Management's Discussion and Analysis

For the three months ended March 31, 2023

Introducing the Women of Guanajuato Silver

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

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements of Guanajuato Silver Company Ltd. ("GSilver" or the "Company"), for the three months ended March 31, 2023, and the related notes contained therein (the "Financial Statements") which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the Company's audited consolidated financials statements for the year ended December 31, 2022. 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.sedar.com. 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 May 24, 2023, 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 member of the Australasian Institute of Mining and Meallurgy (AusIMM – Registration Number 220979), VP of Exploration 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 resources and/or reserves through acquisitions and/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 our 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 newly acquired Valenciana, San Ignacio and Topia mines in accordance with the Company's budgeted costs, timing and expectations including the restart of the Cata processing plant; (7) the ability of the Company to successfully integrate, where applicable, its recently acquired 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; (8) the ability of the Company to improve production efficiency and grades at its newly acquired Topia mine and processing plant; (9) 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; (10) certain price assumptions for gold, silver, zinc, lead and other metals; (11) prices for and availability of equipment, labor, natural gas, fuel oil, electricity, water and other key supplies remaining consistent with current levels; (12) the ability of the Company to generate positive cash flow from operations and the timing thereof, (13) labor and materials costs increasing on a basis consistent with the Company's current expectations; (14) the availability and timing of additional financing being consistent with the Company's current expectations; (15) the Company's ability to obtain regulatory approvals and permits in a timely manner and on terms consistent with current expectations; (16) political developments in Mexico including, without limitation, the implementation of new mining laws and related regulations being consistent with the Company's current expectations; (17) 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; (18) 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 (19) 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 resources and/or 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 continued spread and severity of COVID-19, the ongoing war in Ukraine, 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 our other filings with applicable securities regulators in Canada including, but not limited to, the Financial Statements and the Company's most recently filed 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 May 24, 2023.

(The women of GSilver on International Women's Day in Guanajuato City, Mexico)

Guanajuato Silver CO LTD

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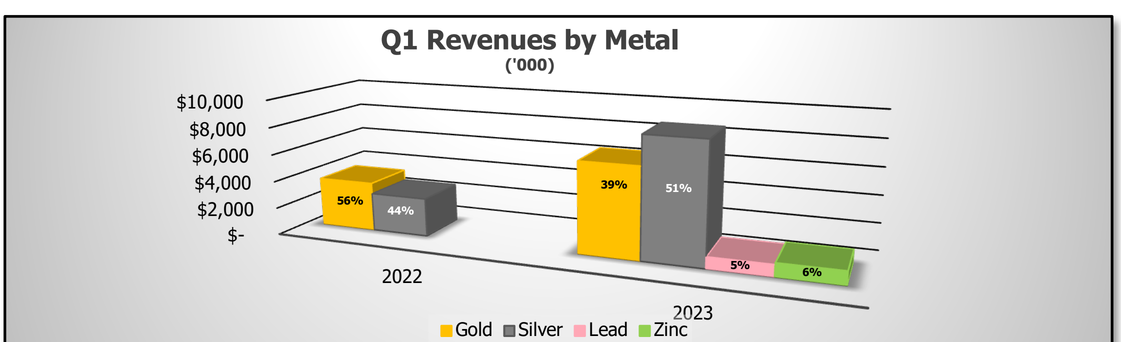
Lisa Dea, Chief Financial Officer

OPERATING AND FINANCIAL HIGHLIGHTS

Commercial production at the El Cubo Mines Complex ("CMC") commenced on October 1, 2021. The Valenciana Mines Complex ("VMC"), which includes the San Ignacio mine 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 and the Valenciana mines recommenced production in August 2022. Recommissioning of the Cata plant began in December 2022 with processing at the plant commencing in January 2023.

CONSOLIDATED	Three Months Ended March 31 2023	Three Months Ended March 31 2022	% Change
Operating			
Tonnes mined	162,116	81,338	99%
Tonnes milled	160,182	86,288	86%
Silver ounces produced	458,803	125,423	266%
Gold ounces produced	4,413	1,880	135%
Lead produced (lbs)	906,696	-	100%
Zinc produced (lbs)	1,153,138	-	100%
Silver equivalent ("Ag/Eq") ounces produced(1)	938,047	275,823	240%
Silver ounces sold	474,954	134,281	254%
Gold ounces sold	4,586	2,007	129%
Lead sold (lbs)	955,441	-	100%
Zinc sold (lbs)	1,242,389	-	100%
Ag/Eq ounces sold(1)	969,603	294,842	229%
Cost per tonne ($)(5)	98.16	64.32	53%
Cash cost per Ag/Eq ounce ($) (1)(2)(5)	17.06	20.24	(16%)
AISC per Ag/Eq ounce ($) (1)(3)(5)	21.83	25.79	(16%)
Financial	**$**	**$**	
Revenue	17,118,424	6,386,638	168%
Cost of Sales	20,269,116	8,123,761	150%
Mine operating loss	(3,150,692)	(1,737,123)	81%
Mine operating cashflow before taxes(7)	187,214	12,634	1,382%
Net loss	(8,699,078)	(4,939,152)	76%
EBITDA(4)(5)	(4,093,976)	(2,503,405)	64%
Adjusted EBITDA(4)(5)	(3,482,463)	(2,059,596)	69%
Realized silver price per ounce(6)	22.50	23.97	(6%)
Realized gold price per ounce(6)	1,890.60	1,864.26	1%
Realized lead price per pound(6)	0.96	-	100%
Realized zinc price per pound(6)	1.42	-	100%
Working capital(5)	(11,029,888)	(1,198,721)	820%
Shareholders			
Loss per share – basic and diluted	$(0.03)	$(0.02)	35%
Weighted Average Shares Outstanding	322,849,823	224,556,314	44%

1. Silver equivalents are calculated using an 83.78:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q1 2023; an 81.35:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio and an 80:1 (Ag/Au) ratio for Q1 2022, respectively.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 33.
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 33.
4. See Reconciliation of earnings before interest, taxes, depreciation, and amortization on page 32.
5. See "Non-IFRS Financial Measures" on page 32.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.
7. Mine operating cash flow before taxes is calculated by adding back depreciation, depletion, and inventory write-downs to mine operating loss. See Reconciliation to IFRS on page 32.



Guanajuato Silver Co Ltd

CONSOLIDATED	Three Months Ended March 31 2023	December 31 2022	September 30 2022	June 30 2022	March 31 2022	December 31 2021
Operating						
Tonnes mined	162,116	131,543	107,379	90,045	81,338	89,082
Tonnes milled	160,182	131,341	107,009	94,212	86,288	77,524
Silver ounces produced	458,803	401,244	329,298	155,912	125,423	124,750
Gold ounces produced	4,413	3,907	3,226	2,161	1,880	1,440
Lead produced (lbs)	906,696	811,492	537,608	-	-	-
Zinc produced (lbs)	1,153,138	1,261,554	677,127	-	-	-
Silver equivalent ("Ag/Eq") ounces produced[1]	938,047	836,375	700,264	337,760	275,823	235,609
Silver ounces sold	474,954	405,384	311,754	159,840	134,281	105,203
Gold ounces sold	4,586	3,865	2,997	2,195	2,007	1,179
Lead sold (lbs)	955,441	846,281	504,408	-	-	-
Zinc sold (lbs)	1,242,389	1,600,811	273,327	-	-	-
Ag/Eq ounces sold[1]	969,603	866,319	628,256	342,987	294,842	199,526
Cost per tonne ($)[5]	98.16	98.30	90.37	60.89	64.32	63.35
Cash cost per Ag/Eq ounce ($) [1][2][5]	17.06	15.55	13.86	17.08	20.24	20.36
AISC per Ag/Eq ounce ($) [1][3][5]	21.83	20.80	19.53	24.15	25.79	33.31
Financial	$	$	$	$	$	$
Revenue	17,118,424	15,487,714	8,871,863	6,133,989	6,386,638	4,116,811
Cost of Sales	20,269,116	15,635,542	12,213,604	7,790,285	8,123,761	6,350,863
Mine operating loss	(3,150,692)	(147,830)	(3,341,742)	(1,656,295)	(1,737,122)	(2,234,052)
Mine operating cashflow before taxes [7]	187,214	2,367,522	(350,164)	7,923	12,634	(965,211)
Net loss	(8,699,078)	(9,905,707)	(8,405,337)	(3,521,390)	(4,939,151)	(4,746,245)
EBITDA[4][5]	(4,093,976)	(5,997,153)	(4,192,955)	(1,132,278)	(2,503,405)	(2,858,086)
Adjusted EBITDA[4][5]	(3,482,463)	(2,129,871)	(2,758,286)	(2,244,593)	(2,059,594)	(2,538,978)
Realized silver price per ounce[6]	22.50	21.23	19.06	22.56	23.97	23.35
Realized gold price per ounce[6]	1,890.60	1,783.36	1,724.81	1,873.26	1,864.26	1,784.02
Realized lead price per pound[6]	0.96	0.92	0.86	-	-	-
Realized zinc price per pound[6]	1.42	1.42	1.44	-	-	-
Working capital[5]	(11,029,888)	(5,972,704)	(2,591,389)	(2,046,261)	(1,198,721)	1,670,108
Shareholders						
Loss per share – basic and diluted	$(0.03)	$(0.03)	$(0.03)	$(0.02)	$(0.02)	$(0.02)
Weighted Average Shares Outstanding	322,849,823	302,153,922	271,509,812	226,033,272	224,556,314	210,531,741

1. Silver equivalents are calculated using an 83.78:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q1 2023; an 81.35:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q4; 89.97:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.08:1 (Ag/Zn) ratio for Q3 2022; an 83.4:1 (Ag/Au) ratio for Q2 2022; and an 80:1 (Ag/Au) ratio for Q1 2022 and Q4 2021, respectively.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 33.
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 33.
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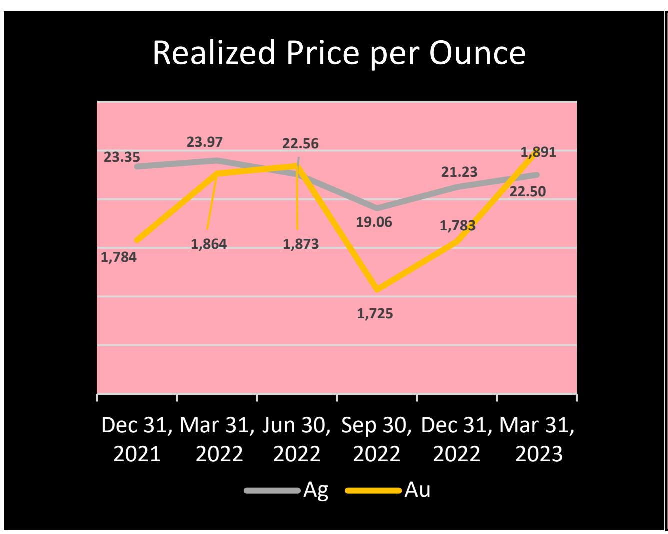
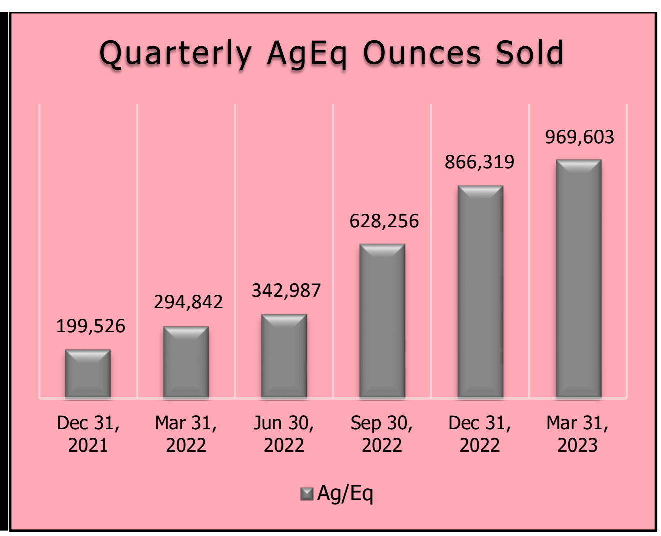
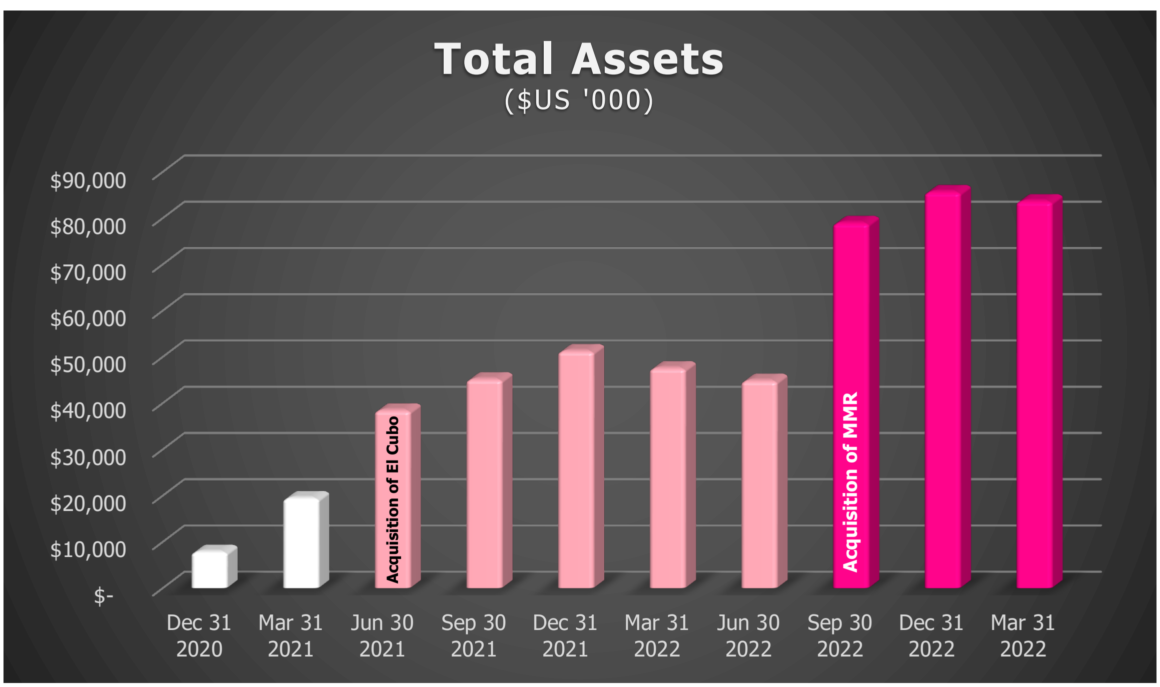




(From left to right: Clara Castillo, Dulce Rodriguez and Patricia Hernandez, Maintenance Planners)

The above highlights are key measures used by management; however, they should not be the sole measures used in determining the performance of the Company's operations.

