Guanajuato Silver Co Ltd

Management's Discussion and Analysis

For the year ended December 31, 2023

Guanajuato Silver CO LTD

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

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the annual audited consolidated financial statements of Guanajuato Silver Company Ltd. ("GSilver" or the "Company"), for the year ended December 31, 2023, and the related notes contained therein (the "Financial Statements") which were prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company uses certain non-IFRS financial measures in this MD&A as described under "Non-IFRS Measures". Additional information relating to the Company, including the most recent Annual Information Form (the "Annual Information Form"), is available on SEDAR at www.sedarplus.ca. All amounts are expressed in United States ("US") dollars unless otherwise stated. Certain amounts shown in this MD&A may not add exactly to total amounts due to rounding differences.

This MD&A contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained therein. All information contained in this MD&A is current and has been approved by the Board of Directors of the Company as of April 8, 2024, unless otherwise stated.

QUALIFIED PERSON

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

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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OPERATING AND FINANCIAL HIGHLIGHTS

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

The following table summarizes the Company's consolidated operating and financial results for the years ended December 31, 2023 and 2022:

CONSOLIDATED	Year ended December 31 2023	Year ended December 31 2022	% Change
Operating			
Tonnes mined	600,352	410,305	46%
Tonnes milled	593,798	418,849	42%
Silver ounces produced	1,756,911	1,011,877	74%
Gold ounces produced	16,967	11,174	52%
Lead produced (lbs)	3,555,466	1,349,100	164%
Zinc produced (lbs)	3,868,262	1,938,681	100%
Silver equivalent ("Ag/Eq") ounces produced (1)	3,516,684	2,150,222	64%
Silver ounces sold	1,761,832	1,011,259	74%
Gold ounces sold	17,061	11,064	54%
Lead sold (lbs)	3,580,029	1,350,688	165%
Zinc sold (lbs)	3,831,509	1,874,138	104%
Ag/Eq ounces sold (1)	3,524,389	2,132,404	65%
Cost per tonne ($) (5)	106.27	80.86	31%
Cash cost per Ag/Eq ounce ($) (1)(2)(5)	18.22	15.84	15%
AISC per Ag/Eq ounce ($) (1)(3)(5)	22.91	21.55	6%
Financial			
Revenue	66,167,081	36,880,204	79%
Cost of Sales	77,966,369	43,763,193	78%
Mine operating loss	(11,799,288)	(6,882,989)	71%
Mine operating cashflow before taxes (5)(7)	(156,654)	2,037,914	(108%)
Net loss	(31,943,447)	(26,771,585)	16%
EBITDA (4)(5)	(14,232,397)	(13,825,789)	3%
Adjusted EBITDA (4)(5)	(10,883,541)	(9,192,344)	18%
Realized silver price per ounce (6)	23.41	21.23	10%
Realized gold price per ounce (6)	1,947.59	1,783.36	9%
Realized lead price per pound (6)	0.97	0.92	5%
Realized zinc price per pound (6)	1.22	1.42	(14%)
Working capital (5)	(18,441,013)	(5,972,704)	192%
Shareholders			
Loss per share – basic and diluted	(0.10)	(0.10)	(10%)
Weighted Average Shares Outstanding	335,853,982	256,318,795	31%

1. Silver equivalents are calculated using 82.91:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for 2023 and an 83.22:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.07:1 (Ag/Zn) ratio for 2022, respectively.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 32.
3. AISC per Ag/Eq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 32.
4. See Reconciliation of earnings before interest, taxes, depreciation, and amortization on page 31.
5. Mine Operating Cashflow Before Taxes, Cash cost per silver equivalent, cost per tonne, AISC per Ag/Eq ounce, EBITDA, Adjusted EBITDA and working capital are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 30.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.
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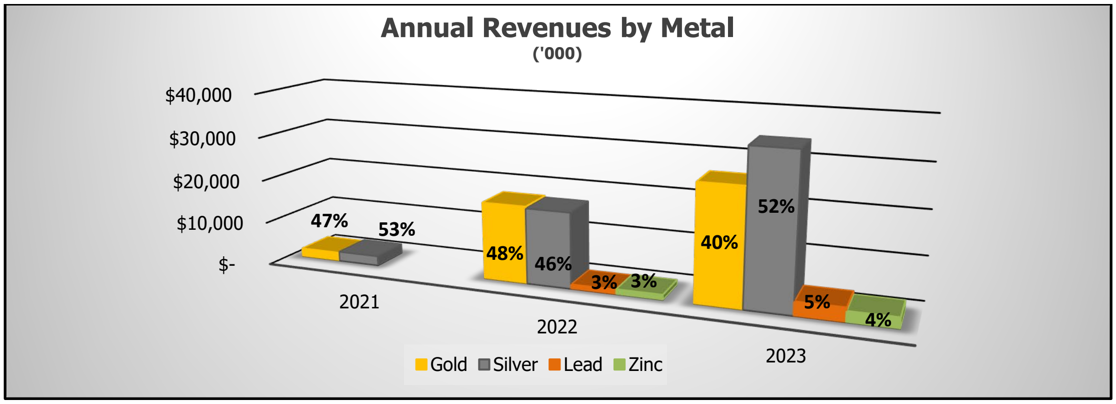

The following tables summarize the Company's consolidated operating and financial results for the last 8 quarters:

	Three Months Ended			
CONSOLIDATED	**December 31, 2023**	**September 30, 2023**	**June 30, 2023**	**March 31, 2023**
Operating				
Tonnes mined	133,497	134,865	166,171	162,116
Tonnes milled	137,339	132,484	163,793	160,182
Silver ounces produced	394,971	425,488	477,649	458,803
Gold ounces produced	4,395	3,441	4,719	4,413
Lead produced (lbs)	837,230	935,738	875,802	906,696
Zinc produced (lbs)	960,206	857,660	897,258	1,153,138
Silver equivalent ("Ag/Eq") ounces produced(1)	850,214	787,086	941,338	938,047
Silver ounces sold	400,106	423,855	462,917	474,954
Gold ounces sold	4,275	3,773	4,427	4,586
Lead sold (lbs)	909,817	884,204	830,567	955,441
Zinc sold (lbs)	890,691	827,101	871,328	1,242,389
Ag/Eq ounces sold(1)	844,572	808,742	901,474	969,603
Cost per tonne ($)(5)	107.95	121.82	100.22	98.16
Cash cost per Ag/Eq ounce ($) (1)(2)(5)	17.66	20.79	17.71	17.06
AISC per Ag/Eq ounce ($) (1)(3)(5)	21.52	26.22	22.47	21.83
Financial	**$**	**$**	**$**	**$**
Revenue	16,581,967	15,643,649	16,823,042	17,118,424
Cost of Sales	18,515,317	19,968,655	19,213,281	20,269,116
Mine operating loss	(1,933,352)	(4,325,005)	(2,390,239)	(3,150,692)
Mine operating cash flows before taxes(5)(7)	838,068	(1,576,212)	394,276	187,214
Net loss	(7,624,676)	(7,062,159)	(8,557,538)	(8,699,078)
EBITDA(4)(5)	(2,559,261)	(3,029,671)	(4,576,059)	(4,093,976)
Adjusted EBITDA(4)(5)	(1,099,580)	(3,612,173)	(3,409,928)	(2,299,797)
Realized silver price per ounce(6)	23.21	23.60	24.33	22.50
Realized gold price per ounce(6)	1,982.88	1,929.31	1,988.05	1,890.60
Realized lead price per pound(6)	0.96	0.99	0.97	0.96
Realized zinc price per pound(6)	1.14	1.10	1.14	1.42
Working capital(5)	(18,441,013)	(19,558,888)	(17,831,378)	(11,029,888)
Shareholders				
Loss per share - basic and diluted	$(0.02)	$(0.02)	$(0.03)	$(0.03)
Weighted Average Shares Outstanding	351,589,912	341,055,800	327,386,045	322,849,823

1. Silver equivalents are calculated using 82.91:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2023 and an 83.22:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.07:1 (Ag/Zn) ratio for 2022, respectively.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 32.
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	Three Months Ended			
CONSOLIDATED	**December 31, 2022**	**September 30, 2022**	**June 30, 2022**	**March 31, 2022**
Operating				
Tonnes mined	131,543	107,379	90,045	81,338
Tonnes milled	131,341	107,009	94,212	86,288
Silver ounces produced	401,244	329,298	155,912	125,423
Gold ounces produced	3,907	3,226	2,161	1,880
Lead produced (lbs)	811,492	537,608	-	-
Zinc produced (lbs)	1,261,554	677,127	-	-
Silver equivalent ("Ag/Eq") ounces produced(1)	836,375	700,264	337,760	275,823
Silver ounces sold	405,384	311,754	159,840	134,281
Gold ounces sold	3,865	2,997	2,195	2,007
Lead sold (lbs)	846,281	504,408	-	-
Zinc sold (lbs)	1,600,811	273,327	-	-
Ag/Eq ounces sold(1)	866,319	628,256	342,987	294,842
Cost per tonne ($)(5)	98.30	90.37	60.89	64.32
Cash cost per Ag/Eq ounce ($) (1)(2)(5)	15.55	13.86	17.08	20.24
AISC per Ag/Eq ounce ($) (1)(3)(5)	20.80	19.53	24.15	25.79
Financial	**$**	**$**	**$**	**$**
Revenue	15,487,714	8,871,863	6,133,989	6,386,638
Cost of Sales	15,635,541	12,213,604	7,790,285	8,123,761
Mine operating loss	(147,830)	(3,341,741)	(16,562,956)	(1,737,122)
Mine operating cash flows before taxes(5)(7)	2,367,522	(350,164)	7,923	12,634
Net loss	(9,905,707)	(8,405,337)	(3,521,390)	(4,939,151)
EBITDA(4)(5)	(5,997,153)	(4,192,955)	(1,132,278)	(2,503,405)
Adjusted EBITDA(4)(5)	(1,500,059)	(2,684,927)	(2,349,805)	(2,059,594)
Realized silver price per ounce(6)	21.23	19.06	22.56	23.97
Realized gold price per ounce(6)	1,783.36	1,724.81	1,873.26	1,864.26
Realized lead price per pound(6)	0.92	0.86	-	-
Realized zinc price per pound(6)	1.42	1.44	-	-
Working capital(5)	(5,972,704)	(2,591,389)	(2,046,261)	(1,198,721)
Shareholders				
Loss per share - basic and diluted	$(0.03)	$(0.07)	$(0.02)	$(0.02)
Weighted Average Shares Outstanding	302,153,922	240,872,526	226,033,272	224,556,314

1. Silver equivalents are calculated using 82.91:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2023 and an 83.22:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.07:1 (Ag/Zn) ratio for 2022, respectively.
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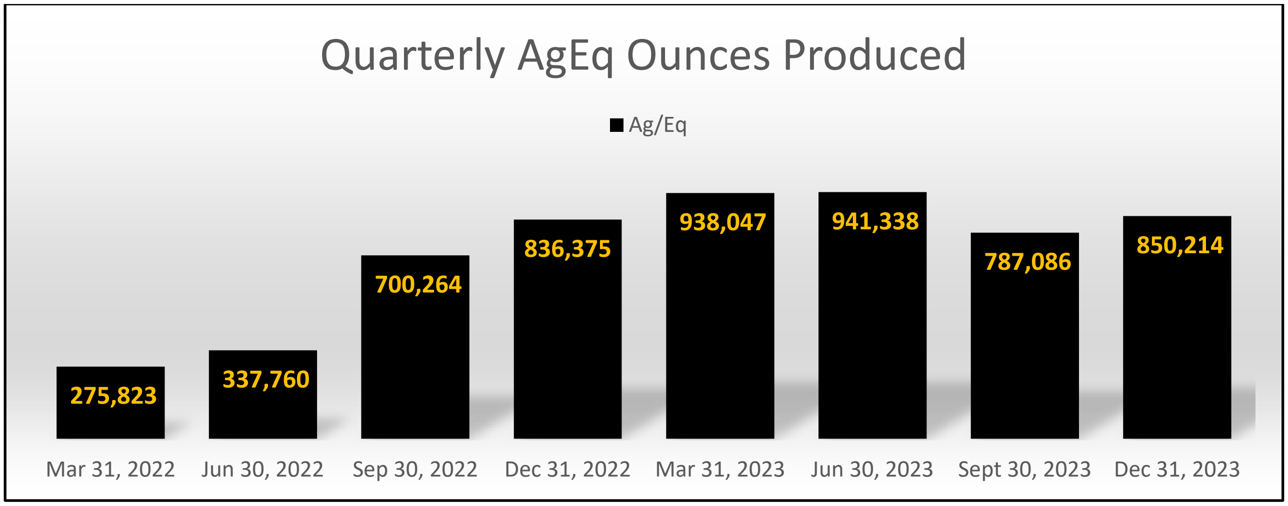


The above highlights are key measures used by management; however, they should not be the only measure used in determining the performance of the Company's operations. See footnotes to tables above for assumptions regarding silver equivalent calculation.

As at	December 31 2023	December 31 2022	December 31 2021
	$	$	$
Cash and cash equivalents	1,956,616	8,832,936	8,234,043
Total assets	75,203,257	85,648,898	51,319,876
Debt	19,810,314	23,832,319	9,509,092
Shareholders' equity	10,794,584	32,511,787	30,800,565

COMPANY HISTORY, OVERVIEW & STRATEGY

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

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

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

General location of the Company's mines

Going Concern

For the year ended December 31, 2023, the Company generated a mine operating loss of $11,799,288, a net loss of $31,943,447 and negative cash flows from operating activities of $6,147,728. As at December 31, 2023, the Company has an accumulated deficit of $108,170,578 and current liabilities that exceed its current assets by $18,441,013, including accounts payable and accrued liabilities of $23,783,235. These factors give rise to material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Management has taken steps to manage the Company's liquidity, including extending payment terms with suppliers and settling certain liabilities through the issuance of the Company's common shares. Management 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 positive cash flows from operations. Management is of the opinion that sufficient funds will be obtained from external financing and cash flows from operations to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing or cash flows from operations will not be available on a timely basis or on terms acceptable to the Company.

