



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

**Management's Discussion and Analysis**

**For the three and six months ended June 30, 2025**

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

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements of Guanajuato Silver Company Ltd. ("GSilver" or the "Company"), for the three and six months ended June 30, 2025, and the related notes contained therein (the "Financial Statements") which were prepared in accordance with International Accounting Standard No 34, Interim Financial Reporting ("IAS 34"), using accounting policies consistent with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the Company's audited consolidated financials statements for the year ended December 31, 2024. The Company uses certain non-IFRS financial measures in this MD&A as described under "Non-IFRS Measures". Additional information relating to the Company, including the most recently filed Annual Information Form (the "Annual Information Form"), is available on SEDAR at [www.sedarplus.ca](http://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 August 26, 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."

Mr. Gehlen has reviewed and verified technical data disclosed in this MD&A and has not detected any significant QA/QC issues during review of the data and is not aware of any sampling, recovery or other factors that could materially affect the accuracy or reliability of the drilling data referred to herein. The verification of data underlying the disclosed information includes reviewing compiled assay data; QA/QC performance of blank samples, duplicates and certified reference materials; and grade calculation formulas.

## 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, anticipated results and impacts of litigation, 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, elevated 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 three and six months ended June 30, 2025 and 2024:

CONSOLIDATED	Three months ended			Six months ended		
	June 30, 2025	June 30, 2024	% Change	June 30, 2025	June 30, 2024	% Change
<b>Operating</b>						
Tonnes mined	113,299	171,534	(34%)	236,903	335,591	(29%)
Tonnes milled	112,107	161,457	(31%)	240,167	326,535	(26%)
Silver ounces produced	321,990	398,685	(19%)	702,396	826,963	(15%)
Gold ounces produced	2,913	4,255	(32%)	6,260	9,638	(35%)
Lead produced (lbs)	683,163	806,295	(15%)	1,382,457	1,685,536	(18%)
Zinc produced (lbs)	853,646	1,067,538	(20%)	1,762,675	1,989,834	(11%)
(1) Silver equivalent ("Ag/Eq") ounces produced	659,237	823,679	(20%)	1,397,244	1,810,992	(23%)
Silver ounces sold	312,867	403,084	(22%)	689,862	816,975	(16%)
Gold ounces sold	2,948	4,306	(32%)	6,378	9,502	(33%)
Lead sold (lbs)	652,382	787,635	(17%)	1,374,550	1,629,247	(16%)
Zinc sold (lbs)	686,621	1,074,624	(36%)	1,605,314	2,009,498	(20%)
Ag/Eq ounces sold (1)	648,313	833,208	(22%)	1,391,283	1,788,536	(22%)
Cost per tonne (\$) (5)	125.64	100.46	25%	116.87	99.11	18%
Cash cost per Ag/Eq ounce (\$) (1)(2)(5)	21.67	19.93	9%	20.36	18.09	13%
AISC per Ag/Eq ounce (\$) (1)(3)(5)	26.38	25.55	3%	24.81	22.63	10%
<b>Financial</b>						
Revenue	\$ 18,458,010	\$ 20,551,139	(10%)	\$ 39,788,493	\$ 38,316,122	4%
Cost of Sales	15,077,872	19,603,706	(23%)	31,562,582	39,024,292	(19%)
Mine operating income (loss)	3,380,138	947,433	257%	8,225,911	(708,170)	1,262%
Mine operating cashflow before taxes (5)(7)	4,760,683	3,887,924	22%	11,092,678	5,248,447	111%
Net loss	(3,682,223)	(2,749,933)	(34%)	(5,953,777)	(10,131,624)	41%
EBITDA (4)(5)	(430,380)	2,007,907	(121%)	635,395	(770,960)	182%
Adjusted EBITDA (4)(5)	1,898,951	1,916,933	(1%)	6,003,620	987,918	508%
Realized silver price per ounce (6)	33.58	28.78	17%	32.65	26.03	25%
Realized gold price per ounce (6)	3,278.96	2,334.24	40%	3,041.81	2,188.42	39%
Realized lead price per pound (6)	0.88	0.98	(10%)	0.89	0.96	(8%)
Realized zinc price per pound (6)	1.19	1.29	(8%)	1.25	1.21	3%
Working capital (5)	(6,745,721)	(16,770,538)	60%	(6,745,721)	(16,770,538)	60%
<b>Shareholders</b>						
Loss per share – basic and diluted	\$(0.01)	\$(0.01)	0%	\$(0.01)	\$(0.03)	67%
Weighted Average Shares Outstanding	473,222,722	387,959,573	22%	472,712,983	371,406,154	27%

1. Silver equivalents are calculated using 97.58:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q2 2025; an 81.05:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2024; an 93.77:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for YTD 2025 and an 84.51:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2024, respectively.

2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 28.

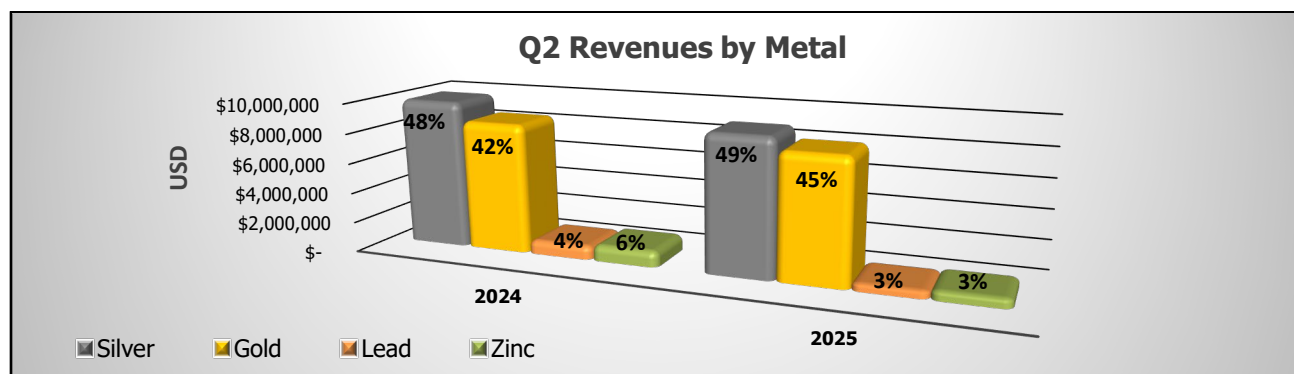
3. AISC per Ag/Eq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 28.

4. See Reconciliation of earnings before interest, taxes, depreciation, and amortization on page 27.

5. Mine Operating Cashflow Before Taxes, Cash cost per silver equivalent, cost per tonne, AISC per Ag/Eq ounce, EBITDA, Adjusted EBITDA and working capital are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 26.

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 26.



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

	Three Months Ended			
CONSOLIDATED	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024
<b>Operating</b>				
Tonnes mined	113,299	123,604	136,962	138,575
Tonnes milled	112,107	128,060	135,584	144,537
Silver ounces produced	321,990	380,406	385,342	413,607
Gold ounces produced	2,913	3,347	3,298	3,617
Lead produced (lbs)	683,163	699,294	739,440	806,945
Zinc produced (lbs)	853,646	909,029	985,895	926,056
Silver equivalent ("Ag/Eq") ounces produced <sup>(1)</sup>	659,237	738,006	730,485	779,797
Silver ounces sold	312,867	376,995	405,786	390,361
Gold ounces sold	2,948	3,429	3,122	3,625
Lead sold (lbs)	652,382	722,168	788,759	701,512
Zinc sold (lbs)	686,621	918,693	1,139,781	799,318
Ag/Eq ounces sold <sup>(1)</sup>	648,313	742,969	743,153	748,747
Cost per tonne (\$) <sup>(5)</sup>	125.64	109.19	106.21	102.58
Cash cost per Ag/Eq ounce (\$) <sup>(1)(2)(5)</sup>	21.67	19.19	19.84	18.78
AISC per Ag/Eq ounce (\$) <sup>(1)(3)(5)</sup>	26.38	23.41	24.98	23.88
<b>Financial</b>				
	\$	\$	\$	\$
Revenue	18,458,010	21,330,483	19,038,311	18,309,105
Cost of Sales	15,077,872	16,484,710	16,375,629	17,793,529
Mine operating income	3,380,138	4,845,773	2,662,682	515,576
Mine operating cash flows before taxes <sup>(5)(7)</sup>	4,760,683	6,331,995	3,941,776	3,300,039
Net loss	(3,682,223)	(2,271,554)	(2,413,440)	(4,863,549)
EBITDA <sup>(4)(5)</sup>	(430,380)	1,065,775	2,256,538	(462,880)
Adjusted EBITDA <sup>(4)(5)</sup>	1,898,951	4,104,669	1,750,081	892,277
Realized silver price per ounce <sup>(6)</sup>	33.58	31.88	31.44	29.43
Realized gold price per ounce <sup>(6)</sup>	3,278.96	2,842.80	2,664.40	2,477.39
Realized lead price per pound <sup>(6)</sup>	0.88	0.89	0.91	0.93
Realized zinc price per pound <sup>(6)</sup>	1.19	1.29	1.38	1.25
Working capital <sup>(5)</sup>	(6,745,721)	(17,811,805)	(15,389,179)	(20,473,059)
<b>Shareholders</b>				
Loss per share - basic and diluted	\$(0.01)	\$(0.00)	\$(0.01)	\$(0.01)
Weighted Average Shares Outstanding	473,222,722	472,186,711	455,223,199	418,241,356

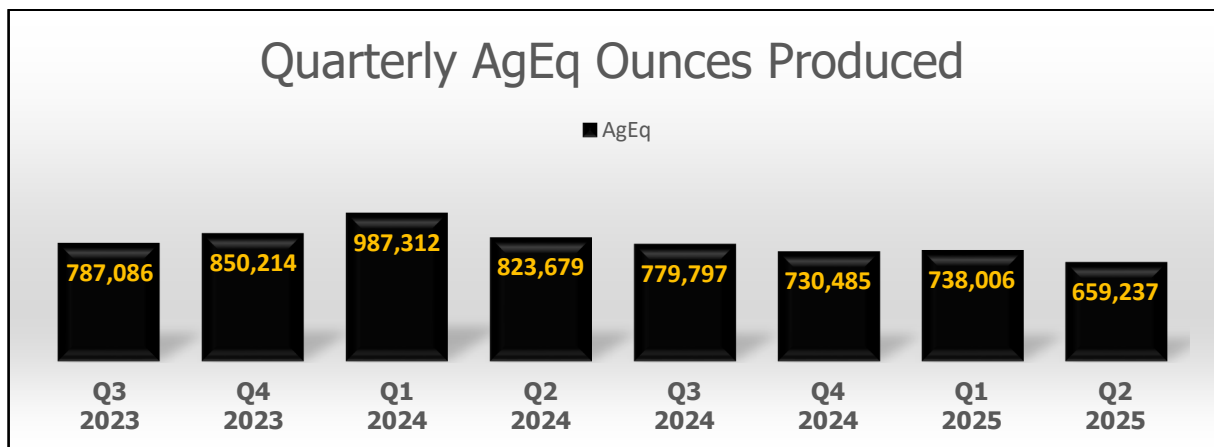
- Silver equivalents are calculated using 97.58:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q2 2025; 89.68:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q1 2025; 84.86:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q4 2024; and an 84.04:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q3 2024.
- Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 28.
- AISC per Ag/Eq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 28.
- See Reconciliation of earnings before interest, taxes, depreciation, and amortization on page 27.
- Mine Operating Cashflow Before Taxes, Cash cost per silver equivalent, cost per tonne, AISC per Ag/Eq ounce, EBITDA, Adjusted EBITDA and working capital are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 26.
- Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.
- 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 26.



CONSOLIDATED	Three Months Ended			
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
<b>Operating</b>				
Tonnes mined	171,534	164,057	133,497	134,865
Tonnes milled	161,457	165,079	137,339	132,484
Silver ounces produced	398,685	428,279	394,971	425,488
Gold ounces produced	4,255	5,384	4,395	3,441
Lead produced (lbs)	806,295	879,242	837,230	935,738
Zinc produced (lbs)	1,067,537	922,297	960,206	857,660
Silver equivalent ("Ag/Eq") ounces produced <sup>(1)</sup>	823,679	987,312	850,214	787,086
Silver ounces sold	403,084	413,892	400,106	423,855
Gold ounces sold	4,306	5,196	4,275	3,773
Lead sold (lbs)	787,635	841,612	909,817	884,204
Zinc sold (lbs)	1,074,624	934,873	890,691	827,101
Ag/Eq ounces sold <sup>(1)</sup>	833,208	955,328	844,572	808,742
Cost per tonne (\$) <sup>(5)</sup>	100.46	97.78	107.95	121.82
Cash cost per Ag/Eq ounce (\$) <sup>(1)(2)(5)</sup>	19.93	16.55	17.66	20.79
AISC per Ag/Eq ounce (\$) <sup>(1)(3)(5)</sup>	25.55	20.19	21.52	26.22
<b>Financial</b>				
	\$	\$	\$	\$
Revenue	20,551,139	17,764,983	16,581,967	15,643,649
Cost of Sales	19,603,706	19,420,586	18,515,317	19,968,655
Mine operating loss	947,433	(1,655,603)	(1,933,352)	(4,325,006)
Mine operating cash flows before taxes <sup>(5)(7)</sup>	3,887,924	1,360,523	838,068	(1,576,212)
Net loss	(2,749,933)	(7,381,691)	(7,624,676)	(7,062,158)
EBITDA <sup>(4)(5)</sup>	2,007,907	(2,778,867)	(2,559,261)	(3,029,671)
Adjusted EBITDA <sup>(4)(5)</sup>	1,916,933	(929,015)	(1,099,580)	(3,612,173)
Realized silver price per ounce <sup>(6)</sup>	28.78	23.37	23.21	23.60
Realized gold price per ounce <sup>(6)</sup>	2,334.24	2,068.57	1,982.88	1,929.31
Realized lead price per pound <sup>(6)</sup>	0.98	0.94	0.96	0.99
Realized zinc price per pound <sup>(6)</sup>	1.29	1.11	1.14	1.10
Working capital <sup>(5)</sup>	(16,770,538)	(21,238,584)	(18,441,013)	(19,558,888)
<b>Shareholders</b>				
Loss per share - basic and diluted	\$(0.01)	\$(0.02)	\$(0.02)	\$(0.02)
Weighted Average Shares Outstanding	387,959,573	354,496,832	351,589,912	341,055,800

1. Silver equivalents are calculated using an 81.05:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2024; an 88.72:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q1 2024; an 85.10:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q4 2023; and an 81.83:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q3 2023.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 28.
3. AISC per Ag/Eq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 28.
4. See Reconciliation of earnings before interest, taxes, depreciation, and amortization on page 27.
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6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.
7. Mine operating cash flow before taxes is calculated by adding back depreciation, depletion, and inventory write-downs to mine operating loss. See Reconciliation to IFRS on page 26.