As at	March 31 2023	December 31 2022
	$	$
Cash and cash equivalents	5,275,004	8,832,936
Total assets	83,672,341	85,648,898
Debt	22,406,305	23,832,319
Shareholders' equity	25,313,701	32,511,787



COMPANY HISTORY, OVERVIEW & STRATEGY

Guanajuato Silver or "GSilver" 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, which includes the nearby San Ignacio mine ("San Ignacio"); 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 the Acquis Exchange in London, England under the symbol "GSVR" 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 three months ended March 31, 2023, the Company generated a mine operating loss of $3,150,692, a net loss of $8,699,078 and negative cash flows from operating activities of $2,098,765, and has an accumulated deficit of $84,926,209 and current liabilities that exceed its current assets by $11,029,888 as at March 31, 2023. These factors give rise to material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows from operations and/or to obtain additional financing. Management is of the opinion that sufficient funds will be obtained from operations and/or from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that cash flows from operations or additional financing will not be available on a timely basis or on terms acceptable to the Company.

The Company has historically funded its acquisition, exploration and development activities through equity financings and debt facilities. The Company may choose to fund additional capital requirements through equity, debt, convertible debentures, or other financings, on an as-needed basis, in order facilitate growth or fund operations until the Company achieves positive cash flow.

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. Our commitment to ESG values is not only fundamental to our business strategy but also critical to securing the trust and support of our 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.

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

Health and culture

- Drug abuse prevention progams in the local community
- Support 2 health clinics adjacent to Cubo and Valenciana
- Health and Environment Educational Programs for our personnel
- Restarting the Guanajuato Mining Museum at Valenciana

People and Community

- 14% of the entire Mexican operations workforce and 25% of the leadership team are female
- 100% of our operations are staffed by Mexican employees
- Engagement and collaboration with the University of Guanajuato, including an internship and social service program
- Improvement of local community buildings, homes and schools

Environmental Impact

- Ongoing reforestation and refuse cleanup campaigns
- Execution of environmental monitoring program for regulatory compliance
- 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

(Rosario Torres (left), Environmental Manager and Diana Castillo, Environmental Coordinator at the CMC Reforestation Day)

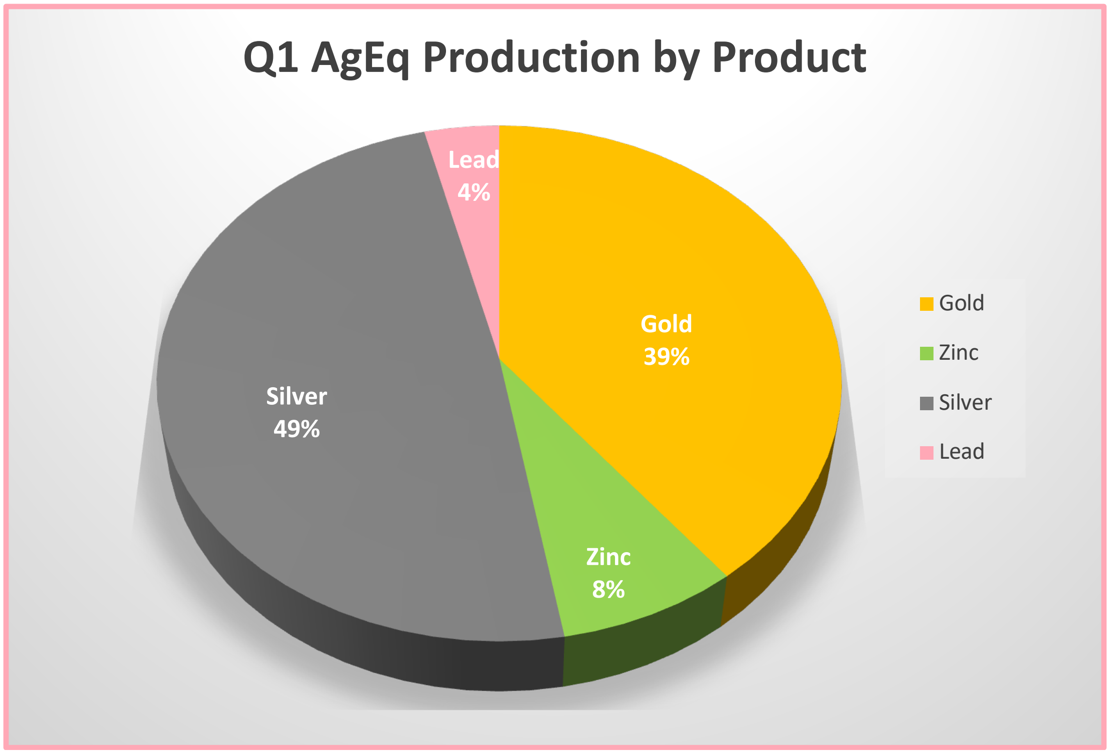
MINING OPERATIONS

CONSOLIDATED OPERATIONS

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

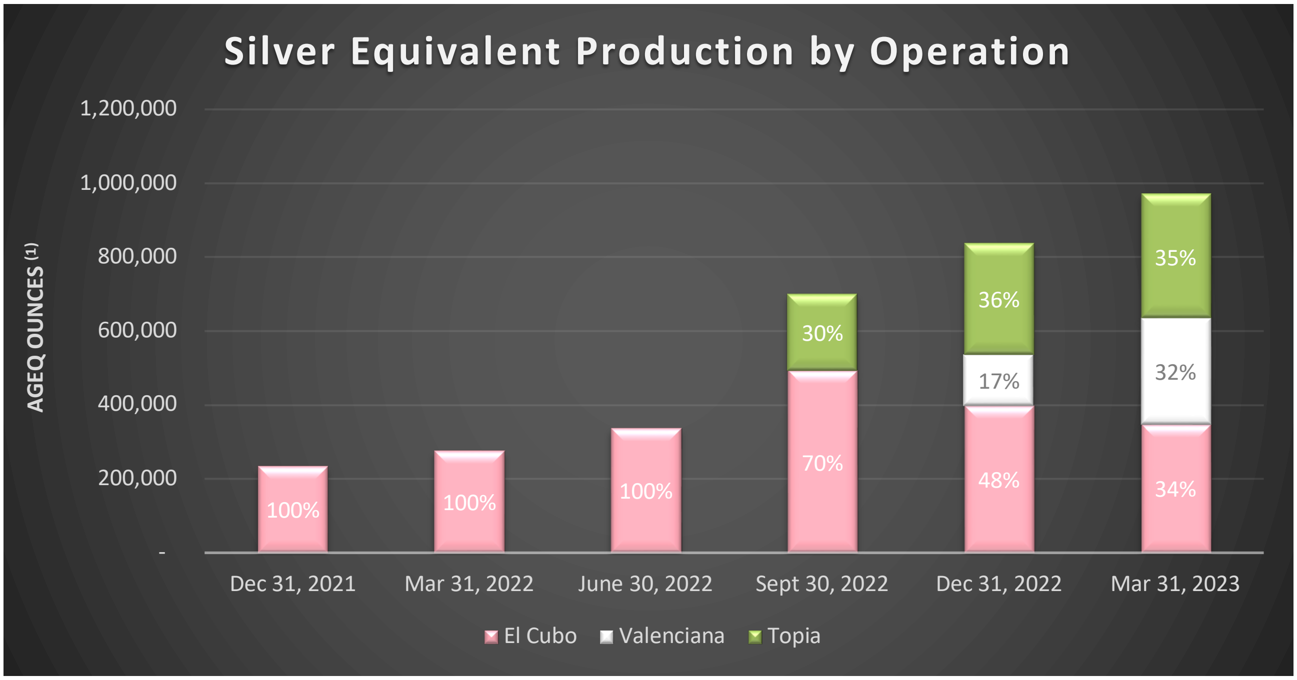
CONSOLIDATED	Three months ended March 31 2023	March 31 2022	% Change
Production			
Tonnes mined	162,116	81,338	99%
Tonnes milled	160,182	86,288	86%
Average tonnes milled per day	1,907	1,027	86%
Average silver grade (g/t)	104	61	71%
Average gold grade (g/t)	1.07	0.88	21%
Average silver recovery (%)	83.9	75.0	12%
Average gold recovery (%)	81.1	77.0	5%
Silver ounces produced	458,803	125,423	266%
Gold ounces produced	4,413	1,880	135%
Lead produced (lbs)	906,696	-	100%
Zinc produced (lbs)	1,153,138	-	100%
Ag/Eq ounces produced(1)	938,047	275,823	240%
Sales			
Silver ounces sold	474,954	134,281	254%
Gold ounces sold	4,586	2,007	128%
Lead sold (lbs)	955,441	-	100%
Zinc sold (lbs)	1,242,389	-	100%
Ag/Eq ounces sold	969,603	294,842	229%
Realized silver price per ounce ($)(6)	22.50	23.97	(6%)
Realized gold price per ounce ($)(6)	1,890.60	1,864.26	1%
Realized lead price per pound ($)(6)	0.96	-	100%
Realized zinc price per pound ($)(6)	1.42	-	100%
Costs			
Cash cost per Ag/Eq ounce ($)(3)(5)	17.06	20.24	(16%)
AISC per Ag/Eq ounce ($)(4)(5)	21.83	25.79	(15%)
Production cost per tonne ($)(2)(5)	98.16	64.32	53%
Capital expenditures			
Sustaining ($)	1,612,551	322,305	400%
Diamond Drilling			
El Cubo Mine (mts)	-	4,194	(100%)
San Ignacio Mine (mts)	1,455	-	100%
Topia Mine (mts)	630	-	100%

1. Silver equivalents are calculated using an 83.78:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q1 2023; an 81.35:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio and an 80:1 (Ag/Au) ratio for Q1 2022, respectively.
2. Production costs include mining, milling, and direct overhead at the operation sites See reconciliation on page 33.
3. Cash cost per silver equivalent ounce include mining, processing and direct overhead See reconciliation on page 33.
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 33.
5. See "Non-IFRS Financial Measures" on page 32.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.



	Three months ended March 31, 2023				Three months ended March 31, 2022	
	El Cubo Mines Complex	Valenciana Mines Complex	Topia	Consolidated	El Cubo Mines Complex	% Change
Tonnes mined	90,531	52,602	18,983	162,116	81,338	99%
Tonnes milled	89,000	51,653	19,529	160,182	86,288	86%
Silver ounces produced	136,847	142,220	179,736	458,803	125,423	266%
Gold ounces produced	2,140	1,848	424	4,413	1,880	135%
Lead produced (lbs)	-	-	906,696	906,696	-	100%
Zinc produced (lbs)	-	-	1,153,138	1,153,138	-	100%
Silver equivalent (“Ag/Eq”) ounces produced(1)	315,587	297,769	324,691	938,047	275,823	240%
Silver ounces sold	152,188	139,237	183,530	474,954	134,281	254%
Gold ounces sold	2,374	1,791	420	4,586	2,007	128%
Lead sold (lbs)	-	-	955,441	955,441	-	100%
Zinc sold (lbs)	-	-	1,242,389	1,242,389	-	100%
Ag/Eq ounces sold(1)	347,902	286,559	335,142	969,603	294,842	229%
Cost per tonne(5)	66.06	79.43	294.04	98.16	64.32	53%
Cash cost per Ag/Eq ounce(1)(2)(5)	18.75	13.86	18.35	17.06	20.24	(16%)
AISC per Ag/Eq ounce(1)(3)(5)	21.77	16.01	19.96	21.83	25.79	(15%)

1. Silver equivalents are calculated using an 83.78:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q1 2023; an 81.35:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio and an 80:1 (Ag/Au) ratio for Q1 2022, respectively.
2. Production costs include mining, milling, and direct overhead at the operation sites See reconciliation on page 33.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 33.
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 33.
5. See “Non-IFRS Financial Measures” on page 32.



1. Silver equivalents are calculated using 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; 89.97:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.08:1 (Ag/Zn) ratio for Q3 2022, and 83.4:1(Ag/Au), for Q2 2022 and 80:1(Ag/Au), for Q1 2022 and Q4, 2021, respectively.

Production

In the first quarter, the total production amounted to 938,047 ounces of silver equivalent, which is comprised of 458,803 ounces of silver, 4,413 ounces of gold, 906,696 pounds of lead, and 1,153,138 pounds of zinc. This represents a 240% increase in silver equivalent ounces compared to Q1 2022. Out of the total production, CMC accounted for 315,587 silver equivalent ounces, which is 34% of the total production, VMC contributed 297,769 ounces of equivalent silver, representing 32% of the total production, while Topia added 324,691 silver equivalent ounces, making up the remaining 35%.

The 240% increase in consolidated silver equivalent production in the three months ended March 31, 2023, compared to same period of prior year, is mainly driven by a 14% increase in production at CMC, due to a 3% increase in throughput, an 11% increase in average silver recovery, and a 12% increase in average gold recovery along with the the additional production of 297,769 silver equivalent ounces from VMC and 324,691 silver equivalent ounces from Topia.

The Company's three plants processed a consolidated 160,182 tonnes of ore with average grades of 104 grams per tonne ("g/t") for silver and 1.07 g/t for gold. Compared to prior year same quarter's performance of 86,288 tonnes at average grades of 61 g/t of silver and 0.88 g/t of gold, this represents and increased of 86% in tonnes processed, 71% increase in average silver grades and 21% increase in average gold grades. Average silver and gold recoveries increased by 12% and 5% respectively.