Guanajuato Silver CO LTD

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

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

Health and Safety

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

Ethics and Governance

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

Environmental Impact

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

People , Community and Culture

- 14% of the entire Mexican operations workforce are female
- 100% of our Mexico operations are staffed by Mexican employees (954 people from Mexico as of December 31, 2023)
- Engagement and collaboration with the University of Guanajuato, including an internship and social service program
- Improvement of local community buildings, homes and schools and technology access. Monthly clean up brigades
- Socially Responsible Company recognition from the Mexican Center for Philanthropy (CEMEFI)
- Curator of the Guanajuato Mining Museum at Valenciana. A key component of Guanajuato's UNESCO World Heritage Status

Guanajuato Silver Co Ltd

MINING OPERATIONS

CONSOLIDATED OPERATIONS

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

	Three months ended			Year ended		
CONSOLIDATED	December 31 2023	December 31 2022	% Change	December 31 2023	December 31 2022	% Change
Production						
Tonnes mined	133,497	131,543	1%	600,352	410,305	46%
Tonnes milled	137,339	131,341	5%	593,798	418,849	42%
Average tonnes milled per day	1,635	1,564	5%	1,767	1,247	42%
Average silver grade (g/t)	101.32	106.08	(4%)	105.92	101.20	5%
Average gold grade (g/t)	1.14	1.09	5%	1.07	1.05	2%
Average silver recovery (%)	84.50	86.80	(3%)	84.20	85.95	(2%)
Average gold recovery (%)	88.80	84.20	5%	83.60	84.54	(1%)
Silver ounces produced	394,971	401,244	(2%)	1,756,911	1,011,877	74%
Gold ounces produced	4,395	3,907	12%	16,967	11,174	52%
Lead produced (lbs)	837,230	811,492	3%	3,555,466	1,349,100	164%
Zinc produced (lbs)	960,206	1,261,554	(24%)	3,868,262	1,938,681	100%
Ag/Eq ounces produced (1)	850,214	836,375	2%	3,516,684	2,150,222	64%
Sales						
Silver ounces sold	400,106	405,384	(1%)	1,761,832	1,011,259	74%
Gold ounces sold	4,275	3,865	11%	17,061	11,064	54%
Lead sold (lbs)	909,817	846,281	8%	3,580,029	1,350,688	165%
Zinc sold (lbs)	890,691	1,600,811	(44%)	3,831,509	1,874,138	104%
Ag/Eq ounces sold	844,572	866,319	(3%)	3,524,389	2,132,404	65%
Realized silver price per ounce ($) (6)	23.21	21.23	9%	23.41	21.23	10%
Realized gold price per ounce ($) (6)	1,982.88	1,783.36	11%	1,947.59	1,783.36	9%
Realized lead price per pound ($) (6)	0.96	0.92	5%	0.97	0.92	5%
Realized zinc price per pound ($) (6)	1.14	1.42	(20%)	1.22	1.42	(14%)
Costs						
Cash cost per Ag/Eq ounce ($) (3)(5)	17.66	15.55	14%	18.22	15.84	15%
AISC per Ag/Eq ounce ($) (4)(5)	21.52	20.80	3%	22.91	21.55	6%
Production cost per tonne ($) (2)(5)	107.95	98.30	10%	106.27	80.86	31%
Capital expenditures						
Sustaining ($)	647,992	1,452,027	(55%)	5,349,047	3,793,608	41%
Diamond Drilling						
CMC (mts)	-	953	(100%)	649	14,068	(95%)
VMC (mts)	-	-	0%	618	-	(100%)
San Ignacio (mts)	-	1,818	(100%)	3,271	1,818	80%
Topia Mine (mts)	-	701	(100%)	2,159	1,160	86%

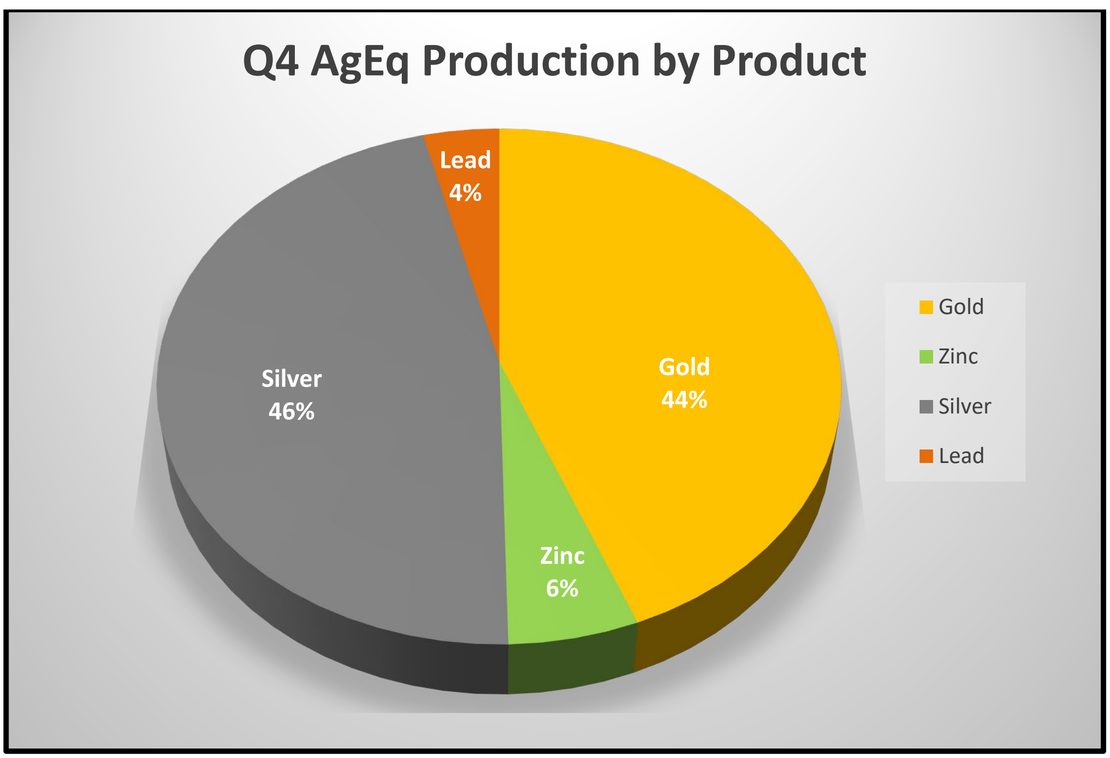
1. Silver equivalents are calculated using 82.91:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2023 and an 83.22:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.07:1 (Ag/Zn) ratio for 2022, respectively.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 32.
3. AISC per Ag/Eq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 32.
4. See Reconciliation of earnings before interest, taxes, depreciation, and amortization on page 31.
5. Mine Operating Cashflow Before Taxes, Cash cost per silver equivalent, cost per tonne, AISC per Ag/Eq ounce, EBITDA, Adjusted EBITDA and working capital are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 30.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.

Guanajuato Silver CO LTD

The Valenciana Mines Complex segment includes the San Ignacio Mine. During the first quarter of 2024, the Company began to monitor the financial and operating results of San Ignacio as a separate operation from the rest of the Valenciana Mines Complex. Beginning in the first quarter of 2024 the Company considers each of San Ignacio and the VMC to be a separate mineral project with distinct geological characteristics, mineral deposits, exploration and development work, databases, and underground mining infrastructure. As the financial and operating results were monitored on a combined basis during the year ended December 31, 2023, the segmented information below is presented on a combined basis for the VMC and San Ignacio.

Fourth Quarter Production Summary	El Cubo Mines Complex	Valenciana Mines Complex	Topia	Consolidated
Tonnes mined	71,426	52,247	9,824	133,497
Tonnes milled	71,233	55,220	10,886	137,339
Silver ounces produced	94,113	145,364	155,494	394,971
Gold ounces produced	1,492	2,572	331	4,395
Lead produced (lbs)	-	-	837,230	837,230
Zinc produced (lbs)	-	-	960,206	960,206
Silver equivalent ("Ag/Eq") ounces produced (1)	285,575	299,461	265,178	850,214
Silver ounces sold	117,130	115,476	167,500	400,106
Gold ounces sold	1,842	2,106	327	4,275
Lead sold (lbs)	-	-	909,817	909,817
Zinc sold (lbs)	-	-	890,691	890,691
Ag/Eq ounces sold (1)	273,695	294,578	276,299	844,572
Cost per tonne (5)	84.96	79.20	404.22	107.95
Cash cost per Ag/Eq ounce (1)(2)(5)	21.38	14.66	17.05	17.66
AISC per Ag/Eq ounce (1)(3)(4)(5)	23.39	16.31	17.82	21.52

1. Silver equivalents are calculated using an 85.10:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q4 2023.
2. Production costs include mining, milling, and direct overhead at the operation sites See reconciliation on page 32.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 32.
4. AISC per Ag/Eq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 32.
5. Cash cost per silver equivalent, AISC per Ag/Eq ounce and cost per tonne are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 30.



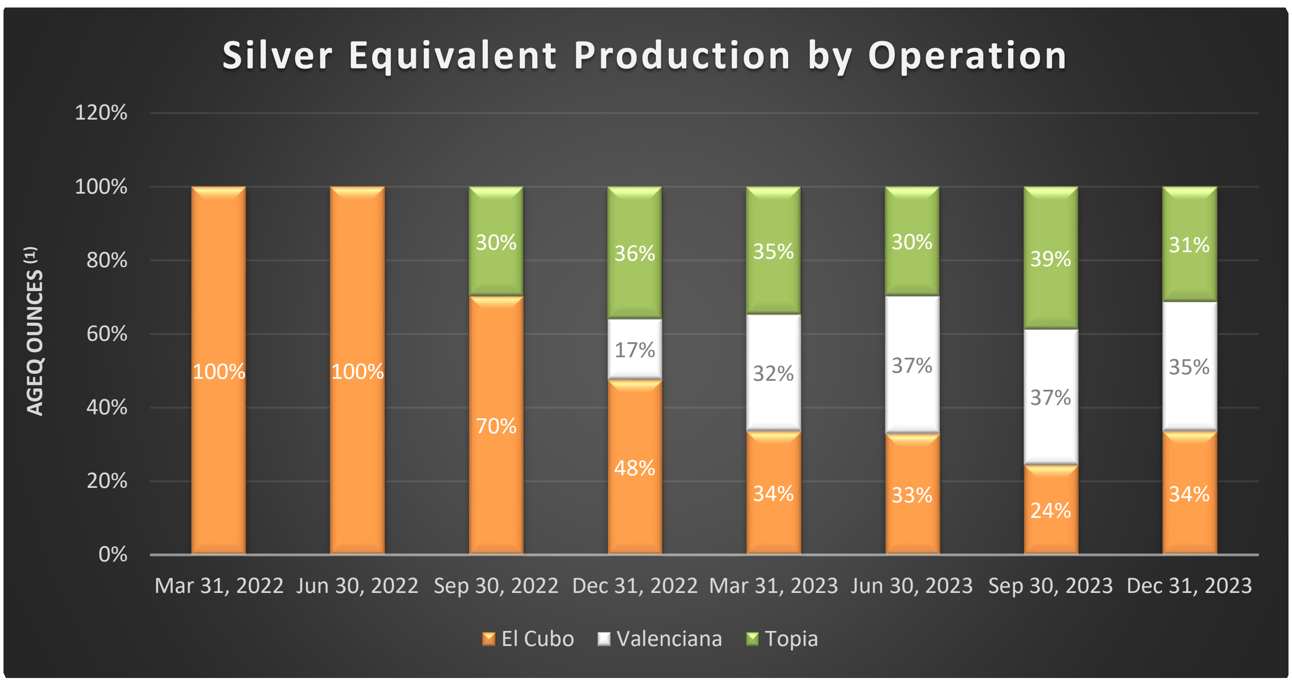
Guanajuato Silver CO LTD

Production

In the fourth quarter, the total production amounted to 850,214 ounces of silver equivalent, which is comprised of 394,971 ounces of silver, 4,395 ounces of gold, 837,230 pounds of lead, and 960,206 pounds of zinc. This represents a 2% increase in silver equivalent ounces compared to Q4 2022. Out of the total production, CMC accounted for 285,575 silver equivalent ounces, which is 34% of the total production, VMC and San Ignacio contributed 299,461 silver equivalent ounces, representing 35% of the total production, while Topia added 265,178 silver equivalent ounces, making up the remaining 31%. The Company's three plants processed a consolidated 137,339 tonnes of mineralized material with average grades of 101.32 grams per tonne ("g/t") for silver and 1.14 g/t for gold. Compared to production in the same quarter of the prior year of 131,341 tonnes at average grades of 106.28 g/t of silver and 1.09 g/t of gold which represents an increase of 5% in tonnes processed, 4% decrease average silver grades and 5% increase in average gold grades. Average silver recoveries decreased by 3% and gold recoveries increased by 5%.

Cash Cost and All-In Sustaining Cost per Ounce

In the fourth quarter of 2023, costs per tonne increased by 10% to $107.95 compared to $98.30 in the corresponding period of 2022. This notable increase can be primarily attributed to the incorporation of production costs from VMC and San Ignacio, as well as the inclusion of Topia mine costs. The continuing ramping up of production at VMC and San Ignacio during Q4 2023, along with the higher production cost per tonne for the Topia mine contributed to the overall higher average production cost per tonne. Cash cost and All-in Sustaining Cost ("AISC") per Ag/Eq ounce produced for the quarter were $17.66 and $21.52, respectively, which represents an increase of 14% and 3%, respectively, compared to Q4 2022 of $15.55 and $20.80, respectively, and is primarily due to the increase in AgEq ounces produced from VMC, San Ignacio and Topia (Cash cost per silver equivalent and AISC per Ag/Eq ounce and cost per tonne are non-IFRS financial measures with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 30).