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	June 30, 2025	December 31, 2024	December 31, 2023
	\$	\$	\$
Cash and cash equivalents	1,717,494	2,937,172	1,956,616
Restricted cash	179,407	-	-
Total assets	72,168,946	71,177,951	76,740,176
Debt, lease liabilities and other liabilities	20,500,006	17,138,186	19,810,314
Shareholders' equity	8,120,081	12,845,127	10,794,584

	Six months ended June 30, 2025	Year ended December 31, 2024	Year ended December 31, 2023
	\$	\$	\$
Total Revenue	39,788,493	75,663,538	66,167,081
Net loss	(5,953,777)	(17,408,613)	(31,943,447)
Net income loss per share	(0.01)	(0.04)	(0.10)

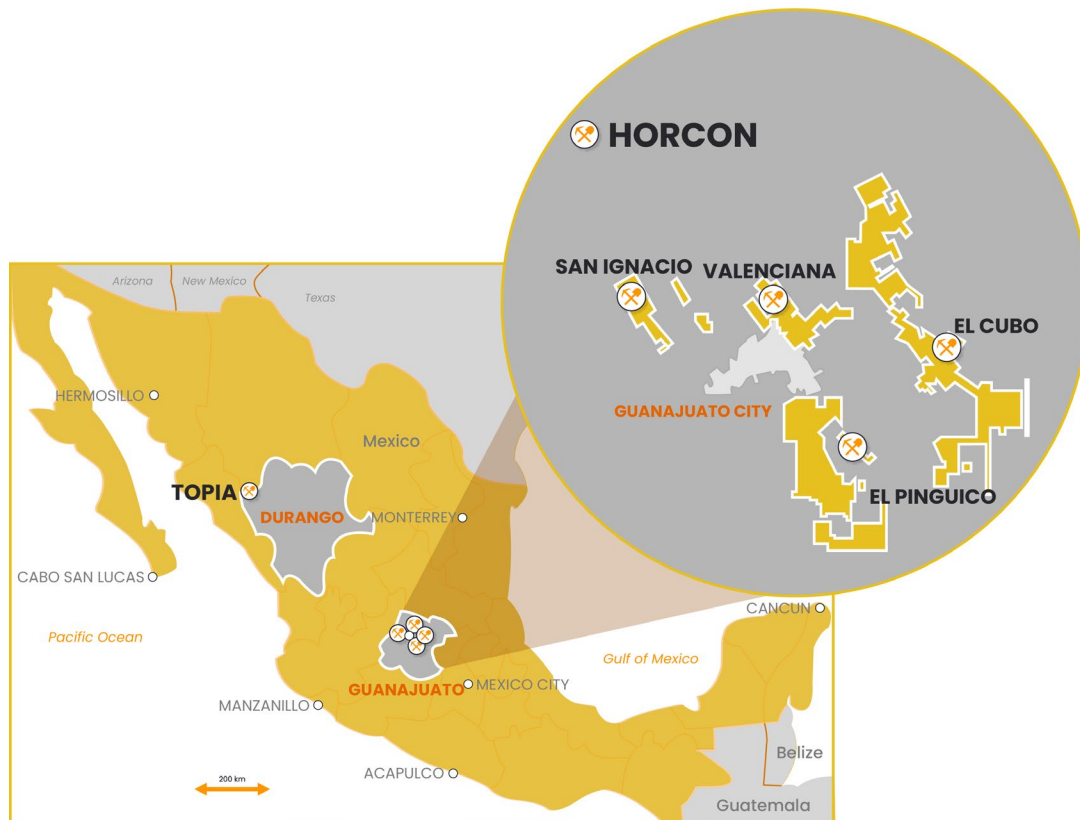


## COMPANY HISTORY, OVERVIEW & STRATEGY

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 six months ended June 30, 2025, the Company generated mine operating income of \$8,225,911, net loss of \$5,953,777 and negative cash flows of \$1,040,271. As at June 30, 2025, the Company has an accumulated deficit of \$131,532,968 and current liabilities that exceed its current assets by \$6,745,721, including accounts payable and accrued liabilities of \$20,193,632. 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. 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. Subsequent to quarter end, the Company completed a non-brokered Listed Issuer Financing Exemption (LIFE) private placement for gross proceeds of CAD\$18 million. Management is of the opinion that sufficient funds will be obtained from external financing and cash flows from operations to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing or cash flows from operations will not be available on a timely basis or on terms acceptable to the Company.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

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

<b>Health and Safety</b> 	<b>Ethics and Governance</b> 	<b>Environmental Impact</b> 	<b>People , Community and Culture</b> 
<ul style="list-style-type: none"> <li>• Drug abuse prevention programs in the local community</li> <li>• 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</li> <li>• Health and Environment Programs for our personnel</li> <li>• Water not intended for human consumption was provided to several local communities</li> </ul>	<ul style="list-style-type: none"> <li>• “Joint efforts” program with local and state governments: roads, infrastructure, transportation, etc.</li> <li>• Code of Ethics and Business Conduct, Whistleblower and Anti-Bribery and Anti-Corruption policies in place</li> <li>• Code of Prevention, Safety, Health and Sustainability policy</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing reforestation and refuse cleanup campaigns</li> <li>• Synergy with local authorities to fix waste management at our operations</li> <li>• Implementing a hydraulic backfill procedure that will have an immediate positive environmental impact at VMC</li> <li>• Implementing drystack tailings at El Cubo</li> </ul>	<ul style="list-style-type: none"> <li>• 15% of the entire Mexican operations workforce are female</li> <li>• 100% of our Mexico operations are staffed by Mexican employees (945 as of June 30, 2025)</li> <li>• Engagement and collaboration with the University of Guanajuato, including an internship and social service program</li> <li>• Improvement of local community buildings, homes and schools and technology access. Monthly clean up brigades</li> <li>• Curator of the Guanajuato Mining Museum at Valenciana. A key component of Guanajuato’s UNESCO World Heritage Status</li> </ul>

## MINING OPERATIONS

### CONSOLIDATED OPERATIONS

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

CONSOLIDATED	Three months ended			Six months ended		
	June 30, 2025	June 30, 2024	% Change	June 30, 2025	June 30, 2024	% Change
<b>Production</b>						
Tonnes mined	113,299	171,534	(34%)	236,903	335,591	(29%)
Tonnes milled	112,107	161,457	(31%)	240,167	326,535	(26%)
Average tonnes milled per day	1,335	1,922	(31%)	1,430	1,944	(26%)
Average silver grade (g/t)	107.43	90.34	19%	109.32	90.73	20%
Average gold grade (g/t)	1.02	0.98	5%	1.01	1.06	(4%)
Average silver recovery (%)	83.2	85.0	(2%)	83.2	86.8	(4%)
Average gold recovery (%)	79.0	83.8	(6%)	80.0	86.7	(8%)
Silver ounces produced	321,990	398,685	(19%)	702,396	826,963	(15%)
Gold ounces produced	2,913	4,255	(32%)	6,260	9,638	(35%)
Lead produced (lbs)	683,163	806,295	(15%)	1,382,457	1,685,536	(18%)
Zinc produced (lbs)	853,646	1,067,538	(20%)	1,762,675	1,989,834	(11%)
Ag/Eq ounces produced <sup>(1)</sup>	659,237	823,679	(20%)	1,397,244	1,810,992	(23%)
<b>Sales</b>						
Silver ounces sold	312,867	403,084	(22%)	689,862	816,975	(16%)
Gold ounces sold	2,948	4,306	(32%)	6,378	9,502	(33%)
Lead sold (lbs)	652,382	787,635	(17%)	1,374,550	1,629,247	(16%)
Zinc sold (lbs)	686,621	1,074,624	(36%)	1,605,314	2,009,498	(20%)
Ag/Eq ounces sold	648,313	833,208	(22%)	1,391,283	1,788,536	(22%)
Realized silver price per ounce (\$) <sup>(6)</sup>	33.58	28.78	17%	32.65	26.03	25%
Realized gold price per ounce (\$) <sup>(6)</sup>	3,278.96	2,334.24	40%	3,041.81	2,188.42	39%
Realized lead price per pound (\$) <sup>(6)</sup>	0.88	0.98	(10%)	0.89	0.96	(8%)
Realized zinc price per pound (\$) <sup>(6)</sup>	1.19	1.29	(8%)	1.25	1.21	3%
<b>Costs</b>						
Cash cost per Ag/Eq ounce (\$) <sup>(2)(5)</sup>	21.67	19.93	9%	20.36	18.09	13%
AISC per Ag/Eq ounce (\$) <sup>(3)(5)</sup>	26.38	25.55	3%	24.81	22.63	10%
Production cost per tonne (\$) <sup>(4)(5)</sup>	125.64	100.46	25%	116.87	99.11	18%
<b>Capital expenditures</b>						
Sustaining (\$)	750,828	2,582,846	(71%)	1,677,775	3,195,388	(47%)
<b>Diamond Drilling</b>						
CMC (mts)	669	446	50%	1,641	446	268%
VMC (mts)	-	595	(100%)	477	595	(20%)
San Ignacio (mts)	1,171	249	370%	1,171	249	370%
Topia Mine (mts)	319	190	68%	767	410	87%

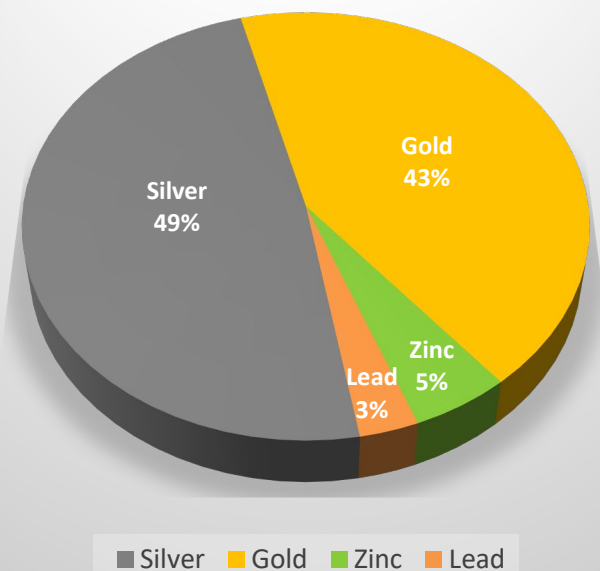
1. Silver equivalents are calculated using 97.58:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q2 2025; an 81.05:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2024; an 93.77:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for YTD 2025 and an 84.51:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2024, respectively.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 28.
3. AISC per Ag/Eq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 28.
4. See Reconciliation of production cost per tonne on page 28.
5. Mine Operating Cashflow Before Taxes, Cash cost per silver equivalent, cost per tonne, AISC per Ag/Eq ounce, EBITDA, Adjusted EBITDA and working capital are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 26.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.



Q2 2025 - Production Summary	El Cubo Mines Complex	Valenciana Mines Complex	San Ignacio Mine	Topia	Consolidated
Tonnes mined	58,136	27,264	14,710	13,189	113,299
Tonnes milled	57,656	26,982	14,648	12,821	112,107
Silver ounces produced	104,786	56,296	8,905	152,003	321,990
Gold ounces produced	1,433	509	696	276	2,913
Lead produced (lbs)	-	-	-	683,163	683,163
Zinc produced (lbs)	-	-	-	853,646	853,646
Silver equivalent ("Ag/Eq") ounces produced <sup>(1)</sup>	245,278	106,278	76,947	230,735	659,237
Silver ounces sold	113,494	48,794	7,409	143,170	312,867
Gold ounces sold	1,514	492	672	270	2,948
Lead sold (lbs)	-	-	-	652,382	652,382
Zinc sold (lbs)	-	-	-	686,621	686,621
Ag/Eq ounces sold <sup>(1)</sup>	262,613	97,105	73,084	215,511	648,313
Cost per tonne <sup>(5)</sup>	78.34	115.57	128.90	355.82	125.64
Cash cost per Ag/Eq ounce <sup>(1)(2)(3)(5)</sup>	18.98	29.62	24.83	19.80	21.67
AISC per Ag/Eq ounce <sup>(1)(3)(4)(5)</sup>	21.06	32.33	26.56	20.30	26.38

1. Silver equivalents are calculated using 97.58:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q2 2025. 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 28.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 28.
4. AISC per Ag/Eq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 28.
5. Cash cost per silver equivalent, AISC per Ag/Eq ounce and cost per tonne are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 26.

