Management's Discussion and Analysis

For the three and six months ended June 30, 2024

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

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements of Guanajuato Silver Company Ltd. ("GSilver" or the "Company"), for the three and six months ended June 30, 2024, and the related notes contained therein (the "Financial Statements") which were prepared in accordance with International Accounting Standard No 34, Interim Financial Reporting ("IAS 34"), using accounting policies consistent with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the Company's audited consolidated financials statements for the year ended December 31, 2023. The Company uses certain non-IFRS financial measures in this MD&A as described under "Non-IFRS Measures". Additional information relating to the Company, including the most recently filed Annual Information Form (the "Annual Information Form"), is available on SEDAR at www.sedarplus.ca. All amounts are expressed in United States ("US") dollars unless otherwise stated. Certain amounts shown in this MD&A may not add exactly to total amounts due to rounding differences. This MD&A contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained therein. All information contained in this MD&A is current and has been approved by the Board of Directors of the Company as of August 27, 2024, unless otherwise stated.

QUALIFIED PERSON

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

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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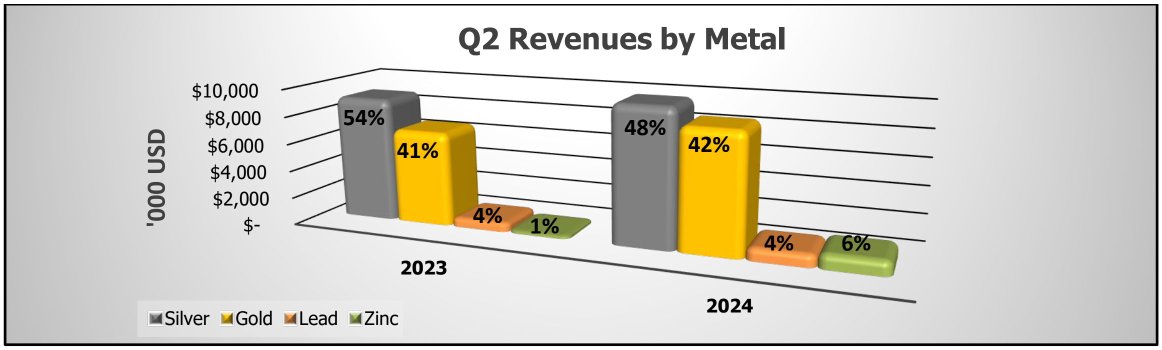
OPERATING AND FINANCIAL HIGHLIGHTS

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

The following table summarizes the Company's consolidated operating and financial results for the three and six months ended June 30, 2024 and 2023:

CONSOLIDATED	Three months ended			Six months ended		
	June 30 2024	June 30 2023	% Change	June 30 2024	June 30 2023	% Change
Operating						
Tonnes mined	171,534	166,171	3%	335,591	328,287	2%
Tonnes milled	161,457	163,793	(1%)	326,535	323,975	1%
Silver ounces produced	398,685	477,649	(17%)	826,963	936,452	(12%)
Gold ounces produced	4,255	4,719	(10%)	9,638	9,132	6%
Lead produced (lbs)	806,295	875,802	(8%)	1,685,536	1,782,498	(5%)
Zinc produced (lbs)	1,067,538	897,258	19%	1,989,834	2,050,396	(3%)
Silver equivalent ("Ag/Eq") ounces produced (1)	823,679	941,338	(12%)	1,810,992	1,879,385	(4%)
Silver ounces sold	403,084	462,917	(13%)	816,975	937,871	(13%)
Gold ounces sold	4,306	4,427	3%	9,502	9,014	5%
Lead sold (lbs)	787,635	830,567	(5%)	1,629,247	1,786,008	(9%)
Zinc sold (lbs)	1,074,624	871,328	23%	2,009,498	2,113,717	(5%)
Ag/Eq ounces sold (1)	833,208	901,474	(8%)	1,788,536	1,871,075	(4%)
Cost per tonne ($) (5)	100.46	100.22	0%	99.11	99.20	0%
Cash cost per Ag/Eq ounce ($) (1)(2)(5)	19.93	17.71	13%	18.09	17.39	4%
AISC per Ag/Eq ounce ($) (1)(3)(5)	25.55	22.47	14%	22.63	22.15	2%
Financial	**$**	**$**		**$**	**$**	
Revenue	20,551,139	16,823,042	22%	38,316,122	33,941,466	13%
Cost of Sales	19,603,706	19,213,281	2%	39,024,292	39,482,397	(1%)
Mine operating income (loss)	947,433	(2,390,239)	140%	(708,170)	(5,540,931)	87%
Mine operating cashflow before taxes (5)(7)	3,887,924	394,276	886%	5,248,447	581,490	803%
Net loss	(2,749,933)	(8,557,538)	68%	(10,131,624)	(17,256,616)	41%
EBITDA (4)(5)	2,007,907	(4,576,059)	144%	(770,960)	(8,643,466)	91%
Adjusted EBITDA (4)(5)	1,916,933	(3,409,928)	156%	987,918	(5,683,156)	117%
Realized silver price per ounce (6)	28.78	24.33	18%	26.03	23.40	11%
Realized gold price per ounce (6)	2,334.24	1,988.05	17%	2,188.42	1,938.47	13%
Realized lead price per pound (6)	0.98	0.97	1%	0.96	0.97	0%
Realized zinc price per pound (6)	1.29	1.14	14%	1.21	1.31	(7%)
Working capital (5)	(16,770,538)	(17,831,378)	6%	(16,770,538)	(17,831,379)	6%
Shareholders						
Loss per share – basic and diluted	$(0.01)	$(0.03)	76%	$(0.03)	$(0.05)	45%
Weighted Average Shares Outstanding	387,959,573	327,386,045	19%	371,406,154	325,149,910	14%

1. Silver equivalents are calculated using 81.05:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2024; an 81.33:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2023; an 84.51:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2024 and an 82.51:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for YTD 2023, respectively.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 37.
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 37.
4. See Reconciliation of earnings before interest, taxes, depreciation, and amortization on page 36.
5. Mine Operating Cashflow Before Taxes, Cash cost per silver equivalent, cost per tonne, AISC per Ag/Eq ounce, EBITDA, Adjusted EBITDA and working capital are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 35.
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 35.



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

	Three Months Ended			
CONSOLIDATED	**June 30, 2024**	**March 31, 2024**	**December 31, 2023**	**September 30, 2023**
Operating				
Tonnes mined	171,534	164,057	133,497	134,865
Tonnes milled	161,457	165,079	137,339	132,484
Silver ounces produced	398,685	428,279	394,971	425,488
Gold ounces produced	4,255	5,384	4,395	3,441
Lead produced (lbs)	806,295	879,242	837,230	935,738
Zinc produced (lbs)	1,067,538	922,297	960,206	857,660
Silver equivalent ("Ag/Eq") ounces produced(1)	823,679	987,312	850,214	787,086
Silver ounces sold	403,084	413,892	400,106	423,855
Gold ounces sold	4,306	5,196	4,275	3,773
Lead sold (lbs)	787,635	841,612	909,817	884,204
Zinc sold (lbs)	1,074,624	934,873	890,691	827,101
Ag/Eq ounces sold(1)	833,208	955,328	844,572	808,742
Cost per tonne ($)(5)	100.46	97.78	107.95	121.82
Cash cost per Ag/Eq ounce ($) (1)(2)(5)	19.93	16.55	17.66	20.79
AISC per Ag/Eq ounce ($) (1)(3)(5)	25.55	20.19	21.52	26.22
Financial	**$**	**$**	**$**	**$**
Revenue	20,551,139	17,764,983	16,581,967	15,643,649
Cost of Sales	19,603,706	19,420,586	18,515,317	19,968,655
Mine operating income (loss)	947,433	(1,655,603)	(1,933,352)	(4,325,005)
Mine operating cash flows before taxes(5)(7)	3,887,924	1,360,523	838,068	(1,576,212)
Net loss	(2,749,933)	(7,381,691)	(7,624,676)	(7,062,159)
EBITDA(4)(5)	2,007,907	(2,778,867)	(2,559,261)	(3,029,671)
Adjusted EBITDA(4)(5)	1,916,933	(929,015)	(1,099,580)	(3,612,173)
Realized silver price per ounce(6)	28.78	23.37	23.21	23.60
Realized gold price per ounce(6)	2,334.24	2,068.57	1,982.88	1,929.31
Realized lead price per pound(6)	0.98	0.94	0.96	0.99
Realized zinc price per pound(6)	1.29	1.11	1.14	1.10
Working capital(5)	(16,770,538)	(21,238,584)	(18,441,013)	(19,558,888)
Shareholders				
Loss per share - basic and diluted	$(0.01)	$(0.02)	$(0.02)	$(0.02)
Weighted Average Shares Outstanding	387,959,573	354,496,832	351,589,912	341,055,800

1. Silver equivalents are calculated using 81.05:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2024; an 88.72:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q1 2024; an 85.10:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q4 2023; an 81.83:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q3 2023.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 37.
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 37.
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6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.
7. Mine operating cash flow before taxes is calculated by adding back depreciation, depletion, and inventory write-downs to mine operating loss. See Reconciliation to IFRS on page 35.

Guanajuato Silver CO LTD

CONSOLIDATED	Three Months Ended June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Operating				
Tonnes mined	166,171	162,116	131,543	107,379
Tonnes milled	163,793	160,182	131,341	107,009
Silver ounces produced	477,649	458,803	401,244	329,298
Gold ounces produced	4,719	4,413	3,907	3,226
Lead produced (lbs)	875,802	906,696	811,492	537,608
Zinc produced (lbs)	897,258	1,153,138	1,261,554	677,127
Silver equivalent ("Ag/Eq") ounces produced(1)	941,338	938,047	836,375	700,264
Silver ounces sold	462,917	474,954	405,384	311,754
Gold ounces sold	4,427	4,586	3,865	2,997
Lead sold (lbs)	830,567	955,441	846,281	504,408
Zinc sold (lbs)	871,328	1,242,389	1,600,811	273,327
Ag/Eq ounces sold(1)	901,474	969,603	866,319	628,256
Cost per tonne ($)(5)	100.22	98.16	98.30	90.37
Cash cost per Ag/Eq ounce ($) (1)(2)(5)	17.71	17.06	15.55	13.86
AISC per Ag/Eq ounce ($) (1)(3)(5)	22.47	21.83	20.80	19.53
Financial	**$**	**$**	**$**	**$**
Revenue	16,823,042	17,118,424	15,487,714	8,871,863
Cost of Sales	19,213,281	20,269,116	15,635,541	12,213,604
Mine operating loss	(2,390,239)	(3,150,692)	(147,830)	(3,341,741)
Mine operating cash flows before taxes(5)(7)	394,276	187,214	2,367,522	(350,164)
Net loss	(8,557,538)	(8,699,078)	(9,905,707)	(8,405,337)
EBITDA(4)(5)	(4,576,059)	(4,093,976)	(5,997,153)	(4,192,955)
Adjusted EBITDA(4)(5)	(3,409,928)	(2,299,797)	(1,500,059)	(2,684,927)
Realized silver price per ounce(6)	24.33	22.50	21.23	19.06
Realized gold price per ounce(6)	1,988.05	1,890.60	1,783.36	1,724.81
Realized lead price per pound(6)	0.97	0.96	0.92	0.86
Realized zinc price per pound(6)	1.14	1.42	1.42	1.44
Working capital(5)	(17,831,378)	(11,029,888)	(5,972,704)	(2,591,389)
Shareholders				
Loss per share - basic and diluted	$(0.03)	$(0.03)	$(0.03)	$(0.07)
Weighted Average Shares Outstanding	327,386,045	322,849,823	302,153,922	240,872,526

1. Silver equivalents are calculated using 81.33:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2023; an 83.78:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q1 2023; an 81.35:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q4 2022; and an 89.97:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.08:1 (Ag/Zn) ratio for Q3 2022.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 37.
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 37.
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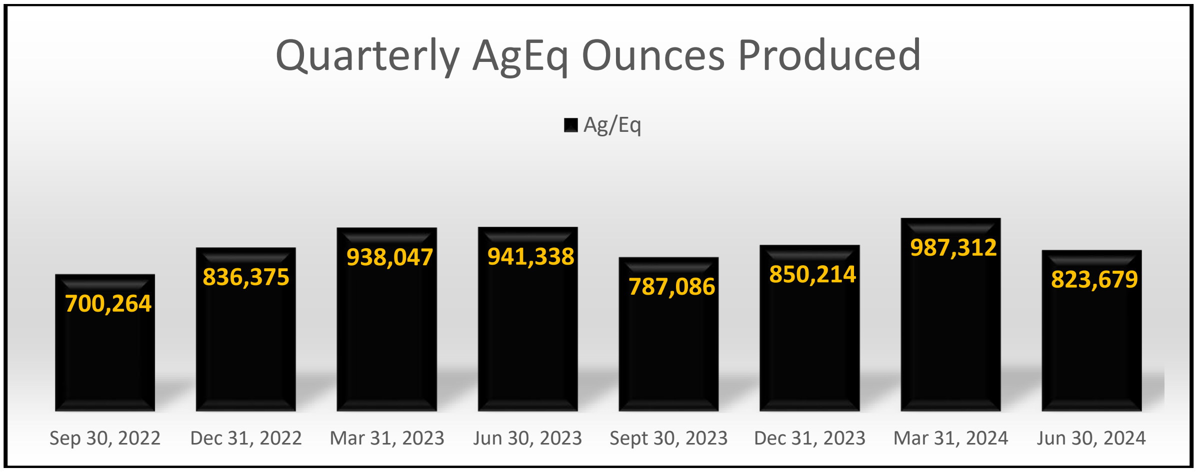


The above highlights are key measures used by management; however, they should not be the only measure used in determining the performance of the Company's operations. See footnotes to tables on pages 6 and 7 above, for assumptions regarding silver equivalent calculation.