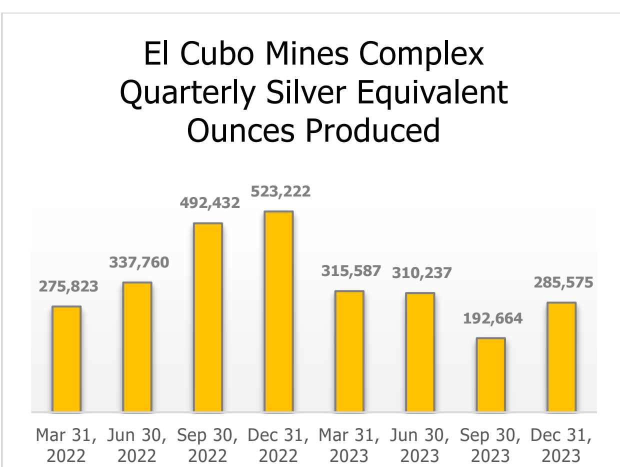
1. Silver equivalents are calculated using an 85.10:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q4 2023, 81.83:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q3 2023; an 81.33:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2023; an 83.78:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1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

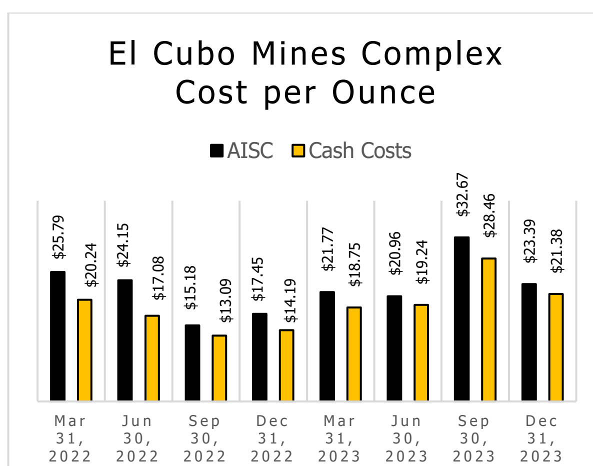
EL CUBO MINES COMPLEX OPERATIONS

Operating results were as follows:

	Three months ended			Year ended		
EL CUBO MINES COMPLEX	**December 31 2023**	**December 31 2022**	**% Change**	**December 31 2023**	**December 31 2022**	**% Change**
Production						
Tonnes mined	71,426	108,737	(34%)	309,581	376,085	(18%)
Tonnes milled	71,233	108,897	(35%)	306,220	384,777	(20%)
Average tonnes milled per day	848	1,296	(35%)	911	1,161	(22%)
Average silver grade (g/t)	57.99	80.00	(28%)	58.16	72.00	(19%)
Average gold grade (g/t)	0.89	1.12	(21%)	0.86	0.98	(12%)
Average silver recovery (%)	86.00	86.40	(0%)	83.74	85.50	(2%)
Average gold recovery (%)	89.20	88.20	1%	85.99	86.10	(0%)
Silver ounces produced	94,113	242,038	(61%)	448,900	743,000	(40%)
Gold ounces produced	1,492	3,452	(57%)	6,795	10,528	(35%)
Ag/Eq ounces produced [1]	285,575	523,222	(45%)	1,104,063	1,629,237	(32%)
Sales						
Silver ounces sold	117,130	235,013	(50%)	507,832	741,017	(31%)
Gold ounces sold	1,842	3,394	(46%)	7,656	10,425	(27%)
Ag/Eq ounces sold [1]	273,695	506,479	(46%)	1,141,398	1,610,625	(29%)
Realized silver price per ounce($) [6]	23.34	21.37	9%	23.46	21.57	9%
Realized gold price per ounce($) [6]	1,987.15	1,732.90	15%	1,943.67	1,795.77	8%
Costs						
Cash cost per Ag/Eq ounce ($) [3][5]	21.38	14.19	51%	21.26	15.48	37%
AISC per Ag/Eq ounce ($) [4][5]	23.39	17.45	34%	23.86	17.99	33%
Cost per tonne ($) [2][5]	84.96	67.70	25%	76.07	65.15	17%
Capital expenditures						
Sustaining ($)	196,552	1,143,303	(83%)	1,747,615	3,239,988	(46%)
Diamond Drilling						
Villalpando/El Cubo Drilling (mts)	-	953	(100%)	649	14,068	(95%)

1. Silver equivalents are calculated using an 85.10:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q4 2023, an 81.35:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q4 2022; an 82.91:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2023 and an 82:78:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.07:1 (Ag/Zn) ratio for YTD 2022.
2. Production costs include mining, milling, and direct overhead at the operation sites. See reconciliation on page 32.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See reconciliation on page 32.
4. AISC per Ag/Eq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 32.
5. Cash cost per silver equivalent, AISC per Ag/Eq ounce and cost per tonne are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 30.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.





Production

Three months ended December 31, 2023 (compared to the three months ended December 31, 2022)

In the fourth quarter of 2023, the total production of silver equivalent ounces in El Cubo amounted to 285,575 marking a 45% decrease from the 523,222 recorded in the comparable 2022 quarter. This decrease can be attributed to the lower tonnes mined out of El Cubo resulting from the lack of available stopes in the quarter, along with lower average silver and gold grade. Silver grades decreased 28% from 80.00 g/t to 57.99 g/t and gold grade decreased 21% from 1.12 g/t to 0.89 g/t between Q4 2022 and Q4 2023. The cause for the decrease in recoveries was due to dilution and inconsistencies in the host rock.

Year ended December 31, 2023 (compared to the Year ended December 31, 2022)

In the year ended December 31, 2023, the total production of silver equivalent ounces in El Cubo amounted to 1,104,063 or a 32% decrease from the 1,629,237 recorded in the comparable 2022 period. This decrease can be attributed to lower plant throughput of 20% from 384,777 tonnes in the 2022 period compared to only processing 306,220 tonnes in the same period of 2023 along with a 19% decrease in silver grades. A further decrease is attributed to silver recoveries decreasing by 2% from 85.50% to 83.74% and gold recoveries decreasing from 86.10% to 85.99%.

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

Three months ended December 31, 2023 (compared to the three months ended December 31, 2022)

Production costs increased 25% to $84.96 per tonne in El Cubo in the fourth quarter of 2023 from $67.70 per tonne. The increased cost at CMC was mainly due to 35% lower tonnes milled.

Cash costs per silver equivalent ounce in El Cubo for the three months ended December 31, 2023, increased 51% to $21.38 compared to the three months ended December 31, 2022, of $14.19, mainly due to 45% lower production of silver equivalent ounces. With lower production volume, cash cost per silver equivalent has increased due to fixed costs.

AISC in El Cubo increased 34% to $23.39 per ounce in this quarter from $17.45 per ounce in Q4 2022, this is mainly due to lower production of silver equivalent ounces compared to the same quarter of 2022, offset by lower sustaining capital expenditures.

Year ended December 31, 2023 (compared to the Year ended December 31, 2022)

Production costs increased 17% to $76.07 per tonne in El Cubo during the year ended December 31, 2023 from $65.15 per tonne in the previous year. The increase was mainly due to 20% lower tonnes milled offset by 7% decrease in total production costs. Production costs were lower due to 18% decrease in mining costs, offset by 3% and 6% increase in milling and indirect costs, respectively.

Cash costs per silver equivalent ounce in El Cubo for the year ended December 31, 2023, increased 37% to $21.26 compared to the year ended December 31, 2022, of $15.48 mainly due to a 32% decrease in silver equivalent ounces produced.

AISC in El Cubo increased 33% to $23.86 per ounce in the year ended December 31, 2023, from $17.99 per ounce in the same period of 2022, due to the increase in cash costs described above and the 32% decrease in silver equivalent ounces produced.

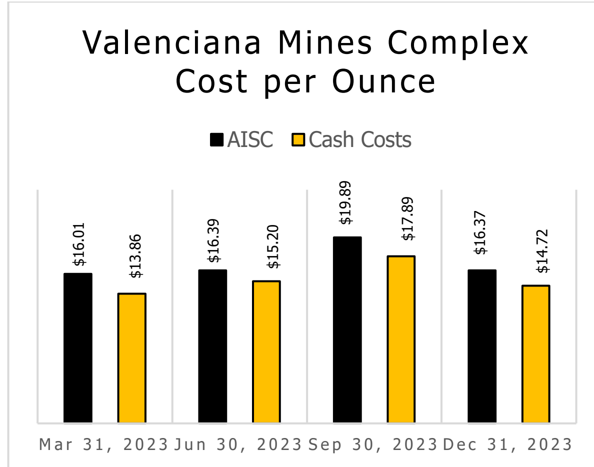
VALENCIANA MINES COMPLEX OPERATIONS

The Valenciana Mines Complex segment includes the San Ignacio Mine. During the first quarter of 2024, the Company began to monitor the financial and operating results of San Ignacio as a separate operation from the rest of the Valenciana Mines Complex. Beginning in the first quarter of 2024 the Company considers each of San Ignacio and the VMC to be a separate mineral project with distinct geological characteristics, mineral deposits, exploration and development work, databases, and underground mining infrastructure. As the financial and operating results were monitored on a combined basis during the year ended December 31, 2023, the segmented information below is presented on a combined basis for the VMC and San Ignacio.

Operating results were as follows:

	Three months ended			Year ended		
VALENCIANA MINES COMPLEX	**December 31 2023**	**December 31 2022**	**% Change**	**December 31 2023**	**December 31 2022**	**% Change**
Production						
Tonnes mined	52,247	4,630	1,028%	225,081	4,630	4,761%
Tonnes milled	55,220	3,928	1,306%	221,595	3,928	5,541%
Average tonnes milled per day	657	47	1,306%	660	47	1,310%
Average silver grade (g/t)	79.05	49.46	60%	91.77	49.46	86%
Average gold grade (g/t)	1.32	1.19	11%	1.34	1.19	13%
Average silver recovery (%)	84.3	72.9	16%	83.2	72.9	14%
Average gold recovery (%)	89.1	74.5	20%	85.9	74.5	15%
Silver ounces produced	145,364	4,652	3,025%	591,898	4,652	12,624%
Gold ounces produced	2,572	110	2,238%	8,899	110	7,990%
Ag/Eq ounces produced [1]	299,461	13,104	2,185%	1,239,476	13,104	9,359%
Sales						
Silver ounces sold	115,476	3,467	3,231%	541,095	3,467	15,509%
Gold ounces sold	2,106	79	2,561%	8,139	79	10,183%
Ag/Eq ounces sold [1]	294,578	9,571	2,978%	1,213,280	9,571	12,576%
Realized silver price per ounce ($) [6]	23.23	23.11	1%	23.43	23.11	1%
Realized gold price per ounce ($) [6]	1,978.64	1,751.87	13%	1,952.04	1,751.87	11%
Costs						
Cash cost per Ag/Eq ounce ($) [3][5]	14.66	31.92	(54%)	15.38	31.92	(52%)
AISC per Ag/Eq ounce ($) [4][5]	16.31	31.92	(49%)	17.10	31.92	(46%)
Production cost per tonne ($) [2][5]	79.20	102.85	(23%)	85.81	102.85	(17%)
Capital expenditures						
Sustaining ($)	359,913	-	100%	1,652,031	-	100%
Diamond Drilling						
VMC (mts)	-	-	0%	618	-	100%
San Ignacio Mine (mts)	-	1,818	(100%)	3,271	1,818	80%

1. Silver equivalents are calculated using an 85.10:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q4 2023, an 81.35:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q4 2022; an 82.91:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2023 and an 82:78:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.07:1 (Ag/Zn) ratio for YTD 2022.
2. Production costs include mining, milling, and direct overhead at the operation sites. See reconciliation on page 32.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See reconciliation on page 32.
4. AISC per Ag/Eq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 32.
5. Cash cost per silver equivalent, AISC per Ag/Eq ounce and cost per tonne are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 30.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.



Production

Three months ended December 31, 2023

During the three months ended December 31, 2023, VMC produced 299,461 silver equivalent ounces, consisting of 145,364 ounces of silver and 2,572 ounces of gold. Total mineralized material processed amounted to 55,220 tonnes during the quarter. Silver grades in the fourth quarter averaged 79.05 g/t, gold grades averaged 1.32 g/t. Average metallurgical recoveries in the quarter were at 84.3% for silver and 89.1% for gold.

Year ended December 31, 2023

In the year ended December 31, 2023, VMC produced 1,239,476 silver equivalent ounces, consisting of 591,898 ounces of silver and 8,899 ounces of gold. Total mineralized material processed totalled 221,595 tonnes in the year. Silver and gold grades averaged 91.77 g/t and 1.34 g/t respectively, in the year. Average metallurgical recoveries in the year were at 83.2% for silver and 85.9% for gold, in line with management expectations.

In the third quarter of 2023, production at San Ignacio was suspended for 15 days in the quarter as the Company and Mexican government authorities investigated a fatal accident which occurred in the mine. The Company has worked with the Mexican government authorities to implement new policies and procedures to continue to improve safety conditions in the mine. Nevertheless, the suspension of operations resulted in a 14% reduction in tonnes milled, thereby adversely affecting production costs per tonne.

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

Three months ended December 31, 2023

Cash costs per silver equivalent ounce in VMC for the three months ended December 31, 2023 was $14.66 and AISC was $16.31 per ounce. This decrease of cost compared to $17.89 and $19.89, respectively, in the previous quarter was due to a work stoppage in San Ignacio in the previous quarter.

Year ended December 31, 2023

Cash costs per silver equivalent ounce in VMC for year ended December 31, 2023 was $15.38 and AISC was $17.10 per ounce.