## Q2 AgEq Production by Metal



## Production

In the second quarter, total production amounted to 659,237 ounces of silver equivalent, which is comprised of 321,990 ounces of silver, 2,913 ounces of gold, 683,163 pounds of lead, and 853,646 pounds of zinc (see footnote to table above for calculation of silver equivalent). This represents a 20% decrease in silver equivalent ounces compared to Q2 2024. Out of total production, CMC accounted for 245,278 silver equivalent ounces, which is 37% of the total production, VMC contributed 106,278 silver equivalent ounces, representing 16% of the total production, San Ignacio's production was 76,947 representing 12% of the total, while Topia added 230,735 silver equivalent ounces, making up the remaining 35%.

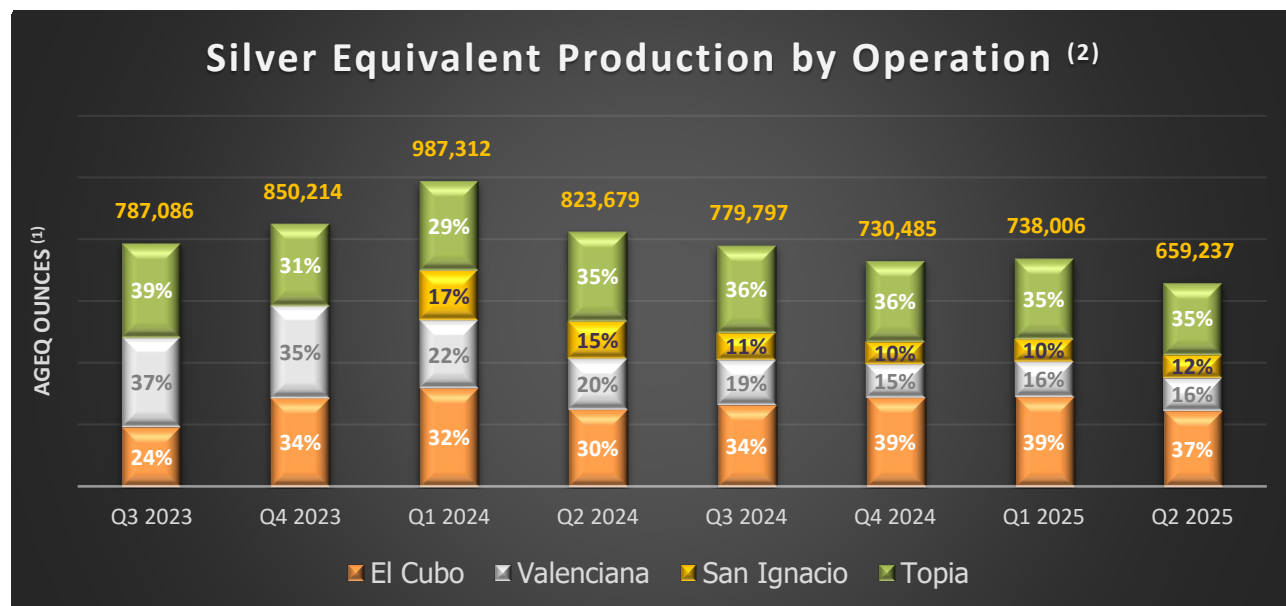
The Company's three plants processed a total of 112,107 tonnes of mineralized material with average grades of 107.43 grams per tonne ("g/t") for silver and 1.02 g/t for gold, compared to production in the same quarter of the prior year of 161,457 tonnes at average grades of 90.34 g/t of silver and 0.98 g/t of gold which represents a decrease of 31% in tonnes processed, 19% increase in average silver grades and 5% increase in average gold grades. Average silver recoveries decreased by 2% from 85% in Q2 2024 to 83.2% in Q2 2025 and gold recoveries decreased by 6% in the same periods, from 83.8% in Q2 2024 to 79% in Q2 2025. The decrease in production during the current quarter can be attributed to reduction in fresh mineralized material and also equipment availability. Both issues are currently being addressed including the acquisition of additional equipment.

## Cash Cost and All-In Sustaining Cost per Ounce

In Q2 2025, production costs per tonne increased by 25% to \$125.64 compared to \$100.46 in the corresponding period of 2024 mainly due to a decrease of tonnes milled by 31% to 112,107 in Q2 2025 compared to 161,457 in Q2 2024 partially offset by a decrease of production costs of 13% in Q2 2025 compared to Q2 2024.

Cash cost and AISC per AgEq ounce produced for the quarter were \$21.67 and \$26.38, respectively, which represents an increase of 9% and 3%, compared to Q2 2024 of \$19.93 and \$25.55, respectively, and is primarily due to a 20% decrease of silver equivalent ounces produced to 659,238 in Q2 2025 from 823,679 AgEq ounces in Q2 2024, partially offset by a decrease of 13% in cash costs in Q1 2025 compared to Q2 2024, along with decrease of 71% in sustaining capital expenditures, an increase of 3% in general and administrative expenses and an increase of 581% in operating lease payments.

*(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 26).*



- Silver equivalents are calculated using 97.58:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q2 2025; 89.68:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q1 2025; 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; an 81.05:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2024; an 88.72:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q1 2024; 85.10:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q4 2023; and an 81.83:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q3 2023.
- 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.

## OPERATIONAL AND DEVELOPMENT ACTIVITIES

During the second quarter of 2025, the Company continued to advance mine development, enhance plant performance, and improve underground access across its operations. These initiatives are helping to maintain stable production while setting the path for long-term growth and sustainability.

### El Cubo Mine Complex

During Q2 2025, 56% of processed material came from fresh mineralized material, primarily from the Villalpando zone. The Company continued to focus on stope development to increase the availability of production-ready mineralized material for H2 2025. Key areas include Block 2160 in the Cebolletas zone and Block 2-300 in the Dolores area.

Development work also progressed in the Villalpando and San Eusebio zones, aimed at building near-term mineral resources. In parallel, significant advancement was made at the Packman stope, a high-grade zone prioritized for immediate development.

Continuous pumping in the Villalpando ramp remains essential for accessing lower levels, unlocking strategic blocks and facilitating high-potential zones. These include Stope 2046 and Block 18-150; the latter is expected to start production in Q3 2025.

The electrification project at the El Cubo Mine Complex advanced throughout the quarter and is expected to be completed in H2 2025. This initiative was designed to eliminate the use of portable diesel generators, resulting in operating cost reductions.

The Company is also evaluating the business case for implementing a tailing's backfill system at Cubo. The system would aid in shortening the cycle times on stope development and potentially lower costs related to hauling waste to backfill locations.

### Valenciana Mines Complex

At the Valenciana Mines Complex, approximately 45% of material processed consisted of fresh mineralized material, primarily from the Cata, Pozos, and Rayes mines. In the Cata Mine, the most significant contribution of material came from stopes 390-667 and 345-8233 within the Veta Madre system. As for Pozos Mine, stopes 160-500 and 160-440 are currently active.

Hydraulic backfilling continued at the Valenciana mines, enabling uninterrupted processing plant operations. A detailed scanning survey was completed, which will support planning for future backfill areas and containment wall construction, thereby increasing tailings disposal capacity. The Company is currently evaluating re-routing mineralized material from VMC to the Cubo processing plant to increase plant efficiencies, reduce tailings costs, and potentially increase metallurgical recoveries.

During the same period, pumping equipment and infrastructure were installed to dewater the Valenciana Deep zone, targeting the reactivation of Level 460 and preparation of Level 480. Access to the lower zones is expected in late H2 2025.

### San Ignacio Mine

In the second quarter of 2025, approximately 94% of the material processed consisted of fresh mineralized material, primarily from stopes 628, 629, and 630 of the Melladito Sur vein.

The deepening of Ramp 442 advanced during the quarter, with access to Block 627 at Melladito Sur expected to be established in Q3 2025.

During the quarter, 108 meters of development were completed on Ramp 605, which successfully intercepted the Melladito Norte vein. An additional 65 meters of development was completed toward the north end of the vein, focused on preparing the area for long-hole stoping in H2 2025.

Work progressed on the deepening of Ramp 751, with 85 meters developed along mineralization in the Nombre de Dios vein system.

### Topia Mine

At Topia, the high-grade vein 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.

Key projects continued at the processing plant, focused on improving operational efficiency, optimizing metallurgical recovery, and reducing operating costs. Notable developments included the commissioning of a lead concentrate filter press, construction of a new reagent storage facility, and installation of a centrifugal concentrator to recover coarse grained mineralization. The concentrator project is expected to be commissioned in H2 2025. Additionally, installation of the zinc concentrate filter reached 85% completion, with commissioning expected before year end.



A total of 2,398 meters of underground development was completed during the quarter, achieving the targeted advancement rates and reinforcing short- and medium-term mine plans. This includes providing access to high-potential areas such as El Salto and Rosario II, where blocks with attractive grades and substantial tonnage have been identified.

## EXPLORATION

During the second quarter of 2025, the Company continued its diamond exploration drilling program across all business units to support development of future production. The primary objective is to expand the resource base, de-risk short-term mine plans and ensure the long-term sustainability of mining operations.

The following section outlines exploration activities at the El Cubo, Valenciana, San Ignacio, and Topia units, as well as updates on the El Pinguico and El Horcon projects.

### El Cubo Mines Complex

During the second quarter of 2025, diamond drilling continued with contractor Detector Drilling, totaling 669 meters. The drilling program focused on the San Luis and Dolores veins, targeting lateral and vertical extensions of the veins.

Five drill holes were completed during the quarter, totalling 669 meters. The company expects to complete an additional 4,460 of drilling during H2 2025, with a focus on de-risking the 2026 mine plan.

### Valenciana Mines Complex

Following a small drilling program in Q1 2025, the underground drill was moved from VMC to San Ignacio while the Company awaited the interpretation and assay results from the 475-meter program at the Santa Margarita and Maravillas zones. Based on its initial success, the Company expects to commence a follow-up drilling program at VMC before year end.

Subsequent to the quarter-end, the Company announced high-grade gold intercepts at Valenciana, including the highlighted zones presented below:

DRILLHOLE #	AZIMUTH/INCLINATION Degrees	INTERSECTIONS		WIDTH (m)	TRUE WIDTH (m)	Au (g/t)	Ag (g/t)	AgEq (g/t)	Vein
		From(m)	To (m)						
USM25-001	221.52 / 40.6	54.55	54.95	0.4	0.35	0.3	139	164	Maravillas Breccia
UGSM25-001	275.55 / 66.2	0	0.35	0.35	0.35	1.7	3	147	Santa Margarita Stockwork
UGSM25-002	167.23 / 64.3	0	1	1	0.87	3.6	4	310	Santa Margarita Breccia
and		11.15	11.6	0.45	0.37	5.5	9	477	Santa Margarita Breccia
UGSM25-003	214.4 / 74.6	0	1	1	0.98	16.7	12	1,432	Santa Margarita Breccia
UGSM25-004	215.61 / 72.0	4.15	4.9	0.75	0.68	2.9	5	249	Santa Margarita Splay
UGSM25-005	286.19 / 64.7	5.2	5.5	0.3	0.26	45.3	38	3,886	Santa Margarita Vein

\*(All AgEq calculations in this table use a silver to gold ratio of 85:1; some AgEq figures may vary slightly due to rounding)

### San Ignacio Mine

During Q2 2025, a total of approximately 1,171 meters of diamond drilling was completed.

The drilling was focused on the Nombre de Dios zone within the Melladito vein system, located in the northwestern portion of the property. Additional drilling is targeting the Santo Nino and Purisima veins, situated in the central-western area of the San Ignacio concession block.

Drilling began on the NDD3 and Melladito veins in the operational areas of Ramps 751 and 605, with the goal of outlining both near- and long-term mineralization. Five holes were completed in this zone which strengthened the operational potential of the mine's northern sector. This area will be revisited in Q3 to support growth around Ramp 605.

Toward the end of the quarter, drilling shifted to the Ramp 430 area, targeting the Santo Nino vein. Three holes were completed, with UGSI25-006, UGSI25-007 and UGSI25-009 defining a high-grade block suitable for near-term extraction, accessible via the planned Ramp 431.