As at	June 30 2024	December 31 2023	December 31 2022
	$	$	$
Cash and cash equivalents	2,198,300	1,956,616	8,832,936
Total assets	76,171,402	76,740,176	85,648,898
Debt	21,976,425	19,810,314	23,832,319
Shareholders' equity	10,152,699	10,794,584	32,511,787

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

COMPANY HISTORY, OVERVIEW & STRATEGY

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

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

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

General location of the Company's mines

Going Concern

For the six months ended June 30, 2024, the Company generated a mine operating loss of $708,170, a net loss of $10,131,624, and negative cash flows from operating activities of $4,417,718. As at June 30, 2024, the Company has an accumulated deficit of $118,302,202 and current liabilities that exceed its current assets by $16,770,538, including accounts payable and accrued liabilities of $23,841,305. These factors give rise to material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Management has taken steps to manage the Company's liquidity, including extending payment terms with suppliers and settling certain liabilities through the issuance of the Company's common shares. Management may consider new debt financing and may also consider raising additional equity financing. The continuing operations of the Company are dependent in the near-term on its ability to obtain additional financing and in the longer-term on a combination of additional financing and the generation of cash flows from operations. Management is of the opinion that sufficient funds will be obtained from external financing and cash flows from operations to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing or cash flows from operations will not be available on a timely basis or on terms acceptable to the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

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

Health and Safety

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

Ethics and Governance

- "Joint efforts" program with local and state governments: roads, infrastructure, transportation, etc.
- Code of Ethics and Business Conduct, Whistleblower and Anti-Bribery and Anti-Corruption policies in place

Environmental Impact

- Ongoing reforestation and refuse cleanup campaigns
- Synergy with local authorities to fix waste management at our operations
- Implementing a hydraulic backfill procedure that will have an immediate positive environmental impact at VMC
- Implementing drystack tailings at El Cubo

People, Community and Culture

- 9.8 % of the entire Mexican operations workforce are female
- 100% of our Mexico operations are staffed by Mexican employees (980 people from Mexico as of June 30, 2024)
- Engagement and collaboration with the University of Guanajuato, including an internship and social service program
- Improvement of local community buildings, homes and schools and technology access. Monthly clean up brigades
- Curator of the Guanajuato Mining Museum at Valenciana. A key component of Guanajuato's UNESCO World Heritage Status

Guanajuato Silver CO LTD

MINING OPERATIONS

CONSOLIDATED OPERATIONS

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

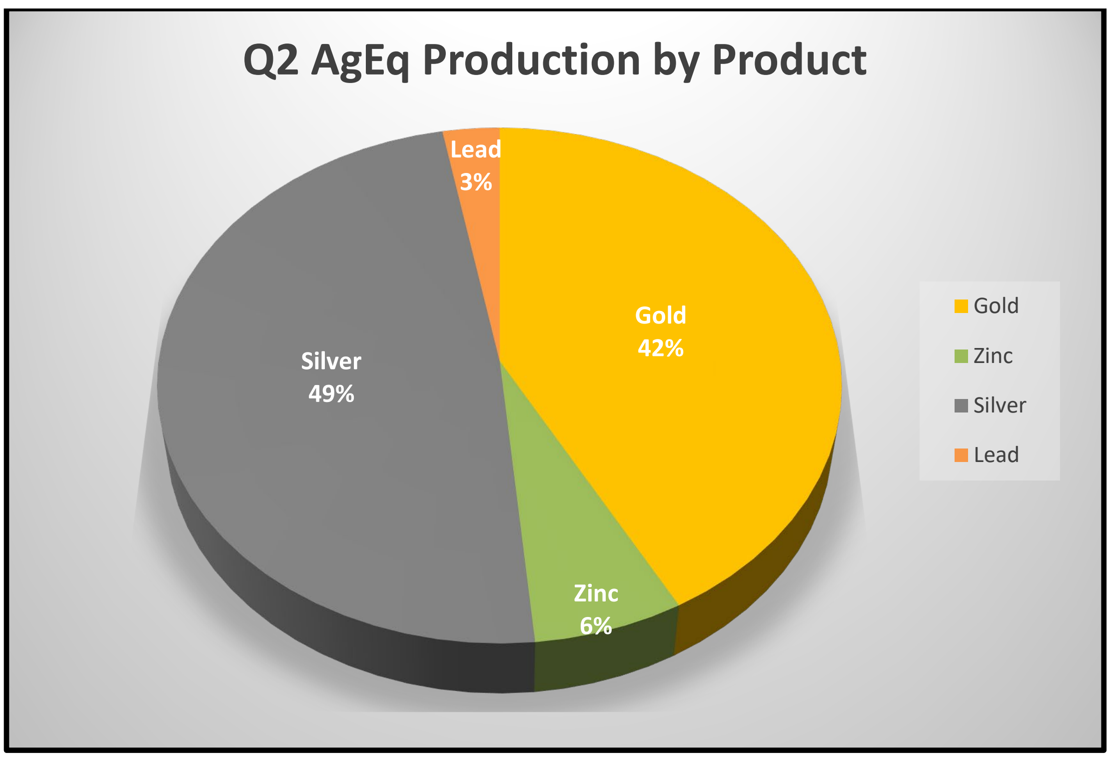
CONSOLIDATED	Three months ended June 30 2024	Three months ended June 30 2023	% Change	Six months ended June 30 2024	Six months ended June 30 2023	% Change
Production						
Tonnes mined	171,534	166,171	3%	335,591	328,287	2%
Tonnes milled	161,457	163,793	(1%)	326,535	323,975	1%
Average tonnes milled per day	1,922	1,950	(1%)	1,944	1,928	1%
Average silver grade (g/t)	90.34	106.93	(16%)	90.73	104.38	(13%)
Average gold grade (g/t)	0.98	1.10	(11%)	1.06	1.07	(1%)
Average silver recovery (%)	85.02	84.90	0%	86.80	84.41	3%
Average gold recovery (%)	83.78	83.10	1%	86.70	82.15	6%
Silver ounces produced	398,685	477,649	(17%)	826,963	936,452	(12%)
Gold ounces produced	4,255	4,719	(10%)	9,638	9,132	6%
Lead produced (lbs)	806,295	875,802	(8%)	1,685,536	1,782,498	(5%)
Zinc produced (lbs)	1,067,538	897,258	19%	1,989,834	2,050,396	(3%)
Ag/Eq ounces produced[(1)]	823,679	941,338	(12%)	1,810,992	1,879,385	(4%)
Sales						
Silver ounces sold	403,084	462,917	(13%)	816,975	937,871	(13%)
Gold ounces sold	4,306	4,427	(3%)	9,502	9,014	5%
Lead sold (lbs)	787,635	830,567	(5%)	1,629,247	1,786,008	(9%)
Zinc sold (lbs)	1,074,624	871,328	23%	2,009,498	2,113,717	(5%)
Ag/Eq ounces sold	833,208	901,474	(8%)	1,788,536	1,871,075	(4%)
Realized silver price per ounce ($)[(6)]	28.78	24.33	18%	26.03	23.40	11%
Realized gold price per ounce ($)[(6)]	2,334.24	1,988.05	17%	2,188.42	1,938.47	13%
Realized lead price per pound ($)[(6)]	0.98	0.97	1%	0.96	0.97	0%
Realized zinc price per pound ($)[(6)]	1.29	1.14	14%	1.21	1.31	(7%)
Costs						
Cash cost per Ag/Eq ounce ($)[(3)(5)]	19.93	17.71	13%	18.09	17.39	4%
AISC per Ag/Eq ounce ($)[(4)(5)]	25.55	22.47	14%	22.63	22.15	2%
Production cost per tonne ($)[(2)(5)]	100.46	100.22	0%	99.11	99.20	(0%)
Capital expenditures						
Sustaining ($)	2,582,846	1,424,927	81%	3,195,388	3,037,478	5%
Diamond Drilling						
CMC (mts.)	446	511	(13%)	446	511	(13%)
VMC (mts.)	595	618	(4%)	595	618	(4%)
San Ignacio (mts.)	249	1,816	(86%)	249	3,271	(92%)
Topia (mts.)	190	866	(78%)	410	1,497	(73%)

1. Silver equivalents are calculated using 81.05:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2024 and an 81.33:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2023, an 84.51:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2024 and an 82.51:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for YTD 2023, respectively.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 37.
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 37.
4. See Reconciliation of production cost per tonne on page 37.
5. Mine Operating Cashflow Before Taxes, Cash cost per silver equivalent, cost per tonne, AISC per Ag/Eq ounce, EBITDA, Adjusted EBITDA and working capital are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 35.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.

The Valenciana Mines Complex segment included the San Ignacio Mine until the year ended in December 2023. During the first quarter of 2024, the Company began to monitor the financial and operating results of San Ignacio as a separate operation from the rest of the Valenciana Mines Complex. Beginning in the first quarter of 2024 the Company considers each of San Ignacio and the VMC to be a separate mineral project with distinct geological characteristics, mineral deposits, exploration and development work, databases, and underground mining infrastructure.

Q2 2024 Production Summary	El Cubo Mines Complex	Valenciana Mines Complex	San Ignacio Mine	Topia	Consolidated
Tonnes mined	92,499	40,822	24,768	13,446	171,534
Tonnes milled	84,706	40,178	23,434	13,139	161,457
Silver ounces produced	91,760	71,112	52,189	183,624	398,685
Gold ounces produced	1,936	1,153	858	308	4,255
Lead produced (lbs)	-	-	-	806,294	806,294
Zinc produced (lbs)	-	-	-	1,067,537	1,067,537
Silver equivalent ("Ag/Eq") ounces produced (1)	249,594	164,515	122,052	287,518	823,679
Silver ounces sold	93,933	70,095	52,720	186,335	403,084
Gold ounces sold	2,033	1,111	854	308	4,306
Lead sold (lbs)	-	-	-	787,635	787,635
Zinc sold (lbs)	-	-	-	1,074,624	1,074,624
Ag/Eq ounces sold (1)	260,023	160,301	122,416	290,469	833,208
Cost per tonne (5)	63.34	81.16	104.61	391.37	100.46
Cash cost per Ag/Eq ounce (1)(2)(3)(5)	21.63	19.97	20.23	18.30	19.93
AISC per Ag/Eq ounce (1)(3)(4)(5)	27.03	23.42	24.69	18.89	25.55

1. Silver equivalents are calculated using 81.05:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2024. This also applies to the chart below this table.
2. Production costs include mining, milling, and direct overhead at the operation sites See reconciliation on page 37.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 37.
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 37.
5. Cash cost per silver equivalent, AISC per Ag/Eq ounce and cost per tonne are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 35.



Production

In the second quarter, total production amounted to 823,679 ounces of silver equivalent, which is comprised of 398,685 ounces of silver, 4,255 ounces of gold, 806,294 pounds of lead, and 1,067,537 pounds of zinc (see footnote to table above for calculation of silver equivalent). This represents a 12% decrease in silver equivalent ounces compared to Q2 2023. Out of total production, CMC accounted for 249,594 silver equivalent ounces, which is 30% of the total production, VMC contributed 164,515 silver equivalent ounces, representing 20% of the total production, San Ignacio's production was 122,052 representing 16% of the total, while Topia added 287,518 silver equivalent ounces, making up the remaining 34%.