However, although total Q1 2023 production increased over Q1 2022 and Q4 2022 (836,375 silver equivalent ounces produced in Q4), production for the three months ended March 31, 2023 was impacted by a regulatory inspection by the Secretaria del Trabajo (Ministry of Labour) at the Villalpando and Santa Cecelia mines. During the inspection, a refuge shelter was required to be installed and certain upgrade work was identified and deemed necessary for dust control at the crushing plant to ensure best practices were being adhered to in the Company's mining operations. Consequently, the Company took measures to address these requirements, resulting in the temporary closure of the Villalpando and Santa Cecelia mines for 7 days in Q1 2023. To mitigate the impact caused by this temporary closure, the Company transferred equipment and personnel and began mining at the San Nicolas, Dolores and the Los Panchos mine areas. Additionally, the Company also processed chorros (mineralized material that had been left behind as back fill by previous operators) from the San Nicolas and Dolores mines through the CMC plant; however, it should be noted that the chorros material had a lower grade, contributing to a decrease in the number of silver equivalent ounces produced. The inspection of the Villalpando and Santa Cecelia mines is ongoing, final resolution from the Secretaria del Trabajo is expected, and the Company does not anticipate a significant impact to production in Q2 as both mines have re-opened and production from the mines has recommenced with the dust control system at the crushing plant having been installed.

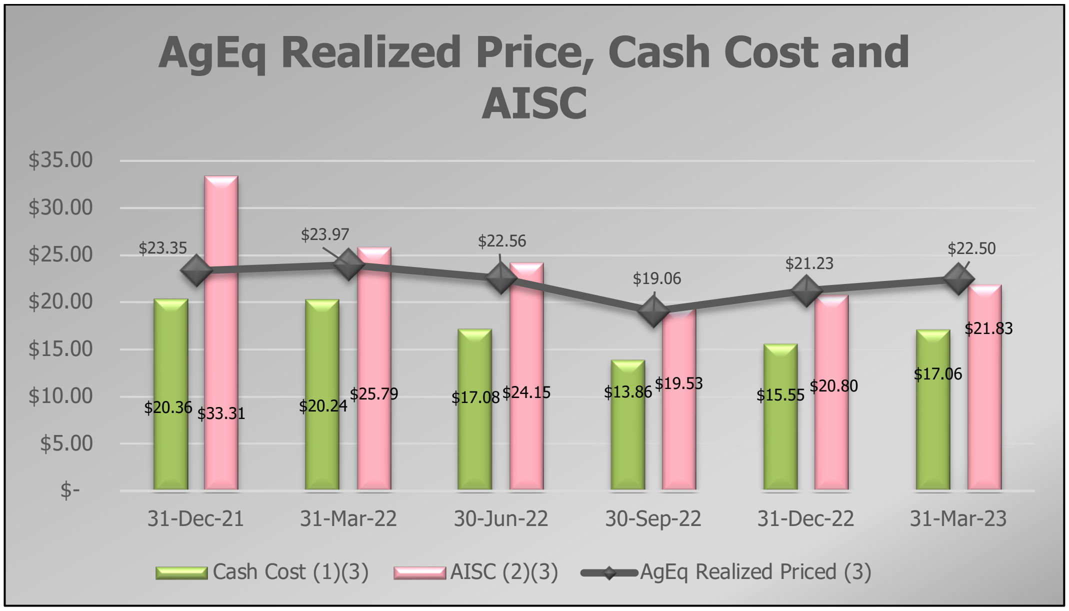
Cash Cost and All-In Sustaining Cost per Ounce

During the first quarter of 2023, there was a significant increase in production costs, with costs per tonne rising by 66% to $98.16 compared to $64.32 in the corresponding period of 2022. This notable increase can be primarily attributed to the incorporation of production costs from VMC, as well as the particularly impactful inclusion of Topia mine costs.

Guanajuato Silver CO LTD

The ramping up of production at VMC during Q1 2023, along with the significantly higher production cost per tonne for the Topia mine contributed to the overall higher average production cost per tonne, playing a key role in driving up the production cost during this period.

Cash cost and All-in Sustaining Cost ("AISC") per Ag/Eq ounce produced for the quarter was $17.06 and $21.83 respectively, which represents a decrease of 16% and 15%, respectively, compared to Q1 2022 of $20.24 and $25.79 respectively, and is primarily due to a 14% increase in AgEq ounces produced at CMC in Q1 2023 over Q1 2022 combined with 622,460 AgEq ounces produced from VMC and Topia (see "Non-IFRS Financial Measures" on page 32).



1. Cash cost per silver equivalent ounce include mining, processing and direct overhead See reconciliation on page 33.
2. 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 33.
3. See "Non-IFRS Financial Measures" on page 32.

(Davinia Rios, Executive Administrative Assistant)

(Dulce Moreno, Mine Operator at CMC)

(Dulce Rodriguez (left), Maintenance Planner and Nanci Yebra, Maintenance Programmer at VMC)

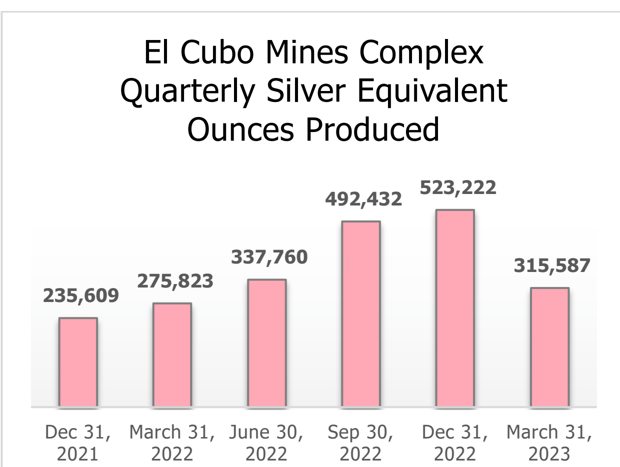
Guanajuato Silver CO LTD

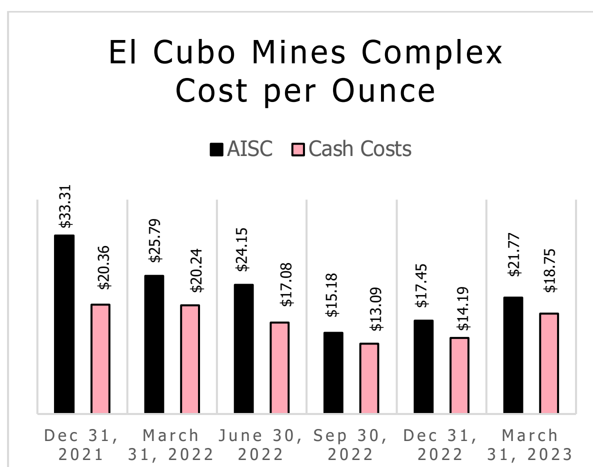
EL CUBO MINES COMPLEX OPERATIONS

Operating results were as follows:

	Three months ended March 31 2023	Three months ended March 31 2022	% Change
Production			
Tonnes mined	90,531	81,338	11%
Tonnes milled	89,000	86,288	3%
Average tonnes milled per day	1,060	1,027	3%
Average silver grade (g/t)	57	61	(6%)
Average gold grade (g/t)	0.87	0.88	(1%)
Average silver recovery (%)	83.5	75.0	11%
Average gold recovery (%)	85.9	77.0	12%
Silver ounces produced	136,847	125,423	9%
Gold ounces produced	2,140	1,880	14%
Ag/Eq ounces produced(1)	315,587	275,823	14%
Sales			
Silver ounces sold	152,188	134,281	13%
Gold ounces sold	2,374	2,007	18%
Ag/Eq ounces sold	347,902	294,842	18%
Realized silver price per ounce ($)(6)	22.72	23.97	(5%)
Realized gold price per ounce ($)(6)	1,891.72	1,864.26	1%
Costs			
Cash cost per Ag/Eq ounce ($)(3)(5)	18.75	20.24	(7%)
AISC per Ag/Eq ounce ($)(4)(5)	21.77	25.79	(16%)
Production cost per tonne ($)(2)(5)	66.06	64.32	3%
Capital expenditures			
Sustaining ($)	704,247	322,305	119%
Diamond Drilling			
CMC (mts)	-	4,194	(100%)

1. Silver equivalents are calculated using an 83.78:1 (Ag/Au) ratio for Q1 2023; and an 80:1 (Ag/Au) ratio for Q1 2022, respectively.
2. Production costs include mining, milling, and direct overhead at the operation sites. See reconciliation on page 33.
3. Cash cost per silver equivalent ounce include mining, processing and direct overhead. See reconciliation on page 33.
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 33.
5. See "Non-IFRS Financial Measures" on page 32.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.





Production

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

In the first quarter of 2023, the total production of silver equivalent ounces amounted to 315,587, marking a 14% increase from the 275,823 recorded in the comparable 2022 quarter. This improvement can be attributed to several factors. First, there was a 3% rise in plant throughput from 86,288 tonnes in Q1 2022 to 89,000 tonnes in Q1 2023. Second, silver and gold recoveries contributed to the improvement, with silver recoveries increasing by 11% (from 75.0% to 83.5%) and gold recoveries increasing by 12% (from 77.0% to 85.9%) from Q1 2022 to Q1 2023. Average silver grade experienced a 6% decrease from 60.5 g/t to 57.15 g/t, while the average gold grade remained almost the same 0.88 g/t to 0.87 g/t between Q1 2022 and Q1 2023 mainly because 52% of production came from low grade mineralized material from the chorros at the Dolores and San Nicolas mines due to the temporary closures of the Villalpando and Santa Cecilia mines (See "Consolidated Operations – Production" on page 6).

Cash Cost and All-In Sustaining Cost per Ounce (see "Non-IFRS Financial Measures" on page 32).

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

Production costs increased 3% to $66.06 per tonne in the first quarter of 2023 from $64.32 per tonne in the same period in 2022. The increased costs at CMC were a result of two factors: 25% higher milling cost and a 30% increase in indirect costs. Several factors contributed to the increase in milling costs, firstly there was a 6.4% increase in the price per kilowatt ("kw") for energy; secondly, 133,038 kw of more energy was consumed due to 2,712 more tonnes milled at CMC in Q1 2023 over Q1 2022; lastly, an additional 404,060 kw in energy was consumed due to several plant stoppages and restarts as a result of the temporary closures of the Villalpando and Santa Cecilia mines and the usage of a mobile crushing circuit. The increased indirect cost at CMC is mainly due to increased transportation, union payments and benefits with the addition of approximately 100 employees hired to replace mining contractors.

Cash costs per silver equivalent ounce for the three months ended March 31, 2023, decreased 7% to $18.75 compared to the three months ended March 31, 2022, of $20.24 mainly due to an increase of 14% in silver equivalent ounces.

AISC decreased 16% to $21.77 per ounce in this quarter from $25.79 per ounce in Q1 2022, mainly due to a reduction of cash cost offset by the addition of lease payment and higher sustaining capital because of the addition of a Falcon concentrator and mine preparation work.

(Daniela Resendiz, Plant Supervisor at the CMC plant)

(Liliana Barron, Health & Safety Superintendent at CMC)

Guanajuato Silver CO LTD

VALENCIANA MINES COMPLEX OPERATIONS

Operating results were as follows:

VALENCIANA MINES COMPLEX	Three months ended March 31, 2023	Three months ended March 31, 2022	% Change
Production			
Tonnes mined	52,602	-	100%
Tonnes milled	51,653	-	100%
Average tonnes milled per day	615	-	100%
Average silver grade (g/t)	104	-	100%
Average gold grade (g/t)	1.36	-	100%
Average silver recovery (%)	82.0	-	100%
Average gold recovery (%)	81.8	-	100%
Silver ounces produced	142,220	-	100%
Gold ounces produced	1,848		100%
Ag/Eq ounces produced[1]	297,769	-	100%
Sales			
Silver ounces sold	139,237	-	100%
Gold ounces sold	1,791	-	100%
Ag/Eq ounces sold	286,559	-	100%
Realized silver price per ounce ($)[6]	22.30	-	100%
Realized gold price per ounce ($)[6]	1,888.59	-	100%
Costs			
Cash cost per Ag/Eq ounce ($)[3][5]	13.86	-	100%
AISC per Ag/Eq ounce ($)[4][5]	16.01	-	100%
Production cost per tonne ($)[2][5]	79.43	-	100%
Capital expenditures			
Sustaining ($)	459,411	-	100%
Diamond Drilling			
San Ignacio Mine (mts)	1,455	-	100%

1. Silver equivalents are calculated using an 83.78:1 (Ag/Au) ratio for Q1 2023; and an 80:1 (Ag/Au) ratio for Q1 2022, respectively.
2. Production costs include mining, milling, and direct overhead at the operation sites See reconciliation on page 33.
3. Cash cost per silver equivalent ounce include mining, processing and direct overhead See reconciliation on page 33.
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 33.
5. See "Non-IFRS Financial Measures" on page 32.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.

Production

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

During the three months ended March 31,2023, the Company produced 297,769 silver equivalent ounces, consisting of 142,220 ounces of silver and 1,848 ounces of gold. Total mineralized material processed amounted to 51,653 tonnes during the quarter. Silver grades in the first quarter averaged 104 g/t, gold grades averaged 1.36 g/t. Average metallurgical recoveries in the quarter were at 82.0% for silver and 81.8% for gold, in line with management expectations.

The Company continued processing at almost 20,000 tonnes per month during the three months ended March 31, 2023 and is on track to ramp up to the full capacity at the Cata mill of 36,000 tonnes per month by the end of 2023.

Cash Cost and All-In Sustaining Cost per Ounce (see "Non-IFRS Financial Measures" on page 32).

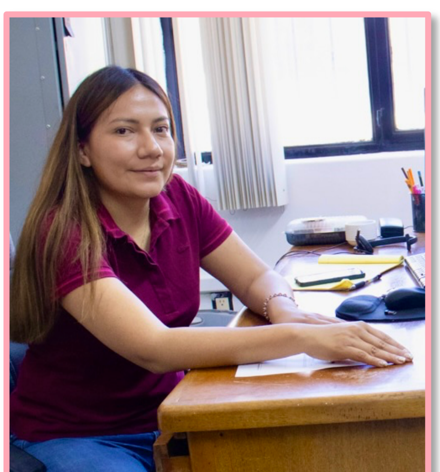
Three months ended March 31, 2023 (compared to the three months ended March 31, 2022)

Production cost per tonne was $79.43 during the three months ended March 31, 2023, where mining cost was $46.80, processing cost was $14.25 and indirect cost was $18.38. The Company will continue with the implementation of various projects over the next 12 months to improve production and reduce costs at the mine processing plant and indirect cost.

Cash cost and All-In Sustaining cost per AgEq ounce produced for the quarter were $13.86 and $16.01, respectively, in line with expectation, and primarily due to the initial work related to ramping-up operations.

