,868	492,118	(149,798)	(361,927)	865,285
Mine operating cash flows before taxes	**3,941,776**	**3,300,039**	**3,887,924**	**1,360,523**	**838,068**	**(1,576,212)**	**394,276**

	Cumulative year to date						
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
	$	$	$	$	$	$	$
Revenues	75,663,538	56,625,227	38,316,122	17,764,983	66,167,081	49,585,115	33,941,466
Production cost	(61,589,135)	(47,188,463)	(32,362,282)	(16,141,925)	(63,104,443)	(48,278,545)	(32,139,863)
Transportation and other support cost	(2,446,459)	(1,817,546)	(1,502,379)	(754,652)	(3,190,722)	(2,422,519)	(1,703,268)
Inventory changes	862,318	929,268	796,986	492,118	(28,570)	121,228	483,155
Mine operating cash flows before taxes	**12,490,262**	**8,548,486**	**5,248,447**	**1,360,523**	**(156,654)**	**(994,721)**	**581,490**

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					
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
	$	$	$	$	$	$
Net loss per financial statements	(2,413,440)	(4,863,549)	(2,749,933)	(7,381,691)	(7,624,676)	(7,062,158)
Depreciation and depletion – cost of sales	1,279,094	2,784,463	2,940,490	3,016,127	2,771,418	2,784,795
Depreciation and depletion – general and administration	40,261	41,114	41,773	42,567	118,143	116,383
Interest and finance costs (income), net	1,439,282	1,575,092	1,775,577	1,544,130	1,154,485	1,167,308
Current income tax	1,911,341	-	-	-	1,021,369	-
EBITDA	**2,256,538**	**(462,880)**	**2,007,907**	**(2,778,867)**	**(2,559,261)**	**(3,029,671)**
Share based compensation	118,490	214,129	259,208	540,783	172,535	226,334
(Gain) loss on derivatives	159,997	1,663,209	1,488,929	1,350,446	492,081	(455,394)
Unrealized foreign exchange (gain) loss	(784,643)	(1,446,722)	(1,833,882)	263,979	772,846	(596,485)
Other finance items, net	59,907	(22,891)	(16,203)	(452,933)	20,529	191,707
Union payment associated with acquisition of "El Cubo Mines Complex"	-	-	-	-	-	-
Endeavour Silver contingent payment	-	1,000,000	-	-	-	-
Other expenses	(60,207)	(52,568)	10,974	(13,726)	(112,119)	(64,671)
VAT write-off	-	-	-	161,303	113,809	116,008
Adjusted EBITDA	**1,750,081**	**892,277**	**1,916,933**	**(929,015)**	**(1,099,580)**	**(3,612,173)**

	Cumulative year to date					
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
	$	$	$	$	$	$
Net loss per financial statements	(17,408,613)	(14,995,173)	(10,131,624)	(7,381,691)	(31,943,447)	(24,318,773)
Depreciation and depletion – cost of sales	10,020,174	8,741,080	5,956,617	3,016,127	11,642,634	8,871,216
Depreciation and depletion – general and administration	165,715	125,454	84,340	42,567	388,420	270,277
Interest and finance costs (income), net	6,334,081	4,894,799	3,319,707	1,544,130	4,658,627	3,504,142
Current income tax	1,911,341	-	-	-	1,021,369	-
EBITDA	**1,022,698**	**(1,233,840)**	**(770,960)**	**(2,778,867)**	**(14,232,397)**	**(11,673,138)**
Share based compensation	1,132,610	1,014,120	799,991	540,783	1,300,179	1,127,644
(Gain) loss on derivatives	4,662,581	4,502,584	2,839,375	1,350,446	(337,052)	(829,133)
Unrealized foreign exchange (gain) loss	(3,801,268)	(3,016,624)	(1,569,903)	263,979	2,457,971	1,685,125
Other finance items, net	(432,120)	(492,027)	(469,136)	(452,933)	185,623	165,094
Union payment associated with acquisition of "EL Cubo Mines Complex"	-	-	-	-	(488,634)	(488,634)
Endeavour Silver contingent payment	1,000,000	1,000,000	-	-	-	-
Other expenses	(115,526)	(55,320)	(2,752)	(13,726)	(295,077)	(182,958)
VAT write-off	161,301	161,303	161,303	161,303	525,846	412,037
Adjusted EBITDA	**3,630,276**	**1,880,195**	**987,918**	**(929,015)**	**(10,883,541)**	**(9,783,963)**