The Company's three plants processed a consolidated 161,457 tonnes of mineralized material with average grades of 90.34 grams per tonne ("g/t") for silver and 0.98 g/t for gold, compared to production in the same quarter of the prior year of 163,793 tonnes at average grades of 106.93 g/t of silver and 1.10 g/t of gold which represents a decrease of 1% in tonnes processed, 16% decrease average silver grades and 11% decrease in average gold grades. Average silver recoveries remained consistent in Q2 2024 compared to Q2 2023 and gold recoveries increased by 1% in the same periods, from 83.10% in Q2 2023 to 83.78% in Q2 2024.

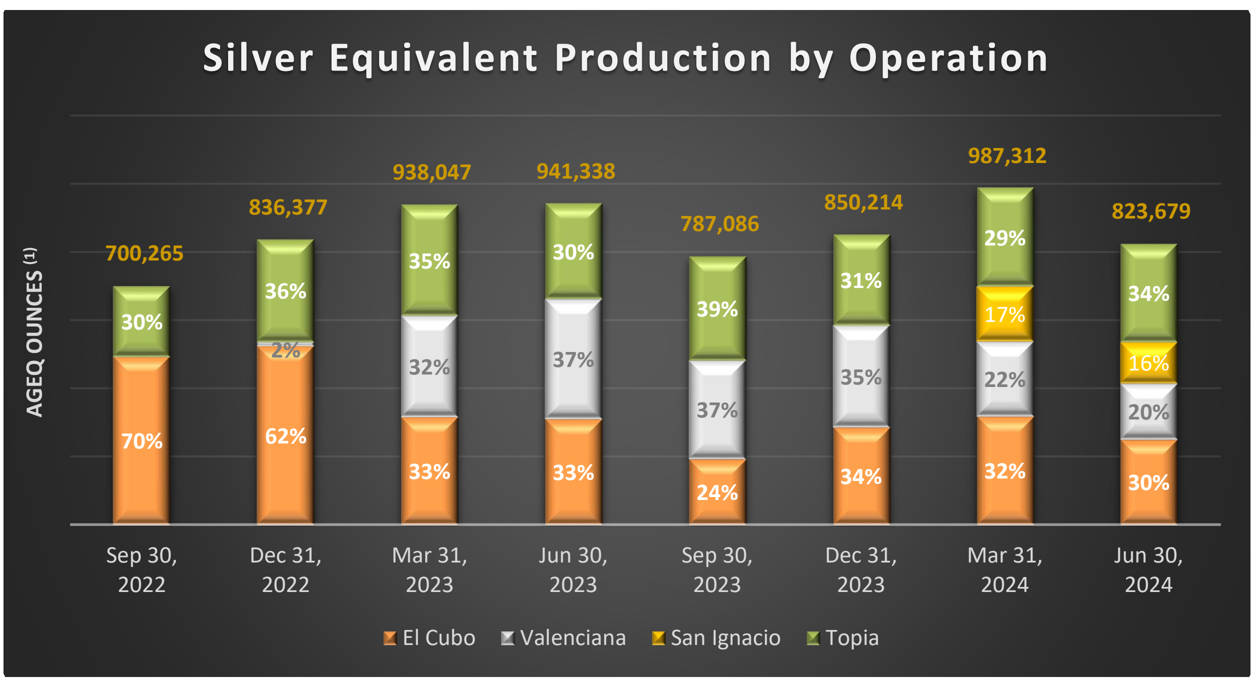
Q2 2024 production was lower due to equipment availability and inclement weather during the raining season which negatively impacted production at our mills. Also, there was a reduction of third-party purchase material for processing at our mills. With regards to equipment availability, the Company has invested additional new production equipment as well as repairs for existing equipment. There has also been the increase in mining of fresh mineralized material from our mines that should increase grades going forward.

Cash Cost and All-In Sustaining Cost per Ounce

In the second quarter of 2024, costs per tonne increased by 0.24% to $100.46 compared to $100.22 in the corresponding period of 2023. Productions costs decreased by 1%, however this was offset by a 1% decrease of tonnes milled to 161,457 in Q2 2024 compared to 163,793 in Q2 2023.

Cash cost and AISC per Ag/Eq ounce produced for the quarter were $19.93 and $25.55, respectively, which represents an increase of 13% and 14%, respectively, compared to Q2 2023 of $17.71 and $22.47, respectively, and is primarily due to lower silver equivalent ounces produced that decreased by 12% from 941,338 AgEq ounces in Q2 2003 to 823,679 AgEq ounces in Q2 2024.

(Cash cost per silver equivalent and AISC per Ag/Eq ounce and cost per tonne are non-IFRS financial measures with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 35).



1. Silver equivalents are calculated using 81.05:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2024; an 88.72:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q1 2024; an 85.10:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q4 2023; an 81.83:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q3 2023; and 81.33:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2023; an 83.78:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q1 2023; an 81.35:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q4 2022; 89.97:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.08:1 (Ag/Zn) ratio for Q3 2022.

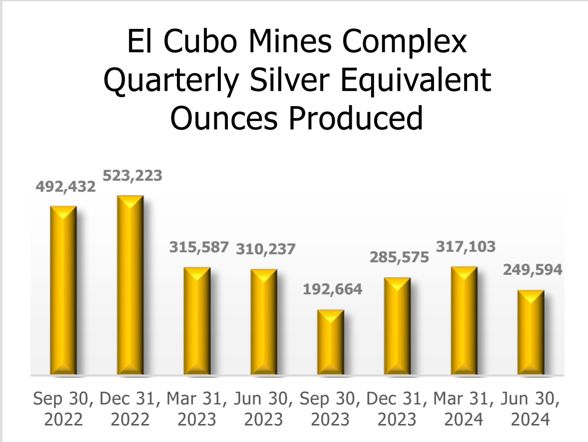
Guanajuato Silver CO LTD

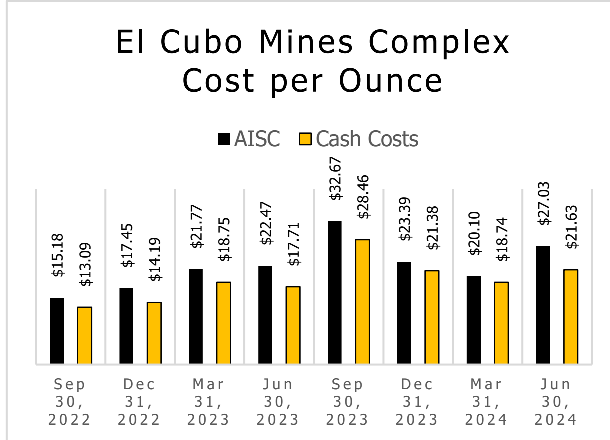
EL CUBO MINES COMPLEX OPERATIONS

Operating results were as follows:

EL CUBO MINES COMPLEX	Three months ended June 30 2024	June 30 2023	% Change	Six Months ended June 30 2024	June 30 2023	% Change
Production						
Tonnes mined	92,499	84,132	10%	175,292	174,663	0%
Tonnes milled	84,706	83,244	2%	169,651	172,244	(2%)
Average tonnes milled per day	1,008	991	2%	1,010	1,025	(2%)
Average silver grade (g/t)	44.80	65.38	(31%)	45.50	60.95	(25%)
Average gold grade (g/t)	0.86	0.88	(2%)	0.91	0.87	4%
Average silver recovery (%)	75.20	84.38	(11%)	79.98	83.93	(5%)
Average gold recovery (%)	82.80	86.16	(4%)	86.91	86.01	1%
Silver ounces produced	91,760	147,099	(38%)	198,474	283,946	(30%)
Gold ounces produced	1,936	2,006	(3%)	4,306	4,146	4%
Ag/Eq ounces produced[1]	249,594	310,237	(20%)	566,697	625,824	(9%)
Sales						
Silver ounces sold	93,933	142,361	(34%)	201,466	294,548	(32%)
Gold ounces sold	2,033	1,956	4%	4,280	4,331	(1%)
Ag/Eq ounces sold	260,023	302,282	(14%)	567,029	650,184	(13%)
Realized silver price per ounce ($)[6]	29.23	24.43	20%	26.05	23.48	11%
Realized gold price per ounce ($)[6]	2,343.86	1,999.27	17%	2,198.45	1,930.20	14%
Costs						
Cash cost per Ag/Eq ounce ($)[3][5]	21.63	19.24	12%	20.01	18.99	5%
AISC per Ag/Eq ounce ($)[4][5]	27.03	20.96	29%	23.15	21.37	8%
Cost per tonne ($)[2][5]	63.34	71.24	(11%)	66.47	68.56	(3%)
Capital expenditures						
Sustaining ($)	1,314,457	367,807	257%	1,647,439	1,072,055	54%
Diamond Drilling						
Villalpando/El Cubo Drilling (mts)	446	511	(13%)	446	511	(13%)

1. Silver equivalents are calculated using 81.05:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2024 and an 81.33:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2023, an 84.51:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2024 and an 82.51:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for YTD 2023, respectively.
2. Production costs include mining, milling, and direct overhead at the operation sites. See reconciliation on page 37.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See reconciliation on page 37.
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 37.
5. Cash cost per silver equivalent, AISC per Ag/Eq ounce and cost per tonne are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 35.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.





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

Production

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

In the second quarter of 2024, the total production of silver equivalent ounces in El Cubo amounted to 249,594 marking a decrease of 20% from the 310,237 recorded in the comparable 2023 quarter. This decrease can be attributed to the 11% and 4% decrease of the average silver and gold recoveries, respectively in the second quarter of 2024 compared to the same period in 2023. Silver grades decreased 31% from 65.38 g/t to 44.80 g/t while gold grade decreased 2% from 0.88 g/t to 0.86 g/t between Q2 2023 and Q2 2024.

Six months ended June 30, 2024 (compared to the six months ended June 30, 2023)

In the six months ended June 30, 2024, the total production of silver equivalent ounces amounted to 566,697, or 9% decrease from the 625,824 recorded in the comparable 2023 period. This decrease can be attributed to silver recoveries decreasing by 5% from 83.93% to 79.98% offset by gold recoveries increasing by 1% from 86.01% to 86.91% in the comparable periods respectively. The production decrease is also a result of the 2% decrease in plant throughput from 172,244 tonnes in the period of 2024 to 169,651 tonnes in the same period of 2023, along with a 25% decrease in silver grades.

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

Cash cost per silver equivalent and AISC per Ag/Eq ounce and cost per tonne are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 35.

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

Production costs decreased 11% to $63.34 per tonne in El Cubo in the second quarter of 2024 from $71.24 per tonne in the same period in 2023. The decreased cost at CMC was mainly due to a 10% reduction in production costs and a 2% increase in tonnes milled in Q2 2024 compared to the same period in 2023.

Cash costs per silver equivalent ounce in El Cubo for the three months ended June 30, 2024 was $21.63 compared to $19.24 for the three months ended June 30, 2023 reflects an increase of 12% mainly due to a decrease of 20% in Silver equivalent ounces produced in Q2 2024 of 249,594 compared to 310,237 in the same period offset by the 10% reduction in productions costs mentioned above.

AISC at El Cubo increased 29% to $27.03 per ounce in this quarter from $20.96 per ounce in Q2 2023, mainly due to higher sustaining capital expenditures, lower operating lease expenses and lower silver equivalent ounces produced.

Six months ended June 30, 2024 (compared to the six months ended June 30, 2023)

Production costs decreased 3% to $66.47 per tonne during the six months ended June 30, 2024 from $68.56 per tonne in the same period last year. The decrease was mainly due to 5% decrease in total production cost offset by 2% lower tonnes milled. Production cost was lower due to a 4% and 28% decrease in milling and indirect cost respectively, offset by a 7% increase in mining cost.

Cash costs per silver equivalent ounce for the six months ended June 30, 2024, increased 5% to $20.01 compared to the six months ended June 30, 2023, of $18.99 mainly due to the 9% decrease in silver equivalent ounces produced compared to same period last year, offset by 5% decrease in total production.

AISC increased 8% to $23.15 per ounce in the six months ended June 30, 2024 from $21.37 per ounce in the same period of 2023, mainly due to the decrease of 9% in silver equivalent ounces.