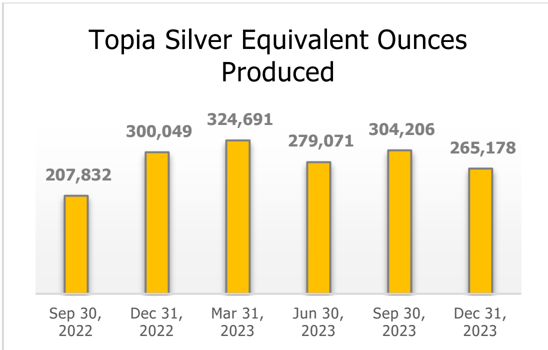
Guanajuato Silver CO LTD

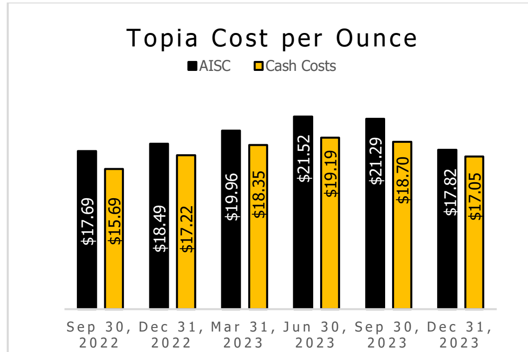
TOPIA MINES COMPLEX

Operating results were as follows:

	Three months ended			Year ended		
TOPIA	**December 31 2023**	**December 31 2022**	**% Change**	**December 31 2023**	**December 31 2022**	**% Change**
Production						
Tonnes mined	9,824	18,175	(46%)	65,689	29,590	122%
Tonnes milled	10,886	18,516	(41%)	65,982	30,145	119%
Average tonnes milled per day	130	220	(41%)	196	502	(61%)
Average silver grade (g/t)	473.54	283.00	67%	364.98	296.12	23%
Average gold grade (g/t)	1.40	0.91	54%	0.98	0.87	12%
Average lead grade (%)	3.80	2.25	69%	2.75	2.29	20%
Average zinc grade (%)	4.84	3.56	36%	3.29	3.44	(4%)
Average silver recovery (%)	77.70	91.80	(15%)	89.61	92.02	(3%)
Average gold recovery (%)	84.15	63.30	33%	64.42	63.55	1%
Average lead recovery (%)	91.68	88.20	4%	88.65	88.70	(0%)
Average zinc recovery (%)	82.45	86.70	(5%)	80.37	84.45	(5%)
Silver ounces produced	155,494	154,552	1%	716,113	264,226	171%
Gold ounces produced	331	345	(4%)	1,273	536	137%
Lead produced (lbs)	837,230	811,492	3%	3,555,466	1,349,100	164%
Zinc produced (lbs)	960,206	1,261,554	(24%)	3,868,262	1,938,681	100%
Ag/Eq ounces produced [1]	265,178	300,049	(12%)	1,173,145	507,882	131%
Sales						
Silver ounces sold	167,500	166,904	0%	712,905	266,775	167%
Gold ounces sold	327	393	(17%)	1,266	561	126%
Lead sold (lbs)	909,817	846,281	8%	3,580,029	1,350,688	165%
Zinc sold (lbs)	890,691	1,600,811	(44%)	3,831,509	1,874,138	104%
Ag/Eq ounces sold [1]	276,299	350,269	(21%)	1,169,711	512,209	128%
Realized silver price per ounce ($) [6]	23.10	21.55	7%	23.35	20.46	14%
Realized gold price per ounce ($) [6]	1,986.08	1,745.03	14%	1,942.03	1,723.83	13%
Realized lead price per pound ($) [6]	0.96	0.95	1%	0.97	0.92	6%
Realized zinc price per pound ($) [6]	1.14	1.37	(16%)	1.22	1.37	(11%)
Costs						
Cash cost per Ag/Eq ounce ($) [3][5]	17.05	17.22	(1%)	18.35	16.59	11%
AISC per Ag/Eq ounce ($) [4][5]	17.82	18.49	(4%)	20.19	18.16	11%
Production cost per tonne ($) [2][5]	404.22	277.29	46%	315.15	278.50	13%
Capital expenditures						
Sustaining ($)	91,528	308,724	(70%)	1,949,400	553,620	252%
Diamond Drilling						
Topia Mine (mts)	-	701	0%	2,159	1,160	86%

1. Silver equivalents are calculated using an 85.10:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q4 2023, an 81.35:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q4 2022; an 82.91:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2023 and an 82:78:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.07:1 (Ag/Zn) ratio for YTD 2022.
2. Production costs include mining, milling, and direct overhead at the operation sites. See reconciliation on page 32.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See reconciliation on page 32.
4. AISC per Ag/Eq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital. See Reconciliation to IFRS on page 32.
5. Cash cost per silver equivalent, AISC per Ag/Eq ounce and cost per tonne are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 30.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.





Production

Three months ended December 31, 2023 (compared to the three months ended December 31, 2022)

During the three months ended December 31, 2023, Topia produced 265,178 silver equivalent ounces, consisting of 155,494 ounces of silver, 331 ounces of gold, 837,230 pounds of lead and 960,206 pounds of zinc. Total mineralized material processed amounted to 10,886 tonnes. In the same period in 2022, Topia contributed with 300,049 silver equivalent ounces due to a decrease in the realized zinc price of 16% and a decrease in zinc production of 24%.

In the fourth quarter, silver grades averaged 473.54 g/t, gold grades averaged 1.40 g/t, lead grades averaged 3.80% and zinc grades averaged 4.84%. Average metallurgical recoveries in the quarter were 77.70% for silver, 84.15% for gold, 91.68% for lead and 82.45% for zinc.

Year ended December 31, 2023 (compared to the Year ended December 31, 2022)

In the year ended December 31, 2023, the production of silver equivalent ounces in Topia totaled 1,173,145 or a 131% increase from the 507,882 recorded in the same period in 2022. This increase can be attributed to Topia being acquired in August 2022, therefore only having 5 months of total production in 2022.

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

Three months ended December 31, 2023 (compared to the three months ended December 31, 2022)

Production costs in Topia increased 46% to $404.22 per tonne in the fourth quarter of 2023 from $277.29 per tonne. During Q4, 2023 Topia has shifted to the use of local mine contactors for the extraction of mineralized material. With this new business model, the Company will curtail most of its mining activities and focus almost entirely on acquiring and processing mineralized material from these contractors. Additionally higher electricity and diesel charges contributed to the increase.

Cash costs per silver equivalent ounce for the three months ended December 31, 2023 decreased 1% to $17.05 compared to the three months ended December 31, 2022 of $17.22 mainly due a 46% decrease in the total production costs as discussed above offset by a decrease of 12% in silver equivalent ounces produced.

AISC in Topia decreased 4% to $17.82 per ounce in this quarter from $18.49 per ounce in Q4 2022, due a 70% decrease in sustaining capital costs as the Company completed the upgrades to the tailings dam at Topia, increasing both the height and footprint as well as mine development work.

Year ended December 31, 2023 (compared to the Year ended December 31, 2022)

Production costs increased 13% to $315.15 per tonne in Topia during the year ended December 31, 2023 from $278.50 per tonne in the same period last year. The increase was mainly due to higher fixed labour and fixed lease costs. Additionally higher electricity and diesel charges contributed to the increase as well as foreign exchange due to the strong Mexican peso in 2023 compared to the same period in 2022.

Cash costs per silver equivalent ounce for the year ended December 31, 2023 increased 11% to $18.35 compared to the year ended December 31, 2022, of $16.59 mainly due to the 148% increase in total production cost as described above offset by 131% increase in silver equivalent ounces produced compared to same period last year.

AISC in Topia increased 11% to $20.19 per ounce in the year ended December 31, 2023, from $18.16 per ounce in the same period of 2022, mainly due to an increase of cash cost, alongside an increase of 252% in sustaining capital expenditures.

OPERATIONAL AND DEVELOPMENT ACTIVITIES

EL CUBO MINES COMPLEX

In the fourth quarter of 2023, the Company continued to de-water the lower levels of the Villalpando mine, a task necessitated by the previous operator's decision to allow flooding during the mine's care and maintenance period. This deliberate effort aims to unlock access to the submerged lower levels, offering the Company a valuable reservoir of higher-grade material for processing. Levels 13 and 14 are now ready for production during 2024.

In conjunction with its ongoing efforts to access the lower areas of the Villalpando mine, the Company is committed to advancing the electrification of the mine. During Q2 of 2023, the electrification project of the existing underground mine was completed, enabling the Company to use electricity from the power grid at the Southern stopes of the mine, currently providing 65% of the production from CMC. This achievement is paramount in the Company's mission to transition away from diesel generators, a significant source of air pollution and potential health hazards for its workforce.

This strategic shift has not only improved the Company's environmental sustainability and safety standards but has also yielded tangible financial benefits. Specifically, the elimination of five portable diesel generators in the third quarter has resulted in a substantial reduction in costs, saving up to $80,000 per month. As the Company extends its reach to the lower mine levels, electrification efforts will persist, reinforcing the Company's dedication to sustainable practices and fostering a safer working environment for all personnel.

The Company successfully initiated the operation of the central maintenance shop, marking a significant milestone in its commitment to enhance operational efficiency. In Q3, the shop overhauled two key pieces of equipment: a low-profile load truck with a 7-tonne capacity and a load truck with a 9-tonne capacity. During the last quarter of 2023, major rehabs of mine equipment have taken place. The establishment of this central maintenance shop and the ongoing equipment refurbishments have resulted in notable cost savings.

Simultaneously, the Company's mine development activities have progressed with a focus on preparing new stopes in the Santa Cecilia mine, providing access to various veins. In Q2, four stopes were developed, and during Q3 the Company prepared an additional 11 stopes, with overarching goal to bring a total of 20 stopes in full production.

VALENCIANA MINES COMPLEX

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

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

The Cata shaft is currently hoisting between 100 to 300 tonnes per day ("tpd"), which provides a meaningful positive impact to the costs of production with a significant reduction of truck haulage. This has also had a direct positive impact on the relationship with the surrounding communities due to the reduction of the use of trucks and the corresponding noise and road use. The Company continued with the refurbishment work in the third quarter with the construction of the emergency access, the installation of a discharge bin as well as a grizzly at the 345 level.

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

SAN IGNACIO MINE

The Valenciana Mines Complex segment includes the San Ignacio Mine. During the first quarter of 2024, the Company began to monitor the financial and operating results of San Ignacio as a separate operation from the rest of the Valenciana Mines Complex. Beginning in the first quarter of 2024 the Company considers each of San Ignacio and the VMC to be a separate mineral project with distinct geological characteristics, mineral deposits, exploration and development work, databases, and underground mining infrastructure. As the financial and operating results were monitored on a combined basis during the year ended December 31, 2023, the segmented information below is presented on a combined basis for the VMC and San Ignacio.

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

TOPIA MINES COMPLEX

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

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

The mineralized systems at Topia are extraordinarily high grade but have significantly higher extraction costs than the Company's other operations due to the very narrow nature of the vein structures. With the goal of improving profitability at Topia, the Company made the decision to exclusively use local mine contractors for the extraction of mineralized material. With this new business model, the Company will curtail most of its mining activities and focus almost entirely on acquiring and processing mineralized material from these contractors. Additionally, the Company has implemented cost-saving measures, including reducing staff at Topia by 10%.

During the Q3 2023, the Company has seen improvements to grades, recoveries and equivalent ounces per tonnes milled with the new business model out of Topia which continued in Q4 2023.

EXPLORATION

SAN IGNACIO MINE

Exploration efforts in 2023 primarily focused on assessing the extent of historically productive veins of San Ignacio, namely the Melladito, Purísima, and Nombre de Dios Veins. This exploration initiative yielded valuable geological data, facilitating the reevaluation of mineralized zones in the southern part of San Ignacio. These findings were used to prepare the updated mineral resource estimate on San Ignacio that was released in Q4 2023.

Throughout 2023, a total of 22 boreholes, equivalent to 3,271 meters, were successfully completed, with the following distribution: 2,094 meters for the Medallito vein, 133 meters for the Purísima vein, and 1,450 meters for the Nombre de Dios vein.

The program began in January and all the holes have been executed from underground. To date, the results obtained from this campaign are the following:

HOLE ID	VEIN	From (m)	To (m)	Width (m)	True width (m)	Au (g/t)	Ag (g/t)	Ag Eq (g/t)
UGSI23-008	HW Purisima	1.00	3.70	2.70	1.90	1.95	501	657
	Purisima	16.55	16.90	0.35	0.22	2.01	2	163
	Melladito	151.55	152.00	0.45	0.35	0.23	94	113
UGSI23-009	HW Purisima	0.00	3.00	3.00	1.93	1.26	415	516
	Purisima	11.25	14.90	3.65	2.74	0.21	4	21
	Melladito	123.35	124.30	0.95	0.77	0.25	113	133
UGSI23-010	HW Purisima	4.35	5.25	0.90	0.45	1.78	557	699
	Purisima	17.80	21.30	3.50	2.14	1.68	8	142
	Melladito Bo	109.80	113.20	3.40	1.74	1.72	122	260
	Melladito	124.00	131.90	7.90	4.89	0.32	334	359
UGSI23-011	HW Purisima	0.00	4.15	4.15	4.07	0.70	108	164
	HW Purisima (Branch)	6.00	6.55	0.55	0.48	3.26	260	520
	Purisima	26.25	27.90	1.65	1.06	1.11	1	89
	Melladito	168.20	168.60	0.40	0.28	0.02	0	2
UGSI23-015	NDD3 (Loop)	92.50	93.65	1.15	0.58	2.77	4	226
	NDD3	106.55	107.15	0.60	0.25	4.05	2	326
UGSI23-017	NDD3	56.90	59.40	2.50	1.90	2.25	63	243
UGSI23-019	NDD1 Loop	43.20	43.60	0.40	0.27	0.11	85	94
	NDD1	44.55	45.75	1.20	0.80	1.07	67	152
	NDD1.5	58.60	59.50	0.90	0.61	0.51	99	139
	NDD2	94.20	94.90	0.70	0.54	2.22	13	191
	NDD3	135.50	136.65	1.15	0.71	2.32	4	189
UGSI23-020	NDD1	33.60	34.45	0.85	0.72	0.35	204	232
	NDD1.5	40.10	40.30	0.20	0.17	0.04	2	5
	NDD2	77.65	78.55	0.90	0.82	1.01	38	119
UGSI23-021	Mell Comp Gral	103.10	110.85	7.75	4.11	1.26	35	136
	NDD2	136.45	137.30	0.85	0.85	0.23	3	21
	NDD3	185.20	187.45	2.25	1.62	2.55	5	209
	Loop NDD3	192.05	194.10	2.05	1.37	4.20	6	342
	HW Vein	199.20	200.40	1.20	0.69	2.93	5	239
UGSI23-022	Melladito	125.50	128.55	3.05	1.29	1.51	180	301
	NDD2	141.00	142.00	1.00	0.98	0.60	2	50
	NDD3	175.10	177.10	2.00	1.29	3.41	6	279
	NDD3 (Loop)	177.80	180.70	2.90	1.86	0.34	1	29
	NDD3 (Loop)	185.15	185.35	0.20	0.12	3.44	8	283

All silver equivalent (AgEq) values are calculated based on a long-term gold to silver price ratio of 80:1

The most notable drillhole was the UGSI23-010, which intersected four distinct structures of the Melladito and Purísima veins. Particularly noteworthy is the Melladito intercept, measuring 4.89 meters in width and containing 359 g/t AgEq. This drillhole serves to confirm the continued presence of mineralization at depth within the Melladito vein and further delineates the Purísima HW vein to the south.