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 December 31, 2024					Three months ended December 31, 2023				
		El Cubo	**VMC**	**San Ignacio**	**Topia**	**Consolidated**	**El Cubo**	**VMC-San Ignacio**	**Topia**	**Consolidated**	**% Change**
Cost of sales [5]		**5,609,851**	**3,194,838**	**2,041,800**	**5,520,580**	**16,367,069**	**7,335,371**	**5,588,370**	**5,587,591**	**18,511,332**	**(12%)**
Transportation and selling cost [5]		(113,391)	(113,340)	(81,541)	(312,078)	(620,350)	(227,833)	(72,611)	(463,773)	(764,217)	(19%)
Inventory changes		413,115	(230,755)	(73,134)	(176,177)	(66,950)	346,711	(97,954)	(398,555)	(149,798)	(55%)
Depreciation		(945,539)	137,543	(52,965)	(418,133)	(1,279,094)	(1,402,365)	(1,044,312)	(324,744)	(2,771,421)	(54%)
Production cost	A	**4,964,035**	**2,988,286**	**1,834,160**	**4,614,191**	**14,400,672**	**6,051,884**	**4,373,494**	**4,400,519**	**14,825,896**	**(3%)**
Add (subtract):											
Government royalties and mining taxes		39,623	28,480	19,425	3,541	91,069	53,308	17,790	121,533	192,631	(53%)
Total cash cost	B	**5,003,658**	**3,016,766**	**1,853,585**	**4,617,732**	**14,491,741**	**6,105,192**	**4,391,284**	**4,522,052**	**15,018,528**	**(4%)**
General and administrative - corporate		-	-	-	-	1,980,436	-	-	-	2,005,941	(1%)
Operating lease payments		86,117	226,456	142,380	67,839	522,791	377,176	134,159	111,342	622,678	(16%)
Sustaining capital expenditures		716,081	332,494	94,297	108,270	1,251,143	196,552	359,913	91,528	647,992	93%
Total All-in sustaining cash cost	C	**5,805,856**	**3,575,716**	**2,090,261**	**4,793,841**	**18,246,111**	**6,678,920**	**4,885,356**	**4,724,922**	**18,295,139**	**0%**
Tonnes milled	D	73,089	30,293	18,483	13,719	135,584	71,233	55,219	10,886	137,339	(1%)
Silver equivalent ounces produced	E	287,194	108,713	73,711	260,867	730,485	285,575	299,461	265,178	850,214	(14%)
Production cost per tonne	A/D	**67.92**	**98.65**	**99.24**	**336.34**	**106.21**	**84.96**	**79.20**	**404.22**	**107.95**	**(2%)**
Cash cost per AgEq ounce produced	B/E	**17.42**	**27.75**	**25.15**	**17.70**	**19.84**	**21.38**	**14.66**	**17.05**	**17.66**	**12%**
All-in sustaining cash cost per AgEq ounce produced	C/E	**20.22**	**32.89**	**28.36**	**18.38**	**24.98**	**23.39**	**16.31**	**17.82**	**21.52**	**16%**
Mining cost per tonne		31.97	57.52	70.81	244.15	64.44	41.89	48.96	294.43	67.71	(5%)
Milling cost per tonne		22.45	18.96	18.85	61.04	25.08	24.93	17.13	64.94	26.11	(4%)
Indirect cost per tonne		13.50	22.17	9.58	31.15	16.69	18.13	13.10	44.85	19.06	(12%)
Production cost per tonne		**67.92**	**98.65**	**99.24**	**336.34**	**106.21**	**84.97**	**79.20**	**404.22**	**112.88**	**(6%)**
Mining		2,336,689	1,742,467	1,308,689	3,349,408	8,737,252	2,984,012	2,703,717	3,205,308	8,893,037	(2%)
Milling		1,640,688	574,254	348,435	837,421	3,400,798	1,776,059	946,168	706,982	3,429,209	(1%)
Indirect		986,658	671,565	177,036	427,362	2,262,623	1,291,812	723,609	488,229	2,503,651	(10%)
Production Cost		**4,964,035**	**2,988,286**	**1,834,160**	**4,614,191**	**14,400,672**	**6,051,884**	**4,373,494**	**4,400,519**	**14,825,897**	**(3%)**