(Dania Gomez, Supervisor of Metallurgical Investigations)

Lidia Rojas, Laboratory Assayer)



(Fernanda Espinoza, Superintendant of Geology and Exploration)

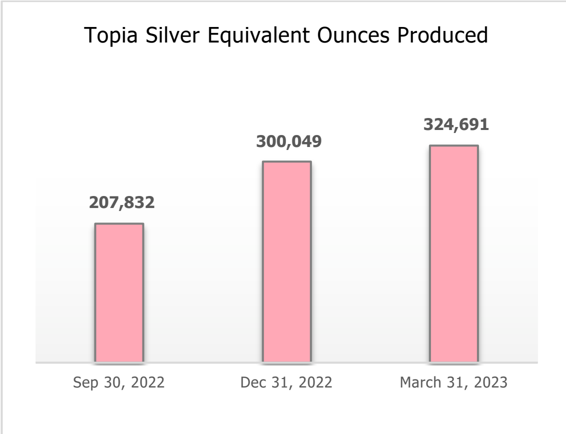
Guanajuato Silver CO LTD

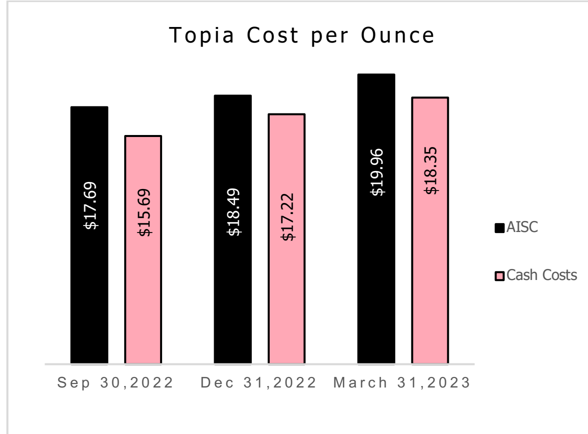
TOPIA MINES COMPLEX

Operating results were as follows:

	Three months ended March 31, 2023	March 31, 2022	Change Q3 vs Q2
Production			
Tonnes mined	18,983	-	100%
Tonnes milled	19,529	-	100%
Average tonnes milled per day	232	-	100%
Average silver grade (g/t)	314	-	100%
Average gold grade (g/t)	1.18	-	100%
Average lead grade (%)	2.42	-	100%
Average zinc grade (%)	3.21	-	100%
Average silver recovery (%)	91.1	-	100%
Average gold recovery (%)	57.7	-	100%
Average lead recover (%)	87.1	-	100%
Average zinc recovery (%)	83.5	-	100%
Silver ounces produced	179,736	-	100%
Gold ounces produced	424	-	100%
Lead produced (lbs)	906,696	-	100%
Zinc produced (lbs)	1,153,138	-	100%
Ag/Eq ounces produced(1)	324,691	-	100%
Sales			
Silver ounces sold	183,530	-	100%
Gold ounces sold	420	-	100%
Lead sold (lbs)	955,441	-	100%
Zinc sold (lbs)	1,242,389	-	100%
Ag/Eq ounces sold	335,142	-	100%
Realized silver price per ounce ($)(6)	22.47	-	100%
Realized gold price per ounce ($)(6)	1,893.19	-	100%
Realized lead price per pound ($)(6)	0.96	-	100%
Realized zinc price per pound ($)(6)	1.42	-	100%
Costs			
Cash cost per Ag/Eq ounce ($)(3)(5)	18.35	-	100%
AISC per Ag/Eq ounce ($)(4)(5)	19.96	-	100%
Production cost per tonne ($)(2)(5)	294.04	-	100%
Capital expenditures			
Sustaining ($)	448,893	-	100%
Diamond Drilling			
Topia Mine (mts)	630	-	100%

1. Silver equivalents are calculated using an 83.78:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q1 2023; an 81.35:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio and an 80:1 (Ag/Au) ratio for Q1 2022, respectively.
2. Production costs include mining, milling, and direct overhead at the operation sites See reconciliation on page 33.
3. Cash cost per silver equivalent ounce include mining, processing and direct overhead See reconciliation on page 33.
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 33.
5. See "Non-IFRS Financial Measures" on page 32.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.





Production

During the three months ended March 31,2023, the Company produced 324,691 silver equivalent ounces, consisting of 179,736 ounces of silver, 424 ounces of gold, 906,696 pounds of lead and 1,153,138 pounds of zinc. Total mineralized material processed amounted to 19,529 tonnes.

Silver grades in the first quarter averaged 314 g/t, gold grades averaged 1.20 g/t, lead grades averaged 2.41% and zinc grades averaged 3.20%. Average metallurgical recoveries in the quarter were 91.1% for silver, 57.7% for gold, 87.1% for lead and 83.5% for zinc.

Cash Cost and All-In Sustaining Cost per Ounce (see "Non-IFRS Financial Measures" on page 32).

Cash cost and All-In Sustaining cost per AgEq ounce produced for the quarter were $18.35 and $19.96.

(Xóchitl Segura, Superintendent of Community Relations on the day of the Three Kings)

(Rocio Cota, Community Relations Manager on Children's Day)

DEVELOPMENT ACTIVITIES

EL CUBO MINES COMPLEX

At the anticipated run rate of 30,000 tonnes per month at the CMC mill, there is current tailings capacity for approximately 5 years at four different dams at CMC. In order to expand the tailing capacity from 5 to over 15 years, the Company, after evaluating all the options, has decided to focus on constructing dry stacking for tailings storage. Dry stacking is a method of tailings storage that involves the removal of moisture from the tailings and then stacking them in a designated area. This method is considered to be more environmentally friendly than traditional tailing storage methods as it minimizes the water contamination and water usage, reduces the environmental footprint from tailings and improves overall safety. Dry stacking will provide the Company with a more sustainable and long-term solution for tailings storage at CMC. The technical and environmental studies, as well as advanced engineering for the dry stacking have been finalized, and the Company is awaiting final regulatory approval.

In mid-September 2022, the Company installed a Falcon concentrator (the "Falcon") at the CMC mill to improve the overall metallurgical recoveries, especially for free gold in the mineralization. The Falcon uses a combination of centrifugal force and fluidization to separate the gold and silver particles from the mineralized material. The process involves feeding the concentrator with mineralized material from the flotation circuit, and as the drum spins at high speed, the denser gold and silver migrates towards the outer edge of the drum and are trapped in grooves, while the lighter particles move towards the center which are then discharged and returned to the flotation process. Initially, feed from only one ball mill was processed through the concentrator which yielded positive results, with an additional 3% recovery on average and as a result, in April 2023, the Company consolidated the feed from all three of CMC's ball mills through the Falcon.

The Company's re-electrification of the Villalpando mine continues, after much of the copper electrical wiring had gone missing when the mine was on care and maintenance between November 2019 and when the Company acquired it in April 2021. Electrification is a crucial aspect of mine operations, as it enables the use of electric-powered equipment, which is generally more efficient and environmentally friendly than diesel-powered equipment. The electrification process is on track to be finalized in the second quarter of 2023, which will allow the Company to eliminate the use of most diesel generators in the mine. This is a significant development as diesel generators can contribute to air pollution and their use can lead to health hazards for workers. By eliminating the use of diesel generators, combined with the installation of the new exhaust fan, the Company has taken important steps towards improving the air quality of the mine and ensuring the health and safety of GSilver's workers.

Lastly, the Company has implemented longhole stoping bulk mining at Villalpando. Longhole stoping is used to extract mineralized material from an underground mine by drilling a pattern of closely spaced, parallel holes into the mineralized material and then blasting the mineralized material between the holes. This method of mining will be applied in stopes over 1.5 meters in width and this will allow the Company to increase production by approximately 25% in the production areas of the mine.

MASTRANTOS IV

The Mastrantos IV tailings facility ("Mastrantos IV") is located approximately 3km from the CMC mill and had an operational history dating principally between 1986 to 2003. In 2022, the Company completed 134 shallow drillholes, totalling 220.5 drilled meters (holes to approximately 2.0m depth), at Mastrantos IV with over 95% of the drillholes encountering significant mineralization. The 43,000 square meter target area at Mastrantos IV is a gold and silver mineralized layer starting at surface and extending to approximately 1.5 m in depth, with the majority of the value of this mineralization existing as free gold.

At the time Mastrantos IV was in operation the price of gold generally traded below $400 per ounce and most of the material came from the Santa Cecelia mine, which was encountering bonanza gold grades at the time. These combined circumstances may have contributed to the low gold recoveries and the high-grade values left in the tailings during past operations.

The Company performed various tests on the material, which has included a bulk sample and numerous metallurgical trials completed in conjunction with the University of Guanajuato's School of Mines and an industrial metallurgical test at a nearby facility, which demonstrated economic viability. The Company installed eight shaking tables in December 2022 to create a gravity extraction circuit to extract gold and silver from the Mastrantos IV tailings with commissioning taking place shortly thereafter.

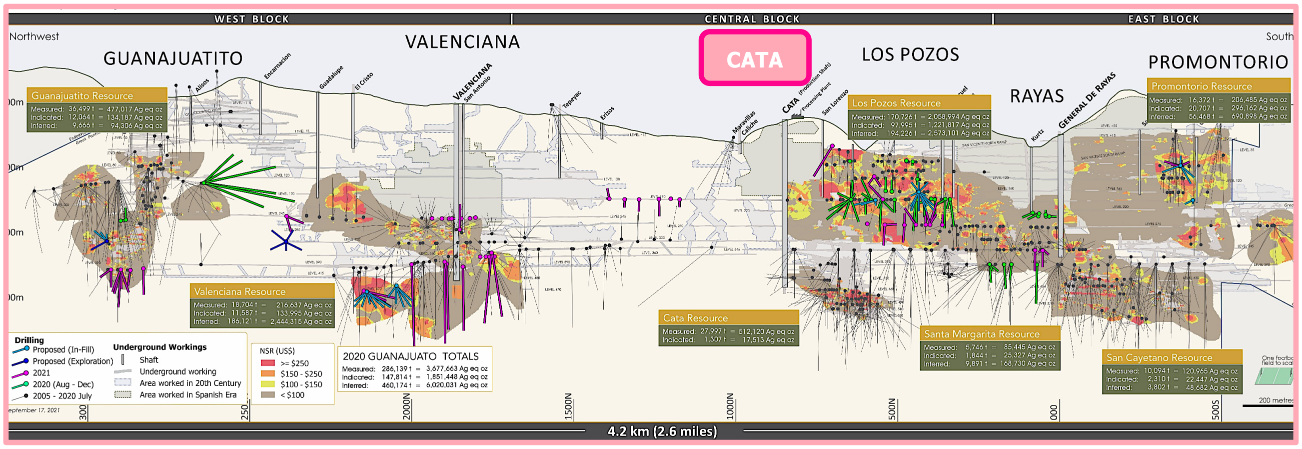
A shaking tables circuit is a series of tables used to separate the gold and silver by vibrating the tables rapidly back and forth, concentrating the heavier gold particles along the edges of the table while the lighter silver particles are carried away by the shaking motion and discharged in a separate stream which is collected and reprocessed through tables later on in the circuit which are configured to optimize recovery from the lighter silver material. The separation process can be optimized by adjusting the parameters of the shaking table, such as the amplitude, frequency, and tilt.

Additionally, based on actual results from the commissioning and in order to improve those results, the Company has added grinding of the tailing's material to the beginning of the circuit in order to break up solidified material and improve the flow of the material through the tables. The Company continues to commission the tables in this real-world environment, with bulk testing commencing in the first quarter of 2023 and anticipates that the production of commercial concentrates will commence in the second quarter of 2023.

VALENCIANA MINES COMPLEX

VMC has been operating for nearly five centuries along the highly productive Veta Madre ('Mother Vein'), which spans 4.2km. The Cata processing plant ("Cata") is located at the midpoint of this strike length and has a nameplate capacity of 1000 tonnes per day (30,000 tonnes/month). Cata uses a traditional crushing, grinding and flotation system to produce a high-grade silver-gold concentrate. It is situated near the Company's administrative offices, assay lab, and one of two primary access shafts.

In December 2022, the Company successfully restarted the Cata processing mill at VMC, processing mineralized material from both VMC and San Ignacio at an initial run-rate of approximately 8,000 tonnes per month. The Company plans to increase this rate to 20,000 tonnes per month by December 2023. Cata features three ball mills and a two-stage crushing system, and was in good working order prior to the restart, requiring no significant capital expenditures. The Company intends to continue operating the Cata mill with production from both VMC and San Ignacio.



During the first quarter of 2023, the Company focused on increasing production and reducing hauling costs at VMC through the rehabilitation of the Cata Shaft and its associated infrastructure. The rehabilitation included works on the mineral reception grizzly, the skip loading cartridges, the mineral receiving hopper, and truck discharge chute. These works required an investment of approximately $350,000. Operation of the shaft began in May 2023.

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 tons 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.