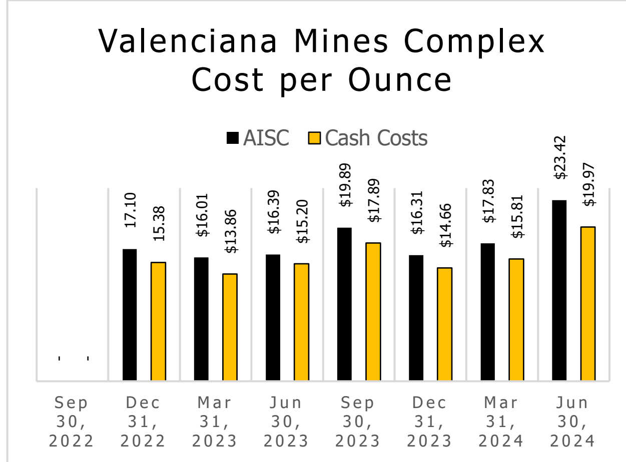
VALENCIANA MINES COMPLEX OPERATIONS

The Valenciana Mines Complex segment included the San Ignacio Mine until the year ended in December 2023. During the first quarter of 2024, the Company began to monitor the financial and operating results of San Ignacio as a separate operation from the rest of the Valenciana Mines Complex. Beginning in the first quarter of 2024 the Company considers each of San Ignacio and the VMC to be a separate mineral project with distinct geological characteristics, mineral deposits, exploration and development work, databases, and underground mining infrastructure. As a result, the comparative period data presented is inclusive of both San Ignacio and VMC, and is not directly comparable to the current period data.

Operating results were as follows:

	Three months ended			Six Months ended		
VALENCIANA MINES COMPLEX	**June 30 2024**	**June 30 2023**	**% Change**	**June 30 2024**	**June 30 2023**	**% Change**
Production						
Tonnes mined	40,822	62,863	(35%)	82,839	115,465	(28%)
Tonnes milled	40,178	61,594	(35%)	81,785	113,247	(28%)
Average tonnes milled per day	478	733	(35%)	487	674	(28%)
Average silver grade (g/t)	68.41	99.04	(31%)	70.80	99.71	(29%)
Average gold grade (g/t)	1.04	1.45	(28%)	1.16	1.39	(16%)
Average silver recovery (%)	80.50	83.63	(4%)	82.48	82.91	(1%)
Average gold recovery (%)	85.90	86.54	(1%)	88.41	84.50	5%
Silver ounces produced	71,112	156,859	(55%)	153,545	299,079	(49%)
Gold ounces produced	1,153	2,400	(52%)	2,701	4,248	(36%)
Ag/Eq ounces produced(1)	164,515	352,030	(53%)	384,360	649,799	(41%)
Sales						
Silver ounces sold	70,095	153,006	(54%)	152,029	292,243	(48%)
Gold ounces sold	1,111	2,179	(49%)	2,667	3,970	(33%)
Ag/Eq ounces sold	160,301	330,419	(51%)	380,250	616,978	(38%)
Realized silver price per ounce ($)(6)	28.26	24.43	16%	25.66	23.41	10%
Realized gold price per ounce ($)(6)	2,319.02	1,999.28	16%	2,174.95	1,949.21	12%
Costs						
Cash cost per Ag/Eq ounce ($)(3)(5)	19.97	15.20	31%	17.59	14.58	21%
AISC per Ag/Eq ounce ($)(4)(5)	23.42	16.39	43%	20.22	16.22	25%
Production cost per tonne ($)(2)(5)	81.16	86.63	(6%)	82.31	83.34	(1%)
Capital expenditures						
Sustaining ($)	566,538	408,265	39%	724,203	867,676	(17%)
Diamond Drilling						
VMC (mts)	595	618	(4%)	595	618	(4%)

1. Silver equivalents are calculated using 81.05:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2024 and an 81.33:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2023, an 84.51:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2024 and an 82.51:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for YTD 2023, respectively.
2. Production costs include mining, milling, and direct overhead at the operation sites. See reconciliation on page 37.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See reconciliation on page 37.
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 37.
5. Cash cost per silver equivalent, AISC per Ag/Eq ounce and cost per tonne are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 35.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.



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

Production

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

During the three months ended June 30, 2024, VMC produced 164,515 silver equivalent ounces, consisting of 71,112 ounces of silver and 1,153 ounces of gold. Compared to the second quarter of 2023, there is a 53% decrease in silver equivalent ounces, and this is mainly caused to the fact that the Valenciana Mines Complex segment included the San Ignacio Mine until the year ended in December 2023. During the first quarter of 2024, the Company began to monitor the financial and operating results of San Ignacio as a separate operation from the rest of the Valenciana Mines Complex.

Total mineralized material processed amounted to 40,178 tonnes during the quarter ended June 30, 2024, reflecting a decrease of 35% from 61,594 tonnes milled in the same period in the prior year, also impacted by the split of San Ignacio from VMC. Silver grades in the second quarter averaged 68.41 g/t and gold grades averaged 1.04 g/t. Average metallurgical recoveries in the quarter were at 80.5% for silver and 85.9% for gold.

Six months ended June 30, 2024 (compared to the six months ended June 30, 2023)

During the six months ended June 30, 2024, VMC produced 384,360 silver equivalent ounces, consisting of 153,545 ounces of silver and 2,701 ounces of gold. Compared to the same period in 2023, there is a 41% decrease in silver equivalent ounces, and this is mainly caused to the fact that the Valenciana Mines Complex segment included the San Ignacio Mine until the year ended in December 2023. Starting 2024, the Company began to monitor the financial and operating results of San Ignacio as a separate operation from the rest of the Valenciana Mines Complex.

Total mineralized material processed amounted to 81,785 tonnes during the six months ended June 30, 2024, reflecting a decrease of 28% from 113,247 tonnes milled in the same period in the prior year, also impacted by the split of San Ignacio from VMC. Silver grades in the six month period averaged 70.80 g/t and gold grades averaged 1.16 g/t. Average metallurgical recoveries in the quarter were at 82.48% for silver and 88.41% for gold.

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

Cash cost per silver equivalent and AISC per Ag/Eq ounce are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 35.

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

Production costs decreased 6% to $81.16 per tonne in VMC in the second quarter of 2024 from $86.63 per tonne in the same period in 2023. The decreased cost at VMC was mainly due to the separation of San Ignacio as a separate operation unit that resulted in a significant reduction of 39% of production costs offset by a decrease of 35% in tonnes milled in Q2 2024 compared to the same period in 2023.

Cash costs per silver equivalent ounce in VMC for the three months ended June 30, 2024 was $19.97 and AISC was $23.42 per ounce. The increase of cost compared to $15.20 and $16.39, respectively, in the previous quarter is due to a decrease of 53% in silver equivalent ounces reported in the second quarter of 2024, as well as the decrease in production costs, described above.

Six months ended June 30, 2024 (compared to the six months ended June 30, 2023)

Production costs decreased 1% to $82.31 per tonne during the six months ended June 30, 2024 from $83.34 per tonne in the same period last year. The decreased cost at VMC was mainly due to the separation of San Ignacio as a separate operation unit that resulted in a significant reduction of 29% of production costs offset by a decrease of 28% in tonnes milled in Q2 2024 compared to the same period in 2023.

Cash costs per silver equivalent ounce for the six months ended June 30, 2024, increased 21% to $17.59 and compared to the six months ended June 30, 2023, of $14.58 and AISC increased 25% to $20.22 per ounce from $16.22 per ounce in the same period of 2023, mainly due to the 41% decrease in silver equivalent ounces produced offset by a decrease of 29% of production costs, compared to same period last year, taking into account the fact that until 2023, San Ignacio's results were included as part of VMC's figures.

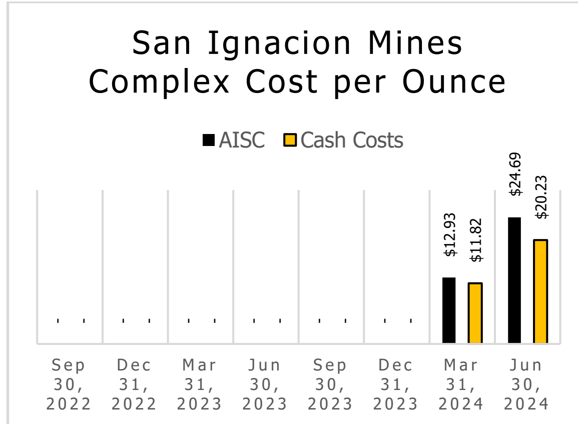
SAN IGNACIO MINES COMPLEX OPERATIONS

The Valenciana Mines Complex segment included the San Ignacio Mine until the year ended in December 2023. During the first quarter of 2024, the Company began to monitor the financial and operating results of San Ignacio as a separate operation from the rest of the Valenciana Mines Complex. Beginning in the first quarter of 2024 the Company considers each of San Ignacio and the VMC to be a separate mineral project with distinct geological characteristics, mineral deposits, exploration and development work, databases, and underground mining infrastructure. As a result, no comparative prior period data is presented.

Operating results were as follows:

	Three months ended			Six Months ended		
SAN IGNACIO MINES COMPLEX	**June 30 2024**	**June 30 2023**	**% Change**	**June 30 2024**	**June 30 2023**	**% Change**
Production						
Tonnes mined	24,768	-	100%	53,215	-	100%
Tonnes milled	23,434	-	100%	50,885	-	100%
Average tonnes milled per day	279	-	100%	303	-	100%
Average silver grade (g/t)	81.83	-	100%	74.80	-	100%
Average gold grade (g/t)	1.26	-	100%	1.41	-	100%
Average silver recovery (%)	84.60	-	100%	85.20	-	100%
Average gold recovery (%)	90.60	-	100%	90.90	-	100%
Silver ounces produced	52,189	-	100%	104,229	-	100%
Gold ounces produced	858	-	100%	2,095	-	100%
Ag/Eq ounces produced(1)	122,052	-	100%	283,837	-	100%
Sales						
Silver ounces sold	52,720	-	100%	101,860	-	100%
Gold ounces sold	854	-	100%	2,022	-	100%
Ag/Eq ounces sold	122,416	-	100%	275,176	-	100%
Realized silver price per ounce ($)(6)	28.41	-	100%	25.92	-	100%
Realized gold price per ounce ($)(6)	2,329.32	-	100%	2,178.43	-	100%
Costs						
Cash cost per Ag/Eq ounce ($)(3)(5)	20.23	-	100%	15.44	-	100%
AISC per Ag/Eq ounce ($)(4)(5)	24.69	-	100%	17.99	-	100%
Production cost per tonne ($)(2)(5)	104.61	-	100%	85.58	-	100%
Capital expenditures						
Sustaining ($)	542,728	-	100%	664,623	-	100%
Diamond Drilling						
San Ignacio Mine (mts)	249	1,816	(86%)	249	3,271	(92%)

1. Silver equivalents are calculated using 81.05:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2024 and an 81.33:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2023, an 84.51:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2024 and an 82.51:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for YTD 2023, respectively.
2. Production costs include mining, milling, and direct overhead at the operation sites. See reconciliation on page 37.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See reconciliation on page 37.
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 37.
5. Cash cost per silver equivalent, AISC per Ag/Eq ounce and cost per tonne are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 35.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.



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

Production

Three months ended June 30, 2024

During the three months ended June 30, 2024, San Ignacio produced 122,052 silver equivalent ounces, consisting of 52,189 ounces of silver and 858 ounces of gold. Total mineralized material processed amounted to 23,434 tonnes during the quarter. Silver grades in the second quarter averaged 81.83 g/t, gold grades averaged 1.26 g/t. Average metallurgical recoveries in the quarter were at 84.6% for silver and 90.6% for gold.

Six months ended June 30, 2024

In the six months ended June 30, 2024, the total production of silver equivalent ounces amounted to 283,837. Total mineralized material processed amounted to 50,885 tonnes during the first six months of 2024. Silver grades in the six months ended June 2024 averaged 74.80 g/t, gold grades averaged 1.41 g/t. Average metallurgical recoveries in the same period were at 85.2% for silver and 90.9% for gold.

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

Cash cost per silver equivalent and AISC per Ag/Eq ounce are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 35.

Three months ended June 30, 2024

Production costs per tonne was $104.61 in the second quarter of 2024 while cash costs per silver equivalent ounce in San Ignacio and AISC for the three months ended June 30, 2024, was $20.23 and $24.69, respectively.

Six months ended June 30, 2024

Production cost per tonne during the six months ended June 2024 was $85.58. During the same period, cash cost per silver equivalent ounce and AISC were $15.44 and $17.99 respectively.