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

Simultaneously, surface mapping is underway to assess potential new vein systems on the hanging wall of the Purísima vein.

VALENCIANA MINE COMPLEX

Exploration drilling in Valenciana Mining Complex in 2023 focused on the recent discovery of Veta El Borrego, which is in the footwall of Veta Madre vein, 200 m to the NE, with a known extension of 1,200 m. Mapping and sampling on the surface showed a vein formed by quartz, pyrite, oxidation zones and argillic alteration, with silver anomalies, indicative of hydrothermal activity. This vein is parallel to Veta Madre vein. 1,151.50 m was drilled to test the vein. The vein was cut with no economic values. However, it still represents an attractive exploration target for the future.

HOLE ID	VEIN	From (m)	To (m)	Width (m)	True width (m)	Au (g/t)	Ag (g/t)	Ag Eq (g/t)
UGBO23-001	Veta el Borrego	569.15	571.40	2.25	1.84	0.00	0.00	0.10
	Borrego FW	583.95	585.20	1.25	1.17	0.04	3.60	6.89
	Veta	124.10	124.90	0.80	0.63	0.00	4	4
UGBO23-002	Veta el Borrego	206.00	210.00	4.00	3.94	0.06	8	12
	Borrego FW	212.90	213.00	0.10	0.10	0.00	0	0
	Veta	95.65	95.95	0.30	0.30	0.00	7	7
UGBO23-003	Brecha Hidrotermal	230.00	231.20	1.20	1.04	0.00	3	3
	Veta el Borrego	266.60	267.40	0.80	0.69	0.00	2	2
	Veta el Borrego	569.15	571.40	2.25	1.84	0.00	0.00	0.10
	Borrego FW	583.95	585.20	1.25	1.17	0.04	3.60	6.89

All silver equivalent (AgEq) values are calculated based on a long-term gold to silver price ratio of 80:1

Exploration work in the Valenciana Mine Complex for the first two months of 2024 has focused on the evaluation and reinterpretation of stope extensions and old high-grade pillars along Veta Madre vein and hanging wall veins.

TOPIA

Exploration carried out during 2023 totalled 2,220 m drilled in different veins such as Argentina, Rosario, Santa Cruz and San Gregorio. Drilling was focused on these veins to increase the mineral resources of the mines where these structures are being mined.

In 2024 drilling exploration started in February 2024 with hole ST24-305 and has been completed and another hole ST24-306 is in progress. Drilling exploration program will be in the Unión del Pueblo, Veta Madre and Animas veins.

EL CUBO MINES COMPLEX

In 2023, exploration efforts were limited to four drill holes in the underground mine, totaling 649 meters, aimed at testing and exploring various veins. Specifically, 317.50 meters were drilled in the Dolores vein and 331.50 meters in the San Luis vein across three holes. Unfortunately, the results of these tests proved uneconomical, leading to the suspension of drilling exploration. Instead, the focus shifted to rehabilitation and reactivation of old works, with an emphasis on identifying new economically viable areas in the short term.

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

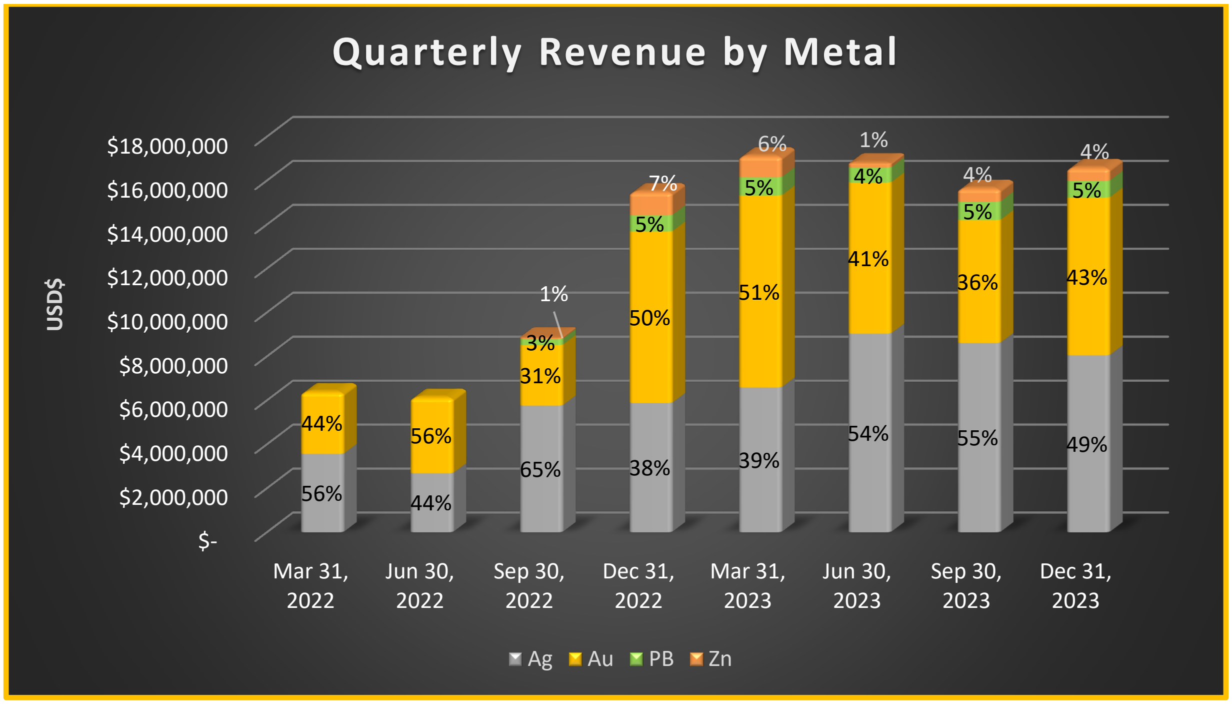
Guanajuato Silver CO LTD

FINANCIAL PERFORMANCE

The Financial Results for the three months and year end periods were as follows:

	Three months ended			Year ended		
CONSOLIDATED	**December 31 2023**	**December 31 2022**	**% Change**	**December 31 2023**	**December 31 2022**	**% Change**
Financial Results	**$**	**$**		**$**	**$**	
Revenue	16,581,967	15,487,714	7%	66,167,081	36,880,204	79%
Gold	7,174,711	7,801,529	(8%)	26,230,572	17,566,756	49%
Silver	8,054,107	5,884,559	37%	34,443,770	17,162,212	101%
Lead	763,203	742,249	3%	3,106,449	1,013,517	207%
Zinc	589,945	1,059,376	(44%)	2,386,290	1,137,720	110%
Cost of Sales	(18,515,317)	(15,635,541)	18%	(77,966,369)	(43,763,193)	78%
Production Costs	(14,825,898)	(12,911,041)	15%	(63,104,443)	(33,868,210)	86%
Transportation and selling cost	(768,203)	(596,916)	29%	(3,190,722)	(1,011,081)	216%
Inventory changes	(149,798)	387,765	(139%)	(28,570)	37,001	(177%)
Mine operating cashflow before Taxes (5)(7)	**838,068**	**2,367,522**	**(65%)**	**(156,654)**	**2,037,914**	**(108%)**
Depreciation and depletion	(2,771,418)	(2,515,349)	10%	(11,642,634)	(8,920,902)	31%
Mine operating loss	**(1,933,352)**	**(147,830)**	**1,208%**	**(11,799,288)**	**(6,882,989)**	**71%**
General and Administration	(2,005,941)	(2,303,435)	(13%)	(9,334,199)	(7,389,441)	26%
SBC Compensation	(172,535)	(268,164)	(36%)	(1,300,179)	(1,511,071)	(14%)
Exploration	(239,484)	(691,134)	(65%)	(1,760,577)	(2,962,384)	(41%)
Care and maintenance	-	(681,795)	0%	-	(1,242,324)	0%
Foreign exchange gain (loss)	(941,575)	(987,607)	(5%)	(2,654,532)	(1,308,357)	103%
Other operating income (expenses)	356,676	(1,699,281)	(121%)	433,895	(1,880,328)	(123%)
Interest and finance (costs) income, net	(1,154,485)	(1,452,284)	(21%)	(4,658,627)	(3,786,748)	23%
Gain on derivatives	(492,081)	(1,677,253)	(71%)	337,052	54,567	518%
Other finance (expense) income, net	(20,529)	(115,211)	(82%)	(185,623)	137,490	(235%)
Current income tax (expense) recovery	(1,021,369)	118,287	0%	(1,021,369)	-	0%
Net loss	**(7,624,676)**	**(9,905,707)**	**(33%)**	**(31,943,447)**	**(26,771,585)**	**16%**
Loss per share - basic and diluted	**(0.02)**	**(0.03)**	(33%)	**(0.10)**	**(0.10)**	(12%)
EBITDA (1) (5)	$(2,559,261)	$(5,997,153)	(57%)	$(14,232,397)	$(13,825,789)	3%
Adjusted EBITDA (2) (5)	$(1,099,580)	$(2,305,996)	(57%)	$(10,883,541)	$(9,192,344)	18%
Cash cost Ag/Eq per ounce (3) (5)	$17.66	$15.55	14%	$18.21	$15.84	15%
AISC cost per Ag/Eq ounce (4) (5)	$21.52	$20.80	3%	$22.90	$21.55	6%
Realized silver price per ounce (6)	$23.21	$21.23	9%	$23.41	$21.23	10%
Realized gold price per ounce (6)	$1,982.88	$1,783.36	11%	$1,947.59	$1,783.36	9%
Realized lead price per pound (6)	$0.96	$0.92	5%	$0.97	$0.92	5%
Realized zinc price per pound (6)	$1.14	$1.42	(20%)	$1.22	$1.42	(14%)

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



<u>Three months ended December 31, 2023 (compared to the three months ended December 31, 2022)</u>

<u>Revenue</u>

During the three months ended December 31, 2023, the Company generated revenues of $16,581,967 net of metal deductions, treatment, and refining costs ($2,534,051). This represents a 7% increase compared to same period in the prior year mainly due to sales of 400,106 ounces of silver and 4,275 ounces of gold representing a decrease of 1% and increase of 11% respectively compared to sales during Q4 2022. Additionally, 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 from the Topia Mine. During the current quarter, the realized silver and gold price per ounce sold averaged $23.21 and $1,982, a 9% and 11% increase, respectively, compared to $21.23 and $1,783 per ounce in Q4 2022.

<u>Cost of sales</u>

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 increase of 18% in cost of sales for the three months ended December 31, 2023, compared to the same period in 2022 is mainly due to the increased production from the addition of the San Ignacio, Valenciana and Topia operations which caused an 15% increase in production cost. Additionally, there was a 29% increase in transportation costs and other selling cost including a new environmental duty and special mining royalty introduced by the Mexican government.

<u>General and administration</u>

General and administration expenses decreased by 10% or $297,494 during the three months ended December 31, 2023, compared to Q4 2022. This decrease is due to increase in salaries and management fees from the addition of new employees and Senior Management throughout 2023 in Vancouver and Guanajuato offset by a decrease of professional fees mainly due to payments incurred in 2022 relating to the acquisition of MMR.

<u>Exploration</u>

General exploration costs decreased 65% to $239,484 in the three months ended December 31, 2023, compared to $691,134 in the same period in 2022 as the Company is refocusing its exploration efforts mainly in Topia.

<u>Share-based compensation</u>

Share-based compensation decreased by $95,629 or 36% for the three months ended December 31, 2023, compared to the same period in 2022 due to the expiry of 5,305,000 options in fiscal 2023.

Interest and finance costs

Interest and finance costs decreased by $297,799 or 21% for the 3 months ended December 31, 2023, compared to the 3 months ended December 31, 2022. This decrease expense was due to less debt being held in Q4 2023 compared to the same period in 2022. On December 5, 2023, the Company entered into a new $7,500,000 gold loan credit facility with Ocean Partners from which a portion of said facility was used to extinguish the remaining carrying amount of the previous loan. As of December 31, 2023, the Company holds the Tertiary OCIM loan of $3,610,089 and an implied interest rate of 23.5%, and two Ocean Partners loans of $11,192,695 and implied interest rates of 13% and 26%. In December 2022, the Company held the Initial and Secondary OCIM loans of $ 7,263,703 and an implied interest rate of 21% and two Ocean Partners loans of $9,106,182 with implied interest rate of 13%. (*See Liquidity and Capital Resources).*

Gain on derivatives

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

For the three months ended December 31, 2023, the Company recognized a gain of $492,081 on the revaluation of the derivative on the outstanding loans. For the three months ended December 31, 2022, the Company recognized a loss $1,677,253 on the revaluation of the derivative due to a change in silver and gold futures prices in the period.

For the three months ended December 31, 2023, the Company also recognized a gain $37,564 on gold and silver call options.

Other finance items, net

During the three months ended December 31, 2023, the Company had an unrealized loss of $28,588 on the changes of fair value on forward silver and gold pricing sales.