1. Silver equivalents are calculated using 84.86:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q4 2024; an 85.11:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q4 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 December 31, 2024, excludes $8,563 in relation to silver bullion transportation and selling cost from cost of sales.

Guanajuato Silver CO LTD

		Year ended December 31, 2024					Year ended December 31, 2023				
		El Cubo	VMC	San Ignacio	Topia	Consolidated	El Cubo	VMC-San Ignacio	Topia	Consolidated	% Change
Cost of sales (5)		**24,671,002**	**16,202,683**	**10,152,215**	**22,124,421**	**73,150,319**	**30,030,471**	**23,087,433**	**24,759,358**	**77,877,262**	**(6%)**
Transportation and selling cost (5)		(318,822)	(563,768)	(312,448)	(1,208,291)	(2,403,329)	(738,958)	(325,560)	(2,037,097)	(3,101,614)	(23%)
Inventory changes		654,470	(32,510)	67,436	172,922	862,318	(469,341)	346,285	94,487	(28,570)	3,118%
Depreciation		(3,971,132)	(2,542,023)	(1,734,778)	(1,772,241)	(10,020,174)	(5,527,814)	(4,092,037)	(2,022,784)	(11,642,634)	(14%)
Production cost	A	**21,035,518**	**13,064,381**	**8,172,425**	**19,316,810**	**61,589,135**	**23,294,357**	**19,016,122**	**20,793,965**	**63,104,443**	**(2%)**
Add (subtract):											
Government royalties and mining taxes		136,568	106,453	69,692	(7,562)	305,152	179,437	44,862	730,027	954,326	(68%)
Total cash cost	B	**21,172,086**	**13,170,835**	**8,242,118**	**19,309,248**	**61,894,287**	**23,473,794**	**19,060,984**	**21,523,992**	**64,058,770**	**(3%)**
General and administrative - corporate		-	-	-	-	8,445,426	-	-	-	9,334,199	(10%)
Operating lease payments		452,738	729,855	309,478	365,476	1,857,547	1,126,686	481,981	214,919	1,823,586	2%
Sustaining capital expenditures		3,039,681	1,284,548	983,795	336,413	5,644,437	1,747,615	1,652,031	1,949,400	5,349,047	6%
Total All-in sustaining cash cost	C	**24,664,505**	**15,185,238**	**9,535,391**	**20,011,138**	**77,841,697**	**26,348,096**	**21,194,996**	**23,688,311**	**80,565,602**	**(3%)**
Tonnes milled	D	312,638	152,518	89,795	51,705	606,656	306,219	221,595	65,981	593,796	2%
Silver equivalent ounces produced	E	1,117,250	639,449	446,670	1,117,904	3,321,273	1,104,063	1,239,476	1,173,145	3,516,684	(6%)
Production cost per tonne	A/D	**67.28**	**85.66**	**91.01**	**373.60**	**101.52**	**76.07**	**85.81**	**315.15**	**106.27**	**(4%)**
Cash cost per AgEq ounce produced	B/E	**18.95**	**20.60**	**18.45**	**17.27**	**18.64**	**21.26**	**15.38**	**18.35**	**18.22**	**2%**
All-in sustaining cash cost per AgEq ounce produced	C/E	**22.08**	**23.75**	**21.35**	**17.90**	**23.44**	**23.86**	**17.10**	**20.19**	**22.91**	**2%**
Mining cost per tonne		32.57	50.57	63.17	269.03	61.77	34.97	53.36	233.18	63.86	(3%)
Milling cost per tonne		22.84	18.18	18.96	65.48	24.73	24.41	16.48	49.52	24.24	2%
Indirect cost per tonne		11.88	16.91	8.88	39.09	15.02	16.69	15.97	32.44	18.17	(17%)
Production cost per tonne		**67.28**	**85.66**	**91.01**	**373.60**	**101.52**	**76.07**	**85.81**	**315.15**	**106.27**	**(4%)**
Mining		10,181,254	7,712,372	5,672,353	13,910,077	37,476,055	10,709,883	11,825,151	15,385,628	37,920,661	(1%)
Milling		7,140,121	2,772,938	1,702,286	3,385,412	15,000,756	7,474,987	3,652,519	3,267,622	14,395,127	4%
Indirect		3,714,144	2,579,072	797,787	2,021,321	9,112,324	5,109,488	3,538,452	2,140,715	10,788,655	(16%)
Production Cost		**21,035,518**	**13,064,381**	**8,172,425**	**19,316,810**	**61,589,135**	**23,294,357**	**19,016,122**	**20,793,965**	**63,104,443**	**(2%)**