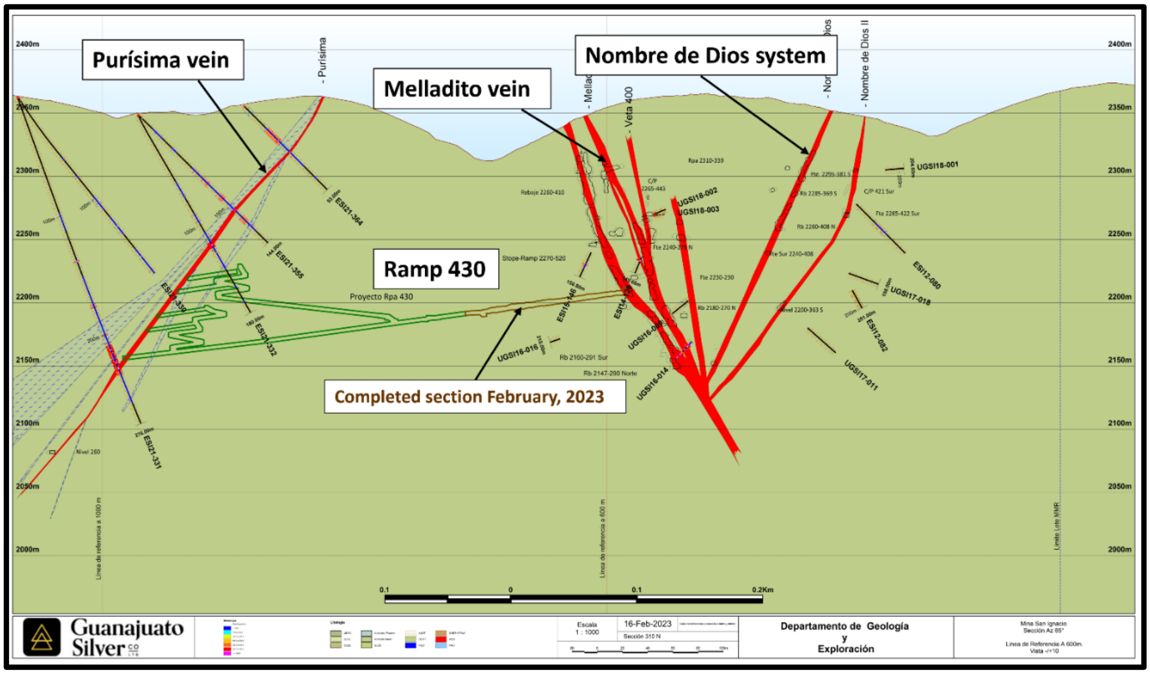
(The rehabilitated Cata Shaft with team members from VMC)

Additionally, also in the first quarter of 2023, the Company placed an order for a second Falcon concentrator, initially intended for installation at the CMC mill. While the Falcon is in transit, the Company has been further assessing which processing plant's recoveries would derive the most significant advantage from the Falcon. Consequently, the Company has decided to incorporate the Falcon into the Cata mill circuit, expecting to improve recoveries by approximately 3%. The Falcon arrived during the second week of May, is in the process of being installed at Cata, and is expected to be in operation by the end of the second quarter.

Furthermore, the Company's existing tailings dam has a remaining capacity of approximately 45,000 to 70,000 tonnes, under its current permits. If economically viable, the Company will submit a new proposal to the Comisión Nacional del Agua ("CONAGUA") for the implementation of dry stacking at VMC to expand the tailings capacity. The Company anticipates submitting this proposal to SEMARNAT by the beginning of 2024. Meanwhile, the Company will continue operations at VMC by backfilling tailings underground using a hydraulic fill system, which will make use of select voids and open stopes that have been created at VMC over the past 450 years of underground mining. The hydraulic fill system not only provides VMC with additional tailings capacity, but also represents an environmentally friendly approach to tailings management. The Company expects these areas to provide a minimum of approximately 5 years of tailings storage while it pursues a permit for dry stacking.

SAN IGNACIO MINE

As part of our 2023 development program, the Company has been focused on developing Santa Niño Ramp ("Ramp 430") at San Ignacio, which is designed to allow for the development and future production from the Purisima vein, located approximately 400 metres to the east of the Melladito vein. Approximately 40% of Ramp 430 has been completed to date. However, in April 2023, we made the strategic decision to pause further development of Ramp 430 and shift our focus to the Melladito and Nombre de Dios vein systems, which currently generate the majority of our production at San Ignacio. The Company is developing the Lower Melladito Ramp ("Ramp 442"), which is designed to cut the Melladito vein at depth.



Overall, the Company believes that the strategic decision to pause Ramp 430 development in Q2 2023 and focus on the Melladito and Nombre de Dios vein systems will enable us to optimize our production levels and maximize our cash flows, while the ongoing ramp development and other initiatives will set the stage for future growth and success.

In addition to the ramp development, the Company has also implemented longhole stoping at San Ignacio and as with CMC, this method of mining will be applied in stopes over 1.5 meters in width, improving the efficiency and effectiveness of the Company's mining operations.

Furthermore, at San Ignacio, the Company has identified high-grade mineralization within surface waste stockpiles. Rather than processing the entire stockpile, which would include substantial low-grade material as well, the Company has decided to use hand sorting to isolate the high-grade content for processing.

(Mine workers at San Ignacio, from left to right:
Ana Silvia Ortega, Maria Azucena Rosales, Andrea Rodriguez)

Hand sorting is a labour-intensive process that involves visually inspecting and manually selecting the desired mineralized material. It is typically used when the high-grade mineralized material is mixed with waste rock, as it allows the Company to extract the valuable minerals while minimizing the amount of waste material that needs to be processed.

To increase the efficiency and reduce the labour costs associated with the hand sorting, the Company has installed a hopper and conveyor belt system. This system allows the material to be fed into the hopper, where it is then transported along the conveyor belt for visual inspection and manual sorting. By automating the process as much as possible, the Company can process more material in less time, thereby increasing efficiency and reducing costs. The Company is also investigating the cost benefit of completely automating the sorting process in the future using an automated ore sorting machine which uses sensors and algorithms to sort material based on physical properties such as size, density, atomic scanning and color.

TOPIA MINES COMPLEX

The Company has set its sights on modernizing and expanding the Topia plant's capacity in 2023 and 2024, 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 tailings filter press circuit. 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. Additionally, the Company has begun construction to increase the permitted height and footprint of the tailings dam at Topia which will give the Company an additional eighteen months of capacity at the current mill rate.

In late 2022 and early 2023, the Company was working on two development projects at Topia. The first project involved developing 200 meters of the El Condor tunnel to intersect with the Argentina vein. The second project aimed to improve the connection between the lower Argentina levels and the Cantarana vein systems by constructing the Victoria tunnel in the lower level of the mine. However, in April 2023, the Company decided to temporarily halt the development of the Victoria tunnel in order to prioritize the acceleration of the El Condor tunnel development, which would give the Company access to superior mineralized material which is situated in closer proximity to the Topia plant than the Cantarana vein system.

(Back Row (left to Right): Dulce Moreno, Karen Rodriguez, Julieta Bocanegra, Sandra Flores, Cynthia Tavares, Maria Elena Rodriguez
Front Row (left to right): Rosa Maria Gonzàlez, Rosa Jiménez, Irma Valdez, Eva Mendez, Miriam Vazquez, Irene Rangel, Guadalupe Salcedo)

Further, the Company continues to procure high-grade mineralized material from third-party vendors to process through the Topia plant, which has boosted overall tonnes through the plant by approximately 22% in 2023. Combined with the increased production from the new access to the Argentina vein from the El Condor tunnel, the Company will have ample mineralized material for the expanded mill capacity. Additionally, the purchase of this material from third-party vendors benefits the community of Topia by increasing employment opportunities and productivity in the area.

EXPLORATION

The Company's planned exploration programs for 2023 will cover infill, brownfield, and greenfield areas. The main objectives are to replace and expand resources to ensure the longevity of the mines. Company wide, the program involves a total of 37,800 meters of exploration drilling. The 2023 target is to replace 130% of this year's mined ounces. To date, the Company has drilled 6,572 meters.

Stope development and drilling in the Villalpando area of CMC in 2022, along with detailed computer modeling and reinterpretation of previous operators' drill results, has revealed a new vein structure that has been christened the "San Luis" vein. The San Luis vein runs perpendicular to the primary regional north-west Villalpando and Dolores mineralized vein structures, and like other transverse veins at CMC, the San Luis vein is anticipated to often carry proportionally higher gold content. The San Luis vein can be accessed from several existing adits and ramps, with production having already commenced.

In the first quarter of 2023, the Company paused drilling at CMC. The Company reactivated the exploration program in April 2023 with a continued focus on diamond drilling on the San Luis Vein. The Company plans to drill 893 meters over seven holes. As of the date of this MD&A, two of the seven holes have been completed with a total of 193.5 meters drilled. The assays on these two holes are pending but the first hole, SL23-01, had a total depth of 106 meters and cut the San Luis vein with a true width of 0.90 meters and the second hole, SL23-02, had a total depth of 87.5 meters and cut the San Luis vein with a real width of 0.75 meters.

It is envisioned that San Luis may develop into a gold-rich vein system and grow in importance in the same way that the Santa Cecilia area has become the largest source of high-grade material at CMC.

(Fabiola Gamez, Geologist)

(Sara Garcia, Senior Geomathematician)

Current production from San Ignacio comes mostly from the Melladito and the Nombre de Dios vein systems. The primary focus of the Company's most recent San Ignacio drill program was to target the Melladito vein system with the goal of extending silver and gold mineralization in the south and north areas of the mine. The Melladito vein dips to the east, with a true width ranging from 0.25 m to over 19 m; the vein has been delineated to a depth of 350 metres but retains deeper potential. Additionally, the vein often returns proportionately higher gold with lesser silver values. The results from the drilling campaign are outlined in the table below:

HOLE ID	VEIN	FROM (m)	TO (m)	WIDTH (m)	TRUE WIDTH (m)	Au (g/t)	Ag (g/t)	AgEq (g/t)(1)
UGSI22-002	**Melladito**	**67.80**	**68.40**	**0.60**	**0.56**	**1.65**	**12**	**144**
UGSI22-004	**Melladito (Branch)**	**61.95**	**62.60**	**0.65**	**0.62**	**1.92**	**11**	**165**
	Melladito	**68.30**	**70.80**	**2.50**	**1.82**	**3.11**	**14**	**263**
	include	68.30	68.80	0.50	0.36	3.32	12	278
	include	68.80	69.55	0.75	0.55	2.37	12	202
	include	69.55	70.3	0.75	0.55	3.32	21	287
	include	70.30	70.80	0.50	0.36	3.70	7	304
UGSI22-005	**Melladito (Branch)**	**38.50**	**39.85**	**1.35**	**1.31**	**0.74**	**87**	**146**
UGSI22-006	**Melladito**	**93.75**	**100.20**	**6.45**	**4.92**	**5.11**	**810**	**1,219**
	include	93.75	94.30	0.55	0.42	25.84	4,914	6,981
	include	94.30	94.85	0.55	0.42	28.23	1,693	3,951
	include	94.85	96.35	1.50	1.14	0.70	84	140
	include	96.35	97.40	1.05	0.81	0.37	123	153
	include	97.40	98.50	1.10	0.84	0.54	434	478
	include	98.50	99.50	1.00	0.77	0.71	610	667
	include	99.50	100.20	0.70	0.53	0.71	354	411
UGSI22-008	**Melladito (Branch)**	**57.15**	**58.05**	**0.90**	**0.89**	**1.58**	**2**	**129**
UGSI22-009	**Melladito (Branch)**	**70.20**	**71.10**	**0.90**	**0.46**	**1.01**	**76**	**158**
UGSI22-014	**Melladito (Branch)**	**66.75**	**57.85**	**1.10**	**0.63**	**1.91**	**5**	**158**
UGSI23-002	**Hanging Wall Vein**	**23.30**	**26.00**	**0.70**	**0.57**	**1.28**	**26**	**129**
UGSI23-003	**Hanging Wall Vein**	**35.25**	**35.60**	**0.35**	**0.17**	**4.026**	**52**	**374**
UGSI23-005	**Melladito**	**87.50**	**89.00**	**1.50**	**1.50**	**0.85**	**8**	**76**
UGSI23-006	**Melladito**	**109.25**	**111.75**	**2.50**	**2.48**	**1.08**	**6**	**93**

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

The most significant result was hole UGSI22-006 having almost five meters of true width intersecting 1,219 g/t AgEq, which includes 0.42m true width of 6,981 g/t AgEq. This outstanding result will be followed up with additional drill holes attempting to follow the down dip extension of the vein within the Company's 2023 drill campaign. In parallel, as mentioned above, we are in the midst of driving a 440-metre access ramp from Melladito to the analogous Purisima vein, which offers the potential for expanded production at San Ignacio.

In 2023, the Company has focused on conducting exploration drilling to determine the extent of the currently mined ore bodies at depth, specifically on the historically most productive veins of San Ignacio, namely Melladito, Purísima, and Nombre de Dios veins. The current exploration program is providing valuable geological data that supports the reinterpretation of the mineralized zones in the southern part of San Ignacio.

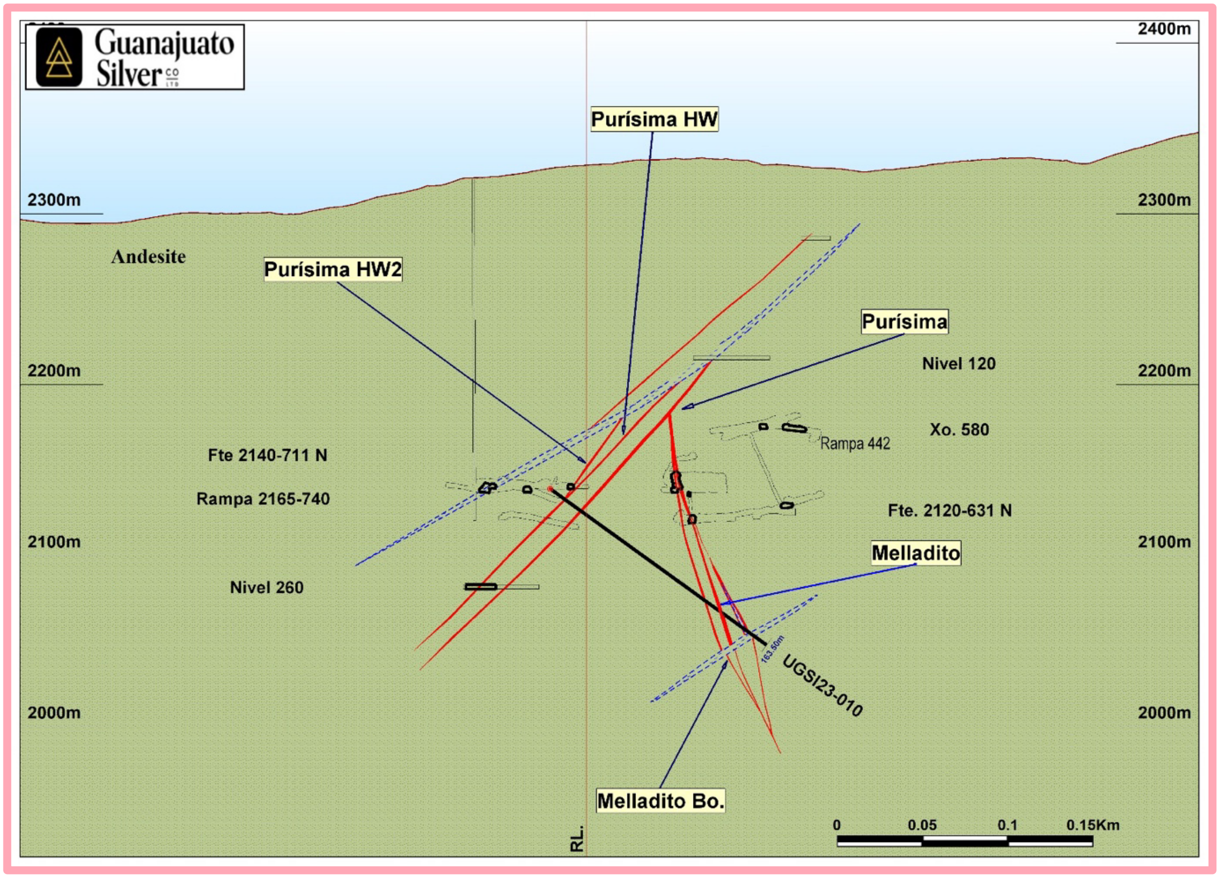
To date, the Company has completed 14 holes with a total of 2,202 meters, with the majority of drilling focused on the Melladito vein with 1,937 meters drilled, followed by 133 meters drilled in the Purísima vein and 132 meters drilled in the Nombre de Dios 3 vein. All drilling has been conducted from underground since the program's commencement in January.