TOPIA MINES COMPLEX

Operating results were as follows:

TOPIA	Three months ended June 30 2024	June 30 2023	% Change	Six Months ended June 30 2024	June 30 2023	% Change
Production						
Tonnes mined	13,446	19,175	(30%)	24,245	38,158	(36%)
Tonnes milled	13,139	18,955	(31%)	24,213	38,484	(37%)
Average tonnes milled per day	156	226	(31%)	144	229	(37%)
Average silver grade (g/t)	466.12	311.99	49%	508.45	313.06	62%
Average gold grade (g/t)	1.07	0.88	21%	1.03	1.03	(0%)
Average lead grade (%)	3.08	2.40	29%	3.49	2.41	45%
Average zinc grade (%)	4.41	2.75	60%	4.47	2.98	50%
Average silver recovery (%)	93.30	91.34	2%	93.60	91.23	3%
Average gold recovery (%)	68.30	58.74	16%	66.70	58.23	15%
Average lead recovery (%)	90.30	87.42	3%	90.50	87.27	4%
Average zinc recovery (%)	83.60	78.05	7%	83.30	80.84	3%
Silver ounces produced	183,624	173,691	6%	370,716	353,427	5%
Gold ounces produced	308	314	(2%)	535	738	(27%)
Lead produced (lbs)	806,294	875,802	(8%)	1,685,536	1,782,498	(5%)
Zinc produced (lbs)	1,067,537	897,258	19%	1,989,834	2,050,396	(3%)
Ag/Eq ounces produced(1)	287,518	279,071	3%	576,098	603,762	(5%)
Sales						
Silver ounces sold	186,335	167,551	11%	361,621	351,081	3%
Gold ounces sold	308	291	6%	533	711	(25%)
Lead sold (lbs)	787,635	830,567	(5%)	1,629,247	1,786,008	(9%)
Zinc sold (lbs)	1,074,624	871,328	23%	2,009,498	2,113,717	(5%)
Ag/Eq ounces sold	290,469	268,773	8%	566,081	603,915	(6%)
Realized silver price per ounce ($)(6)	28.86	24.27	19%	26.22	23.33	12%
Realized gold price per ounce ($)(6)	2,340.35	1,975.68	18%	2,223.33	1,926.62	15%
Realized lead price per pound ($)(6)	0.98	0.97	1%	0.96	0.97	0%
Realized zinc price per pound ($)(6)	1.29	1.14	14%	1.21	1.31	(8%)
Costs						
Cash cost per Ag/Eq ounce ($)(3)(5)	18.30	19.19	(5%)	17.83	18.74	(5%)
AISC per Ag/Eq ounce ($)(4)(5)	18.89	21.52	(12%)	18.45	20.68	(11%)
Production cost per tonne ($)(2)(5)	391.41	271.69	44%	412.98	283.03	46%
Capital expenditures						
Sustaining ($)	159,123	648,854	(75%)	159,123	1,097,747	(86%)
Diamond Drilling						
Topia Mine (mts)	190	867	(78%)	410	1,497	(73%)

1. Silver equivalents are calculated using 81.05:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2024 and an 81.33:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2023, an 84.51:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for YTD 2024 and an 82.51:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for YTD 2023, respectively.
2. Production costs include mining, milling, and direct overhead at the operation sites. See reconciliation on page 37.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See reconciliation on page 37.
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 37.
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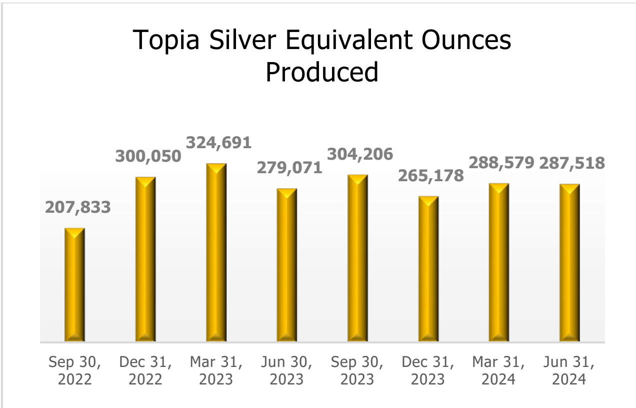
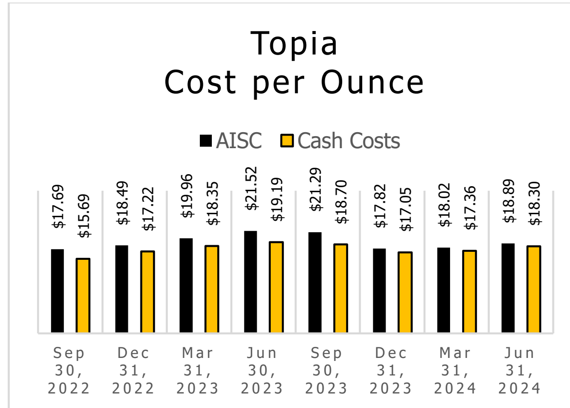
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.





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

Production

Since Q4, 2023 Topia has shifted to the use of local mine contractors for the extraction of mineralized material. With this new business model, the Company will curtail most of its mining activities and focus almost entirely on acquiring and processing mineralized material from these contractors.

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

During the three months ended June 30, 2024, Topia produced 287,518 silver equivalent ounces, 3% higher than the 279,071 ounces produced in the second quarter of 2023. Tonnes milled decreased from 18,955 to 13,139 during the quarter; however, silver grades averaged 466.12 g/t, which was 49% higher than the average of the same period in 2023 of 311.99 g/t. Gold grades average increased by 21% form 0.88 g/t in Q2 2023 to 1.07 g/t in Q2 2024. Lead grades averaged 3.08% and zinc grades averaged 4.41%. Average metallurgical recoveries in the quarter were 93.3% for silver, 68.3% for gold, 90.3% for lead and 83.6% for zinc.

The silver equivalent ounces produced in the second quarter of 2024 consisted of 183,624 ounces of silver, 308 ounces of gold, 806,294 pounds of lead and 1,067,537 pounds of zinc.

Six months ended June 30, 2024 (compared to the six months ended June 30, 2023)

In the six months ended June 30, 2024, the total production of silver equivalent ounces amounted to 576,098, a 5% decrease from the 603,762 recorded in the comparable 2023 period. This decrease can be attributed to lower gold ounces produced during the six months ended June 2024 by 27% compared to the same period in 2023 as well as a decrease of 37% in plant throughput from 38,484 tonnes in the period of 2024 to 24,213 tonnes in the same period of 2023.

Silver grades averaged 508.45 g/t, which was 62% higher than the average of the same period in 2023 of 313.06 g/t. Gold grades average remained consistent in 1.03 g/t in Q2 2024 and 2023. Lead grades averaged 3.49% and zinc grades averaged 4.47%. Average metallurgical recoveries in the quarter were 93.6% for silver, 66.7% for gold, 90.5% for lead and 83.3% for zinc.

The silver equivalent ounces produced in the six months ended June 2024 consisted of 370,716 ounces of silver, 535 ounces of gold, 1,685,536 pounds of lead and 1,989,834 pounds of zinc.

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

Cash cost per silver equivalent, AISC per Ag/Eq ounce and cost per tonne are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 35.

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

Production costs in Topia increased 44% to $391.37 per tonne in the second quarter of 2024 from $271.69 per tonne mainly due to a decrease of 31% in tonnes milled from 18,955 to 13,139 resulting from the change in the business model adopted since Q4 2023, described above.

Cash costs per silver equivalent ounce for the three months ended June 30, 2024 decreased 5% to $18.30 compared to the three months ended June 30, 2023 of $19.19 mainly due a 2% decrease in the total production costs as discussed above offset by an increase of 3% in silver equivalent ounces produced.

AISC in Topia decreased 12% to $18.89 per ounce in this quarter from $21.52 per ounce in Q2 2023, due to a 75% decrease in sustaining capital costs and by the increase of 3% in silver equivalent ounces produced mentioned above.

Six months ended June 30, 2024 (compared to the six months ended June 30, 2023)

Production costs increased 46% to $412.96 per tonne during the six months ended June 30, 2024 from $283.03 per tonne in the same period last year. The increase was mainly due to 37% lower tonnes milled offset by 8% decrease in total production cost. Production cost was lower mainly due to a 10% decrease in mining costs.

Cash costs per silver equivalent ounce for the six months ended June 30, 2024, decreased 5% to $17.83 compared to the six months ended June 30, 2023, of $18.74 mainly due to the 9% decrease in total cash cost offset by 5% decrease in silver equivalent ounces produced compared to same period last year.

AISC decreased 11% to $18.45 per ounce in the six months ended June 30, 2024 from $20.68 per ounce in the same period of 2023, mainly due to a decrease of 15% in all-in sustaining cash costs including a substantial decrease of 86% in sustaining capital expenditures partially offset by higher lease payments and a 5% reduction of Silver equivalent ounces produced during the period.

OPERATIONAL AND DEVELOPMENT ACTIVITIES

EL CUBO MINES COMPLEX

In conjunction with its ongoing efforts to access the lower areas of the Villalpando mine, the Company is committed to advancing the electrification of the mine. During 2023, the electrification project of the existing underground mine was completed, enabling the Company to use electricity from the power grid at the Southern stopes of the mine. During Q1 2024 the electrification project for development reached 85% of completion and in the second quarter of 2024, the electrical installation in the Deep Villalpando Centre area was completed allowing the development of the infrastructure and preparation of the high-grade mineralized material blocks on level 13. During the third quarter, this infrastructure will allow pumping to continue to be able to reach level 27 which is the deepest level of the mine. Furthermore, with this infrastructure, the sites are ready to execute the diamond drilling plan scheduled for the remainder of the current year in order to gain more data about the mineralized material in Villalpando. The first stage will be carried out in the Villalpando vein for a total of 1423 meters.

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

There has been a continued development of the 1850 ramp with 57 meters to access the mineralized material blocks.

Simultaneously, the compressed air and water infrastructure has enabled the possibility of operating at levels 0 to 12 where we have detected high grade mineralized material blocks and pillars.

The development of the 1790 ramp reached its target, San Luis vein, and with a length of 30 meters the 10-2099 block is being developed.

Development activities were initiated to cut the vein on level 13 in the "SE" part of Villalpando deep. After 60 meters, the block was reached with resulting high grades and is being prepared for a long hole mining campaign.

During the month of May, new equipment for Long Hole was installed with the main purpose of increasing the production of fresh mineralized material as well as increasing current production capacity by 20%.

In relation to the central maintenance shop, that successfully initiated operations, it is expected that during the second half of the year, a crane is acquired in order to move heavy parts improving efficiency and safety standards during the maintenance jobs. The establishment of this central maintenance shop and the ongoing equipment refurbishments have resulted in notable cost savings.

The project to rehabilitate the diesel maintenance shop inside the mine and to condition the necessary spaces for shift changes inside the mine, training room and dining room to reduce personnel delays as well as unnecessary equipment movements at the beginning and end of each shift will be executed during Q3. The goal objective is to increase current productivity.

VALENCIANA MINES COMPLEX

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

The Company has focused on increasing production and reducing hauling costs at VMC through the rehabilitation of the Cata Shaft and its associated infrastructure. The Cata Shaft is an important asset located within the VMC and has a length of 410 meters. It is equipped with a double drum hoist system operated by a steel cable. The shaft also features two skips, each with a capacity of seven tons, and has a hoisting capacity of up to 100 tonnes per hour. The rehabilitation work at the Cata Shaft enables the Company to access high-quality mineralized material and improves 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.

Part of the production from the Valenciana mine is sent to the mill through chutes and the other part is hoisted through the Cata shaft. This strategy has a direct positive impact on the relationship with the surrounding communities due to the reduction of the use of trucks and the corresponding noise and road use.

At the end of Q2, an economic evaluation was carried out to obtain more fresh mineralized material production stopes. The evaluated area has a high grade potential and we expect to have production in this area during Q3.

A new vein named El Borrego Vein has been identified in Q1, which is located below Veta Madre. This vein is parallel to Veta Madre and represents an attractive exploration target. During Q2, work was done to determine the economic feasibility of this new area. In Q3, surface sampling will be performed to understand and have a detailed interpretation of the area's geology in order to plan diamond drilling exploration for next year.

SAN IGNACIO MINE

During the first quarter of 2024, the Company began to monitor the financial and operating results of San Ignacio as a separate operation from the rest of the Valenciana Mines Complex. Beginning in the first quarter of 2024 the Company considers each of San Ignacio and the VMC to be a separate mineral project with distinct geological characteristics, mineral deposits, exploration and development work, databases, and underground mining infrastructure.

In the second quarter of 2024, the development of Ramp 442 reached the drilling projection of hole UGSI22-006 in the Melladito Vein with a grade of 1,219 g/t AgEq at a true width of 4.92 meters. The Company continues the drilling works with only 80 meters remaining to reach the vein.

The development of ramp 760 began on the Purisima del Alto Veta with the intention of exploring with the IF02PU Block. In the same ramp, the high grade San Pedro vein is located.