1. Silver equivalents are calculated using an 84.48:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2024; and an 82.91:1 (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.
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 year ended December 31, 2024, excludes $43,130 in relation to silver bullion transportation and selling cost from cost of sales.

Guanajuato Silver CO LTD

SUMMARY OF QUARTERLY RESULTS

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

	2024				2023			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	$	$	$	$	$	$	$	$
Total revenue	19,038,311	18,309,105	20,551,139	17,764,983	16,581,967	15,643,649	16,823,042	17,118,424
Production costs	14,400,672	14,826,181	16,220,357	16,141,925	14,825,898	16,138,682	16,415,956	15,723,907
Transportation and other selling costs	628,913	315,167	747,727	754,652	768,203	719,251	878,096	825,173
Inventory changes	66,950	(132,282)	(304,868)	(492,118)	149,798	361,927	(865,285)	382,130
Mine operating cash flow before depreciation	3,941,776	3,300,039	3,887,924	1,360,523	838,068	(1,576,212)	394,276	187,214
Depreciation	(1,279,094)	(2,784,463)	(2,940,490)	(3,016,127)	(2,771,418)	(2,748,795)	(2,784,515)	(3,337,906)
Mine operating income (loss)	2,662,682	515,576	947,433	(1,655,603)	(1,933,352)	(4,325,006)	(2,390,239)	(3,150,692)
Net (loss)	(2,413,440)	(4,863,549)	(2,749,933)	(7,381,691)	(7,624,676)	(7,062,158)	(8,557,538)	(8,699,078)
EBITDA [(1)]	2,256,538	(462,880)	2,007,907	(2,778,867)	(2,559,261)	(3,029,671)	(4,576,059)	(4,093,976)
Adjusted EBITDA [(1)]	1,750,081	892,277	1,916,933	(929,015)	(1,099,580)	(3,612,173)	(3,409,928)	(2,299,797)
Basic and fully diluted loss per share	(0.01)	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)	(0.03)	(0.03)
Weighted Average shares outstanding(000's)	455,223	418,241	387,960	354,497	351,590	341,056	327,386	322,850

(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 32.

Revenues increased 4% in the fourth quarter of 2024 to $19,038,311 compared to $18,309,105 in the third quarter of 2024, despite of the 1% decrease in silver equivalent ounces sold to 743,153 from 748,747. The increase therefore is mainly attributed to higher metal prices from Q3 to Q4. Realized silver and gold price per ounce sold averaged $31.44 and $2,664.40 a 7% and 8% increase respectively, compared to Q3 2024. The Company sold 405,786 ounces of silver and 3,122 ounces of gold, an increase of 4% and decrease of 14%, respectively, as compared to Q3, 2024. In addition, the Company sold 788,759 pounds of lead at a realized price of $0.91 and 1,139,781 pounds of zinc at a realized price of $1.38. Additionally, the Company generated in Q4 2024 a 416% higher mine operating income of $2,662,682 compared to $ 515,576 in Q3 2024. This is mainly attributed to the 4% higher revenue mentioned above along with a 54% decrease of depreciation and depletion, a reduction of 3% in production costs as well as a 151% decrease in changes of inventory, partially offset by a 100% increase in transportation and selling costs from Q3 2024 to Q4 2024. The generated net loss decreased by 50% from $4,863,549 in Q3 2024 to $2,413,440 in Q4 2024.