The Company is pleased to report some of the best results from the drilling program, as shown in the following table. These results highlight the potential for expanding the mineralized zones in the southern part of San Ignacio and support the Company's long-term growth strategy.

HOLE ID	VEIN	FROM (m)	TO (m)	WIDTH (m)	TRUE WIDTH (m)	Au (g/t)	Ag (g/t)	AgEq (g/t)(1)
UGSI23-008	**HW Purisima**	**1.00**	**3.70**	**2.70**	**1.90**	**1.95**	**501**	**657**
	Including	1.00	2.00	1.00	0.70	3.42	744	1018
	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**
	Including	1.85	2.20	0.35	0.22	4.14	2020	2351
	Melladito (branch)	**123.35**	**124.30**	**0.95**	**0.77**	**0.25**	**113**	**133**
	Including	123.80	124.30	0.50	0.40	0.46	215	252
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**
	Including	20.30	21.30	1.00	0.64	2.57	9	215
	Melladito Bo	**109.80**	**113.20**	**3.40**	**1.74**	**1.72**	**122**	**260**
	Including	111.80	113.20	1.40	0.60	2.94	151	386
	Melladito	**124.00**	**131.90**	**7.90**	**4.89**	**0.32**	**334**	**359**
	Including	128.55	129.30	0.75	0.37	1.25	1947	2047
	Including	131.00	131.90	0.90	0.52	0.44	383	418
UGSI23-011	**HW Purisima**	**0.00**	**3.40**	**3.40**	**2.22**	**0.78**	**112**	**175**
	Include	3.90	4.15	0.25	0.24	1.00	254	334
	HW2 Purisima	**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**
	Include	27.35	27.90	0.55	0.35	1.79	0	143
UGSI23-012	**Purisima**	**60.00**	**61.10**	**1.10**	**0.55**	**0.32**	**85**	**111**
	HW Purisima	**70.90**	**72.95**	**2.05**	**1.50**	**0.06**	**89**	**94**
	Include	70.90	71.60	0.70	0.40	0.09	221	228
	HW2 Purisima	**115.65**	**116.30**	**0.65**	**0.50**	**0.48**	**60**	**98**
UGSI23-013	**Melladito**	**70.50**	**72.15**	**1.65**	**0.95**	**1.33**	**14**	**120**
	Include	70.00	70.50	0.50	0.32	1.77	9	150
UGSI23-014	No Significant Results							
UGSI23-015	**NDD3**	**106.55**	**108.65**	**2.10**	**0.89**	**Results pending**		

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

As of the date of this MD&A, the best intercept of this campaign is drill hole UGSI23-010, which has cut four formal structures of the Melladito and Purísima veins, highlighting the 4.89 meters wide, 359 g/t AgEq intercept of Melladito, which includes 0.37 meters true width of 2047 grams per tonne of silver equivalent. This hole confirms the continuity of the mineralization at depth of the Melladito vein, as well as the delineation of the Purísima HW vein to the south.



Cross Section of UGSI123-010

The Company has been actively exploring the Topia mine since its acquisition, with the aim of increasing resources and extending the mine's lifespan. Drill results from 2022, outlined below, have focused on the La Prieta, Rosario, and Dos Amigos veins in the central part of the district, as part of the infill and resource expansion drill program. By the end of 2022, drilling had provided a better understanding of the deposit bodies' control and trend in these veins, revealing that the mineralization's lateral extension will continue to the west. Similar findings have been observed on other veins, making lateral exploration along the mineral horizon the Company's primary focus for the 2023 year.

HOLE ID	VEIN	FROM (m)	TO (m)	WIDTH (m)	TRUE WIDTH (m)	Au (g/t)	Ag (g/t)	Pb %	Zn %	AgEq (g/t)(1)
UT22-440	**Prieta**	**30.08**	**30.77**	**0.69**	**0.43**	**1.22**	**455**	**1.36**	**2.07**	**677**
	Including	30.61	30.77	0.16	0.10	3.69	1854	2.49	4.61	2411
	and	**50.87**	**51.93**	**1.26**	**0.81**	**1.38**	**42**	**4.00**	**1.96**	**344**
	Including	51.4	51.68	0.28	0.18	4.67	122	17.37	8.12	1311
UT22-441	**Rosario**	**11.74**	**12.83**	**1.09**	**1.09**	**0.05**	**373**	**1.30**	**0.39**	**429**
	Including	12.00	12.3	0.30	0.30	0.05	589	3.63	0.37	708
UT22-442	**Rosario**	**17.91**	**19.64**	**1.73**	**0.50**	**0.05**	**394**	**0.93**	**0.29**	**436**
	and	**26.40**	**29.60**	**3.20**	**0.60**	**0.07**	**944**	**9.26**	**4.18**	**1375**
UT22-445	**Rosario**	**7.10**	**8.96**	**1.86**	**1.55**	**0.08**	**206**	**1.18**	**2.77**	**358**
	Including	7.76	8.36	0.60	0.50	0.06	436	**2.45**	**3.82**	**665**
	and	**32.25**	**32.95**	**0.70**	**0.70**	**0.05**	**334**	**2.65**	**1.49**	**472**
	and	**56.85**	**57.12**	**0.27**	**0.20**	**0.05**	**1211**	**0.78**	**4.39**	**1417**
UT22-446	**Prieta**	**19.97**	**20.21**	**0.24**	**0.20**	**9.74**	**404**	**7.18**	**1.93**	**1470**
UT22-448	**Dos Amigos**	**64.11**	**64.66**	**0.55**	**0.50**	**3.98**	**808**	**8.06**	**4.38**	**1532**
UT22-449	**Prieta**	**20.05**	**21.65**	**1.60**	**1.12**	**1.74**	**39**	**3.37**	**0.73**	**303**
	Including	20.78	21.28	0.50	0.35	5.57	105	10.39	1.88	919
UT22-450	**Dos Amigos**	**63.40**	**63.87**	**0.47**	**0.47**	**1.78**	**285**	**1.23**	**2.24**	**555**
	Including	63.73	63.87	0.14	0.14	2.49	840	2.40	4.18	1280
UT22-451	**Prieta**	**38.10**	**39.08**	**0.98**	**0.98**	**4.48**	**107**	**7.98**	**13.72**	**1254**
UT22-453	**Prieta**	**59.06**	**60.41**	**1.35**	**1.15**	**3.38**	**2173**	**6.68**	**12.86**	**3159**

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

Infill drilling is currently taking place at the Rosario vein, in the deepest part of the mine. The second active drilling project is on the Argentina and Santa Cruz veins, drilled from the El Condor tunnel.

The table below displays the exploration results for the La Prieta, Dos Amigos, and Union del Pueblo veins this year.

HOLE ID	VEIN	FROM (m)	TO (m)	WIDTH (m)	TRUE WIDTH (m)	Au (g/t)	Ag (g/t)	Pb %	Zn %	AgEq (g/t)(1)
UT23-458	Prieta	39.26	39.83	0.57	0.45	4.39	660	3.20	8.48	1435
	and	42.30	42.46	0.16	0.10	13.89	152	1.00	5.57	1551
UT23-459	Dos Amigos	46.80	47.40	0.60	0.42	2.02	938	24.57	9.80	2150
UT23-460	Prieta	62.30	63.00	0.70	0.45	8.16	113	2.08	1.86	923
UT23-461	Dos Amigos	44.66	44.86	0.20	0.10	3.53	905	1.07	7.83	1525
UT23-462	Dos Amigos	87.65	89.10	1.45	1.00	1.19	65	0.58	2.02	264
UT23-463	Prieta	57.70	58.40	0.70	0.60	6.55	1424	4.83	13.77	2674
UT23-464	Rosario	60.75	62.15	1.40	1.05	0.00	26	0.18	0.41	48
UT23-465	U. del Pueblo	33.55	33.70	0.15	0.15	0.00	731	4.00	0.24	851

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

(Vanessa Noriega, Plant Assistant at the Cata Plant)

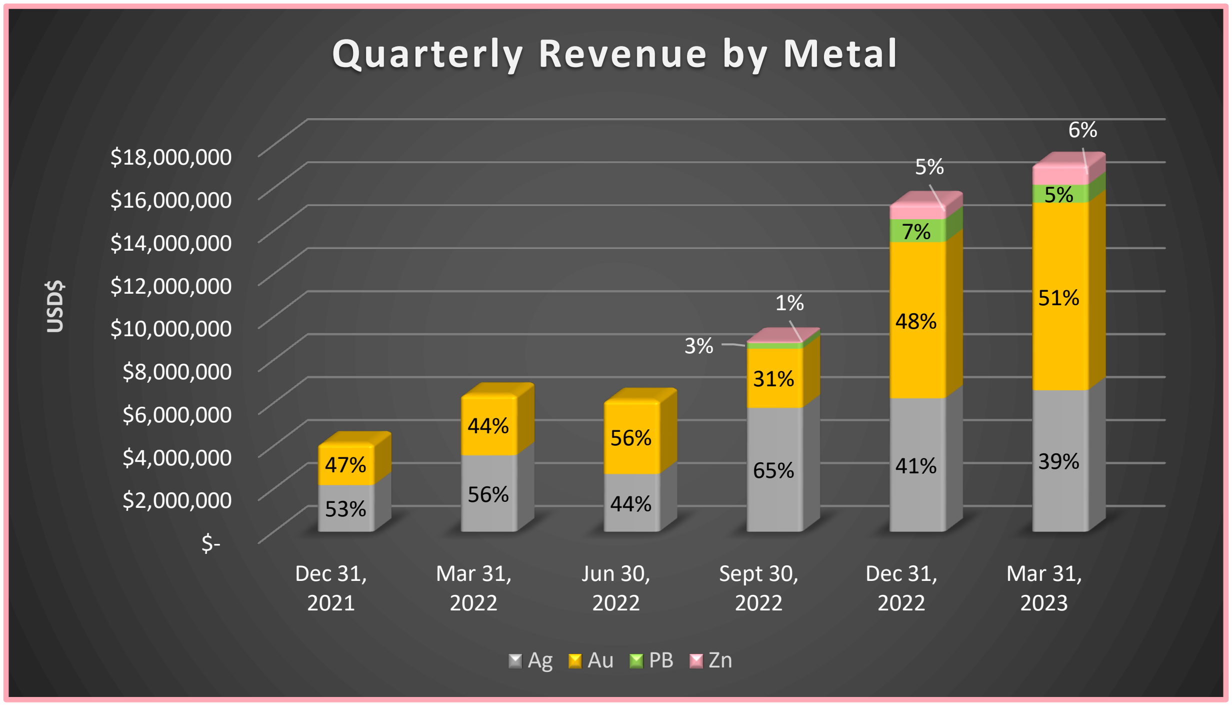
Guanajuato Silver CO LTD

FINANCIAL PERFORMANCE

The Financial Results were as follows:

CONSOLIDATED	Three Months Ended March 31 2023	March 31 2022	%Change
Financial Results	**$**	**$**	
Revenue			
Gold	6,593,190	3,568,047	85%
Silver	8,730,606	2,818,591	210%
Lead	831,677	-	100%
Zinc	962,950	-	100%
Total revenue	**17,118,424**	**6,386,638**	**168%**
Cost of sales			
Production costs	15,723,907	5,550,293	182%
Transportation and selling cost	825,173	135,508	704%
Inventory changes	382,130	688,203	(44%)
Mine operating cashflow before taxes [7]	**187,214**	**12,634**	1382%
Depreciation	3,337,906	1,749,757	91%
Mine operating loss	**(3,150,692)**	**(1,737,123)**	81%
General and administration	(2,356,938)	(1,219,581)	93%
Share based compensation	(251,175)	(410,213)	(39%)
Exploration expenses	(524,834)	(616,831)	(15%)
Foreign exchange loss	(1,065,257)	(289,999)	267%
Other operating income (expense)	176,713	2,996	5798%
Interest and finance (costs) income, net	(1,210,414)	(634,805)	91%
Gain (loss) on derivatives	134,138	(242,813)	(155%)
Other finance (loss) income, net	(450,619)	209,217	(315%)
Net loss	**(8,699,078)**	**(4,939,152)**	76%
Loss per share - basic and diluted	(0.03)	(0.02)	23%
EBITDA[1] [5]	(4,093,976)	(2,503,405)	64%
Adjusted EBITDA[2] [5]	(3,482,463)	(2,059,596)	69%
Cash cost Ag/Eq per ounce[3] [5]	17.06	20.24	(16%)
AISC cost per Ag/Eq ounce[4] [5]	21.83	25.79	(15%)
Realized silver price per ounce[6]	22.50	23.97	(6%)
Realized gold price per ounce[6]	1,890.60	1,864.26	1%
Realized lead price per pound[6]	0.96	-	100%
Realized zinc price per pound[6]	1.42	-	100%

1. See Reconciliation of Earnings before interest, taxes, depreciation, and amortization on page 32.
2. See reconciliation of Adjusted EBITDA on page 32.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 33.
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 33.
5. See "Non-IFRS Financial Measures" on page 32.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.
7. Mine operating cash flow before taxes is calculated by adding back depreciation, depletion, and inventory write-downs to mine operating loss. See Reconciliation to IFRS on page 32.