During Q2, the pumping infrastructure was conditioned to dewater and start the deepening of San Ignacio in order to prepare the lower part of the Melladito South vein and Melladito North vein.

Work is underway on the project for installation, and start-up of ore-sorting equipment with the objective of increasing the grade and reducing the tonnage of mineralized material being sent to the Cata Mill.

TOPIA MINES COMPLEX

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

In Topia, during the second quarter of 2024, some mines in the district were rehabilitated and incorporated into existing operations. These mines are La Leona, San Felipe and Socavon Victoria. With these new production areas, the operation has benefited by increasing its tonnage by 16% and by maintaining a favorable Ag Eq grade in its production. In addition, these new operational areas help maintain current mineralized material levels. The Company is also looking forward to starting a project in Mina San Juan that is expected to significantly increase the production for this mine.

In general, work on incorporating new mines into production continues by rehabilitating roads and old mines such as El Dios Mine and El Salto Mine. Historically, El Salto Mine has been one of the mines with the highest production in the district.

During the quarter, the mill has been optimized, improving the granulometry from 64%-200 to 70%-200, thus helping to improve production. In addition to this, a pump has been installed to recover contents drained from the concentrate to improve their recovery.

Likewise, investigation continues to be carried out in all mines with the aim of updating the operating parameters and searching for improvements in productivity.

The mineralized systems at Topia are extraordinarily high in grade but have significantly higher extraction costs than the Company’s other operations due to the very narrow nature of the vein structures. With the goal of improving profitability at Topia, the Company made the decision to exclusively use local mine contractors for the extraction of mineralized material. With this new business model, the Company will curtail most of its mining activities and focus almost entirely on acquiring and processing mineralized material from these contractors.

During the second quarter, work continues with this successful mining system and keeps maintaining a favorable cost of production for the Company. This strategy reduces tailings and therefore increases the operating life of the mines. It also allows the Company to reach the objective of increasing current production by up to 20% as well as having improvements to grades, recoveries and equivalent ounces per tonnes milled.

The purchase of mineralized material from third parties was reactivated and will continue.

For the third quarter of 2024, the Company plans to start the installation of drying filters for its Pb and Zn concentrates, and to complete the renovation of the reagent room.

EXPLORATION

SAN IGNACIO MINE

During Q2, the exploration program began in San Ignacio Mine, with the completion of 5 holes totaling 249 meters. These holes were drilled close to the production areas, mainly to verify the extension of the mineralization, and to support the mining works for the exploitation of these mineralized material bodies.

Drill holes UGSI24-001, UGSI24-002 and UGSI24-003 were drilled on the Nombre de Dios vein. This vein strikes northwest and dips 45°-60° to the southwest. It is generally a narrow vein with widths ranging from 0.25m to 4m.

Drill holes UGSI24-004 and UGSI24-005 were drilled on the Intermedia vein. This vein has a northwest direction and vertical dip. The width of this structure ranges between 0.25m and 8m. This vein has been delineated for 400 meters longitudinally, and at depth, it intersects with the Melladito vein.

Simultaneously, the integration of information for the geophysics study is being carried out. This will provide significant help to identify new exploration targets in unexplored areas at the hanging wall of Purisima vein, as well as to evaluate the continuity of the mineralization at depth.

VALENCIANA MINE COMPLEX

Exploration work in the Valenciana Mine Complex for the first three months of 2024 was focused on the evaluation and reinterpretation of stope extensions and old high-grade pillars along Veta Madre vein and hanging wall veins. The potential blocks are located within favorable geological zones. The existence of mineralization is based on geological interpretation and historical grade data.

During the month of April 2024, drilling began in VMC, with a total of 595 meters of infill drilling in seven completed holes, UGC24-001, UGC24-002, UGC24-003, UGC24-004, UGC24-005, UGC24-006 and UGC24-007.

The holes were drilled in the vein system of the hanging wall of Veta Madre vein in the Cata mine. The Cata ore body mined is in a different direction of the Veta Madre vein. In this area, a vein system has been identified in the hanging wall of Veta Madre vein with dips of 30°-60° to the S-SW. These veins are narrow with widths ranging from 0.2m to 3m.

At level 320, four main veins have been identified: Ao1, Ao2, Ao3 and Ao4. Additionally, a new vein: Ao3.5, was identified as well.

Furthermore, the geology team continues to evaluate areas near other productive ones, using historical information supported by geological mapping and channel sampling.

TOPIA

In 2024, drilling exploration started in February 2024 with hole ST24-305 and hole ST24-306. Both were completed in Q1 2024. The first with 78.80 m. and the second with 97.50 m. They intercepted the San Gregorio vein with negative Ag grades: less than 15 g/t Ag. Drilling exploration program will be in the Unión del Pueblo, Veta Madre and Animas veins.

In the second quarter of 2024, a total of 190 meters were drilled within 5 holes located in the Oliva vein in the El Dios mine. Only 2 of them have been completed: ST24-307 and ST24-309.

For the next quarter, exploration will be focused on drilling at the Brisas vein and in Santa Viviana Project in Mine 1522.

EL CUBO MINES COMPLEX

For the initial months of 2024, exploration activities were concentrated on revisiting previous areas to open new production ones and establish fresh mineral resources, supported by geological, structural, sampling, historical data, and interpretation.

In the second quarter of the current year, diamond drilling exploration activities began in May, focusing on the San Luis vein. Drilling started with a target located at the eastern deep end.

Two drill holes were completed with the following results: SL24-001 with 0.15 g/t Au and 83 g/t Ag at 0.52 meters and SL24-002 with 0.10 g/t Au and 35 g/t Ag at 0.20 meters.

Short and medium-term projects are being developed in the deep areas of the Villalpando vein. There is a total of 35 meters drilled out of a 97 meters plan in the deep SE Villalpando area, specifically in the 1850 ramp.

In deep Villalpando Center-SE, the rehabilitation of ramp 1140 has an advance of 13 meters out of a 135 meters plan. Through this ramp, the Company gained access to the Villalpando vein, allowing a connection to an old sublevel, which was rehabilitated, sampled and reactivated in order to reach the Capulin fault. The quantification of a 30-meter cutting section with 6 meters wide is still pending.

EL PINGUICO

Exploration efforts in 2024 are primarily focused on El Pinguico. Diamond drilling started at the end of June, with a 1,200 meters drilling program, with focus on the continuity to the south into El Pinguico and San Jose Veins.

Most of the old mining works were located at the North of Constancia Fault. The current drilling program is focused on the evaluation of the veins in the south area, where the mining works are very close to surface.

In June, the Company completed 126 meters of drilling and intersected La Joya, also considered as El Pinguico vein continuity, as well as La Joyita, San Jose vein continuity. Both intersections were sampled and subsequently assayed at our Cata Lab.

For the remainder of 2024, the drilling will be performed with the aim to follow the continuity of La Joya and La Joyita Veins, as well as to drill Veta Madre along the south portion of the Pinguico mining claim.

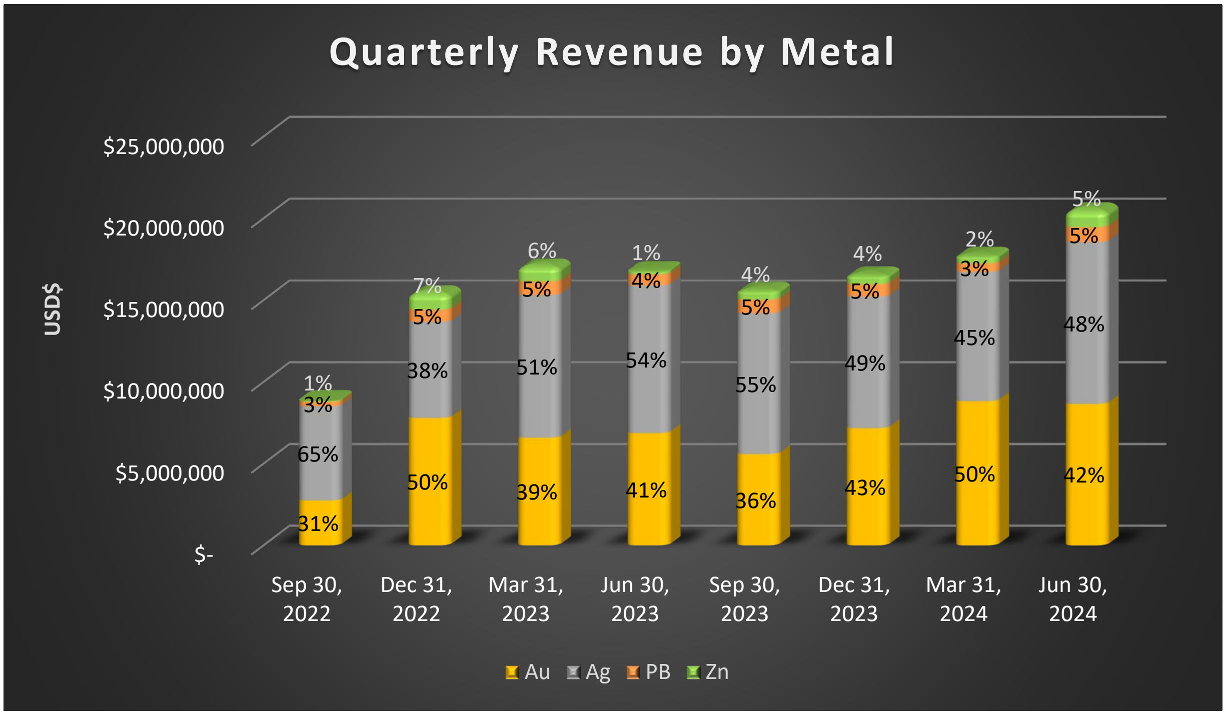
Guanajuato Silver CO LTD

FINANCIAL PERFORMANCE

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

CONSOLIDATED	Three months ended June 30 2024	June 30 2023	% Change	Six months ended June 30 2024	June 30 2023	% Change
Financial Results	**$**	**$**		**$**	**$**	
Revenue	**20,551,139**	**16,823,042**	**22%**	**38,316,122**	**33,941,466**	**13%**
Gold	8,659,740	6,872,684	26%	17,484,973	13,465,874	30%
Silver	9,892,420	9,041,945	9%	17,799,040	17,772,552	0%
Lead	920,158	678,244	36%	1,451,099	1,509,921	(4%)
Zinc	1,078,822	230,168	369%	1,581,011	1,193,118	33%
Cost of Sales	**(19,603,706)**	**(19,213,281)**	**2%**	**(39,024,292)**	**(39,482,397)**	**(1%)**
Production Costs	(16,220,357)	(16,415,956)	(1%)	(32,362,282)	(32,139,863)	1%
Transportation and selling cost	(747,727)	(878,095)	(15%)	(1,502,379)	(1,703,268)	(12%)
Inventory changes	304,868	865,285	(65%)	796,986	483,155	65%
Mine operating cashflow before Taxes [5][7]	**3,887,924**	**394,276**	886%	**5,248,447**	**581,490**	803%
Depreciation and depletion	(2,940,490)	(2,784,515)	6%	(5,956,617)	(6,122,421)	(3%)
Mine operating income (loss)	**947,433**	**(2,390,239)**	**140%**	**(708,170)**	**(5,540,931)**	**87%**
General and Administration	(2,004,003)	(2,877,358)	(30%)	(4,347,237)	(5,234,296)	(17%)
Share Based Compensation	(259,208)	(650,135)	(60%)	(799,991)	(901,310)	(11%)
Exploration	(295,556)	(678,717)	(56%)	(551,132)	(1,203,551)	(54%)
Foreign exchange gain (loss)	2,162,042	(1,280,033)	269%	1,795,756	(2,345,290)	177%
Other operating income (expenses)	38,878	(271,469)	114%	119,646	(94,756)	226%
Interest and finance (costs) income, net	(1,775,577)	(1,126,420)	58%	(3,319,707)	(2,336,834)	42%
Gain (loss) on derivatives	(1,488,929)	239,601	(721%)	(2,839,375)	373,739	(860%)
Other finance (expense) income, net	(75,013)	477,232	(116%)	518,586	26,613	1,849%
Net loss	**(2,749,933)**	**(8,557,538)**	**(68%)**	**(10,131,624)**	**(17,256,616)**	**(41%)**
Loss per share - basic and diluted	(0.01)	(0.03)	(73%)	(0.03)	(0.05)	(49%)
EBITDA [1] [5]	2,007,907	(4,576,059)	144%	(770,960)	(8,643,466)	91%
Adjusted EBITDA [2] [5]	1,916,933	(3,409,928)	156%	987,918	(5,683,156)	117%
Cash cost Ag/Eq per ounce [3] [5]	19.93	17.71	13%	18.09	17.39	4%
AISC cost per Ag/Eq ounce [4] [5]	25.55	22.47	14%	22.63	22.15	2%
Realized silver price per ounce [6]	28.78	24.33	18%	26.03	23.40	11%
Realized gold price per ounce [6]	2,334.24	1,988.05	17%	2,188.42	1,938.47	13%
Realized lead price per pound [6]	0.98	0.97	1%	0.96	0.97	0%
Realized zinc price per pound [6]	1.29	1.14	14%	1.21	1.31	(7%)

1. See Reconciliation of Earnings before interest, taxes, depreciation, and amortization on page 36.
2. See reconciliation of Adjusted EBITDA on page 37.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 37.
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 37.
5. Mine Operating Cashflow Before Taxes, Cash cost per silver equivalent, AISC per Ag/Eq ounce, EBITDA and Adjusted EBITDA are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 35.
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 35.