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 $947,433 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.

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

	2024				2023			
PRODUCTION	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Processed tonnes	135,584	144,537	161,457	165,079	137,339	132,484	163,793	160,182
El Cubo	73,089	69,897	84,706	84,945	71,233	62,742	83,244	89,000
VMC	30,293	40,440	40,178	41,607	55,220	53,129	61,594	51,653
San Ignacio (1)	18,483	20,427	23,434	27,451	-	-	-	-
Topia	13,719	13,772	13,139	11,075	10,886	16,613	18,955	19,529
Silver ounces	385,342	413,607	398,685	428,279	394,971	425,488	477,649	458,803
El Cubo	139,718	132,723	91,760	106,714	94,113	83,089	147,099	136,847
VMC	48,473	58,994	71,112	82,433	145,364	135,206	156,859	142,220
San Ignacio (1)	31,569	38,774	52,189	52,040	-	-	-	-
Topia	165,582	183,116	183,624	187,092	155,494	207,192	173,691	179,736
Silver Grade (g/t)	107.61	102.72	90.34	91.12	101.32	114.44	106.93	103.68
El Cubo	80.93	71.43	44.80	46.19	57.99	50.97	65.38	64.00
VMC	65.40	57.99	68.41	73.10	79.05	95.69	99.04	104.00
San Ignacio (1)	64.90	69.49	81.83	68.79	-	-	-	-
Topia	400.49	442.18	466.12	558.68	473.54	414.12	311.99	314.10
Silver Recovery (%)	82.15	86.64	85.02	88.56	84.5	83.34	84.90	80.90
El Cubo	73.47	82.68	75.20	84.59	86.0	81.16	84.38	83.50
VMC	76.11	78.24	80.50	84.30	84.3	82.70	83.60	82.00
San Ignacio (1)	81.86	84.95	84.60	85.71	-	-	-	-
Topia	93.74	93.53	93.30	94.00	77.7	93.65	91.34	91.10
Gold Ounces	3,298	3,617	4,255	5,384	4,395	3,441	4,719	4,413
El Cubo	1,734	1,549	1,936	2,370	1,492	1,340	2,006	2,140
VMC	711	1,034	1,153	1,549	2,572	1,897	2,400	1,848
San Ignacio (1)	496	598	858	1237	-	-	-	-
Topia	357	436	308	228	331	204	314	424
Gold Grade (g/)	0.96	0.94	0.98	1.14	1.14	0.99	1.10	1.07
El Cubo	0.92	0.82	0.86	0.96	0.89	0.83	0.88	0.87
VMC	0.95	0.96	1.04	1.28	1.32	1.31	1.45	1.36
San Ignacio (1)	1.01	1.05	1.26	1.54	-	-	-	-
Topia	1.08	1.32	1.07	0.99	1.40	0.58	0.88	1.18
Gold Recovery (%)	78.95	82.98	83.78	89.17	88.80	81.58	83.10	81.10
El Cubo	79.82	84.22	82.80	90.61	89.20	82.90	86.16	85.90
VMC	76.54	82.85	85.90	90.40	89.10	84.95	86.54	81.80
San Ignacio (1)	82.95	86.97	90.60	91.21	-	-	-	-
Topia	74.64	74.68	68.30	64.80	84.15	65.82	58.74	57.70
Lead pounds	739,440	806,945	806,294	879,242	837,230	935,738	875,802	906,696
Topia	739,440	806,945	806,294	879,242	837,230	935,738	875,802	906,696
Lead Grade (%)	2.66	2.96	3.08	3.97	3.80	2.80	2.40	2.42
Topia	2.66	2.96	3.08	3.97	3.80	2.80	2.40	2.42
Lead Recovery (%)	91.98	89.88	90.30	90.70	91.70	89.90	87.40	87.10
Topia	91.98	89.88	90.30	90.70	91.70	89.90	87.40	87.10
Zinc pounds	985,895	926,056	1,067,537	922,297	960,206	857,660	897,258	1,153,138
Topia	985,895	926,056	1,067,537	922,297	960,206	857,660	897,258	1,153,138
Zinc Grade (%)	3.88	3.86	4.41	4.55	4.80	3.00	2.75	3.21
Topia	3.88	3.86	4.41	4.55	4.80	3.00	2.75	3.21
Zinc Recovery (%)	84.06	79.07	83.60	83.00	82.50	77.90	78.10	83.50
Topia	84.06	79.07	83.60	83.00	82.50	77.90	78.10	83.50