Year ended December 31, 2023 (compared to the Year ended December 31, 2022)

Revenues

Revenues of $66,167,081 net of metal deductions, treatment, and refining costs ($10,858,293) increased by 79% from $36,880,204 net of metal deductions, treatment, and refining costs for the year ended December 31, 2023, mainly due to sales of 1,761,832 ounces of silver and 17,061 ounces of gold which is a 74% and 54%, increase respectively, compared to the same period in 2022. The increase is mainly due to the addition of the Valenciana Mines Complex, San Ignacio and the Topia Mine. Additionally, the Company sold 3,580,029 pounds of lead at a realized price of $0.97 and 3,831,509 pounds of zinc at a realized price of $1.22. During the year, realized silver and gold prices per ounce sold averaged $23.41 and $1,948, a 10% and 9% increase, respectively. This is compared to $21.23 and $1,783 per ounce in the same period of 2022. There was a negative impact of $5,377,237 on provisional pricing and settlement adjustments during the year ended December 31, 2023.

Cost of sales

Cost of sales increased by 78% for the year ended December 31, 2023, compared to the same period of 2022, mainly due to an 86% increase in production cost attributed to 254,000 additional tonnes milled in Valenciana, San Ignacio and Topia. In 2022, there was only 5 full months of production from Topia, Valenciana and San Ignacio.

Depreciation and depletion increased by 31% for the year ended December 31, 2023, compared to the same period in the previous year, due to an increase of $5,345,391 for the San Ignacio, Valenciana and Topia mines being in production in 2023 offset by a lower depletion rate at El Cubo as a result of the Company updating its resource estimate in a revised Preliminary Economic Assessment report which resulted in a $2,623,658 decrease depreciation at El Cubo combined with a 20% reduction in production.

Transportation and selling costs increased 216% for the year ended December 31, 2023, compared to the year ended December 31, 2022, due to an increase of $2,179,641 from shipments from the MMR properties.

General and administration

General and administration expenses increased by 26% or $1,944,758 during the year ended December 31, 2023, compared to year ended December 31, 2022. This increase is mainly due to increases in salaries and management fees from the addition of Senior Management in Vancouver and Guanajuato, increases in insurance and purchase of software and IT equipment allocated in corporate administration, and on professional fees due to the Company's increased operations with the acquisition of MMR.

Exploration

General exploration costs decreased 41% to $1,760,577 in the year ended December 31, 2023, compared to $2,962,384 in the same period in 2022, as the Company focuses its exploration program on the Valenciana Mines Complex with 618 meters drilled, San Ignacio Mine with 3,271 meters and 2,159 meters in Topia. A further 649 meters were drilled in El Cubo, compared to 14,068 meters drilled in El Cubo, 1,160 meters drilled in Topia and 1,818 in San Ignacio in the year ended December 31, 2022.

Share-based compensation

Share-based compensation decreased by $210,892 or 14% for the year ended December 31, 2023, compared to the same period in 2022 due to 577,500 restricted share units and 4,240,000 stock options being granted in 2023. The restricted share units will vest evenly over 12 months, and one third of the 4,240,000 stock option vested and expensed immediately. In 2022, 7,175,000 stock options were granted, of which approximately one third vested immediately.

Interest and finance costs

Interest and finance costs increased by $871,879 or 23% for the year ended December 31, 2023, compared to the year ended December 31, 2022. Accretion expenses increased by $886,109 in the year ended December 31, 2023, compared to the same period in the prior year due to the addition of Valenciana Mine Complex, San Ignacio and Topia Mine in relation to ARO of the new properties. Additionally, there is an increase of $74,187 in GSilver loan accretion due to restructuring of its loans and increase of $215,700 of accretion expense of leased assets.

This accretion expense was offset by a decrease of interest expenses of $410,483. As of December 31, 2023, the Company holds the Tertiary OCIM loan of $3,610,089 and an implied interest rate of 23.5%, and 2 Ocean Partners loans of $11,192,695 and implied interest rate of 13% and 26%. In December 2022, the Company held the Initial and Secondary OCIM loans of $ 7,263,703 and an implied interest rate of 21% and 2 Ocean Partners loans of $9,106,182 with implied interest rate of 13%. (*See Liquidity and Capital Resources).*

Gain on derivatives

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

The Company sold call options on future prices of gold and silver. The call options are recognized as a derivative liability and revalued at the end of each reporting period, with gains and losses recorded each period and at settlement.

During the year ended December 31, the Company recognized a gain on derivatives of $337,052 (year ended December 31, 2022, gain of $54,567). In the year, there was a loss on the derivative relating to the delivery of gold and silver ounces of $43,907 offset by a gain of $380,959.

Other finance items, net

During the year ended December 31, 2023, the Company had an unrealized gain of $267,940 on the changes of fair value on forward silver and gold pricing sales offset against a loss of $453,563 on settlement debt in refinancing the OCIM loans.

During the year ended December 31, 2022, the Company recognized a gain of $195,910 on the extinguishment of the initial OCIM loan and an unrealized loss of $249,017 on the changes of fair value on forward silver and gold sales contracts and a realized gain of $190,597 on disposal of the ounces of gold and silver.

LIQUIDITY AND CAPITAL RESOURCES

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

The Company will evaluate, from time to time, sales of its common shares to improve the Company's liquidity and working capital position. To the extent that cash generated by operations during 2024 is less than sufficient to fund ongoing operations and improve the Company's working capital position or in the event the Company determines it will undertake other projects that are currently not part of its plans, or if the Company undertakes another acquisition, additional capital may be required. While the Company completed a $5,973,600 (CAD$8,010,000) private placement in Q3, 2023 (discussed below) and refinanced its loan with Ocean Partners with a new $7,500,000 loan, based on its existing cash and cash equivalents as of December 31, 2023 of $1,956,616, negative working capital of $18,441,013, and estimated future cash flows, it does not have sufficient capital to continue operations for the next twelve months. As a result, it will need to raise additional capital and sources of capital include accessing the private and public capital markets for debt and equity over the next twelve months. Adverse movement in metal prices and unforeseen impacts to the Company's operation may increase the need to raise new external sources of capital, and the inability to access sources of capital could adversely impact the Company's liquidity and require the Company to curtail capital and exploration program and other discretionary expenditures.

	Three months ended			Year ended		
	December 31 2023	December 31 2022	% Change	December 31 2023	December 31 2022	% Change
Cash Flow	$	$		$	$	
Cash provided by (used in) operating activities	(2,646,432)	(4,785,031)	(45%)	(6,147,728)	(15,056,830)	(59%)
Cash used in investing activities	(561,560)	(1,478,509)	(62%)	(5,609,794)	(11,853,372)	(53%)
Cash provided by (used in) financing activities	1,551,251	8,124,912	(81%)	4,921,191	27,125,000	(82%)
Effect of exchange rate changes on cash	(19,545)	606,540	(103%)	(39,989)	384,095	(110%)
Change in cash	(1,676,286)	2,467,912	(168%)	(6,876,320)	598,893	(1,248%)
Cash, beginning of year	3,632,902	6,365,024	(43%)	8,832,936	8,234,043	7%
Cash, end of year	1,956,616	8,832,936	(78%)	1,956,616	8,832,936	(78%)

As of December 31, 2023, the Company had cash and cash equivalents of $1,956,616 and negative working capital of $18,441,013, compared with cash of $8,832,936 and negative working capital of $5,972,704 at December 31, 2022.

Operating activities

During the year ended December 31, 2023, cash used in operating activities was $6,147,728 (year ended December 31, 2022 – $15,056,830). The significant non-cash adjustments to the net loss of $31,943,447 in the year ended December 31, 2023 (year ended December 31, 2022 - $26,771,585) were depreciation and depletion of $12,031,054 (year ended December 31, 2022 – $9,165,643), accretion of $2,357,130 (year ended December 31, 2022 - $1,181,134), share-based compensation of $1,300,179 (year ended December 31, 2022 – $1,511,071), gain on derivatives and financial assets carried at fair value of $604,992 (year ended December 31, 2022 – $494,136), unrealized foreign exchange loss of $2,805,225 (year ended December 31, 2022 – $995,463) and a cash inflow related to an decrease in non-cash working capital of $4,128,463 (year ended December 31, 2022 – decrease of $4,462,721). The net change in non-cash working capital was primarily due to an increase in amounts receivable, prepaid expenses and accounts payable and accrued liabilities offset by a decrease in purchase of gold and silver bullion, and inventory.

Investing activities

During the year ended December 31, 2023, investing activities used cash of $5,609,794, compared with the use of cash of $11,853,372 in the same period in 2022. The use of cash during the period was $1,217,808 on plant and equipment, $814,227 on construction in progress related to emergency rescue pods and rehabilitation of the tailings dam and $3,190,123 of mine development mainly for the continued ramp up of Topia, Valenciana and San Ignacio mines. Additionally, the Company purchased hedging instruments for $317,636 and the purchase of 3 of the 4 underlying royalties on El Pinguico from the original vendor of the property, Exploraciones Mineras Del Bajio S.A. de C.V. for $70,000. The use of cash during the year ended December 31, 2022, was for mine development, the acquisition of machinery and other equipment of $3,411,768, payment to acquire royalties by $206,124 and $8,235,480 for the acquisition of MMR.

Financing activities

During the year ended December 31, 2023, cash generated by financing activities was $4,921,191 mainly from proceeds from issuance of 26,330,486 shares for $7,250,661, and from the exercises of warrants and options of $1,469,462, offset by loan and lease payments of $6,202,046.

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

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

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

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

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

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

NON-IFRS FINANCIAL MEASURES

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

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

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

WORKING CAPITAL

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

As at	December 31 2023	December 31 2022
	$	$
Current assets	20,658,097	27,182,590
Current liabilities	39,099,110	33,155,294
Working capital	(18,441,013)	(5,972,704)

MINE OPERATING CASH FLOW BEFORE TAXES

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

	Three months ended					
	31-Dec 2023	30-Sep 2023	30-Jun 2023	31-Mar 2023	31-Dec 2022	30-Sep 2022
	$	$	$	$	$	$
Revenues	16,581,967	15,643,649	16,823,042	17,118,424	15,487,714	8,871,863
Production cost	(14,825,898)	(16,138,682)	(16,415,956)	(15,723,907)	(12,911,041)	(9,670,274)
Transportation and other support cost	(768,203)	(719,251)	(878,096)	(825,173)	(596,916)	(178,676)
Inventory changes	(149,798)	(361,927)	865,285	(382,130)	387,765	626,923
Mine operating cash flows before taxes	**838,068**	**(1,576,211)**	**394,276**	**187,214**	**2,367,522**	**(350,164)**

	Cumulative as at the end of each period					
	31-Dec 2023	30-Sep 2023	30-Jun 2023	31-Mar 2023	31-Dec 2022	30-Sep 2022
	$	$	$	$	$	$
Revenues	66,167,081	49,585,115	33,941,466	17,118,424	36,880,204	21,392,490
Production cost	(63,104,443)	(48,278,545)	(32,139,863)	(15,723,907)	(33,868,211)	(20,957,169)
Transportation and other support cost	(3,190,722)	(2,422,519)	(1,703,268)	(825,173)	(1,011,083)	(414,164)
Inventory changes	(28,570)	121,228	483,155	(382,130)	37,003	(350,765)
Mine operating cash flows before taxes	**(156,654)**	**(994,721)**	**581,490**	**187,214**	**2,037,914**	**(329,608)**

EBITDA

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

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

Adjusted EBITDA excludes the following additional items from EBITDA:

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

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

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

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

	Three months ended					
	December 31 2023	**September 30, 2023**	**June 30, 2023**	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**
	$	$	$	$	$	$
Net loss per financial statements	(7,624,676)	(7,062,157)	(8,557,538)	(8,699,078)	(9,905,707)	(8,405,337)
Depreciation and depletion – cost of sales	2,771,418	2,784,795	2,784,515	3,337,906	2,515,349	2,991,577
Depreciation and depletion – general and administration	118,143	116,383	70,544	56,782	59,208	57,210
Interest and finance costs (income), net	1,154,485	1,167,308	1,126,420	1,210,414	1,452,284	1,045,309
Current income tax	1,021,369	-	-	-	(118,287)	118,287
EBITDA	**(2,559,261)**	**(3,029,672)**	**(4,576,059)**	**(4,093,976)**	**(5,997,153)**	**(4,192,955)**
Share based compensation	172,535	226,334	650,135	251,175	268,164	601,100
(Gain) loss on derivatives	492,081	(455,394)	(239,601)	(134,138)	1,677,253	(754,358)
ARO unrealized foreign exchange (gain) loss	772,846	(596,485)	1,098,944	1,182,666	629,811	73,358
Other finance items, net	20,529	191,707	-	450,619	115,212	80,150
Transaction cost associated with the acquisition of MMR	-	-	-	-	145,387	1,216,992
Union payment associated with acquisition of "EL Cubo Mines Complex"	-	-	(477,232)	-	-	488,634
Gain on change of fair value on gold contingent payments to Endeavour	-	-	-	-	(1,624)	(516,824)
Loss on change of fair value on silver contingent payments to MMR	-	-	-	-	269,478	-
Allowance on receivable amount from Great Panther	-	-	-	-	1,300,000	-
Other expenses	(112,119)	(64,671)	-	(118,287)	-	-
VAT write-off	113,809	116,008	133,885	162,144	93,412	318,975
Adjusted EBITDA	**(1,099,580)**	**(3,612,173)**	**(3,409,928)**	**(2,299,797)**	**(1,500,059)**	**(2,684,927)**

	Cumulative as at the end of each period					
	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
	$	$	$	$	$	$
Net loss per financial statements	(31,943,447)	(24,318,773)	(17,256,616)	(8,699,078)	(26,771,585)	(16,865,880)
Depreciation and depletion – cost of sales	11,642,634	8,871,216	6,122,421	3,337,906	8,920,902	6,405,553
Depreciation and depletion – general and administration	388,420	270,277	153,894	56,782	238,145	180,508
Interest and finance costs (income), net	4,658,627	3,504,142	2,336,834	1,210,414	3,786,748	2,334,464
Current income tax	1,021,369	-	-	-	-	118,287
EBITDA	**(14,232,397)**	**(11,673,138)**	**(8,643,467)**	**(4,093,976)**	**(13,825,789)**	**(7,827,068)**
Share based compensation	1,300,179	1,127,644	901,310	251,175	1,511,071	1,242,907
(Gain) loss on derivatives	(337,052)	(829,133)	(373,739)	(134,138)	(54,567)	(1,731,820)
Unrealized foreign exchange loss	2,457,971	1,685,125	2,281,610	1,182,666	805,937	176,125
Other finance items, net	185,623	165,094	-	450,619	(137,489)	(252,701)
Transaction cost associated with the acquisition of MMR	-	-	461,622	-	1,362,379	1,216,992
Union payment associated with acquisition of "EL Cubo Mines Complex"	(488,634)	(488,634)	(488,235)	-	488,634	488,634
Gain on change of fair value on gold contingent payments to Endeavour	-	-	-	-	(518,448)	(516,824)
Loss on change of fair value on silver contingent payments to MMR	-	-	-	-	269,478	-
Allowance on receivable amount from Great Panther	-	-	-	-	1,300,000	-
Other expenses	(295,077)	(182,958)	(118,287)	(118,287)		
VAT write-off	525,846	412,037	296,029	162,144	412,387	-
Adjusted EBITDA	**(10,883,541)**	**(9,783,963)**	**(5,683,156)**	**(2,299,797)**	**(8,386,408)**	**(7,203,755)**

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.