The following table shows the results of the holes mentioned above:

DRILLHOLE #	INTERSECTIONS		WIDTH (m)	TRUE WIDTH (m)	Au (g/t)	Ag (g/t)	AgEq (g/t)	Zone
	From(m)	To (m)						
UGSI25-001	74.65	75.15	0.50	0.35	1.3	7.0	118	Nombre de Dios
UGSI25-002	121.05	122.35	1.30	1.13	1.5	24.2	153	Intermeidate Vein
UGSI25-003	78.65	80.55	1.90	1.30	1.7	4.5	151	Loop
<b>and</b>	<b>82.00</b>	<b>87.50</b>	<b>5.50</b>	<b>2.10</b>	<b>4.1</b>	<b>4.3</b>	<b>353</b>	<b>Nombre de Dios</b>
<b>and</b>	150.30	150.90	0.60	0.44	2.4	14.0	222	Melladito
<b>and</b>	151.30	151.70	0.40	0.29	2.1	3.0	183	Melladito
UGSI25-004	59.85	60.50	0.65	0.39	0.3	262	283	Loop
UGSI25-004	63.30	64.55	1.25	0.72	0.9	101.1	178	Loop
UGSI25-005	32.15	32.45	0.30	0.26	0.9	62.0	135	VNLT
<b>and</b>	46.50	47.90	1.40	0.99	1.1	12.6	106	Nombre de Dios
<b>and</b>	119.75	120.45	0.70	0.61	1.4	22.0	141	Melladito
UGSI25-006	59.30	60.55	1.25	1.08	2.5	3	219	Vein
<b>and</b>	<b>64.80</b>	<b>67.50</b>	<b>2.70</b>	<b>2.34</b>	<b>4.9</b>	<b>165</b>	<b>579</b>	<b>Santo Nino Vein</b>
<b>and</b>	172.85	173.45	0.60	0.30	0.6	212	261	Vein
<b>UGSI25-007</b>	<b>66.10</b>	<b>76.25</b>	<b>10.15</b>	<b>8.20</b>	<b>5.7</b>	<b>54</b>	<b>536</b>	<b>Santo Nino system</b>
<i>including</i>	66.10	66.85	0.75	0.60	15.1	13	1,293	<i>Santo Nino system</i>
<i>including</i>	74.70	75.75	1.05	0.83	13.7	158	1,322	<i>Santo Nino system</i>
<b>and</b>	78.85	80.80	1.95	1.61	3.7	127	439	
<b>and</b>	<b>82.10</b>	<b>83.55</b>	<b>1.45</b>	<b>1.06</b>	<b>28.5</b>	<b>164</b>	<b>2,585</b>	<b>Vein</b>
<b>and</b>	86.40	87.15	0.75	0.48	1.2	56	159	Vein
<b>and</b>	95.40	95.75	0.35	0.32	0.5	268	307	Vein
UGSI25-008	<i>Hole lost in fault - currently being redrilled as UGSI25-008A</i>							
UGSI25-009	49.85	57.90	8.05	4.46	2.2	99	287	Santo Nino

\*(All AgEq calculations in this table use a silver to gold ratio of 85:1; some AgEq figures may vary slightly due to rounding)

Drilling on the Santo Niño vein will continue in H2 2025 as part of the strategy to increase near-term resources and advance the Ramp 430 development project.

Additionally, the Company received results from a recent completed induced polarization ("IP") study, which identified a new structural target to the west of the known vein system. This new Santa Paula target is believed to be a north-south trending half-graben structure like those that host mineralized veins at San Ignacio. The Company is currently evaluating drill options to test this structure in the near term.

## Topia Mine

During the second quarter of 2025, six diamond drill holes were completed across Union del Pueblo, Rosario, and Durangueno mines, totaling 319.40 meters.

As part of its growth strategy, the Company will continue exploration efforts during H2 2025, including a planned 258-meter diamond drilling campaign to be carried out by two rigs operating in the La Prieta and San Miguel mines. The objective is to increase resources and reserves and support the long-term sustainability of the unit.

## El Pinguico

In August 2025, the Company received a General Use Explosives Permit from the Ministry of Defense, enabling the restart of development activities at El Pinguico.

During the quarter, the Company focused on advancing detailed engineering and obtained contractor quotes to support the development of a business case evaluation of the project. The Company expects to make a final decision on the Pinguico exploration and development project in Q3 2025. This will focus on development of an underground exploration decline to enable access to: 1) underground drilling platforms that will enable the Company to drill high-priority targets and 2) stockpiled zones contained within the existing historic mine workings.

All these actions will also support the application process for the Environmental Impact Assessment, which is expected to be submitted during Q3 2025.



## El Horcon

During the second quarter of 2025, the Company updated, processed, and reinterpreted existing geological data for the El Horcon gold-silver-lead-zinc project, resulting in the design of a future diamond drilling campaign.

## QA/QC

The Company adheres to thorough QA/QC procedures and practices that exceed standard regulatory requirements when managing the Company's testing and sampling. Drill core was first reviewed by a Company geologist, who identified and marked intervals for sampling. The marked sample intervals were then cut in half with a diamond saw; half of the core was left in the core box and the other half was removed, placed in plastic bags, sealed and labeled. Intervals and unique sample numbers are recorded on the drill logs and the samples are sequenced with standards and blanks inserted according to a predefined QA/QC procedure. The samples are maintained under security on site until they are shipped to the analytical lab. The analytical work reported on herein was performed by the Company's local laboratory, located at the Valenciana Mines Complex at Ex-Hacienda de Bustos in Guanajuato City. This laboratory is owned and operated by the Company and is not independent. To validate the Company's assay results and preparation procedures, GSilver customarily sends additional random samples representing approximately 20% of all analytical samples to one of two ISO certified labs: Quimico Platinum, located at Silao, Guanajuato or Bureau Veritas located in Hermosillo, Sonora, Mexico. Both laboratories are certified at the ISO/IEC (International Organization for Standardization/International Electrotechnical Commission) geo-analytical laboratory and are independent of GSilver and its "qualified person". Core samples were subject to crushing at a minimum of 70% passing two millimetres, followed by pulverizing of a 250-gram split to 85% passing 75 microns. Gold determination was via standard atomic absorption (AA) finish 30-gram fire assay (FA) analysis, in addition to silver and 34-element using fire assay and gravimetry termination. Following industry-standard procedures, blank and standard samples were inserted into the sample sequence and sent to the laboratory for analysis. Data verification of the analytical results included a statistical analysis of the standards and blanks that must pass certain parameters for acceptance to ensure accurate and verifiable results. As of the date of this MD&A, the Company has not yet received the results of the random samples sent to the independent laboratory.

## FINANCIAL PERFORMANCE

The financial results were as follows:

CONSOLIDATED	Three months ended			Six months ended		
	June 30, 2025	June 30, 2024	% Change	June 30, 2025	June 30, 2024	% Change
	\$	\$		\$	\$	
<b>Revenue</b>	<b>18,458,010</b>	<b>20,551,139</b>	<b>(10%)</b>	<b>39,788,493</b>	<b>38,316,122</b>	<b>4%</b>
Gold	8,244,496	8,659,740	(5%)	17,264,048	17,484,973	(1%)
Silver	9,076,808	9,892,420	(8%)	19,973,985	17,799,040	12%
Lead	515,401	920,158	(44%)	1,141,924	1,451,099	(21%)
Zinc	621,305	1,078,822	(42%)	1,408,536	1,581,011	(11%)
<b>Cost of Sales</b>	<b>(15,077,872)</b>	<b>(19,603,706)</b>	<b>(23%)</b>	<b>(31,562,582)</b>	<b>(39,024,292)</b>	<b>(19%)</b>
Production costs	(14,085,257)	(16,220,357)	(13%)	(28,068,317)	(32,362,282)	(13%)
Transportation and selling costs	(653,856)	(747,727)	(13%)	(1,261,372)	(1,502,379)	(16%)
Inventory changes	1,041,786	304,868	242%	633,874	796,986	(20%)
<b>Mine operating cashflow before Taxes <sup>(5)(7)</sup></b>	<b>4,760,683</b>	<b>3,887,924</b>	<b>22%</b>	<b>11,092,678</b>	<b>5,248,447</b>	<b>111%</b>
Depreciation and depletion	(1,380,545)	(2,940,490)	(53%)	(2,866,767)	(5,956,617)	(52%)
<b>Mine operating income (loss)</b>	<b>3,380,138</b>	<b>947,433</b>	<b>257%</b>	<b>8,225,911</b>	<b>(708,170)</b>	<b>1,262%</b>
General and Administration	(2,063,810)	(2,004,003)	3%	(3,995,027)	(4,347,237)	(8%)
SBC Compensation	(280,708)	(259,208)	8%	(378,475)	(799,991)	(53%)
Exploration	(408,079)	(295,556)	38%	(735,977)	(551,132)	34%
Foreign exchange gain (loss)	(1,836,234)	2,162,042	(185%)	(2,075,376)	1,795,756	(216%)
Other operating income (expenses)	43,263	38,878	11%	181,135	119,646	51%
Interest and finance (costs) income, net	(1,032,037)	(1,775,577)	(42%)	(2,171,378)	(3,319,707)	(35%)
Gain (loss) on derivatives	(747,585)	(1,488,929)	(50%)	(3,594,515)	(2,839,375)	27%
Other finance (expense) income, net	79,004	(75,013)	205%	80,450	518,586	(84%)
<b>Loss before income taxes</b>	<b>(2,866,048)</b>	<b>(2,749,933)</b>	<b>(4%)</b>	<b>(4,463,252)</b>	<b>(10,131,624)</b>	<b>56%</b>
Current income tax (expense)	(816,175)	-	100%	(1,490,525)	-	100%
<b>Net loss</b>	<b>(3,682,223)</b>	<b>(2,749,933)</b>	<b>(34%)</b>	<b>(5,953,777)</b>	<b>(10,131,624)</b>	<b>41%</b>
Loss per share - basic and diluted	(0.01)	(0.01)	0%	(0.01)	(0.03)	(67%)
EBITDA <sup>(1) (5)</sup>	(430,380)	2,007,907	(121%)	635,395	(770,960)	182%
Adjusted EBITDA <sup>(2) (5)</sup>	1,898,951	1,916,933	(1%)	6,003,620	987,918	508%
Cash cost Ag/Eq per ounce <sup>(3) (5)</sup>	21.67	19.93	9%	20.36	18.09	13%
AISC cost per Ag/Eq ounce <sup>(4) (5)</sup>	26.38	25.55	3%	24.81	22.63	10%
Realized silver price per ounce <sup>(6)</sup>	33.58	28.78	17%	32.65	26.03	25%
Realized gold price per ounce <sup>(6)</sup>	3,278.96	2,334.24	40%	3,041.81	2,188.42	39%
Realized lead price per pound <sup>(6)</sup>	0.88	0.98	(10%)	0.89	0.96	(8%)
Realized zinc price per pound <sup>(6)</sup>	1.19	1.29	(8%)	1.25	1.21	3%

1. See Reconciliation of Earnings before interest, taxes, depreciation, and amortization on page 27.

2. See reconciliation of Adjusted EBITDA on page 27.

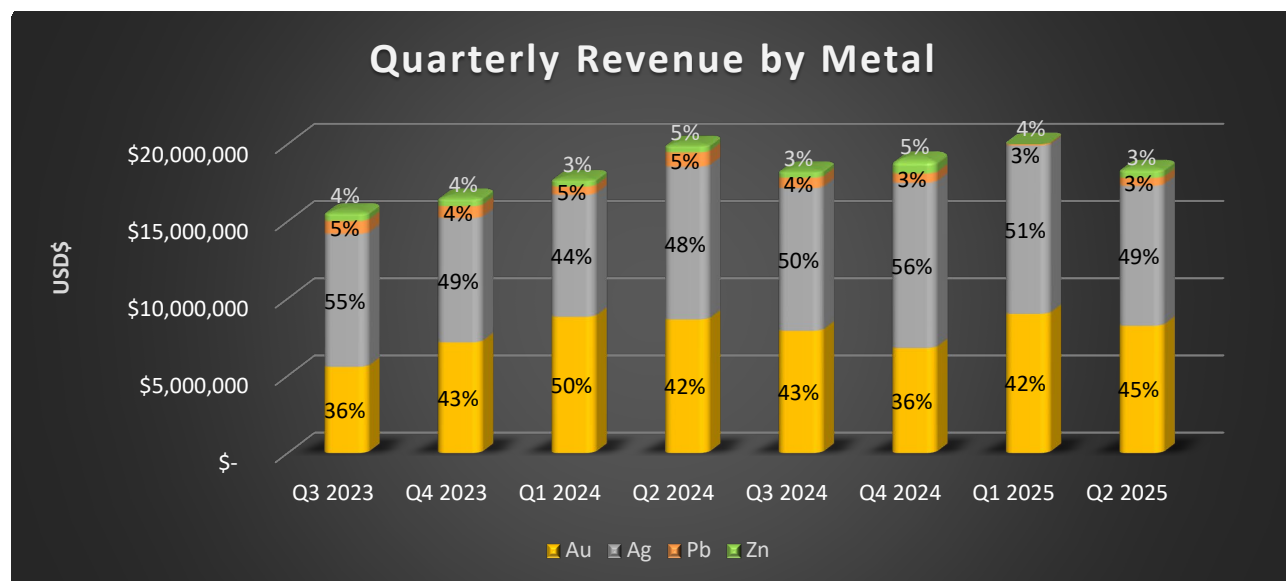
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 28.

4. AISC per Ag/Eq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 28.

5. Mine Operating Cashflow Before Taxes, Cash cost per silver equivalent, AISC per Ag/Eq ounce, EBITDA and Adjusted EBITDA are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 26.

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 26.