<u>Revenues</u>

During the three months ended March 31, 2023, the Company generated revenues of $17,118,424 net of metal deductions, treatment, and refining costs and settlement adjustments ($3,007,096) this represents a 168% increase compared to same period in the prior year mainly due to sales of 474,954 ounces of silver and 4,586 ounces of gold which is a 254% and 129% increase respectively, due to the addition of the Valenciana Mines Complex and the Topia Mine. Additionally, the Company sold 955,441 pounds of lead at a realized price of $0.96 and 1,242,389 pounds of zinc at a realized price of $1.42 from the Topia Mine. During the quarter realized silver and gold price per ounce sold averaged $22.50 and $1,890.60 a 6% decrease and a 1% increase respectively, compared to $23.97 and 1,864.26 per ounce in Q1 2022. There was a negative impact of $1,855,096 on provisional pricing and settlement adjustments during the quarter (three months ended March 31, 2022 - $463,666).

<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 150% in cost of sales for the three months ended March 31, 2023, compared to Q1 2022 is mainly due to 182% increase in production cost and 91% increase in depreciation and depletion and additional $646,740 of transportation, and other selling cost including a new environmental duty and special mining royalty mainly from the addition of production from the San Ignacio, Valenciana and Topia operations.

<u>General and administration</u>

General and administration expenses increased by 85% or $1,019,070 during the three months ended March 31, 2023, compared to Q1 2022. This increase is mainly due to $523,470 increase in salaries and management fees due to the addition of Senior Management in Vancouver and Guanajuato, $229,873 due to increase in insurance and purchase of software and IT equipment allocated in corporate administration, and $450,078 on MMR due to the Company's increased operations with the acquisition of MMR offset by $184,351 expense reduction in travel and IR promotion.

<u>Exploration</u>

General exploration costs decreased 15% to $524,834 in the three months ended March 31, 2023, compared to $616,831 in Q1 2022 as the Company focused its exploration program on San Ignacio, Valenciana and Topia mines by drilling 2,085 meters. At CMC there were nil metres drilled this quarter.

<u>Share-based compensation</u>

Share-based compensation decreased by $159,038 or 39% for the three months ended March 31, 2023, compared to same period prior year, because there were no options granted during the current quarter compared to 700,000 options granted in the first quarter of 2022 of which about 1/3 vested immediately.

Interest and finance costs

Interest and finance costs increased 91% or $575,609 for the three months ended March 31, 2023, compared to Q1 2022, due to a 32% increase in interest accrued on the $7,500,000 loan with OCIM and the two Ocean Partners loans of $5,000,000 received in August 2022 and December 2022 (*See Liquidity and Capital Resources)* and an increase of 276% in accretion expenses related to the reclamation and rehabilitation provision from MMR.

Gain on derivatives

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

For the three months ended March 31, 2023, the Company recognized a gain of $155,179 on the revaluation of the derivative on restructuring of the gold and silver pre-payment facility with OCIM (the "Secondary Loan") with a new $5,000,000 pre-payment agreement with OCIM (the "Tertiary Loan") offset by a loss of $21,042 on the settlement of the derivative portion of three repayments to OCIM (three months ended March 31, 2022 – $nil) (See *Liquidity and Capital Resources*).

Other finance items, net

During the period ended March 31, 2023, the Company recognized $461,622 loss on extinguishment of debt due to the restructuring of the Secondary Loan (three months and year ended March 31, 2022 - $nil), an unrealized loss of $1,168 on changes in fair value on forward silver and gold pricing sales (three months and year ended March 31, 2022 - $nil), offset by a $12,171 unrealized gain on changes in the fair value of hedging instruments (three months and year ended March 31, 2022 - $nil).

LIQUIDITY AND CAPITAL RESOURCES

The Company's ability to generate enough 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 2023 is less than anticipated 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. 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		
	March 31 2023	March 31 2022	% Change
Cash Flow	$	$	
Cash used in operating activities	(2,098,765)	(1,543,929)	36%
Cash used in investing activities	(1,446,962)	(334,001)	333%
Cash provided by financing activities	88,503	293,221	(70%)
Effect of exchange rate changes on cash	(100,708)	237,226	(142%)
Change in cash and cash equivalents	(3,557,932)	(1,347,484)	164%
Cash and cash equivalents, beginning of period	8,832,936	8,234,043	7%
Cash and cash equivalents, end of period	5,275,004	6,886,559	(23%)

As at March 31, 2023, the Company had cash and cash equivalents of $5,275,004 and negative working capital of $11,029,888 compared with cash of $8,832,936 and negative working capital of $5,972,704 at December 31, 2022.

Operating activities

Cash used in operating activities was $2,098,765 during the three months ended March 31, 2023 (March 31, 2022 - $1,543,929). The significant non-cash adjustments to the net loss of $8,699,078 in the three months ended March 31, 2023 (March 31, 2022 - $ 4,939,152) were depreciation and depletion of $3,394,688 (March 31, 2022 – $1,800,942), accretion of $576,371 (March 31, 2022 - $153,426), share-based compensation of $251,175 (March 31, 2022 – $410,213), loss on settlement of debt of $461,622 (March 31, 2022 - $Nil) gain on derivatives of $134,138 (March 31, 2022 – loss of $242,849), unrealized foreign exchange of $1,048,514 (March 31, 2022 – $212,418) and an increase in non-cash working capital of $376,382 (March 31, 2022 – decrease of $1,377,757). The net change in non-cash working capital was primarily due to an increase in accounts payable and accrued liabilities offset by a decrease in proceeds from sale of gold and silver bullion, prepaids and inventory.

Investing activities

Investing activities used cash of $1,446,962 in the three months ended March 31, 2023, compared with the use of cash of $334,001 in the same period in 2022. The use of cash during the quarter was for mine development, the acquisition of machinery and other equipment of $1,378,237. At CMC, machinery and equipment purchases were comprised of $111,476 of minor machinery and equipment and $332,776 on construction in progress with the Company also spending $75,077 on mine development. At Topia, the Company spent $500,962 on mine development, $96,022 on minor machinery and equipment and $117,192 on construction in progress. The main expenditure at VMC was $144,733 on mine development. Additionally, the Company purchased hedging instruments for $59,350.

Financing activities

Cash generated from financing activities for the three months ended March 31, 2023, was $88,503, mainly from proceeds from the issuance of 4,080,486 common shares through a non-brokered Listed Issuer Financing Exemption private placement and from the exercises of warrants and options offset by loan and lease payments.

OCIM

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 a new $5,000,000 pre-payment agreement with OCIM (the "Tertiary Loan"). The Tertiary Loan has a term of 19-months and is repayable over 16 months, following a 3-month grace period, by 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. 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.

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 (note 13(b)(iv)) 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.

(The women of the administrative and finance team, Mexico)

(Andrea Herrera,
Manager of Corporate Accounting,
Vancouver)

(Hada Isais,
Controller,
Mexico)

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 52-112 as a financial measure disclosed that (a) is in the form of a ration, 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 and 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 our liquidity.

As at	March 31 2023	December 31 2022
	$	$
Current assets	24,307,412	27,182,590
Current liabilities	35,337,300	33,155,294
Working capital	(11,029,888)	(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					
	March 31 2023	December 31 2022	September 30 2022	June 30 2022	March 31 2022	December 31 2021
	$	$	$	$	$	$
Revenues	17,118,424	15,487,714	8,871,863	6,133,989	6,386,638	4,116,811
Production cost	(15,723,907)	(12,911,041)	(9,670,274)	(5,767,560)	(5,550,293)	(4,911,576)
Transportation and other support cost	(825,173)	(596,916)	(178,676)	(69,021)	(135,508)	(109,452)
Inventory changes	(382,130)	387,765	626,923	(289,485)	(688,203)	(60,994)
Mine operating cash flows before taxes	**187,214**	**2,367,522**	**(350,164)**	**7,923**	**12,634**	**(965,211)**

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.

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					
	March 31, 2023	December 31 2022	September 30 2022	June 30 2022	March 31 2022	December 31 2021
	$	$	$	$	$	$
Net loss per financial statements	(8,699,078)	(9,905,707)	(8,405,337)	(3,521,390)	(4,939,152)	(4,746,245)
Depreciation and depletion – cost of sales	3,337,906	2,515,349	2,991,577	1,664,219	1,749,757	1,268,841
Depreciation and depletion – general and administration	56,782	59,208	57,210	70,543	51,185	33,774
Interest and finance costs (income), net	1,210,414	1,452,284	1,045,309	654,350	634,805	585,545
Current income tax	-	(118,287)	118,287	-	-	-
EBITDA	**(4,093,976)**	**(5,997,153)**	**(4,192,955)**	**(1,132,278)**	**(2,503,405)**	**(2,858,086)**
Share based compensation	251,175	268,164	601,100	231,594	410,213	349,992
(Gain) loss on derivative	(134,138)	1,677,253	(754,358)	(1,220,275)	242,813	(30,884)
Other finance items, net	450,619	115,212	80,150	(123,634)	(209,217)	-
Transaction cost associated with the acquisition of MMR	-	145,387	1,216,992	-	-	-
Union payment associated with acquisition of CMC	-	-	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 Great Panther	-	269,478	-	-	-	-
Allowance on receivable amount from Great Panther	-	1,300,000	-	-	-	-
Other income	(118,287)	-	-	-	-	-
VAT write-off	162,144	93,412	318,975	-	-	-
Adjusted EBITDA	**(3,482,463)**	**(2,129,871)**	**(2,758,286)**	**(2,244,593)**	**(2,059,596)**	**(2,538,978)**

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.

Guanajuato Silver CO LTD

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.

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

		Three months ended March 31, 2023				Three months ended March 31 2022	
		CMC	VMC	Topia	Consolidated	CMC	% Change
Cost of sales		**8,181,853**	**4,888,291**	**7,179,967**	**20,250,111**	**8,123,761**	**149%**
Transportation and selling cost[5]		(167,264)	(78,027)	(560,877)	(806,168)	(135,508)	495%
Inventory changes		(379,046)	147,988	(151,072)	(382,130)	(688,203)	(44%)
Depreciation		(1,756,455)	(855,653)	(725,798)	(3,337,906)	(1,749,757)	91%
Production cost[4]	A	**5,879,088**	**4,102,599**	**5,742,221**	**15,723,907**	**5,550,293**	**183%**
Add (subtract):							
Government royalties and mining taxes		38,113	25,014	216,032	279,159	32,863	749%
Total cash cost[2]	B	**5,917,201**	**4,127,612**	**5,958,253**	**16,003,066**	**5,583,156**	**187%**
General and administrative - corporate		-			2,356,938	1,208,354	85%
Operating lease payments		250,205	180,502	74,865	505,572	-	0%
Sustaining capital expenditures		704,247	459,411	448,893	1,612,551	322,305	400%
Total All-in sustaining cost[3]	C	**6,871,654**	**4,767,525**	**6,482,011**	**20,478,127**	**7,113,815**	**186%**
Tonnes milled	D	89,000	51,653	19,529	160,182	86,288	86%
Silver equivalent ounces produced[1]	E	315,587	297,769	324,691	938,047	275,823	240%
Production cost per tonne[4]	A/D	**66.06**	**79.43**	**294.04**	**98.16**	**64.32**	**53%**
Cash cost per AgEq ounce produced[2]	B/E	**18.75**	**13.86**	**18.35**	**17.06**	**20.24**	**(16%)**
All-in sustaining cost per AgEq ounce produced[3]	C/E	**21.77**	**16.01**	**19.96**	**21.83**	**25.79**	(15%)
Mining cost per tonne		27.92	46.80	218.40	57.23	33.26	72%
Milling cost per tonne		23.42	14.25	46.07	23.23	19.38	20%
Indirect cost per tonne		14.72	18.38	29.57	17.70	11.68	52%
Production cost per tonne[4]		**66.06**	**79.43**	**294.04**	**98.16**	**64.32**	**53%**
Mining		2,484,998	2,417,346	4,265,126	9,167,471	2,869,793	219%
Milling		2,084,819	736,063	899,703	3,720,586	1,672,180	122%
Indirect		1,309,270	949,189	577,392	2,835,850	1,008,320	181%
Production Cost		**5,879,088**	**4,102,599**	**5,742,221**	**15,723,907**	**5,550,293**	**183%**

1. Silver equivalents are calculated using an 83.78:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q1 2023; an 81.35:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio and an 80:1 (Ag/Au) ratio for Q1 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 excludes $19,005 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	20222				2021		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	$	$	$	$	$	$	$	$
Total revenue	17,118,424	15,487,714	8,871,863	6,133,989	6,386,638	4,116,811	-	-
Production costs	15,723,907	12,911,041	9,670,274	5,767,560	5,550,293	4,911,576	-	-
Transportation and other selling costs	825,173	596,916	178,676	69,021	135,508	109,452	-	-
Inventory changes	382,130	(387,765)	(626,923)	289,485	688,203	60,994	-	-
Mine operating cashflows before taxes	187,214	2,367,522	(350,164)	7,923	12,634	(965,211)	-	-
Depreciation	(3,337,906)	(2,515,349)	(2,991,577)	(1,664,219)	(1,749,757)	(1,268,841)	-	-
Mine operating income (loss)	(3,150,692)	(147,830)	(3,341,741)	(1,656,295)	(1,737,123)	(2,234,052)	-	-
Net loss	(8,699,078)	(9,905,707)	(8,405,337)	(3,521,390)	(4,939,152)	(4,746,245)	(2,571,355)	(1,661,568)
EBITDA [(1)]	(4,093,976)	(5,997,153)	(4,192,955)	(1,132,278)	(2,503,405)	(2,858,086)	(1,933,186)	(1,639,224)
Adjusted EBITDA [(1)]	(3,482,463)	(2,129,871)	(2,758,286)	(2,244,593)	(2,059,596)	(2,538,977)	(1,532,866)	(1,178,010)
Basic and fully diluted loss per share	(0.03)	(0.03)	(0.03)	(0.02)	(0.02)	(0.02)	(0.01)	(0.01)
Weighted Average shares outstanding	322,849,823	302,153,922	271,509,812	226,033,272	224,556,314	210,531,741	201,458,554	195,301,309

1. Reconciliation of earnings before interest, taxes, depreciation, and amortization on page 32.

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 the Valenciana Mines Complex 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 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 a $269,478 loss on change of fair value on silver contingent payments to MMR.

The Company generated revenues of $15,487,714 net of treatment and refining costs, which was a 75% increase compared to last 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. 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.