PRODUCTION	2024 Q4	2024 Q3	2024 Q2	2024 Q1	2023 Q4	2023 Q3	2023 Q2	2023 Q1
Cost per tonne	106.21	102.58	100.46	97.78	107.95	121.82	100.22	98.16
El Cubo	67.92	68.60	63.34	69.58	84.96	86.59	71.24	66.06
VMC	98.65	82.70	81.16	83.42	79.20	97.95	86.63	79.43
San Ignacio (1)	99.24	97.10	104.61	69.34	-	-	-	-
Topia	336.34	341.49	391.37	438.52	404.22	331.16	271.69	294.04
Cash costs per ounce	19.84	18.78	19.93	16.55	17.66	20.79	17.71	17.06
El Cubo	17.42	18.33	21.63	18.74	21.38	28.46	19.24	18.75
VMC	27.75	23.19	19.97	15.81	14.66	17.89	15.20	13.86
San Ignacio (1)	25.15	22.51	20.23	11.82	-	-	-	-
Topia	17.70	15.73	18.30	17.36	17.05	18.70	19.19	18.35
AISC per ounce	24.98	23.88	25.55	20.19	21.52	26.22	22.47	21.83
El Cubo	20.22	21.79	27.03	20.10	23.39	32.67	20.96	21.77
VMC	32.89	26.21	23.42	17.83	16.31	19.89	16.39	16.01
San Ignacio (1)	28.36	26.25	24.69	12.93	-	-	-	-
Topia	18.38	16.33	18.89	18.02	17.82	21.29	21.52	19.96

(1) Beginning in 2024, the Company separated San Ignacio as an independent operation from the Valenciana Mines Complex.

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:

	December 31, 2024 #	December 31, 2024 Weighted average exercise price	December 31, 2024 Weighted average life (years)	April 25, 2025 #	April 25, 2025 Weighted average exercise price	April 25, 2025 Weighted average life (years)
Common shares	472,176,961			472,244,461		
Warrants	148,770,359	0.40	0.97	123,109,116	0.37	0.84
Stock options	20,320,000	0.37	2.71	20,320,000	0.37	2.41
Restricted Share Units	1,312,500	-	0.14	1,245,000	-	0.01
Fully diluted	**642,579,820**			**616,918,577**		

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:

	Year ended	
	December 31, 2024	December 31, 2023
	$	$
Salaries, bonus and benefits	**379,749**	639,999
Consulting fees[1]	**257,685**	442,757
Share-based compensation	**493,365**	1,048,710
	1,130,799	2,131,466

(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 December 31, 2024, the Company had commitments of $nil for other services 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. During the year ended December 31 2024, the Company reached this milestone for Contingent Payment #1. The Company has settled Contingent Payment #1 through the issuance of 5,506,530 common shares.