*Three months ended June 30, 2025 (compared to the three months ended June 30, 2024)*

#### Revenue

During the three months ended June 30, 2025, the Company generated revenues of \$18,458,010 net of metal deductions, treatment, and refining costs (\$3,418,584). This represents a 10% decrease of revenues compared to same period in the prior year and was mainly driven by a 31% decrease in tonnes milled, leading to a 20% reduction in silver equivalent ounces produced. The decrease was partially offset by higher realized prices per ounce. During the current quarter, the realized silver and gold price per ounce sold averaged \$33.58 and \$3,279, a 17% and 40% increase, respectively, compared to \$28.78 and \$2,334 per ounce in Q2 2024. In the second quarter of 2025, the Company sold 312,867 ounces of silver and 2,948 ounces of gold representing a decrease of 22% and 32% respectively compared to sales during Q2 2024. Additionally, the Company sold 652,382 pounds of lead at a realized price of \$0.88 and 686,621 pounds of zinc at a realized price of \$1.19 from the Topia Mine.

#### Cost of sales

Cost of sales is comprised of production cost, including mining, processing, maintenance and site general administration net of inventory changes, transportation and selling cost and depreciation and depletion. The decrease of 23% in cost of sales for the three months ended June 30, 2025, compared to the same period in 2024 is mainly due to a decrease of 53% in depreciation and depletion due to the increase to the estimated life of mine for El Cubo and San Ignacio; a decrease of 13% in transportation and selling costs attributed to increased efficiencies in shipments, a decrease of Ecology tax no longer payable out of Topia and lower volumes sold; and a decrease of production costs of 13%. The number of tonnes mined and milled decreased by 34% and 31%, respectively and total silver equivalent ounces decreased by 20% on June 30, 2025, compared to the same period in the previous year.

#### General and administration

General and administration expenses increased by 3% or \$59,807 during the three months ended June 30, 2025, compared to Q2 2024. This increase is due to higher professional fees including legal and tax consulting offset by a decrease in management fees. Management in Mexico was restructured in 2024 therefore Q2 2025 expenses do not reflect these charges anymore and some are now part of the operating costs.

#### Exploration

General exploration costs increased 38% to \$408,079 in the three months ended June 30, 2025, compared to \$295,556 in the same period in 2024. Total meters drilled during Q2 2025 was 2,159 compared to 1,480 meters drilled in Q2 2024.

#### Share-based compensation

Share-based compensation increased by \$21,500 or 8% for the three months ended June 30, 2025, compared to the same period in 2024. There were 7,850,000 options granted during the second quarter of 2025 compared to the 300,000 options granted in Q2 2024 of which 1/3 vested immediately. During the quarter, 1,160,000 options were cancelled or forfeited due to employees' departures.

## Foreign exchange gain (loss)

For the three months ended June 30, 2025, foreign exchange losses increased by \$3,998,276 or 185%, compared to the same period in 2024, from a foreign exchange gain of \$2,162,042 in the comparative period to a foreign exchange loss of \$1,836,234 in the current quarter, primarily reflecting the strengthening of the Mexican peso in 2025 versus its weakening in the comparative three months of 2024.

## Other operating income (expenses)

During the three months ended June 30, 2025, other operating income increased by \$4,385 or 11% compared to the same period in 2024. In Q2 2025 the Company recognized a gain in toll milling agreement of \$38,928, a gain of \$2,679 on final dividends collected from Great Panther related to its bankruptcy process as well as \$1,511 corresponding to a gain on settlement of debt.

During the three months ended June 30, 2024, other operating income included a gain \$49,472 in toll milling and a gain on sale of scrap material of \$2,497 partially offset by a loss in PP&E disposal of \$14,016.

## Interest and finance costs

Interest and finance costs decreased by \$743,540 or 42% for the three months ended June 30, 2025, compared to the three months ended June 30, 2024. This decrease is mainly due to lower accretion expenses by \$160,219 accrued in Q2 2025 along with lower interest accrued on debt being held in Q2 2025 compared to the same period in 2024, resulting in a reduction of \$555,037. This reduction in interests was a result of the Company amending its loan agreement with Ocean Partners UK Limited ("Ocean Partners") during the quarter. On April 1, 2025, the Company reached an agreement to amend its Expanded Facility with Ocean Partners (the "Enhanced Facility"). Under the terms of the Enhanced Facility, the Company is to pay a lump sum payment of either 338.43 gold ounces or a cash payment of \$1,055,969, which is anticipated to be paid in the third quarter of 2025. Of the remaining 7,110 gold ounces, 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. The remaining one-third of the outstanding balance, 2,369 gold ounces, will be paid on conclusion of the 36-month term. This current facility's balance, as of June 30, 2025, was \$17,390,095 and has an implied rate of 19.5%, as compared to the Expanded Facility which had an implied rate of 28.22%

During Q2 2024, the Company additionally held the Tertiary OCIM loan of \$1,436,349 and an implied interest rate of 23.5% which was fully repaid in 2024, resulting in lower interest expense in Q2 2025 (*See Liquidity and Capital Resources*).

## Gain (loss) on derivatives

Under the new Ocean Partners loan (the Enhanced Facility) and the OCIM facility fully repaid in September 2024, the requirement to deliver gold and silver ounces is considered a derivative which is required to be revalued at the end of each reporting period. Additionally, as the Company repays these loans, the derivative portion of the loan will result in a gain or loss on settlement.

For the three months ended June 30, 2025, the Company recognized an unrealized loss of \$570,000 on the revaluation of the derivative on the outstanding gold loan with Ocean Partners, a realized loss of \$57,682 on the settlement of the derivative portion of the repayments to Ocean Partners, loss of \$249,808 due to the revaluation of warrants granted to Ocean Partners as part of the agreement to amend the gold facility, offset by a gain of \$129,905 on certain call and put options held by the Company with respect to future sales of metals, FX currency protection and Exchange-Traded funds transactions.

For the three months ended June 30, 2024, the Company recognized a loss of \$732,692 on the revaluation of the derivative on the outstanding loans, a realized loss of \$462,171 on the settlement of the derivative portion of the repayments to OCIM and Ocean Partners, a loss of \$481,210 in changes of fair value on forward silver and gold pricing sales and a gain of \$187,145 call options.

## Other finance items, net

During the three months ended June 30, 2025, other finance operating income increased by \$154,017 or 205% compared to the same period in 2024. In Q2 2025 the Company recognized a gain of \$88,155 on settlement of debt resulting from the amendment of the Ocean Partner's credit facility, partially offset by a loss of \$9,151 on revaluation of financial assets.

During the three months ended June 30, 2024, the Company recognized a loss of \$75,013 on revaluation of financial assets.

## Current income tax expense

During the three months ended June 30, 2025, the Company recognized a current income tax expense of \$816,175 (three months ended June 30, 2024 - \$nil).

## Six months ended June 30, 2025 (compared to the six months ended June 30, 2024)

### Revenues

Revenues of \$39,788,493 net of metal deductions, treatment, and refining costs (\$6,433,733) for the six months ended June 2025, increased by 4% compared to \$38,316,122 net of metal deductions, treatment, and refining costs (\$6,200,939) for the six months ended



June 30, 2024, mainly due to the increase of realized prices. As of June 30, 2025, realized silver and gold price per ounce sold averaged \$32.65 and \$3,042, a 25% and 39% increase, respectively, compared to \$26.03 and \$2,188 per ounce in the same period of 2024.

During the six months ended June 30, 2025, the Company sold 689,862 ounces of silver and 6,378 ounces of gold which is a 16% and 33% decrease, respectively, compared to the first six months of 2024. Additionally, the Company sold 1,374,550 pounds of lead at a realized price of \$0.89 and 1,605,314 pounds of zinc at a realized price of \$1.25 from the Topia Mine.

## Cost of sales

Cost of sales for the six months ended June 30, 2025 decreased by 19% compared to the same period of 2024 mainly attributed to lower transportation and selling costs by 16% as a result of increased efficiencies in shipments and a decrease of Ecology tax no longer payable out of Topia as well as a 52% decrease in depreciation and depletion due to the increase to the estimated life of mine for El Cubo and San Ignacio, a 20% decrease in inventory changes and a 13% decrease in production costs due lower production.

## General and administration

During the six months ended June 30, 2025, general and administrative expenses decreased by 8%, or \$352,210 compared to the same period in 2024. This decrease was mainly due to a \$353,706 reduction in salaries, wages and benefits because of a restructure of the management in Mexico in late 2024, therefore Q2 2025 expenses do not reflect these charges anymore and some are now part of the operating costs. Additionally, management fees decreased by \$357,621 during the period, as a result of the Company's President resignation in 2024 and the reduction of personnel during the six months ended June 30, 2025. The decrease was partially offset by an increase of \$422,272 in professional fees related to services incurred 2024, such as consulting and legal fees related to tax claims as well as fees related to claims from vendors. There was also a \$63,181 decrease in corporate administration expenses, including insurance and lower trade show and conference fees.

## Exploration

General exploration costs increased 34% to \$735,977 in the six months ended June 30, 2025, compared to \$551,132 in the same period in 2024. During the first six months of 2025, as part of the exploration program, the Company drilled 4,056 meters (1,641 in CMC, 477 in VMC, 1,171 in San Ignacio and 767 in Topia) while during the same period in 2024, the total meters was 1,700 (446 in CMC, 595 in VMC, 249 in San Ignacio and 410 in Topia).

## Share-based compensation

Share-based compensation decreased by \$421,516 or 53% for the six months ended June 30, 2025, compared to the same period in 2024 mainly due to forfeited options during 2025. During the first six months of 2025, the Company granted 7,850,000 stock options and in the same period of 2024 the total stock options granted was 9,660,000 of which 1/3 vested immediately.

## Foreign exchange gain (loss)

For the six months ended June 30, 2025, foreign exchange losses increased by \$3,871,132 or 216%, compared to the same period in 2024, from a foreign exchange gain of \$1,795,756 in the comparative period to a foreign exchange loss of \$2,075,376 in the six months ended June 30, 2025, primarily reflecting the strengthening of the Mexican peso in 2025 versus its weakening in the comparative six months of 2024.

## Other operating income (expenses)

During the six months ended June 30, 2025, other operating income increased by \$61,489 or 51% compared to the same period in 2024. As of June 30, 2025 the Company has recognized a gain in toll milling agreement of \$163,280, a gain of \$2,679 on final dividends collected from Great Panther related to its bankruptcy process, a gain of \$13,425 on PP&E disposal as well as \$1,511 corresponding to a gain on settlement of debt.

During the six months ended June 30, 2024, other operating income included a gain of \$106,845 in toll milling, a gain on sale of scrap material of \$8,008, a gain of \$13,737 in the settlement of a savings fund and a gain of \$4,085 related to a debt that was forgiven partially offset by a loss in PP&E disposal of \$14,016.

## Interest and finance costs

Interest and finance costs decreased by \$1,148,329 or 35% for the six months ended June 30, 2025, compared to the six months ended June 30, 2024, due to the balances of outstanding loans and lower implied interest rates. This decrease is mainly due to lower accretion expenses by \$283,062 accrued in Q2 2025 along with \$693,155 in lower interest accrued on debt being held in Q2 2025 compared to the same period in 2024. This current Enhanced facility's balance, as of June 30, 2025, was \$17,390,095 and has an implied rate of 19.5%

During this six-month period ended June 30, 2025, the Company also recognized \$199,678 mainly related to the accrued interests in VAT receivable.

As at June 30, 2024, the Company held the Tertiary OCIM silver and gold loan of \$1,436,349 with an effective interest rate of 23.5%, and the third Ocean Partners gold loan of \$14,050,436 with an implied rate of 30.78%.

## Gain and loss on derivatives

Under the new Ocean Partners loan (the Enhanced Facility) and the OCIM facility fully repaid in September 2024, 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 Ocean Partners 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 six months ended June 30, 2025, the Company recognized a loss of \$3,493,573 on the revaluation of the derivative of Ocean Partners facility. Additionally, during the first six months of 2024, there was a realized loss of \$57,682 on the settlement of the derivative portion of the loan repayment of the facility, a loss of \$249,808 due to the revaluation of warrants granted to Ocean Partners as part of the agreement to amend the gold facility, partially offset by a realized gain of \$201,640 on call and put options related to future sales of metals, FX currency protection and Exchange-Traded funds transactions, and an unrealized gain on such options of \$4,907 related to their revaluation at the end of the period.

In the six months ended June 30, 2024, the Company recognized a loss of \$2,076,362 on the revaluation of the derivative of the OCIM and Ocean Partners facilities. Additionally, during the first six months of 2024, there was a realized loss of \$499,172 on the settlement of the derivative portion of the loan repayment of the two facilities, an unrealized loss of \$608,697 in changes of fair value on forward silver and gold pricing sales, a realized gain of \$371,500 on call options and an unrealized loss of \$26,643 on call options. (See *Liquidity and Capital Resources*).

## Other finance items, net

During the six months ended June 30, 2025, the Company recognized a gain of \$88,155 on settlement of debt resulting from the amendment of the Ocean Partner's credit facility partially offset by a loss of \$7,705 on revaluation of financial assets carried at fair value.

During the six months ended June 30, 2024, the Company recognized a gain on settlement of debt of \$489,875 in relation to the restructuring of the latest Ocean Partner's credit facility and a gain of \$28,711 on revaluation of financial assets carried at fair value.

## Current income tax expense

During the six months ended June 30, 2025, the Company recognized a current income tax expense of \$1,490,525 (six months ended June 30, 2024 - \$nil).