<u>Three months ended June 30, 2024 (compared to the three months ended June 30, 2023)</u>

<u>Revenue</u>

During the three months ended June 30, 2024, the Company generated revenues of $20,551,139 net of metal deductions, treatment, and refining costs ($3,517,677). This represents a 22% increase compared to same period in the prior year mainly due to increased metal prices. During the current quarter, the realized silver and gold price per ounce sold averaged $28.78 and $2,334.24, an 18% and 17% increase, respectively, compared to $24.33 and $1,988 per ounce in Q2 2023. In the second quarter of 2024, the Company sold 403,084 ounces of silver and 4,306 ounces of gold representing a decrease of 13% and 3%, respectively compared to sales during Q2 2023. Additionally, the Company sold 787,635 pounds of lead at a realized price of $0.98 and 1,074,624 pounds of zinc at a realized price of $1.29 from the Topia Mine.

<u>Cost of sales</u>

Cost of sales is comprised of production cost, including mining, processing, maintenance and site general administration, inventory changes, transportation and selling cost and depreciation and depletion. The increase of 2% in cost of sales for the three months ended June 30, 2024, compared to the same period in 2023 is mainly due to an increase of 6% in depreciation offset by a decrease of 15% in the transportation and selling costs, a decrease of 1% in production costs and lower inventory changes. The number of tonnes mined increased by 3% and total silver equivalent ounces decreased by 12% on the quarter ended June 30, 2024, compared to the same period in the previous year.

<u>General and administration</u>

During the second quarter of 2024, general and administrative expenses dropped by 30%, or $873,355, compared to the same period in 2023. This decrease can be attributed to a $822,478 reduction in professional fees related to one-time services incurred only in 2023, such as audit and accounting consultations, consulting and legal fees related to due diligence costs for a potential financing, and reduction in senior management fees. There was also a $134,430 decrease in corporate administration expenses, including insurance and lower trade show and conference fees. The decrease was partially offset by a $138,892 increase in salaries during Q2 2024.

<u>Exploration</u>

General exploration costs decreased 56% to $295,556 in the three months ended June 30, 2024, compared to $678,717 in the same period in 2023. Total meters drilled during Q2 2024 was 1,480 compared 3,811 meters drilled during to Q2 2023.

<u>Share-based compensation</u>

Share-based compensation decreased by $390,927 or 60% for the three months ended June 30, 2024, compared to the same period in 2023, due to 3,840,000 stock options granted during the second quarter of 2023 compared to only 300,000 stock options granted in the second quarter of 2024 of which 1/3 vested immediately. Additionally, during Q2 2024, no RSUs were granted compared to 295,000 RSUs issued in Q2 2023. The restricted share units vest evenly over 12 months.

Interest and finance costs

Interest and finance costs increased by $649,157 or 58% for the 3 months ended June 30, 2024, compared to the 3 months ended June 30, 2023. This increase is mainly due to a 53% increase in interest accrued on debt being held in Q2 2024 compared to the same period in 2023. On December 5, 2023, the Company entered into a new $7,500,000 gold loan credit facility with Ocean Partners from which a portion of said facility was used to extinguish the remaining carrying amount of the previous loan. On February 28, 2024, the Company increased this gold facility with Ocean Partners to $13,300,000 and a portion was used to partially pay the original facility. This facility's balance, as of June 30, 2024, was $14,050,436 with an implied interest rate of 30.78%. Additionally, as of June 30, 2024, the Company holds the Tertiary OCIM loan of $1,436,349 and an implied interest rate of 23.5%. In June 2023, the Company held the Tertiary OCIM loan of $ 4,678,621 and an implied interest rate of 23% and two Ocean Partners loans of $8,113,978 with implied interest rates of 13% and 12%. (*See Liquidity and Capital Resources).*

Gain (loss) on derivatives

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

For the three months ended June 30, 2024, the Company recognized a loss of $732,692 on the revaluation of the derivative on the outstanding loans, a realized loss of $462,171 on the settlement of the derivative portion of the repayments to OCIM and Ocean Partners, an unrealized loss of $428,182 in changes of fair value on forward silver and gold pricing sales and a realized gain of $244,800 on premiums on call options. For the three months ended June 30, 2023, the Company recognized a gain of $242,885 on the revaluation of the derivative on the outstanding Tertiary OCIM Loan offset by a loss of $3,284 related to the settlement and repayments to OCIM.

For the three months ended June 30, 2024, the Company also recognized a loss of $56,867 on call options.

Other finance items, net

During the three months ended June 30, 2024, the Company recognized a loss of $75,013 on revaluation of commodities and marketable securities. (three months ended June 30, 2023 – gain of $360,106 and gain on revaluation of contingent payments of $129,607).

Six months ended June 30, 2024 (compared to the six months ended June 30, 2023)

Revenues

Revenues of $38,316,122 net of metal deductions, treatment, and refining costs ($6,200,939) for the six months ended June 2024, increased by 13% compared to $33,941,466 net of metal deductions, treatment, and refining costs ($5,558,611) for the six months ended June 30, 2023, mainly due to the increase of realized prices. As of June 30, 2024, realized silver and gold price per ounce sold averaged $26.03 and $2,188.42, an 11% and 13% increase, respectively, compared to $23.40 and $1,938.47 per ounce in the same period of 2023.

During the six months ended 30 June 2024, the Company sold 816,975 ounces of silver and 9,502 ounces of gold which is a 13% decrease and a 5% increase, respectively, compared to the first six months of 2023. Additionally, the Company sold 1,629,247 pounds of lead at a realized price of $0.96 and 2,009,498 pounds of zinc at a realized price of $1.21 from the Topia Mine.

Cost of sales

Cost of sales for the six months ended June 30, 2024 have not significantly changed compared to the same period of 2023. There is a decrease of 1% that can be mainly attributed to lower transportation and selling costs by 9% as well as a 3% decrease in depreciation and depletion.

General and administration

During the six months ended June 30, 2024, general and administrative expenses decreased by 17%, or $887,059 compared to the same period in 2023. This decrease was mainly due to a $902,209 reduction in professional fees related to one-time services incurred only in 2023, such as audit consultations for the MMR acquisition, consulting and legal fees related to due diligence costs for a potential financing, and reduction in senior management fees and bonuses. There was also a $281,493 decrease in corporate administration expenses, including insurance and lower trade show and conference fees. The decrease was partially offset by a $366,197 increase in salaries during the six months ended June 30, 2024.

Exploration

General exploration costs decreased 54% to $551,132 in the six months ended June 30, 2024, compared to $1,203,551 in the same period in 2023. During the first six months of 2024, as part of the exploration program, the Company drilled 1,699 meters (446 in CMC, 595 in VMC, 249 in San Ignacio and 410 in Topia) while during the same period in 2023, the total meters drilled was 5,897 (511 in CMC, 618 in VMC, 3,271 in San Ignacio and 1,497 in Topia). In 2024, the exploration program began in Q2, and the Company used their own machinery. In 2023, the drilling program was performed by an independent contractor, therefore the decrease in exploration costs.

Share-based compensation

Share-based compensation decreased by $101,319 or 11% for the six months ended June 30, 2024, compared to the same period in 2023 mainly due to forfeited or expired options during 2024. During the first six months of 2024, the Company granted 9,660,000 stock options and 1,040,000 RSUs while in the same period of 2023, 3,490,000 stock options and 347,500 RSUs were granted. The restricted share units will vest evenly over the next 12 months.

Interest and finance costs

Interest and finance costs increased by $982,873 or 42% for the six months ended June 30, 2024, compared to the six months ended June 30, 2023, due to the different types of loans on outstanding. As at June 30, 2024, the Company holds the Tertiary OCIM silver and gold loan of $1,436,349 with an effective interest rate of 23.5%, and the third Ocean Partners gold loan of $14,050,436 with an implied rate of 30.78%. In June 2023, the Company held the Tertiary OCIM loan of $4,678,621 and an implied interest rate of 23% and two Ocean Partners loans totalling $8,113,978 with implied interest rate of 13% and 12%.

Gain and loss on derivatives

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

In the six months ended June 30, 2024, the Company recognized a loss of $2,076,362 on the revaluation of the derivative of the two facilities. Additionally, during the first six months of 2024, there was a realized loss of $499,172 on the settlement of the derivative portion of the loan repayment of the two facilities, an unrealized loss of $608,699 in changes of fair value on forward silver and gold pricing sales and a realized gain of $371,500 on premiums on call options. As of June 30, 2023, the Company recognized a gain of $398,064 on the revaluation of the derivative of the gold and silver pre-payment facility with OCIM (Secondary Loan) with a new $5,000,000 pre-payment agreement with OCIM (the "Tertiary Loan") offset by a loss of $24,325 on the settlement of the derivative portion of the repayments to OCIM. (See *Liquidity and Capital Resources*).

For the six months ended June 30, 2024, the Company also recognized a loss of $26,643 on call options.

Other finance items, net

During the six months ended June 30, 2024, the Company recognized a gain on settlement of debt of $489,875 in relation to the restructuring of the latest Ocean Partner's credit facility and a gain of $28,711 on revaluation of commodities and marketable securities. (six months ended June 30, 2023 – gain of $26,613)

LIQUIDITY AND CAPITAL RESOURCES

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

The Company will evaluate, from time to time, sales of its common shares to improve the Company's liquidity and working capital position. To the extent that cash generated by operations during 2024 is less than sufficient to fund ongoing operations and improve the Company's working capital position or in the event the Company determines it will undertake other projects that are currently not part of its plans, or if the Company undertakes another acquisition, additional capital may be required. While the Company completed a $5,973,600 (CAD$8,010,000) private placement in Q3, 2023 (discussed below), refinanced its loan with Ocean Partners with a new $7,500,000 loan that on February 28, 2024, was extended to $13,300,000, and on May 9, 2024 closed a brokered Listed Issuer Financing Exemption (LIFE) private placement, concurrently with a best-efforts private placement offering for aggregate gross proceeds to the Company of $8,289,917, based on its existing cash and cash equivalents as of June 30, 2024 of $2,198,300, negative working capital of $16,770,538, and estimated future cash flows, as of the end of Q2 2024, it does not have sufficient capital to continue operations for the next twelve months. However, the Company has assessed that based on its cashflow forecast for the next 12 months it will have sufficient capital to continue operations for the next twelve months. The Company's cashflow forecast for the next 12 months is based on assumptions regarding production rates, operating and capital costs. In general, the use of proceeds from recent financings are expected to improve grade, improve metal recoveries, reduce energy consumption, increase concentrate production capacity and lower operating costs. In 2023, the Issuer made significant capex investments aimed at improving efficiencies across all of its producing assets.

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

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

	Three months ended			Six Months ended		
	June 30, 2024	**June 30, 2023**	**% Change**	**June 30, 2024**	**June 30, 2023**	**% Change**
Cash Flow	**$**	**$**		**$**	**$**	
Cash provided by (used in) operating activities	(2,126,418)	406,499	(623%)	(4,417,718)	(1,692,264)	161%
Cash used in investing activities	(1,676,715)	(1,650,689)	2%	(3,121,492)	(3,097,650)	1%
Cash provided by (used in) financing activities	4,337,390	(1,340,923)	423%	7,735,936	(1,252,419)	718%
Effect of exchange rate changes on cash	62,138	145,659	(57%)	44,958	44,951	0%
Change in cash	596,394	(2,439,452)	124%	241,684	(5,997,383)	104%
Cash, beginning of year	1,601,906	5,275,004	(70%)	1,956,616	8,832,936	(78%)
Cash, end of year	2,198,300	2,835,553	(22%)	2,198,300	2,835,553	(22%)

As of June 30, 2024, the Company had cash and cash equivalents of $2,198,300 and negative working capital of $16,770,538, compared with cash of $1,956,616 and negative working capital of $18,441,013 at December 31, 2023.