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

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

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The following tables provide detailed reconciliations of these measures to cost of sales, as reported in notes to the Company's consolidated financial statements.

		Three months ended December 31, 2023				Three months ended December 31, 2022				
		ElCubo	VMC-San Ignacio	Topia	Consolidated	ElCubo	VMC-San Ignacio	Topia	Consolidated	% Change
Cost of sales (5)		**7,335,371**	**5,588,370**	**5,587,591**	**18,511,332**	**9,554,657**	**403,990**	**5,676,895**	**15,635,542**	**18%**
Transportation and selling cost (5)		(227,833)	(72,611)	(463,773)	(764,217)	(211,806)	-	(385,111)	(596,917)	28%
Inventory changes		346,711	(97,954)	(398,555)	(149,798)	311,878	-	75,889	387,767	(139%)
Depreciation		(1,402,365)	(1,044,312)	(324,744)	(2,771,421)	(2,282,032)	-	(233,317)	(2,515,350)	10%
Production cost	A	**6,051,884**	**4,373,494**	**4,400,519**	**14,825,896**	**7,372,697**	**403,990**	**5,134,356**	**12,911,042**	**15%**
Add (subtract):										
Government royalties and mining taxes		53,308	17,790	121,533	192,631	51,277	14,287	31,938	97,502	98%
Total cash cost	B	**6,105,192**	**4,391,284**	**4,522,052**	**15,018,528**	**7,423,974**	**418,277**	**5,166,294**	**13,008,544**	**15%**
General and administrative - corporate					2,005,941	-			2,303,435	(13%)
Operating lease payments		377,176	134,159	111,342	622,678	560,494	-	71,939	632,433	(2%)
Sustaining capital expenditures		196,552	359,913	91,528	647,992	1,143,303	-	308,724	1,452,027	(55%)
Total All-in sustaining cash cost	C	**6,678,920**	**4,885,356**	**4,724,922**	**18,295,139**	**9,127,771**	**418,277**	**5,546,957**	**17,396,439**	**5%**
Tonnes milled	D	71,233	55,219	10,886	137,339	108,897	3,928	18,516	131,341	5%
Silver equivalent ounces produced	E	285,575	299,461	265,178	850,214	523,223	13,104	300,050	836,376	2%
Production cost per tonne	A/D	**84.96**	**79.20**	**404.22**	**107.95**	**67.70**	**102.85**	**277.29**	**98.30**	**10%**
Cash cost per AgEq ounce produced	B/E	**21.38**	**14.66**	**17.05**	**17.66**	**14.19**	**31.92**	**17.22**	**15.55**	**14%**
All-in sustaining cash cost per AgEq ounce produced	C/E	**23.39**	**16.31**	**17.82**	**21.52**	**17.45**	**31.92**	**18.49**	**20.80**	**3%**
Mining cost per tonne		41.89	48.96	294.43	67.71	38.91	67.61	194.07	61.64	10%
Milling cost per tonne		24.93	17.13	64.94	26.11	17.59	23.56	45.50	21.70	20%
Indirect cost per tonne		18.13	13.10	44.85	19.06	11.21	11.68	37.72	14.96	27%
Production cost per tonne		**84.96**	**79.20**	**404.22**	**112.88**	**67.70**	**102.85**	**277.29**	**98.30**	**15%**
Mining		2,984,012	2,703,717	3,205,308	8,893,037	4,236,637	265,573	3,593,341	8,095,550	10%
Milling		1,776,059	946,168	706,982	3,429,209	1,915,649	92,541	842,563	2,850,754	20%
Indirect		1,291,812	723,609	488,229	2,503,650	1,220,410	45,876	698,452	1,964,738	27%
Production Cost		**6,051,884**	**4,373,494**	**4,400,519**	**14,825,896**	**7,372,696**	**403,990**	**5,134,356**	**12,911,042**	**15%**

1. Silver equivalents are calculated using an 85.10:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q4 2023, and an 81.35:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q4 2022, respectively.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead.
3. AISC per oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital.
4. Production costs include mining, milling, and direct overhead at the operation sites.
5. Consolidated amount for the three months ended December 31, 2023, excludes $3,986 in relation to silver bullion transportation and selling cost from cost of sales.

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		Year ended December 31, 2023				Year ended December 31, 2022				
		El Cubo	VMC-San Ignacio	Topia	Consolidated	El Cubo	VMC-San Ignacio	Topia	Consolidated	% Change
Cost of sales (5)		**30,030,471**	**23,087,433**	**24,759,358**	**77,877,262**	**33,621,969**	**403,990**	**9,737,234**	**43,763,193**	**78%**
Transportation and other selling cost (5)		(738,958)	(325,560)	(2,037,097)	(3,101,614)	(625,971)	-	(385,112)	(1,011,083)	207%
Inventory changes		(469,341)	346,285	94,487	(28,570)	(109,419)	-	146,422	37,003	(177%)
Depreciation		(5,527,814)	(4,092,037)	(2,022,784)	(11,642,634)	(7,817,781)	-	(1,103,122)	(8,920,902)	31%
Production cost	A	**23,294,357**	**19,016,122**	**20,793,965**	**63,104,443**	**25,068,798**	**403,990**	**8,395,423**	**33,868,211**	**86%**
Add (subtract):										
Government royalties and mining taxes		179,437	44,862	730,027	954,326	150,268	14,287	31,938	196,493	386%
Total cash cost	B	**23,473,794**	**19,060,984**	**21,523,992**	**64,058,770**	**25,219,066**	**418,277**	**8,427,361**	**34,064,704**	**88%**
General and administrative - consolidated		-	-	-	9,334,199	-	-	-	7,389,441	26%
Operating lease payments		1,126,686	481,981	214,919	1,823,586	853,057	-	242,714	1,095,771	66%
Sustaining capital expenditures		1,747,615	1,652,031	1,949,400	5,349,047	3,239,988	-	553,620	3,793,608	41%
Total All-in sustaining cash cost	C	**26,348,096**	**21,194,996**	**23,688,311**	**80,565,602**	**29,312,111**	**418,277**	**9,223,695**	**46,343,524**	**74%**
Tonnes milled	D	306,219	221,595	65,981	593,796	384,777	3,928	30,145	418,850	42%
Silver equivalent ounces produced	E	1,104,063	1,239,476	1,173,145	3,516,684	1,629,244	13,104	507,882	2,150,229	64%
Production cost per tonne	A/D	**76.07**	**85.81**	**315.15**	**106.27**	**65.15**	**102.85**	**278.50**	**80.86**	**31%**
Cash cost per AgEq ounce produced	B/E	**21.26**	**15.38**	**18.35**	**18.22**	**15.48**	**31.92**	**16.59**	**15.84**	**15%**
All-in sustaining cash cost per AgEq ounce produced	C/E	**23.86**	**17.10**	**20.19**	**22.91**	**17.99**	**31.92**	**18.16**	**21.55**	**6%**
Mining cost per tonne		34.97	53.36	233.18	63.86	33.86	67.61	190.05	45.41	41%
Milling cost per tonne		24.41	16.48	49.52	24.24	18.81	23.56	44.86	20.73	17%
Indirect cost per tonne		16.69	15.97	32.44	18.17	12.49	11.68	43.59	14.72	23%
Production cost per tonne		**76.07**	**85.81**	**315.15**	**106.27**	**65.15**	**102.85**	**278.50**	**80.86**	**31%**
Mining		10,709,883	11,825,151	15,385,628	37,920,661	13,027,412	265,573	5,729,068	19,022,053	99%
Milling		7,474,987	3,652,519	3,267,622	14,395,127	7,235,786	92,541	1,352,335	8,680,662	66%
Indirect		5,109,488	3,538,452	2,140,715	10,788,655	4,805,600	45,876	1,314,020	6,165,496	75%
Production Cost		**23,294,357**	**19,016,122**	**20,793,965**	**63,104,444**	**25,068,798**	**403,990**	**8,395,423**	**33,868,211**	**86%**

1. Silver equivalents are calculated using an 82.91:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2023 and an 82:78:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.07:1 (Ag/Zn) ratio for YTD 2022.
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 excludes $89,108 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:

	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	$	$	$	$	$	$	$	$
Total revenue	16,581,967	15,643,649	16,823,042	17,118,424	15,487,714	8,871,863	6,133,989	6,386,638
Production costs	14,825,898	16,138,682	16,415,956	15,723,907	12,911,041	9,670,274	5,767,560	5,550,293
Transportation and other selling costs	768,203	719,251	878,095	825,173	596,916	178,676	69,021	135,508
Inventory changes	149,798	361,927	(865,285)	382,130	(387,765)	(626,923)	289,485	688,203
Mine operating cash flow before depreciation	838,068	(1,576,212)	394,276	187,214	2,367,522	(350,164)	7,923	12,634
Depreciation	(2,771,418)	(2,748,795)	(2,784,515)	(3,337,906)	(2,515,349)	(2,991,577)	(1,664,219)	(1,749,757)
Mine operating loss	(1,933,351)	(4,325,007)	(2,390,240)	(3,150,692)	(147,828)	(3,341,742)	(1,656,296)	(1,737,123)
Net loss	(7,624,676)	(7,062,158)	(8,557,538)	(8,699,078)	(9,905,707)	(8,405,337)	(3,521,390)	(4,939,152)
EBITDA (1)	(2,559,261)	(3,029,670)	(4,576,059)	(4,093,976)	(5,997,153)	(4,192,955)	(1,132,278)	(2,503,405)
Adjusted EBITDA (1)	(1,099,580)	(3,612,172)	(3,409,928)	(2,299,797)	(1,500,059)	(2,684,927)	(2,349,805)	(1,851,618)
Basic and fully diluted loss per share	(0.02)	(0.02)	(0.03)	(0.03)	(0.03)	(0.03)	(0.02)	(0.02)
Weighted Average shares outstanding(000's)	351,590	341,056	327,386	322,850	302,154	271,510	226,033	224,556

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

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

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

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

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

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

The Company generated revenues of $8,871,863 net of treatment and refining costs, during the three months ended September 30, 2022, a 45% increase compared to the prior quarter, from the sales of 311,754 ounces of silver at a realized price of $19.06 and 2,997 ounces of gold at a realized price of $1,1,724.81 a 95% and 37% increase in ounces respectively, as compared to Q2 2022. In addition, the Company sold 504,408 pounds of lead at a realized price of $0.86 and 237,327 pounds of zinc at a realized price of $1.44 from the Topia Mines. There was an increase of 102% of mine operating losses and 133% of net loss compared to prior quarter mainly due to the integration of MMR's operations.

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

Revenue increased by 55% in the first quarter of 2022 to $6,386,638 compared to $4,116,811 in Q4 2021 due primarily to higher silver (28%) and gold (70%) ounces sold to 134,281 and 2,007 respectively. Mine operating loss decreased by 22% over Q4 2021 due primarily to the increase in ounces sold and slightly higher realized metal prices.