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company's ability to generate sufficient cash, both in the short term and the long term, to maintain existing capacity and to fund ongoing development and exploration, is dependent upon the ability of the Company to generate positive cash flows from operations and/or obtain the financing necessary to generate and sustain profitable operations. Refer to going concern section above.

The Company will evaluate, from time to time, sales of its common shares to improve the Company's liquidity and working capital position. To the extent that cash generated by operations 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. 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 used the net proceeds for capital expenditures aimed at expanding its productions and for working capital and general corporate purposes. As disclosed above, during Q2 2025 the Company also restructured its debt obligations with Ocean Partners through the Enhanced Facility. Subsequent to Q2 2025, the Company completed a non-brokered Listed Issuer Financing Exemption private placement (the "2025 LIFE Offering") for aggregate gross proceeds to the Company of CAD\$18M under the Listed Issuer Financing Exemption.

Based on its existing cash and cash equivalents as of June 30, 2025 of \$1,717,494, negative working capital of \$6,745,721, restructuring of the Ocean Partners loan, completion of the 2025 LIFE Offering and estimated future cash flows, the Company has assessed that based on its cashflow forecast for the next 12 months it expects to have sufficient capital to continue operations for 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.

If the Company's does not generate the expected cashflows from its 12-month cashflow forecast, the Company will need to raise additional capital and sources of capital include accessing the private and public capital markets for debt and equity over the next twelve months. Adverse movement in metal prices and unforeseen impacts to the Company's operation may increase the need to raise new external sources of capital, and the inability to access sources of capital could adversely impact the Company's liquidity and require the Company to curtail capital and exploration programs and other discretionary expenditures.

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 six months ended June 30, 2025.

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			Six months ended		
	June 30, 2025	June 30, 2024	% Change	June 30, 2025	June 30, 2024	% Change
<b>Cash Flow</b>	<b>\$</b>	<b>\$</b>		<b>\$</b>	<b>\$</b>	
Cash provided by (used in) operating activities	1,915,843	(2,126,418)	190%	2,353,296	(4,417,718)	153%
Cash used in investing activities	(950,237)	(1,676,715)	43%	(1,903,305)	(3,121,492)	39%
Cash provided by (used in) financing activities	(1,135,756)	4,337,390	(126%)	(1,404,102)	7,735,936	(118%)
Effect of exchange rate changes on cash	(98,790)	62,138	(259%)	(86,160)	44,958	(292%)
Change in cash	(268,940)	596,394	(145%)	(1,040,271)	241,684	(530%)
Cash, beginning of period	2,165,841	1,601,906	35%	2,937,172	1,956,616	50%
Cash, end of period	1,896,901	2,198,300	(14%)	1,896,901	2,198,300	(14%)

As of June 30, 2025, the Company had cash and cash equivalents of \$1,896,901, including restricted cash, and negative working capital of \$6,745,721, compared with cash and cash equivalents of \$2,937,172 and negative working capital of \$15,389,179 at December 31, 2024.

## Operating activities

During the three months ended June 30, 2025, cash provided by operating activities was \$1,915,843 (three months ended June 30, 2024 cash used – \$2,126,418). The significant non-cash adjustments to the net loss of \$3,682,223 in the three months ended June 30, 2025 (three months ended June 30, 2024 - \$2,749,933) were depreciation and depletion of \$1,403,631 (three months ended June 30, 2024 – \$2,982,264), accretion of \$392,334 (three months ended June 30, 2024 - \$552,553), gain on settlement of debt of \$88,155 (three months ended June 30, 2024 - \$nil), share-based compensation of \$280,708 (three months ended June 30, 2024 – \$259,208), loss on derivatives and financial assets carried at fair value of \$807,730 (three months ended June 30, 2024 – \$1,386,275), unrealized foreign exchange loss of \$1,598,023 (three months ended June 30, 2024 – gain of \$1,952,280), interest expense of \$691,793 (three months ended June 30, 2024 - \$1,246,830), settlement of advance payment of \$141,522 (three months ended June 30, 2024 - \$nil), income tax expense of \$816,175 (three months ended June 30, 2024 - \$nil), and a decrease in non-cash working capital of \$162,651 (three months ended June 30, 2024 – \$1,603,286). The net change in non-cash working capital was primarily due to an increase in amounts receivable and inventories partially offset by a decrease in the change in accounts payable and accrued liabilities along with a decrease in prepaid expenses and deposits. In the comparative period the Company also purchased gold and silver bullion in the amount of \$2,248,049.

During the six months ended June 30, 2025, cash provided by operating activities was \$2,353,296 (six months ended June 30, 2024 – cash used \$4,417,718). The significant non-cash adjustments to the net loss of \$5,953,777 in the six months ended June 30, 2025 (six months ended June 30, 2024 - \$10,131,624) were depreciation and depletion of \$2,927,269 (six months ended June 30, 2024 – \$6,040,957), accretion of \$827,753 (six months ended June 30, 2024 - \$1,110,815), gain on settlement of debt of \$88,155 (six months ended June 30, 2024 - \$489,875), share-based compensation of \$378,475 (six months ended June 30, 2024 \$799,991), loss on derivatives and financial assets carried at fair value of \$3,666,576 (six months ended June 30, 2024 – \$2,773,693), unrealized foreign exchange loss of \$1,702,247 (six months ended June 30, 2024 – gain of \$1,778,929), interest expense of \$1,543,303 (six months ended June 30, 2024 - \$2,236,458), settlement and proceeds of advance payment of \$626,214 and \$278,133, respectively (six months ended June 30, 2024 - \$nil), income tax expense of \$1,490,525 (six months ended June 30, 2024 - \$nil) and a decrease in non-cash working capital of \$3,792,839 (six months ended June 30, 2024 – \$1,688,151). The net change in non-cash working capital was primarily due to an increase in amounts receivable, prepaid expenses and deposits and inventories partially offset by a decrease in accounts payable and accrued liabilities. In the comparative period the Company also purchased gold and silver bullion in the amount of \$3,291,053.

## Investing activities

During the three months ended June 30, 2025, cash used in investing activities was \$950,237, compared with the use of cash of \$1,676,715 in the same period in 2024. The use of cash during the period was \$777,720 on plant and equipment, construction in progress and mine development. Additionally, the Company purchased marketable securities for \$681,329 and received proceeds from the sale of such investments of \$508,812. The use of cash during the three months ended June 30, 2024 was \$2,012,599 on PP&E, construction in progress and mine development. Additionally, the Company purchased marketable securities for \$346,480, offset by the \$682,364 related to the proceeds from sale of investments.

During the six months ended June 30, 2025, cash used in investing activities was \$1,903,305, compared to the use of cash of \$3,121,492 in the same period in 2024. During the six months ended June 30, 2025, \$1,718,193 was used on PP&E, construction in progress and

mine development. Additionally, the Company purchased marketable securities for \$993,518 partially offset by \$808,406 resulting from their sale. The use of cash during the six months ended June 30, 2024 was \$3,091,605 on PP&E, construction in progress and mine development. Additionally, the Company purchased marketable securities for \$712,251 partially offset by \$682,364 resulting from their sale.

## *Financing activities*

During the three months ended June 30, 2025, cash used in financing activities was \$1,135,756. This amount includes loan repayments and interests paid of \$623,512 and \$676,281, respectively and lease obligation payments of \$314,648, partially offset by the proceeds from the exercise of warrants of \$478,685. During the three months ended June 30, 2024, cash generated from financing activities was \$4,337,390 mainly due to proceeds from the issuance of 56,752,300 Common Shares for \$8,289,917 through LIFE units (discussed below) and Private Placement of which \$3,962,276 was used to repay an Ocean Partners loan, share issue costs, loan interest and lease obligations payments.

In the six months ended June 30, 2025, cash used in financing activities was \$1,404,102 mainly in loan repayments and interests paid of \$623,512 and \$676,281, respectively, and lease obligation payments of \$582,994, partially offset by the proceeds from the exercise of warrants in the amount of \$478,685.

In the six months ended June 30, 2024, cash provided by financing activities was \$7,735,936 mainly from proceeds from issuance of 56,752,300 shares for \$8,289,917 and from the extension of the Ocean Partners Gold Facility for \$5,800,000 of which \$1,670,634 was used to partially repay the original Ocean Partners loan, also partially offset by loan and lease payments of \$4,145,350.

## OCIM Facility

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

In April 2025, the Company reached an agreement to amend the Expanded Facility with Ocean Partners. Under the terms of the Enhanced Facility, the Company is to pay a lump sum payment of either 338.43 gold ounces or a cash payment of \$1,055,969, which is anticipated to be paid in the third quarter of 2025. Of the remaining 7,110 gold ounces, 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 Q2 2025 payments were 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 the Company's subsidiary Obras Mineras El Pinguico, S.A. de C.V. ("OMPSA") and a pledge over the Company's shares of OMPSA. In connection with the terms of the Enhanced Facility, 4,550,000 warrants with an exercise price of CAD\$0.24 with a 36-month term were issued to Ocean Partners.



## 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 (CAD\$8,720,400). Each unit consisted of one common share and one-half common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at CAD\$0.35 per share for a period of two years.

## 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	June 30, 2025	December 31, 2024
	\$	\$
Current assets	23,931,996	20,688,229
Current liabilities	30,677,717	36,077,408
Working capital	(6,745,721)	(15,389,179)

### 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						
	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
	\$	\$	\$	\$	\$	\$	\$
Revenues	18,458,010	21,330,483	19,038,311	18,309,105	20,551,139	17,764,983	16,581,967
Production cost	(14,085,257)	(13,983,060)	(14,400,672)	(14,826,181)	(16,220,357)	(16,141,925)	(14,825,898)
Transportation and other support cost	(653,856)	(607,516)	(628,913)	(315,167)	(747,727)	(754,652)	(768,203)
Inventory changes	1,041,786	(407,912)	(66,950)	132,282	304,868	492,118	(149,798)
<b>Mine operating cash flows before taxes</b>	<b>4,760,683</b>	<b>6,331,995</b>	<b>3,941,776</b>	<b>3,300,039</b>	<b>3,887,924</b>	<b>1,360,523</b>	<b>838,068</b>

	Cumulative year to date						
	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
	\$	\$	\$	\$	\$	\$	\$
Revenues	39,788,493	21,330,483	75,663,538	56,625,227	38,316,122	17,764,983	66,167,081
Production cost	(28,068,317)	(13,983,060)	(61,589,135)	(47,188,463)	(32,362,282)	(16,141,925)	(63,104,443)
Transportation and other support cost	(1,261,372)	(607,516)	(2,446,459)	(1,817,546)	(1,502,379)	(754,652)	(3,190,722)
Inventory changes	633,874	(407,912)	862,318	929,268	796,986	492,118	(28,570)
<b>Mine operating cash flows before taxes</b>	<b>11,092,678</b>	<b>6,331,995</b>	<b>12,490,262</b>	<b>8,548,486</b>	<b>5,248,447</b>	<b>1,360,523</b>	<b>(156,654)</b>

## 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;
- Unrealized foreign exchange (gain) loss relating to ARO
- 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					
	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
	\$	\$	\$	\$	\$	\$
Net loss per financial statements	(3,682,223)	(2,271,554)	(2,413,440)	(4,863,549)	(2,749,933)	(7,381,691)
Depreciation and depletion – cost of sales	1,380,545	1,486,222	1,279,094	2,784,463	2,940,490	3,016,127
Depreciation and depletion – general and administration	23,086	37,416	40,261	41,114	41,773	42,567
Interest and finance costs (income), net	1,032,037	1,139,341	1,439,282	1,575,092	1,775,577	1,544,130
Current income tax	816,175	674,350	1,911,341	-	-	-
<b>EBITDA</b>	<b>(430,380)</b>	<b>1,065,775</b>	<b>2,256,538</b>	<b>(462,880)</b>	<b>2,007,907</b>	<b>(2,778,867)</b>
Share based compensation	280,708	97,767	118,490	214,129	259,208	540,783
(Gain) loss on derivatives	747,585	2,846,930	159,997	1,663,209	1,488,929	1,350,446
Unrealized foreign exchange (gain) loss relating to ARO	1,390,067	95,833	(784,643)	(1,446,722)	(1,833,882)	263,979
Other finance items, net	(89,029)	(1,636)	59,907	(22,891)	(16,203)	(452,933)
Endeavour Silver contingent payment	-	-	-	1,000,000	-	-
Other expenses	-	-	(60,207)	(52,568)	10,974	(13,726)
VAT write-off	-	-	-	-	-	161,303
<b>Adjusted EBITDA</b>	<b>1,898,951</b>	<b>4,104,669</b>	<b>1,750,081</b>	<b>892,277</b>	<b>1,916,933</b>	<b>(929,015)</b>

	Cumulative year to date					
	June30, 2025	March31, 2025	December31, 2024	September30, 2024	June30, 2024	March31, 2024
	\$	\$	\$	\$	\$	\$
Net loss per financial statements	(5,953,777)	(2,271,554)	(17,408,613)	(14,995,173)	(10,131,624)	(7,381,691)
Depreciation and depletion – cost of sales	2,866,767	1,486,222	10,020,174	8,741,080	5,956,617	3,016,127
Depreciation and depletion – general and administration	60,502	37,416	165,715	125,454	84,340	42,567
Interest and finance costs (income), net	2,171,378	1,139,341	6,334,081	4,894,799	3,319,707	1,544,130
Current income tax	1,490,525	674,350	1,911,341	-	-	-
<b>EBITDA</b>	<b>635,395</b>	<b>1,065,775</b>	<b>1,022,698</b>	<b>(1,233,840)</b>	<b>(770,960)</b>	<b>(2,778,867)</b>
Share based compensation	378,475	97,767	1,132,610	1,014,120	799,991	540,783
(Gain) loss on derivatives	3,594,515	2,846,930	4,662,581	4,502,584	2,839,375	1,350,446
Unrealized foreign exchange (gain) loss relating to ARO	1,485,900	95,833	(3,801,268)	(3,016,624)	(1,569,903)	263,979
Other finance items, net	(90,665)	(1,636)	(432,120)	(492,027)	(469,136)	(452,933)
Endeavour Silver contingent payment	-	-	1,000,000	1,000,000	-	-
Other expenses	-	-	(115,526)	(55,320)	(2,752)	(13,726)
VAT write-off	-	-	161,301	161,303	161,303	161,303
<b>Adjusted EBITDA</b>	<b>6,003,620</b>	<b>4,104,669</b>	<b>3,630,276</b>	<b>1,880,195</b>	<b>987,918</b>	<b>(929,015)</b>

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

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

AISC is a non-IFRS performance measure and was calculated based on guidance provided by the World Gold Council ("WGC"). WGC is not a regulatory industry organization and does not have the authority to develop accounting standards for disclosure requirements. Other mining companies may calculate AISC differently as a result of differences in underlying accounting principles and policies applied, as well as differences in definitions of sustaining capital expenditures. AISC is a more comprehensive measure than cash cost per ounce and is useful for investors and management to assess the Company's operating performance by providing greater visibility, comparability and representation of the total costs associated with producing silver from its current operations, in conjunction with related IFRS amounts. AISC helps investors to assess costs against peers in the industry and help management assess the performance of its mine.