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 October 29, 2024 the Company announced the closing of a non-brokered private placement (the "October 2024 Private Placement") for gross proceeds to the Company of $6,271,872 (CAD$8,720,400). The October 2024 Private Placement consisted of 36,335,000 units of the Company (the "October 2024 Units") at a price of $0.17 (CAD$0.24) per unit. Each October 2024 Unit consisted of one common share and one-half of one non-transferable common share purchase warrant (each whole warrant, a "October 2024 Warrant"). Each October 2024 Warrant shall entitle the holder thereof to purchase one additional common share at an exercise price of CAD$0.35 per common share for a period of 24 months following the closing date of the October 2024 Private Placement. The Company disclosed that the net proceeds from the Offering will be used for capital expenditures aimed at expanding precious metals production and 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 have been and will be used to expand precious metals production and for working capital and general corporate purposes.

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	2,051,946	There were additional expenditures related to insurance premiums and the updating of 43-101 reports. 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	3,100,000	515,151	There were delays in the planned improvements as the Company reallocated funds towards other projects. 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	341,432	The exploration programs were not fully completed by year end. There was no impact on the Company's ability to achieve its business objectives and milestones.
Unallocated working capital	3,408,995	4,261,798	Only eight 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.
Total	**9,608,995**	**8,055,114**	

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$1,734,207). The total proceeds from both tranches of this financing were $6,248,908 (C$8,513,890). 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 years ended December 31, 2024, and 2023, there were no transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy.

December 31, 2024	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Carrying value approximates fair value
Financial assets measured at fair value	**$**	**$**	**$**	**$**	**$**	**$**
Trade receivables from sale of concentrate	3,219,330	-	3,219,330	-	3,219,330	-
Forward contracts	434,236	-	434,236	434,236	-	-
	3,653,566	**-**	**3,653,566**	**434,236**	**3,219,330**	**-**
Financial assets not measured at fair value						
Cash and cash equivalents	-	2,937,172	2,937,172	-	-	2,937,172
VAT and other receivables	-	8,679,736	8,679,736	-	-	8,679,736
	-	**11,616,908**	**11,616,908**	**-**	**-**	**11,616,908**
Financial liabilities measured at fair value						
Other current liabilities	(2,063,090)	-	(2,063,090)	-	(2,063,090)	-
Derivative	(3,258,511)	-	(3,258,511)	-	(3,258,511)	-
	(5,321,601)	**-**	**(5,321,601)**	**-**	**(5,321,601)**	**-**
Financial liabilities not measured at fair value						
Accounts payable and accrued liabilities	-	(20,238,222)	(20,238,222)	-	-	(20,238,222)
Ocean Partners loans	-	(11,257,219)	(11,257,219)	-	-	(11,257,219)
	-	**(31,495,441)**	**(31,495,441)**	**-**	**-**	**(31,495,441)**

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 any future global pandemic 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 December 31, 2024:

Metal	Change	Effect on Sales $
Silver	+/- 10%	2,870,868
Gold	+/- 10%	2,299,850
Lead	+/- 10%	170,829
Zinc	+/- 10%	163,684

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. The Company has no history of credit losses and at December 31, 2024 and 2023 has no allowance for credit loss.

As of	December 31, 2024	December 31, 2023
	$	$
Cash and cash equivalents	**2,937,172**	1,956,616
Trade receivables	**3,219,330**	3,350,036
VAT recoverable	**7,784,427**	10,066,458
Other receivables	**895,309**	885,438
Other current assets	**434,236**	349,062
	15,270,474	16,607,610

Other current assets consist of forward contracts and marketable securities which carry credit risk and currency risk.

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 and operating commitments, shown in contractual undiscounted cash flows, including interest, at December 31, 2024:

	Expected payments by year as at December 31, 2024			
	Less than 1 year	1 -5 years	After 5 years	Total
	$	$	$	$
Accounts payable and accrued liabilities	20,238,222	-	-	**20,238,222**
Loans	3,973,342	7,170,318	-	**11,143,660**
Interest on loans	2,954,151	1,142,674		**4,096,825**
Lease obligations	288,679	331,142	38,761	**658,582**
ARO liabilities	-	12,527,460	13,314,620	**25,842,080**
Other liabilities	2,063,090	-	-	**2,063,090**
Total	**29,517,484**	**21,171,594**	**13,353,381**	**64,042,459**

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.