In the fourth quarter of 2021 the Company started producing and selling silver and gold concentrate. During the three months ended December 31, 2021, the Company sold 105,203 ounces of silver at a realized price of $23.35 and 1,179 ounces of gold at a realized price of $1,748.02 resulting in revenues of $4,116,811 net of treatment and refining costs which amounted $302,166. The Company generated $2,234,052 of mine operating losses and $4,746,245 of net loss.

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

PRODUCTION	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2
Processed tonnes	160,182	131,341	107,009	94,212	86,288	77,524	-	-
CMC	89,000	108,897	95,380	94,212	86,288	77,524	-	-
VMC	51,653	3,928	-	-	-	-	-	-
Topia	19,529	18,516	11,629	-	-	-	-	-
Silver ounces	458,803	401,244	329,298	155,912	125,423	124,750	-	-
CMC	136,847	242,039	219,627	155,912	125,423	124,750	-	-
VMC	142,220	4,653	-	-	-	-	-	-
Topia	179,736	154,552	109,671	-	-	-	-	-
Silver Grade (g/t)	103.68	106	106	64	61	62	-	-
CMC	57.15	80	75	64	61	62	-	-
VMC	104.00	49	-	-	-	-	-	-
Topia	314.10	283	318	-	-	-	-	-
Silver Recovery (%)	83.9	86.8	88.5	80.9	75	82.9	-	-
CMC	83.5	86.4	87.1	80.9	75	82.9	-	-
VMC	82.0	72.9	-	-	-	-	-	-
Topia	91.1	91.8	92.4	-	-	-	-	-
							-	-
Gold Ounces	4,413	3,907	3,226	2,161	1,880	1,440	-	-
CMC	2,140	3,452	3,035	2,161	1,880	1,440	-	-
VMC	1,848	110	-	-	-	-	-	-
Topia	424	345	191	-	-	-	-	-
Gold Grade	1.07	1.09	1.08	0.86	0.88	0.75	-	-
CMC	0.87	1.12	1.05	0.86	0.88	0.75	-	-
VMC	1.36	1.19	-	-	-	-	-	-
Topia	1.18	0.91	0.80	-	-	-	-	-
Gold Recovery	81.1	84.2	86.3	82.6	77	78.8	-	-
CMC	85.9	88.2	88.4	82.6	77	78.8	-	-
VMC	81.8	74.5	-	-	-	-	-	-
Topia	57.7	63.3	64	-	-	-	-	-
							-	-
Lead pounds	906,696	811,492	537,608	-	-	-	-	-
Topia	906,696	811,492	537,608	-	-	-	-	-
Lead Grade	2.4	2.3	2.3	-	-	-	-	-
Topia	2.4	2.3	2.3	-	-	-	-	-
Lead Recovery	87.1	88.2	89.5	-	-	-	-	-
Topia	87.1	88.2	89.5	-	-	-	-	-
							-	-
Zinc pounds	1,153,138	1,261,554	677,127	-	-	-	-	-
Topia	1,153,138	1,261,554	677,127	-	-	-	-	-
Zinc Grade	3.2	3.6	3.3	-	-	-	-	-
Topia	3.2	3.6	3.3	-	-	-	-	-
Zinc Recovery	83.5	86.7	80.9	-	-	-	-	-
Topia	83.5	86.7	80.9	-	-	-	-	-
Cost per tonne	98.16	98.30	90.37	60.89	64.32	63.35	-	-
CMC	66.06	67.70	67.20	60.89	64.32	63.35	-	-
VMC	79.43	102.85	-	-	-	-	-	-
Topia	294.04	277.29	280.44	-	-	-	-	-
Cash costs per ounce	17.06	15.55	13.86	17.08	20.24	20.36	-	-
CMC	18.75	14.19	13.09	17.08	20.24	20.36	-	-
VMC	13.86	31.92	-	-	-	-	-	-
Topia	18.35	17.22	15.69	-	-	-	-	-
AISC per ounce	21.83	20.80	19.53	24.15	25.79	33.31	-	-
CMC	21.77	17.45	15.18	24.15	25.79	33.31	-	-
VMC	16.01	31.92	-	-	-	-	-	-
Topia	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:

	March 31, 2023			May 24, 2023		
	#	Weighted average exercise price	Weighted average life (years)	#	Weighted average exercise price	Weighted average life (years)
Common shares	**323,866,633**			**328,403,683**		
Warrants	**98,546,262**	$0.50	**1.70**	**95,034,212**	$0.50	**1.53**
Stock options	**19,029,500**	$0.40	**2.86**	**21,294,500**	$0.45	**3.24**
Restricted Share Units	**-**	-	**-**	**347,500**	$0.58	**0.90**
Fully diluted	**441,442,395**			**445,079,895**		

MANAGEMENT OF CAPITAL

The Company considers the items included in the consolidated statement of shareholder's equity as capital. 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 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, pre-production and exploration stages and the Company is dependent on external financing to fund its activities in order to carry out planned activities and pay for administrative costs. Management reviews its capital management approach on an ongoing basis and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets, and believes that this approach, given the relative size of the Company, is reasonable.

In order to maintain or adjust the capital structure, the Company may issue new equity, incur additional debt, option its exploration and evaluation assets for cash and/or expenditure commitments from optionees, 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 financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends.

The Company is not subject to externally imposed capital requirement.

OFF BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

Compensation of key management personnel

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

	Three Months Ended		
	March 31 2023	March 31 2022	% Change
	$	**$**	
Salaries, bonus and benefits	**87,113**	35,494	144%
Consulting fees [(1)]	**156,118**	71,039	120%
Share-based compensation	**140,763**	275,125	(49%)
Total	**383,994**	381,658	1%

[(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, and for the three months ended March 31, 2022, to Blueberry Capital Corp., a company controlled by the CEO of the Company.

Royalty purchase option

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

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

Under the terms of the Option Agreement, the Company will pay a total of CAD$1,675,000 cash and issue 3,750,000 units (each unit comprised of one common share and one non-transferable share purchase warrant, exercisable at CAD$0.175 per share for a term of 5 years) to EMBSA. On April 7, 2022, the Company and EMBSA amended the Option Agreement whereby the CAD$525,000 option payment originally due on February 22, 2022, was deferred. The revised payment schedule is as follows:

- CAD$200,000 cash (paid) and 3,750,000 units on or before November 30, 2020 (issued);
- CAD$325,000 cash on or before February 22, 2021 (paid)
- CAD$262,500 on or before April 10, 2022 (paid)
- CAD$262,500 on or before October 10, 2022 (paid)
- CAD$312,500 cash on or before March 16, 2023 (settled, see note below)
- CAD$312,500 cash on or before October 16, 2023

On March 16, 2023, the Company purchased all of EMBSA's interest in its 15% royalty on net profits derived from the surface stockpile of historically mined (but unprocessed) mineralized material at El Pinguico for a purchase price of US$70,000. Accordingly, upon payment of the final option payment of C$312,500 to EMBSA on or before October 16, 2023, the only royalty that will remain over the El Pinguico project will be a 15% net profits royalty on the underground stockpile of previously mined material in favour of EMBSA.

CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

a) Commitments

As at March 31, 2023, the Company had no commitments which are expected to be expended within one year.

b) Contingencies – Obras Mineras El Pinguico

The Company has certain contingent payments in relation to the acquisition of CMC 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 three months ended March 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").

The Company has accrued a total of $231,552 for contingent payment #3 as other current liabilities on the statement of financial position.

c) Contingencies – Minera Mexicana el Rosario

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

- $500,000 upon GSilver producing 2,500,000 ounces of silver from the purchased MMR assets.
- $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.
- $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.

The Company has accrued a total of $1,097,789 for these contingent payments in other current liabilities on the statement of financial position.

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
Silver and gold bullion (other assets)	Valued at the lower of cost or net realizable value, which is the estimated sale price of the silver and gold, generally determined based on the spot price at the period end.
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.
Hedging instruments (other assets)	The Company determines the value of the hedging instruments using quoted prices. Fair value changes are charged to profit and loss.
OCIM Loan	The fair value of the loan was estimated using the discounted cash flow method at a rate that equates to the risk-free rate plus a comparable current market interest rate.
Derivative	Valued using inputs derived from observable market data, including quoted commodity forward prices
Vehicle loans	The carrying values of vehicle loans approximate their fair values as a result of relatively unchanged interest rates since inception of the loans.
Other current liabilities	The fair value of the contingent liabilities where payment is contingent on the price of gold and silver was estimated using the Monte-Carlo averaging simulation technique on simulated gold and silver prices. The fair value of the contingent liability where payment is contingent on achieving production milestones was estimated using the discounted cash flow method and an assigned probability of the achievement of the production milestones.

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

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

(Leyden Osorio, Assistant Environmental Technician)

(Adriana Rangel, Mine Operator)

March 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	3,243,997	-	3,243,997	-	3,243,997	-
Hedging instruments	132,800	-	132,800	132,800	-	
	3,376,797	**-**	**3,376,797**	**132,800**	**3,376,797**	**-**
Financial assets not measured at Fair Value						
Cash and cash equivalents	-	5,275,004	5,275,004	-	-	5,275,004
Other assets-silver and gold bullion	-	2,688	2,688	-	-	2,688
Other receivables	-	9,791,483	9,791,483	-	-	9,791,483
	-	**15,069,175**	**15,069,175**	**-**	**-**	**15,069,175**
Financial liabilities measured at Fair Value						
Other current liabilities	(3,399,058)	-	(3,399,058)	-	(3,399,058)	-
	(3,399,058)	**-**	**(3,399,058)**	**-**	**(3,399,058)**	**-**
Financial liabilities not measured at Fair Value						
Accounts payable and accrued liabilities	-	(16,833,739)	(16,833,739)	-	-	(16,833,739)
Vehicle loan	-	(344,162)	(344,162)	-	-	(344,162)
OCIM Loan	-	(5,006,448)	(5,006,448)	-	-	(5,006,448)
Ocean Partners Loan	-	(9,451,825)	(9,451,825)	-	-	(9,451,825)
	-	**(31,636,175)**	**(31,636,175)**	**-**	**-**	**(31,636,175)**

December 31, 2022	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	3,857,355	-	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
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)**

Guanajuato Silver CO LTD

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 and Mexican Peso, respectively; 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 the spread 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.sedar.com). 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 March 31, 2023:

Metal	Change	Effect on Sales $
Silver	+/- 10%	1,787,990
Gold	+/- 10%	1,504,821
Lead	+/- 10%	123,429
Zinc	+/- 10%	314,372

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and amounts receivable. The Company deposits its cash and cash equivalents with high credit quality major Canadian and Mexican financial institutions as determined by ratings agencies. Trade accounts receivables from concentrate sales are held with large international metals trading companies. Within other receivables there are $1,116,318 owed by Great Panther. On December 15, 2022, Great Panther filed a termination application to make a voluntary assignment into bankruptcy pursuant to the Bankruptcy and Insolvency Act. The Company has the right of offset against any contingent payments owed to Great Panther. The Company took an allowance of $1,300,000 against the $2,416,318 amount receivable due to the uncertainty surrounding the Great Panther bankruptcy and the ability of the Company to collect the full receivable due from them.

As of	March 31, 2023	December 31, 2022
	$	$
Cash and cash equivalents	**5,275,004**	8,832,936
Trade receivables	**3,243,997**	3,857,355
VAT recoverable	**8,204,106**	7,398,102
Other receivables	**1,388,225**	1,504,922
	18,111,332	**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 March 31, 2023:

	Expected payments by year as at March 31, 2023			
	Less than 1 year	1 -3 years	After 5 years	Total
	$	$	$	$
Trade and other payables	16,833,739	-	-	**16,833,739**
Loans	12,347,715	2,454,721	-	**14,802,436**
Lease obligations	2,954,556	1,532,013	43,110	**4,529,679**
Other liabilities	3,399,058	-	41,914,977	**45,314,035**
Total	**35,535,068**	**3,986,734**	**41,958,087**	**81,479,889**

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 loan payable and lease liability are subject to fixed interest rates thus any changes in external interest rates would not result in a significant impact on the Company's net loss. The Company's advance payment is subject to 12-month LIBOR. Based on the Company's interest rate exposure at March 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 March 31, 2023	Canadian dollars	Mexican pesos
Cash and cash equivalents	5,187,592	11,492,836
Amounts receivable	-	197,740,551
Accounts payable and accrued liabilities	(411,771)	(271,286,218)
Current portion of loan payable	-	(4,105,106)
Current portion of lease liabilities	(73,937)	-
Loan Payable	-	(145,743)
Lease liabilities	(195,009)	(22,722,477)
Provision for reclamation and rehabilitation	-	(345,916,578)
Total foreign currency exposure	4,506,874	(454,118,919)
US$ equivalent of foreign currency exposure	3,330,285	(25,391,703)

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%	295,353
Mexican pesos	+/- 10%	2,302,476

COVID-19 Pandemic

The Company's business could be significantly adversely affected by the effects of a widespread global outbreak of contagious disease, including the continued outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on third parties' ability to meet their obligations with the Company, including due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the risk of travel and quarantine restrictions imposed by governments of affected countries. In particular, the continued spread of the COVID-19 globally could materially and adversely impact the Company's business including without limitation, employee health, limitations on travel, the availability of industry experts and personnel, restrictions to planned drill programs, mining and processing operations shutdowns, and other factors that will depend on future developments beyond the Company's control. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries (including those in which the Company operates), resulting in an economic downturn that could negatively impact the Company's operating results and ability to raise capital.

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 ongoing COVID-19 pandemic, the war in Ukraine 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. Significant accounting policies, and practices are described in more detail in the notes to the annual consolidated financial statements for the year ended December 31, 2022. 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.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing unaudited condensed consolidated interim financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the amounts reported in the unaudited condensed consolidated interim 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.

There were no changes in critical accounting judgments and estimates that were significantly different from those disclosed in the Company's annual MD&A as at and for the year ended December 31, 2022.

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

MANAGEMENT'S REPORT ON DISCLOSURE CONTROLS AND PROCEDURES

Management of the Company has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented. There have been no significant changes in the Company's disclosure controls and procedures during the three months ended March 31, 2023.

LIMITATIONS OF CONTROLS AND PROCEDURES

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, believe that any system of controls and procedures over financial reporting and disclosure, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

(Susana Delrio (left), Director of Administration and Lisa Dea, CFO underground at San Ignacio)