AISC includes total production costs (IFRS measure) incurred at the Company's mining operation, which forms the basis of the Company's total cash costs. Additionally, the Company includes sustaining capital expenditures, corporate general and administrative expense, operating lease payments and reclamation cost accretion. The Company believes this measure represents the total sustainable costs of producing silver and gold concentrate from current operations and provides additional information of the Company's operational performance and ability to generate cash flows. As the measure seeks to reflect the full cost of silver and gold concentrate production from current operations, new projects capital at current operation is not included. Certain other cash expenditures, including share-based payments, tax payments, dividends and financing costs are also not included.

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 June 30, 2025						Three months ended June 30, 2024					% Change
	El Cubo	VMC	San Ignacio	Topia	Consolidated	El Cubo	VMC	San Ignacio	Topia	Consolidated	
<b>Cost of sales</b> <sup>(5)</sup>	<b>5,015,766</b>	<b>3,355,114</b>	<b>2,047,273</b>	<b>4,651,776</b>	<b>15,069,930</b>	<b>6,591,454</b>	<b>3,912,910</b>	<b>3,037,446</b>	<b>6,045,190</b>	<b>19,586,999</b>	(23%)
Transportation and selling cost <sup>(5)</sup>	(314,565)	(62,910)	(46,199)	(222,240)	(645,913)	(57,877)	(151,452)	(88,343)	(433,349)	(731,021)	(12%)
Inventory changes	194,301	194,651	165,937	486,897	1,041,786	(131,613)	346,804	114,652	(24,975)	304,869	242%
Depreciation	(378,772)	(368,498)	(278,850)	(354,425)	(1,380,545)	(1,036,411)	(847,564)	(612,415)	(444,100)	(2,940,490)	(53%)
<b>Production cost</b>	<b>A</b>	<b>4,516,732</b>	<b>3,118,356</b>	<b>1,888,162</b>	<b>4,562,007</b>	<b>5,365,553</b>	<b>3,260,697</b>	<b>2,451,340</b>	<b>5,142,767</b>	<b>16,220,357</b>	<b>(13%)</b>
Add (subtract):											
Government royalties and mining taxes		138,439	29,820	22,435	7,341	33,311	24,754	18,378	119,829	196,271	1%
<b>Total cash cost</b>	<b>B</b>	<b>4,655,171</b>	<b>3,148,176</b>	<b>1,910,596</b>	<b>4,569,348</b>	<b>5,398,864</b>	<b>3,285,451</b>	<b>2,469,718</b>	<b>5,262,596</b>	<b>16,416,629</b>	<b>(13%)</b>
General and administrative - corporate		-	-	-	-	-	-	-	-	2,004,003	3%
Operating lease payments		280,827	3,987	3,351	6,650	32,310	1,685	1,010	8,281	43,286	581%
Sustaining capital expenditures		230,034	283,826	129,906	107,062	1,314,457	566,538	542,728	159,123	2,582,846	(71%)
<b>Total All-in sustaining cash cost</b>	<b>C</b>	<b>5,166,032</b>	<b>3,435,989</b>	<b>2,043,853</b>	<b>4,683,060</b>	<b>6,745,632</b>	<b>3,853,674</b>	<b>3,013,456</b>	<b>5,430,000</b>	<b>21,046,764</b>	<b>(17%)</b>
Tonnes milled	<b>D</b>	57,656	26,982	14,648	12,821	84,706	40,178	23,434	13,139	161,457	(31%)
Silver equivalent ounces produced	<b>E</b>	245,278	106,278	76,947	230,735	249,594	164,515	122,052	287,518	823,679	(20%)
<b>Production cost per tonne</b>	<b>A/D</b>	<b>78.34</b>	<b>115.57</b>	<b>128.90</b>	<b>355.82</b>	<b>63.34</b>	<b>81.16</b>	<b>104.61</b>	<b>391.41</b>	<b>100.46</b>	<b>25%</b>
<b>Cash cost per AgEq ounce produced</b>	<b>B/E</b>	<b>18.98</b>	<b>29.62</b>	<b>24.83</b>	<b>19.80</b>	<b>21.63</b>	<b>19.97</b>	<b>20.23</b>	<b>18.30</b>	<b>19.93</b>	<b>9%</b>
<b>All-in sustaining cash cost per AgEq ounce produced</b>	<b>C/E</b>	<b>21.06</b>	<b>32.33</b>	<b>26.56</b>	<b>20.30</b>	<b>27.03</b>	<b>23.42</b>	<b>24.69</b>	<b>18.89</b>	<b>25.55</b>	<b>3%</b>
Mining cost per tonne		35.23	52.23	94.61	243.39	30.64	57.09	77.33	282.19	64.47	10%
Milling cost per tonne		27.10	22.83	23.63	73.54	22.15	8.93	18.86	64.77	21.85	42%
Indirect cost per tonne		16.01	40.51	10.67	38.89	10.55	15.13	8.43	44.45	14.14	69%
<b>Production cost per tonne</b>		<b>78.34</b>	<b>115.57</b>	<b>128.90</b>	<b>355.82</b>	<b>63.34</b>	<b>81.16</b>	<b>104.61</b>	<b>391.41</b>	<b>100.46</b>	<b>25%</b>
Mining		2,031,191	1,409,386	1,385,792	3,120,534	2,595,552	2,293,855	1,812,062	3,707,680	10,409,149	(24%)
Milling		1,562,344	615,878	346,091	942,814	1,876,541	358,769	441,845	851,059	3,528,214	(2%)
Indirect		923,196	1,093,092	156,279	498,658	893,460	608,074	197,433	584,028	2,282,994	17%
<b>Production Cost</b>		<b>4,516,732</b>	<b>3,118,356</b>	<b>1,888,162</b>	<b>4,562,007</b>	<b>5,365,553</b>	<b>3,260,697</b>	<b>2,451,340</b>	<b>5,142,767</b>	<b>16,220,357</b>	<b>(13%)</b>

1. Silver equivalents are calculated using 97.58:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q2 2025 and an 81.05:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2024, 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 June 30, 2025, excludes \$7,943 in relation to silver bullion transportation and selling cost from cost of sales.

Six months ended June 30, 2025							Six months ended June 30, 2024					
		El Cubo	VMC	San Ignacio	Topia	Consolidated	El Cubo	VMC	San Ignacio	Topia	Consolidated	% Change
Cost of sales <sup>(5)</sup>		10,792,044	6,541,178	4,079,663	10,125,380	31,538,265	13,409,080	8,443,872	5,522,624	11,627,478	39,003,054	(19%)
Transportation and selling cost <sup>(5)</sup>		(544,933)	(140,451)	(94,426)	(457,244)	(1,237,054)	(167,966)	(256,684)	(152,246)	(904,245)	(1,481,141)	(16%)
Inventory changes		(423,400)	438,111	324,901	294,263	633,874	22,247	373,212	229,606	171,922	796,986	(20%)
Depreciation		(810,292)	(792,564)	(542,806)	(721,106)	(2,866,767)	(1,987,027)	(1,828,844)	(1,245,114)	(895,632)	(5,956,617)	(52%)
Production cost	A	9,013,419	6,046,274	3,767,332	9,241,292	28,068,317	11,276,334	6,731,556	4,354,870	9,999,522	32,362,282	(13%)
Add (subtract):												
Government royalties and mining taxes		241,511	73,688	50,016	15,659	380,874	63,897	28,564	27,594	272,271	392,326	(3%)
Total cash cost	B	9,254,930	6,119,963	3,817,348	9,256,951	28,449,191	11,340,231	6,760,120	4,382,464	10,271,794	32,754,608	(13%)
General and administrative - corporate						3,995,027	-	-	-	-	4,347,237	(8%)
Operating lease payments		356,704	86,298	58,405	43,845	545,252	132,470	289,353	58,476	198,642	678,941	(20%)
Sustaining capital expenditures		710,795	572,490	244,267	150,223	1,677,775	1,647,439	724,203	664,623	159,123	3,195,388	(47%)
Total All-in sustaining cash cost	C	10,322,429	6,778,751	4,120,021	9,451,018	34,667,246	13,120,140	7,773,675	5,105,563	10,629,559	40,976,174	(15%)
Tonnes milled	D	125,952	55,770	31,594	26,851	240,167	169,651	81,785	50,885	24,214	326,535	(26%)
Silver equivalent ounces produced	E	534,657	221,017	151,715	489,855	1,397,244	566,697	384,360	283,837	576,098	1,810,992	(23%)
Production cost per tonne	A/D	71.56	108.41	119.24	344.17	116.87	66.47	82.31	85.58	412.96	99.11	18%
Cash cost per AgEq ounce produced	B/E	17.31	27.69	25.16	18.90	20.36	20.01	17.59	15.44	17.83	18.09	13%
All-in sustaining cash cost per AgEq ounce produced	C/E	19.31	30.67	27.16	19.29	24.81	23.15	20.22	17.99	18.45	22.63	10%
Mining cost per tonne		33.07	50.43	87.47	244.50	67.89	32.51	50.61	57.70	294.58	60.40	12%
Milling cost per tonne		24.72	22.20	22.14	64.88	28.29	22.99	17.73	19.02	71.33	24.64	15%
Indirect cost per tonne		13.77	35.78	9.63	34.79	20.69	10.97	13.97	8.86	47.05	14.07	47%
Production cost per tonne		71.56	108.41	119.24	344.17	116.87	66.47	82.31	85.58	412.96	99.11	18%
Mining		4,164,616	2,812,673	2,763,644	6,565,023	16,305,956	5,515,200	4,138,923	2,936,295	7,133,144	19,723,562	(17%)
Milling		3,113,929	1,237,968	699,343	1,742,107	6,793,347	3,899,570	1,450,356	967,959	1,727,212	8,045,096	(16%)
Indirect		1,734,874	1,995,633	304,345	934,162	4,969,014	1,861,564	1,142,277	450,616	1,139,167	4,593,624	8%
Production Cost		9,013,419	6,046,274	3,767,332	9,241,292	28,068,317	11,276,334	6,731,556	4,354,870	9,999,522	32,362,282	(13%)

1. Silver equivalents are calculated using 93.77:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for YTD 2025 and an 84.51:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) for YTD 2024, 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 six months ended June 30, 2025, excludes \$24,317 in relation to silver bullion transportation and selling cost from cost of sales.

## SUMMARY OF QUARTERLY RESULTS

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

	2025		2024				2023	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
			\$	\$	\$	\$	\$	\$
Total revenue	18,458,010	21,330,483	19,038,311	18,309,105	20,551,139	17,764,983	16,581,967	15,643,649
Production costs	14,085,257	13,983,060	14,400,672	14,826,181	16,220,357	16,141,925	14,825,898	16,138,682
Transportation and other selling costs	653,856	607,516	628,913	315,167	747,727	754,652	768,203	719,251
Inventory changes	(1,041,786)	407,912	66,950	(132,282)	(304,868)	(492,118)	149,798	361,927
Mine operating cash flow before depreciation	4,760,683	6,331,995	3,941,776	3,300,039	3,887,924	1,360,523	838,068	(1,576,212)
Depreciation	(1,380,545)	(1,486,222)	(1,279,094)	(2,784,463)	(2,940,490)	(3,016,127)	(2,771,418)	(2,748,795)
Mine operating income (loss)	3,380,138	4,845,773	2,662,682	515,576	947,433	(1,655,603)	(1,933,352)	(4,325,006)
Net (loss)	(3,682,223)	(2,271,554)	(2,413,440)	(4,863,549)	(2,749,933)	(7,381,691)	(7,624,676)	(7,062,158)
EBITDA <sup>(1)</sup>	(430,380)	1,065,775	2,256,538	(462,880)	2,007,907	(2,778,867)	(2,559,261)	(3,029,671)
Adjusted EBITDA <sup>(1)</sup>	1,898,951	4,104,669	1,750,081	892,277	1,916,933	(929,015)	(1,099,580)	(3,612,173)
Basic and fully diluted loss per share	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)
Weighted Average shares outstanding(000's)	473,222,722	472,187	455,223	418,241	387,960	354,497	351,590	341,056

(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 26.