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 December 31, 2024	Canadian dollars	Mexican pesos
Cash and cash equivalents	2,437,142	13,128,475
Amounts receivable	-	209,815,552
Other Assets	360,525	-
Accounts payable and accrued liabilities	(460,851)	(418,118,451)
Current portion of lease liabilities	(91,682)	(3,928,315)
Lease liabilities	-	(5,644,715)
Provision for reclamation and rehabilitation	-	(361,423,622)
Total foreign currency exposure	2,245,134	(566,171,076)
US$ equivalent of foreign currency exposure	1,560,313	(27,585,556)

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%	142,930
Mexican pesos	+/- 10%	2,502,663

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 tariffs, the war in Ukraine, Israel-Palestine conflict and higher 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.

The Company's business, financial condition and results of operations could be adversely affected by disruptions in the global economy resulting from recently proposed trade barriers, including tariffs.

The global economy has the potential to be negatively impacted by increasing tension and uncertainty resulting from actions by the United States government to impose tariffs on goods that are imported into the United States. Increased trade barriers, such as tariffs, could adversely affect the Company's business, financial condition and results of operations. The impact of any tariffs is expected to result in market disruptions, inflation, supply chain disruptions and volatility in commodity prices, credit and capital markets. Further escalation of geopolitical tensions related to tariffs and retaliatory trade actions could result in increased volatility and disruption to the global economy and the markets in which we operate adversely impacting the Company's business, financial condition or results of operations.

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 annual consolidated financial statements for the year ended December 31, 2024. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported, the Company has implemented and continues to analyze the internal control systems for financial reporting.

MATERIAL ACCOUNTING POLICY INFORMATION AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. These critical accounting estimates represent management estimates and judgments that are uncertain, and any changes in these could materially impact the Company's financial statements. Management continuously reviews its estimates, judgments and assumptions using the most current information available. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities in future years.

Readers should also refer to Note 3 of the December 31, 2024, consolidated financial statements, for the Company's summary of material accounting policies information.

New and amended IFRS standards that are effective for the current year

The following amendments to existing standards have been adopted by the Company commencing January 1, 2024:

Classification of Liabilities as Current or Non-Current with Covenants (Amendments to IAS 1)

In January 2020, the IASB published narrow scope amendments to IAS 1 Presentation of Financial Statements. The narrow scope amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. In October 2022, the IASB published an additional narrow scope amendment to IAS 1 Presentation of Financial Statements and reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the Company must comply after the reporting date do not affect a liability's classification at that date. The amendments were applied effective January 1, 2024 and did not have a material impact on the Company's consolidated financial statements.

New accounting standards issued but not yet effective

Below are new standards, amendments to existing standards and interpretations that have been issued and are not yet effective. The Company plans to apply the new standards or interpretations in the annual period for which they are effective.

Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB issued *IFRS 18 Presentation and Disclosure in Financial Statements*, which replaces *IAS 1 Presentation of Financial Statements* while retaining many of its existing requirements. IFRS 18 introduces new provisions to:

- Present specified categories and defined subtotals in the statement of earnings;
- Disclose management-defined performance measures (MPMs) in the notes to the financial statements; and
- Enhance aggregation and disaggregation.

The amendments are effective for annual reporting periods beginning on or after January 1, 2027, and are applied retrospectively. The Company is currently assessing the impact of IFRS 18 on its consolidated financial statements.

Amendments to the Classification and Measurement of Financial Instruments: Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures

In May 2024, the IASB issued 'Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)'. The amendments clarify the date of recognition and derecognition of some financial assets and financial liabilities, with a new exception that permits companies to elect to derecognize certain financial liabilities settled via electronic payment systems earlier than the settlement date. It also clarifies guidance on assessing whether a financial asset meets the solely payments of principal and interest criterion, it adds new disclosures for certain instruments with contractual terms that can change cash flows and updates the disclosures for equity instruments designated at fair value through other comprehensive income. The amendments apply for annual reporting periods beginning on or after January 1, 2026, and are applied retrospectively. The Company is currently evaluating the impact of the new standard on its consolidated financial statements

The Company adopted the amendments on January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

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.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.