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

	2023				2022			
PRODUCTION	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Processed tonnes	137,339	132,484	163,793	160,182	131,341	107,009	94,212	86,288
El Cubo	71,233	62,742	83,244	89,000	108,897	95,380	94,212	86,288
VMC and San Ignacio	55,220	53,129	61,594	51,653	3,928	-	-	-
Topia	10,886	16,613	18,955	19,529	18,516	11,629	-	-
Silver ounces	394,971	425,488	477,649	458,803	401,244	329,298	155,912	125,423
El Cubo	94,113	83,089	147,099	136,847	242,038	219,627	155,912	125,423
VMC and San Ignacio	145,364	135,206	156,859	142,220	4,652	-	-	-
Topia	155,494	207,192	173,691	179,736	154,552	109,671	-	-
Silver Grade (g/t)	101.32	114.44	106.93	103.68	106.08	106.28	64.00	60.50
El Cubo	57.99	50.97	65.38	64.00	80.00	74.94	64.00	60.50
VMC and San Ignacio	79.05	95.69	99.04	104.00	49.46	-	-	-
Topia	473.54	414.12	311.99	314.10	283.00	317.55	-	-
Silver Recovery (%)	84.5	83.34	84.9	80.9	86.8	88.5	80.9	75
El Cubo	86.0	81.16	84.38	83.50	86.4	87.1	80.9	75
VMC and San Ignacio	84.3	82.7	83.6	82.0	72.9	-	-	-
Topia	77.7	93.65	91.34	91.10	91.8	92.4	-	-
Gold Ounces	4,395	3,441	4,719	4,413	3,907	3,226	2,161	1,880
El Cubo	1,492	1,340	2,006	2,140	3,452	3,035	2,161	1,880
VMC and San Ignacio	2,572	1,897	2,400	1,848	110	-	-	-
Topia	331	204	314	424	345	191	-	-
Gold Grade (g/)	1.14	0.99	1.10	1.07	1.09	1.08	0.86	0.88
El Cubo	0.89	0.83	0.88	0.87	1.12	1.05	0.86	0.88
VMC and San Ignacio	1.32	1.31	1.45	1.36	1.19	-	-	-
Topia	1.40	0.58	0.88	1.18	0.91	0.80	-	-
Gold Recovery (%)	88.80	81.58	83.10	81.10	84.2	86.3	82.6	77
El Cubo	89.20	82.90	86.16	85.90	88.2	88.4	82.6	77
VMC and San Ignacio	89.10	84.95	86.54	81.8	74.5	-	-	-
Topia	84.15	65.82	58.74	57.70	63.3	64	-	-
Lead pounds	837,230	935,738	875,802	906,696	811,492	537,608	-	-
Topia	837,230	935,738	875,802	906,696	811,492	537,608	-	-
Lead Grade (%)	3.8	2.8	2.4	2.4	2.3	2.3	-	-
Topia	3.8	2.8	2.4	2.4	2.3	2.3	-	-
Lead Recovery (%)	91.7	89.9	87.4	87.1	88.2	89.5	-	-
Topia	91.7	89.9	87.4	87.1	88.2	89.5	-	-
Zinc pounds	960,206	857,660	897,258	1,153,138	1,261,554	677,127	-	-
Topia	960,206	857,660	897,258	1,153,138	1,261,554	677,127	-	-
Zinc Grade (%)	4.8	3.0	2.8	3.2	3.6	3.3	-	-
Topia	4.8	3.0	2.8	3.2	3.6	3.3	-	-
Zinc Recovery (%)	82.5	77.9	78.1	83.5	86.7	80.9	-	-
Topia	82.5	77.9	78.1	83.5	86.7	80.9	-	-

PRODUCTION	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1
Cost per tonne	107.95	121.82	100.22	98.16	98.30	90.37	60.89	64.32
El Cubo	84.96	86.59	71.24	66.06	67.70	67.20	60.89	64.32
VMC and San Ignacio	79.20	97.95	86.63	79.43	102.85	-	-	-
Topia	404.22	331.16	271.69	294.04	277.29	280.44	-	-
Cash costs per ounce	17.66	20.79	17.71	17.06	15.55	13.86	17.08	20.24
El Cubo	21.38	28.46	19.24	18.75	14.19	13.09	17.08	20.24
VMC and San Ignacio	14.66	17.89	15.20	13.86	31.92	-	-	-
Topia	17.05	18.70	19.19	18.35	17.22	15.69	-	-
AISC per ounce	21.52	26.22	22.47	21.83	20.80	19.53	24.15	25.79
El Cubo	23.39	32.67	20.96	21.77	17.45	15.18	24.15	25.79
VMC and San Ignacio	16.31	19.89	16.39	16.01	31.92	-	-	-
Topia	17.82	21.29	21.52	19.96	18.49	17.69	-	-

OTHER FINANCIAL INFORMATION

SHARE CAPITAL

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

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

	December 31, 2023			April 8, 2024		
	#	Weighted average exercise price	Weighted average life (years)	#	Weighted average exercise price	Weighted average life (years)
Common shares	**353,913,478**			353,913,478		
Warrants	**109,790,606**	$0.49	**1.07**	80,717,841	$0.51	**1.15**
Stock options	**16,689,500**	$0.46	**3.15**	21,302,000	$0.40	**3.43**
Restricted Share Units	**560,000**	$0.49	**0.56**	1,600,000	$0.30	**0.73**
Fully diluted	**480,953,584**			457,533,319		

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.

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OFF BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

Compensation of key management personnel

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

	Year ended	
	December 31 2023	December 31 2022
Salaries, bonus and benefits	**$ 639,999**	$ 169,901
Consulting fees[1]	**442,757**	569,480
Share-based compensation	**1,048,710**	825,686
	$ 2,131,466	$ 1,565,067

[1] Consulting fees were paid to Universal Solution Inc., a company controlled by the VP Corporate Development and Corporate Secretary of the Company, and Ramon T. Davila Flores a company controlled by the President of the Company. For the year ended December 31, 2022, consulting fees were also paid to Blueberry Capital Corp., a company controlled by the CEO of the Company.

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

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

CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

a) Commitments

As of December 31, 2023, the Company has no commitments which are expected to be expended within one year.

b) Contingencies – El Cubo

The Company has certain contingent payments in relation to the acquisition of El Cubo Complex in 2021 as follows:

i. $1,000,000 upon the Company producing 3,000,000 ounces of silver equivalent from the Combined Project (Contingent Payment #1). At the Company's option, the Company can issue common shares for up to 50% of Contingent Payment #1, based on the volume weighted average trading price of the Company's common shares for the 10 trading days immediately preceding the date of such payment.

ii. $1,000,000 if the London Bullion Market Association ("LBMA") spot price of gold closes at or above $2,000 per ounce for 20 consecutive trading days within two years after closing ("Contingent Payment #2"). During the year ended December 31, 2023, Contingent Payment #2 expired unpaid.

iii. $1,000,000 if the LBMA spot price of gold closes at or above $2,200 per ounce for 20 consecutive trading days within three years after closing ("Contingent Payment #3"). Subsequent to December 31, 2023, Contingent Payment #3 expired unpaid.

The Company has accrued a total of $nil (December 31, 2022 - $231,552) for contingent payment #2 and contingent payment #3 as other current liabilities on the statement of financial position with fair value gains of $231,552 (December 31, 2022 - $518,448) recorded in Other operating expense (income).

c) Contingencies – Minera Mexicana el Rosario

The Company has certain contingent payments in relation to the acquisition of MMR in 2022 as follows:

i. $500,000 upon GSilver producing 2,500,000 ounces of silver from the purchased MMR assets.
ii. $750,000 if the price of silver closes at or above US$27.50 per ounce for 30 consecutive days within two years after closing.
iii. $750,000 if the price of silver closes at or above US$30.00 per ounce for 30 consecutive days within three years after closing.

On November 7, 2023, the Company reached an agreement with the bankruptcy trustee representing Great Panther to offset any contingent payments with the working capital adjustment receivable owed by Great Panther. As a result, no contingent payment liability has been recorded at December 31, 2023 (December 31, 2022 - $1,097,789). During the year, the Company recognized a gain of $16,887 on the revaluation of the contingent payment liability prior to settlement, which was recorded in Other operating expense (income) (December 31, 2022 – loss of $269,478) and recorded a gain on settlement of $8,659 in Other operating expense (income) (December 31, 2022 – nil).

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Fair value measurement and valuation techniques

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

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

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

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

Financial asset or liability	Methods and assumptions used to estimate fair value
Trade receivables	Trade receivables arising from the sales of metal concentrates are subject to provisional pricing, and the final selling price is adjusted at the end of a quotational period. These are marked to market at each reporting date based on the forward price corresponding to the expected settlement date.
Forward contracts (other assets)	The Company determines the value of the Forward contracts using quoted prices. Fair value changes are charged to profit and loss.
Ocean Partners loans	The fair value of the loan was estimated using the discounted cash flow method at a rate that equates to a comparable current market interest rate.
OCIM loan	The fair value of the loan was estimated using the discounted cash flow method at a rate that equates to a comparable current market interest rate.
Embedded Derivative	Valued using inputs derived from observable market data, including quoted commodity forward prices.
Vehicle loans	The carrying values of vehicle loans approximate their fair values as a result of relatively unchanged interest rates since inception of the loans.
Other current liabilities	The fair value of the contingent liabilities where payment is contingent on the price of gold and silver was estimated using the Monte-Carlo averaging simulation technique on simulated gold and silver prices. The fair value of the contingent liability where payment is contingent on achieving production milestones was estimated using the discounted cash flow method and an assigned probability of the achievement of the production milestones.

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

During the year ended December 31, 2023, and 2022, there were no transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy.

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

December 31, 2022	Fair value through profit or loss	Amortized cost	Total	Level 1	Leve l2	Carrying value approximates Fair Value
	$	$	$	$	$	$
Financial assets measured at Fair Value						
Trade receivables from sale of concentrate	3,857,355	-	3,857,355	-	3,857,355	-
	3,857,355	**-**	**3,857,355**	**-**	**3,857,355**	**-**
Financial assets not measured at Fair Value						
Cash and cash equivalents	-	8,832,936	8,832,936	-	-	8,832,936
VAT and Other receivables	-	9,073,024	9,073,024	-	-	9,073,024
	-	**17,905,960**	**17,905,960**	**-**	**-**	**17,905,960**
Financial liabilities measured at Fair Value						
Other current liabilities	(3,403,491)	-	(3,403,491)	-	(3,403,491)	-
Derivative	(155,179)	-	(155,179)	-	(155,179)	-
	(3,558,670)	**-**	**(3,558,670)**	**-**	**(3,558,670)**	**-**
Financial liabilities not measured at Fair Value						
Accounts payable and accrued liabilities	-	(12,532,916)	(12,532,916)	-	-	(12,532,916)
Vehicle loan	-	(118,220)	(118,220)	-	-	(118,220)
OCIM Loan	-	(7,108,524)	(7,108,524)	-	-	(7,108,524)
Ocean Partners Loans	-	(9,106,182)	(9,106,182)	-	-	(9,106,182)
	-	**(28,865,842)**	**(28,865,842)**	**-**	**-**	**(28,865,842)**

RISKS AND UNCERTAINTIES

The Company is exposed to many risks in conducting its business, including but not limited to: metal price risk as the Company derives its revenue from the sale of silver and gold; trading and credit risk in the normal course of dealing with other companies; foreign exchange risk as the Company reports its financial statements in USD dollars whereas the Company operates in Canada and Mexico that utilize the Canadian dollar and Mexican Peso, respectively; the risk of not being able to obtain financing from external sources; risks relating to cyber security; the inherent risk of uncertainties in estimating mineral reserves and mineral resources; political, economic and social risks related to conducting business in jurisdictions such as Canada, and Mexico; environmental and permitting regulation; risks related to its relations with employees and local communities where the Company operates, and risks relating to potential resurgence of COVID-19, which has to date resulted in profound health and economic impacts globally and which presents future risks and uncertainties that are largely unknown at this time. Certain of these risks are described below and are more fully described in GSilver's Annual Information Form (available on SEDAR at www.sedarplus.ca). Readers are encouraged to refer to these documents for a more detailed description of some of the risks and uncertainties inherent to GSilver's business.

Financial risk management

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

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

Commodity price risk

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

The following table summarizes the effect on provisionally priced sales and accounts receivables of a 10% change in metal prices from the realized prices used at December 31, 2023:

Metal	Change	Effect on Sales $
Silver	+/- 10%	1,244,642
Gold	+/- 10%	1,172,599
Lead	+/- 10%	96,568
Zinc	+/- 10%	124,955

Credit 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 mines, it may not be economically feasible to continue production.

As of	December 31, 2023	December 31, 2022
	$	$
Cash and cash equivalents	**1,956,616**	8,832,936
Trade receivables	**3,350,036**	3,857,355
VAT recoverable	**10,066,458**	7,398,102
Other receivables	**885,438**	1,504,922
	16,258,548	21,593,315

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives.

The Company enters into contracts that give rise to commitments in the normal course of business. The following table summarizes the remaining contractual maturities of the Company's financial liabilities, operating and capital commitments, shown in contractual undiscounted cash flows, including interest, at December 31, 2023:

	Expected payments by year as at December 31, 2023			
	Less than 1 year	1 -5 years	After 5 years	Total
	$	$	$	$
Trade and other payables	23,783,235	-	-	23,783,235
Loans	10,273,131	4,929,111	-	**15,202,242**
Lease obligations	1,907,662	740,363	39,956	**2,687,981**
Other liabilities	2,228,667	-	40,323,353	**42,552,020**
Total	**38,192,695**	**5,669,474**	**40,363,309**	**84,225,478**

Interest rate risk

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

The Company's interest rate risk principally arises from the interest rate impact on interest charged on its loan payable and lease liability. The Company's lease liability is subject to fixed interest rates thus any changes in external interest rates would not result in a significant impact on the Company's net loss. A portion of the Company's loans are variable and linked to SOFR. Based on the Company's interest rate exposure at December 31, 2023, a change of 25 basis points increase or decrease of market interest rate does not have a significant impact on net loss.

Currency risk –

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

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

As at December 31, 2023	Canadian dollars	Mexican pesos
Cash and cash equivalents	502,864	15,737,888
Amounts receivable	-	231,417,105
Other Assets	199,435	-
Accounts payable and accrued liabilities	(579,096)	(393,665,773)
Current portion of loan liabilities	-	(3,151,556)
Current portion of lease liabilities	(81,069)	(29,125,059)
Lease liabilities	(133,320)	(8,288,655)
Provision for reclamation and rehabilitation	-	(334,385,807)
Total foreign currency exposure	(91,186)	(521,461,857)
US$ equivalent of foreign currency exposure	(68,944)	(30,880,224)

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%	(6,144)
Mexican pesos	+/- 10%	2,812,951

Climate Change

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

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

Calculation of Reserves and Resources and Precious Metal Recoveries

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

Economic Conditions for Mining

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

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

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

Assurance on Financial Statements

The Company prepares the financial reports in accordance with accounting policies and methods prescribed by IFRS. In the preparation of financial reports, management may need to rely upon assumptions, make estimates or use their best judgement in determining the financial condition of the Company. Material accounting policy information, and practices are described in more detail in the notes to the annual consolidated financial statements for the year ended December 31, 2023. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported, the Company has implemented and continues to analyze the internal control systems for financial reporting.

MATERIAL ACCOUNTING POLICY INFORMATION AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Readers should also refer to Note 3 of the December 31, 2023, consolidated financial statements, for the Company's summary of material accounting policy information.

Changes in Accounting Standards

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments— Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information." Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

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

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty."
The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

• A change in accounting estimate that results from new information or new developments is not the correction of an error.
• The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments were applied effective January 1, 2023, and did not have a material impact on the Company's consolidated financial statements.

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)

The amendments clarify that companies are required to recognize deferred taxes on transactions where both assets and liabilities are recognized, such as with leases and decommissioning liabilities.

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

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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