In Q2 2025, revenues decreased 13% to \$18,458,010 compared to revenues of \$21,330,483 in the first quarter of 2025, which is consistent with the decrease of 13% in silver equivalent ounces sold to 648,313 from 742,969. Realized silver and gold price per ounce sold averaged \$33.58 and \$3,279, a 5% and 15% increase respectively, compared to Q1 2025. The Company sold 312,867 ounces of silver and 2,948 ounces of gold, a decrease of 17% and 14%, respectively, as compared to Q1, 2025. In addition, the Company sold 652,382 pounds of lead at a realized price of \$0.88 and 648,313 pounds of zinc at a realized price of \$1.19. The Company generated in Q2 2025 a 30% lower mine operating income of \$3,380,138 compared to \$4,845,773 in Q1 2025. This is mainly attributed to the 13% lower revenue mentioned above along with a 7% decrease of depreciation and depletion, 1% increase in production costs and an 8% increase in selling and transportation costs from Q1 2025 to Q2 2025. The generated net loss increased by 62% from \$2,271,554 in Q1 2025 to \$3,682,223 in Q2 2025 primarily as a result of the lower mine operating income discussed above.

In Q1 2025, revenues increased 12% to \$21,330,483 compared to revenues of \$19,038,311 in the fourth quarter of 2024, despite the minimal decrease in silver equivalent ounces sold to 742,969 from 743,153. The increase therefore is mainly attributed to higher metal prices from Q4 2024 to Q1 2025. Realized silver and gold price per ounce sold averaged \$31.88 and \$2,842.80, a 1% and 7% increase respectively, compared to Q4 2024. The Company sold 376,995 ounces of silver and 3,429 ounces of gold, a decrease of 7% and an increase of 10%, respectively, as compared to Q4, 2024. In addition, the Company sold 722,168 pounds of lead at a realized price of \$0.89 and 918,693 pounds of zinc at a realized price of \$1.29. Additionally, the Company generated in Q1 2025 an 82% higher mine operating income of \$4,845,773 compared to \$2,662,682 in Q4 2024. This is mainly attributed to the 12% higher revenue mentioned above along with a 509% increase in changes of inventory, partially offset by a 16% increase of depreciation and depletion, a reduction of 3% in production costs and a 3% decrease in transportation and selling costs from Q4 2024 to Q1 2025. The generated net loss decreased by 6% from \$2,413,440 in Q4 2024 to \$2,271,554 in Q1 2025.

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.

## 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:

June 30, 2025				August 26, 2025			
	#	Weighted average exercise price	Weighted average life (years)		Weighted average exercise price	Weighted average life (years)	
Common shares	475,994,461			543,438,882			
Warrants	123,909,116	0.37	0.74	105,061,362	0.35	1.44	
Stock options	26,060,000	0.33	3.05	34,770,000	0.74	2.56	
Restricted Share Units	1,245,000	-	-	1,245,000	-	-	
<b>Fully diluted</b>	<b>627,208,577</b>			<b>684,515,244</b>			

### MANAGEMENT OF CAPITAL

The Company's capital consists of share capital, equity reserves, and deficit as well as loans and leases. The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support operations, mine refurbishment, exploration and development of its properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders. The Board of Directors has not established quantitative capital structure criteria management, but reviews, on a regular basis, the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

The Company's objectives when managing capital are:

- To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, to support continued operations, evaluation and maintenance at the Company's existing properties, and to acquire, explore, and develop other precious and base metal deposits.
- To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk and loss of principal; and
- To obtain the necessary financing to complete mine refurbishment and exploration and development of its properties, when it is required.



The properties in which the Company currently holds interests in are in the production and exploration stages and the Company is dependent on external financing to fund planned growth and working capital. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

Management has taken steps to manage the Company's liquidity, including extending payment terms with suppliers and settling certain liabilities through the issuance of the Company's common shares. Management is also in discussions with existing and new lenders about amending existing debt arrangements or obtaining new debt financing and may also consider raising additional equity financing. The continuing operations of the Company are dependent in the near-term on its ability to obtain additional financing and in the longer-term on a combination of additional financing and the generation of cash flows from operations. In addition, the Company may issue new equity or incur additional debt, enter into joint venture arrangements, or dispose of certain assets. When applicable, the Company's investment policy is to hold cash in interest bearing accounts at high credit quality.

## OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

## TRANSACTIONS WITH RELATED PARTIES

### *Compensation of key management personnel*

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

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Salaries, bonus and benefits	<b>98,985</b>	91,365	<b>191,246</b>	184,080
Consulting fees <sup>(1)</sup>	<b>18,791</b>	73,796	<b>25,159</b>	171,694
Share-based compensation	<b>110,074</b>	127,108	<b>169,195</b>	349,358
	<b>227,850</b>	<b>292,269</b>	<b>385,600</b>	<b>705,132</b>

<sup>(1)</sup> Consulting fees were paid to Universal Solutions 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

During Q2 2025, certain of the Company's bank accounts in Mexico were frozen in connection with a vendor dispute. At that date, no formal legal proceedings had been initiated. The disputed amount of US\$179,407 was reclassified to restricted cash. In July 2025, the Company and its subsidiary, MMR, were formally served notice of the dispute by NucTech Mexico, S.A. de C.V. (the "Vendor"). The Vendor alleges that the Company has not compensated it for the installation and use of certain mineral sorting equipment at the Company's San Ignacio mine and is claiming compensation for future equipment rentals over a 10-year period. The Company believes that the litigation has no merit, and the Company will vigorously defend itself. Based on the advice of legal counsel, management has determined that there is no basis for liability under applicable local law and the Company will pursue all legal options to protect its interests and will seek to recover legal and other costs from the vendor. In accordance with the dispute, in July 2025 the Company posted a deposit of MXN\$12,601,111 (\$671,550) as a required guarantee with respect to the matter.

Due to the size and nature of the Company's operations, in the ordinary course of business the Company may be subject to claims and/or legal proceedings. The Company records provisions for such claims when considered material and an outflow of resources is considered probable. As of June 30, 2025, no such provisions have been recorded by the Company.

## 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 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 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	573,623	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	391,496	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	5,707,143	Only eleven 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.
<b>Total</b>	<b>9,608,995</b>	<b>9,608,995</b>	

## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

### Fair value measurement and valuation techniques

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

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

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

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

Financial asset or liability	Methods and assumptions used to estimate fair value
Trade receivables	Trade receivables arising from the sales of metal concentrates are subject to provisional pricing, and the final selling price is adjusted at the end of a quotational period. These are marked to market at each reporting date based on the forward price corresponding to the expected settlement date.
Forward contracts (other assets)	The Company determines the value of the forward contracts using quoted prices. Fair value changes are charged to profit and loss.
Ocean Partners loans	The fair value of the loan was estimated using the discounted cash flow method at a rate that equates to a comparable current market interest rate.
Embedded derivative	Valued using inputs derived from observable market data, including quoted commodity forward prices.
Other current liabilities	The fair value of certain call options included in other current liabilities is determined using quoted prices. Fair value changes are charged to profit and loss.

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

During the three and six months ended June 30, 2025, and 2024, there were no transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy.

June 30, 2025	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Carrying value approximates fair value
<b>Financial assets measured at fair value</b>						
	\$	\$	\$	\$	\$	\$
Trade receivables from sale of concentrate and coins	6,186,691	-	6,186,691	-	6,186,691	-
Forward contracts	624,701	-	624,701	624,701	-	-
	<b>6,811,392</b>	<b>-</b>	<b>6,811,392</b>	<b>624,701</b>	<b>6,186,691</b>	<b>-</b>
<b>Financial assets not measured at fair value</b>						
Cash, cash equivalents and restricted cash	-	1,896,901	1,896,901	-	-	1,896,901
VAT and other receivables	-	8,738,527	8,738,527	-	-	8,738,527
	<b>-</b>	<b>10,635,428</b>	<b>10,635,428</b>	<b>-</b>	<b>-</b>	<b>10,635,428</b>
<b>Financial liabilities measured at fair value</b>						
Other current liabilities	(2,005,386)	-	(2,005,386)	-	(2,005,386)	-
Derivative	(570,000)	-	(570,000)	-	(570,000)	-
	<b>(2,575,386)</b>	<b>-</b>	<b>(2,575,386)</b>	<b>-</b>	<b>(2,575,386)</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>						
Accounts payable and accrued liabilities	-	(20,193,632)	(20,193,632)	-	-	(20,193,632)
Ocean Partners loans	-	(17,390,095)	(17,390,095)	-	-	(17,390,095)
	<b>-</b>	<b>(37,583,727)</b>	<b>(37,583,727)</b>	<b>-</b>	<b>-</b>	<b>(37,583,727)</b>

December 31, 2024	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Carrying value approximates fair value
<b>Financial assets measured at fair value</b>						
	\$	\$	\$	\$	\$	\$
Trade receivables from sale of concentrate	3,219,330	-	3,219,330	-	3,219,330	-
Forward contracts	434,236	-	434,236	434,236	-	-
	<b>3,653,566</b>	<b>-</b>	<b>3,653,566</b>	<b>434,236</b>	<b>3,219,330</b>	<b>-</b>
<b>Financial assets not measured at fair value</b>						
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
	<b>-</b>	<b>11,616,908</b>	<b>11,616,908</b>	<b>-</b>	<b>-</b>	<b>11,616,908</b>
<b>Financial liabilities measured at fair value</b>						
Other current liabilities	(2,063,090)	-	(2,063,090)	-	(2,063,090)	-
Derivative	(3,258,511)	-	(3,258,511)	-	(3,258,511)	-
	<b>(5,321,601)</b>	<b>-</b>	<b>(5,321,601)</b>	<b>-</b>	<b>(5,321,601)</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>						
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)
	<b>-</b>	<b>(31,495,441)</b>	<b>(31,495,441)</b>	<b>-</b>	<b>-</b>	<b>(31,495,441)</b>

## 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](http://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 June 30, 2025:

<b>Metal</b>	<b>Change</b>	<b>Effect on Sales \$</b>
Silver	+/- 10%	4,542,127
Gold	+/- 10%	3,578,974
Lead	+/- 10%	284,319
Zinc	+/- 10%	300,701

### *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 June 30, 2025 and 2024 has no allowance for credit loss.

<b>As of</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
	\$	\$
Cash, cash equivalents and restricted cash	<b>1,896,901</b>	2,937,172
Trade receivables	<b>6,186,691</b>	3,219,330
VAT recoverable	<b>7,576,638</b>	7,784,427
Other receivables	<b>1,161,889</b>	895,309
Other current assets	<b>624,701</b>	434,236
	<b>17,446,820</b>	15,270,474

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 June 30, 2025:

	Expected payments by year as at June 30, 2025			Total
	Less than 1 year	1 -5 years	After 5 years	
	\$	\$	\$	\$
Accounts payable and accrued liabilities	20,193,632	-	-	<b>20,193,632</b>
Loans	3,371,122	14,018,973	-	<b>17,390,095</b>
Interest on loans	2,771,623	3,649,802	-	<b>6,421,425</b>
Lease obligations	314,951	252,494	42,179	<b>609,624</b>
ARO liabilities	-	12,455,094	15,665,682	<b>28,120,775</b>
Other liabilities	2,005,386	-	-	<b>2,005,386</b>
<b>Total</b>	<b>28,656,715</b>	<b>30,376,362</b>	<b>15,707,861</b>	<b>74,740,938</b>

#### 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 and loan payable at amortized cost are 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 June 30, 2025	Canadian dollars	Mexican pesos
Cash and cash equivalents	273,377	8,132,291
Amounts receivable	-	157,321,105
Other Assets	562,930	-
Accounts payable and accrued liabilities	(441,241)	(295,497,557)
Current portion of lease liabilities	(88,829)	(4,585,108)
Lease liabilities	-	(4,262,590)
Provision for reclamation and rehabilitation	-	(352,026,799)
Total foreign currency exposure	306,237	(490,918,657)
US\$ equivalent of foreign currency exposure	224,465	(26,048,457)

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%	19,761
Mexican pesos	+/- 10%	2,372,611

## *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**

The accounting policies applied in the Company's interim financial statements for the three and six months ended June 30, 2025, are the same as those applied in the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2024, except as described below. A number of new standards and amendments to standards are effective for annual periods beginning on or after January 1, 2026 and earlier application is permitted; however, the Company has not early adopted and continue to evaluate the impact of the forthcoming or amended standards in preparing our interim financial statements.

In the current year, the Company has adopted the amendments to IFRS Standards and Interpretations issued by the IASB that became effective for annual periods starting on or after January 1, 2025. The application of these changes did not have a material impact on the Company's financial statements, including reported amounts or disclosures.

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

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

## **APPROVAL**

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