Operating activities

During the three months ended June 30, 2024, cash used in operating activities was $2,126,418 (three months ended June 30, 2023 – cash generated of $406,499). The significant non-cash adjustments to the net loss of $2,749,933 in the three months ended June 30, 2024 (three months ended June 30, 2023 - $8,557,538) were depreciation and depletion of $2,982,264 (three months ended June 30, 2023 – $2,881,627), accretion of $552,553 (three months ended June 30, 2023 - $582,228), share-based compensation of $259,208 (three months ended June 30, 2023 – $650,135), loss on derivatives and financial assets carried at fair value of $1,386,277 (three months ended June 30, 2023 – gain of $716,834), unrealized foreign exchange gain of $1,952,280 (three months ended June 30, 2023 loss– $1,467,556) and a decrease in non-cash working capital of $3,851,336 (three months ended June 30, 2023 – increase of $3,557,548). The net change in non-cash working capital was primarily due to an increase in accounts payable and accrued liabilities and prepaids offset by a decrease in purchases of gold and silver bullion, amounts receivable and inventory.

During the six months ended June 30, 2024, cash used in operating activities was $4,417,718 (six months ended June 30, 2023 – $1,692,265). The significant non-cash adjustments to the net loss of $10,131,624 in the six months ended June 30, 2024 (six months ended June 30, 2023 - $17,256,616) were depreciation and depletion of $6,040,957 (six months ended June 30, 2023 – $6,276,315), accretion of $1,110,815 (six months ended June 30, 2023 - $1,158,599), share-based compensation of $799,991 (six months ended June 30, 2023 $901,310), gain on settlement of debt of $489,875 (three months ended March 31, 2023 – loss of $461,622), loss on derivatives and financial assets carried at fair value of $2,773,694 (six months ended June 30, 2023 – $861,974), unrealized foreign exchange gain of $1,778,929 (six months ended June 30, 2023 loss – $2,515,915) and a decrease in non-cash working capital of $4,979,206 (six months ended June 30, 2023 – increase of $3,934,085). The net change in non-cash working capital was primarily due to an increase in amounts receivable, prepaid expenses and accounts payable and accrued liabilities offset by a decrease in purchase of gold and silver bullion, and inventory.

Investing activities

During the three months ended June 30, 2024, cash used in investing activities was $1,676,715, compared with the use of cash of $1,650,689 in the same period in 2023. During Q2 2024 the main use of cash was $114,577 on PP&E, $1,160,807 on construction in progress including the installation of flash flotation cells to improve the recovery of mineralized material at the Cata plant and the installation of automated equipment for ore sorting in the San Ignacio mine, as well as $736,727 used on mine development, mainly for the drifts and ramps in the Topia, Valenciana and San Ignacio mines. Additionally, the Company purchased marketable securities for $346,480, offset by the $682,364 related to the proceeds from sale of investments. The use of cash during the three months ended June 30, 2023, was $130,900 on PP&E, $78,600 on construction in progress related to emergency rescue pods and rehabilitation of the tailings dam and $1,388,000 on mine development, mainly for the continued ramp-up of Topia, Valenciana and San Ignacio mines. Additionally, the Company purchased marketable securities for $51,978 and the purchase of three of the four underlying royalties on El Pinguico from the original vendor of the property, Exploraciones Mineras del Bajio S.A. de C.V., for $70,000.

During the six months ended June 30, 2024, investing activities used cash of $3,121,492, compared to the use of cash of $3,097,650 in the same period in 2023. During the six months ended June 30, 2024, $427,302 was used on PP&E, $1,237,308 on construction in progress including the installation of flash flotation cells to improve the recovery of mineralized material at the Cata plant and the installation of automated equipment for ore sorting in the San Ignacio mine, and $1,426,230 of mine development, mainly for the continued drifts, ramps and crosscuts of the Topia, Valenciana and San Ignacio mines. Additionally, the Company purchased marketable securities for $712,251 offset by $682,364 resulting from their sale. The use of cash during the six months ended June 30, 2023, was $355,863 on plant and equipment, $573,879 on construction in progress related to emergency rescue pods and rehabilitation of the tailings dam and $2,013,333 on mine development, mainly for the continued ramp-up of Topia, Valenciana and San Ignacio mines. Additionally, the Company purchased marketable securities for $111,328 and the purchase of three of the four underlying royalties on El Pinguico from the original vendor of the property, Exploraciones Mineras del Bajio S.A. de C.V., for $70,000.

Financing activities

During the three months ended June 30, 2024, cash generated from financing activities was $4,337,390 mainly due to proceeds from the issuance of 56,752,300 Common Shares for US$8,289,917 through LIFE units (discussed below) and Private Placement of which US$2,055,586 was used to repay an Ocean Partners loan, offset by loans and lease obligations payments.

Cash used in financing activities for the three months ended June 30, 2023, was $1,340,923 mainly from proceeds from the issuance of 4,537,050 common shares from the exercises of warrants and options of $1,383,932 offset by loan and lease payments of $2,724,855.

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

Cash used in financing activities for the six months ended Junes 30, 2023 was $1,252,419 mainly from proceeds from issuance of 4,080,486 shares for $1,264,992, from the exercises of warrants and options of $1,431,742 offset by loan and lease payments of $3,986,875.

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

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

On March 29, 2023, the Company completed the Tertiary gold and silver Loan of $5,000,000 with OCIM. The Tertiary Loan has a term of 19-months and is repayable over 16 months, following a 3-month grace period, by delivering 9,832 ounces of silver and 77 ounces of gold on a monthly basis (an aggregate of 157,232 ounces of silver and 1,241 ounces of gold), calculated at a fixed discount to the prevailing London Bullion Market Association (LBMA) spot metals' prices on March 29, 2023 and is secured by a guarantee of MMR and a pledge over the Company's shares of MMR. The full proceeds of the pre-payment facility plus an additional payment of $510,143 were used to extinguish the outstanding balance on the Secondary Loan. On September 27, 2023, delivery terms were amended to delivery of 7,000 ounces of silver and 50 ounces of gold monthly until February 2024 and delivery of 12,606 ounces of silver and 104 ounces of gold monthly from March 2024 to September 2024.

On September 27, 2023, delivery terms of the Tertiary Loan were amended to delivery of 7,000 ounces of silver and 50 ounces of gold monthly until February 2024 and delivery of 12,606 ounces of silver and 104 ounces of gold monthly from March 2024 to September 2024. The amendment was accounted for as a loan modification resulting in a gain of $8,059 recognized in other finance income for the year ended December 31, 2023.

<u>Ocean Partners Facilities</u>
On August 22, 2022, the Company entered into a credit facility (the "OP Facility") with Ocean Partners (UK), a metals off-take and trading firm, for $5,000,000 and on August 30, 2022, the Company drew down the $5,000,000 credit facility with Ocean Partners. The OP Facility was for a term of 24-months, repayable over a period of 21-months following a three-month grace period. Interest on the loan was calculated at 12-month LIBOR + 7.5%. On May 10, 2024, the Company paid in full the remaining portion of the OP Facility of $2,055,586 due to Ocean Partners.

On December 8, 2022, the Company entered into a new $5,000,000 credit facility (the "New Facility") with Ocean Partners (UK). The New Facility had an initial payment free period until March 31, 2023, and thereafter was revolving in nature whereby it is re-payable and re-drawable in 4-month intervals over a term of 24 months. Interest was calculated at 12-month SOFR + 7.5%. A portion of the New Facility was used to extinguish $701,644 of existing debt, which represented the final amount owing to Ocean Partners on the advance payment the Company received in October 2021 of $1,293,103 (plus $206,897 of VAT). The Company extinguished the new facility on December 5, 2023.

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

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

Non-brokered Private Placement

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

Bought-deal Private Placement

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

LIFE Financing and Best-efforts Private Placement

On May 9, 2024, the Company completed a brokered Listed Issuer Financing Exemption (LIFE) private placement and issued 43,125,000 units at $0.146 (CAD$0.20) per unit for gross proceeds of $6,299,351. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at CAD$0.30 per share for a period of two years.

Concurrently on May 9, 2024, the Company completed a best-efforts private placement offering and issued 13,627,300 units at $0.146 (CAD$0.20) per unit for gross proceeds of $1,990,566. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at CAD$0.30 per share for a period of two years. In connection with both the Listed Issuer Financing Exemption private placement and best-efforts private placement offering, the Company incurred issuance costs of $547,746 paid in cash and issued 2,889,388 finder's warrants with an exercise price of CAD$0.20 exercisable for two years.

NON-IFRS FINANCIAL MEASURES

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

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

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

WORKING CAPITAL

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

As at	June 30 2024	December 31 2023
	$	$
Current assets	23,880,713	20,658,097
Current liabilities	40,651,251	39,099,110
Working capital	(16,770,538)	(18,441,013)

MINE OPERATING CASH FLOW BEFORE TAXES

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

	Three months ended						
	30-Jun 2024	31-Mar 2024	31-Dec 2023	30-Sep 2023	30-Jun 2023	31-Mar 2023	31-Dec 2022
	$	$	$	$	$	$	$
Revenues	20,551,139	17,764,983	16,581,967	15,643,649	16,823,042	17,118,424	15,487,714
Production cost	(16,220,357)	(16,141,925)	(14,825,898)	(16,138,682)	(16,415,956)	(15,723,907)	(12,911,041)
Transportation and other support cost	(747,727)	(754,652)	(768,203)	(719,251)	(878,096)	(825,173)	(596,916)
Inventory changes	304,868	492,116	(149,798)	(361,927)	865,285	(382,130)	387,765
Mine operating cash flows before taxes	**3,887,924**	**1,360,523**	**838,068**	**(1,576,211)**	**394,276**	**187,214**	**2,367,522**

	Cumulative as at the end of each period						
	30-Jun 2024	31-Mar 2024	31-Dec 2023	30-Sep 2023	30-Jun 2023	31-Mar 2023	31-Dec 2022
	$	$	$	$	$	$	$
Revenues	38,316,122	17,764,983	66,167,081	49,585,115	33,941,466	17,118,424	36,880,204
Production cost	(32,362,282)	(16,141,925)	(63,104,443)	(48,278,545)	(32,139,863)	(15,723,907)	(33,868,211)
Transportation and other support cost	(1,502,379)	(754,652)	(3,190,722)	(2,422,519)	(1,703,268)	(825,173)	(1,011,083)
Inventory changes	796,986	492,116	(28,570)	121,228	483,155	(382,130)	37,003
Mine operating cash flows before taxes	**5,248,447**	**1,360,523**	**(156,654)**	**(994,721)**	**581,490**	**187,214**	**2,037,914**

EBITDA

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

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

Adjusted EBITDA excludes the following additional items from EBITDA:

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

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

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

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

	Three months ended					
	June 30, 2024	**March 31, 2024**	**December 31, 2023**	**September 30, 2023**	**June 30, 2023**	**March 31, 2023**
	$	$	$	$	$	$
Net loss per financial statements	(2,749,933)	(7,381,691)	(7,624,676)	(7,062,157)	(8,557,538)	(8,699,078)
Depreciation and depletion – cost of sales	2,940,490	3,016,127	2,771,418	2,784,795	2,784,515	3,337,906
Depreciation and depletion – general and administration	41,773	42,567	118,143	116,383	97,112	56,782
Interest and finance costs (income), net	1,775,577	1,544,130	1,154,485	1,167,308	1,126,420	1,210,414
Current income tax	-	-	1,021,369	-	-	-
EBITDA	**2,007,907**	**(2,778,867)**	**(2,559,261)**	**(3,029,672)**	**(4,549,491)**	**(4,093,976)**
Share based compensation	259,208	540,783	172,535	226,334	650,135	251,175
(Gain) loss on derivatives	1,488,929	1,350,446	492,081	(455,394)	(239,601)	(134,138)
Unrealized foreign exchange loss	(1,833,882)	263,979	772,846	(596,485)	1,098,944	1,182,666
Other finance items, net	(16,203)	(452,933)	20,529	191,707	-	450,619
Transaction cost associated with the acquisition of MMR	-	-	-	-	-	-
Union payment associated with acquisition of "EL Cubo Mines Complex"	-	-	-	-	(477,232)	-
Other expenses	10,974	(13,726)	(112,119)	(64,671)	-	(118,287)
VAT write-off	-	161,303	113,809	116,008	133,885	162,144
Adjusted EBITDA	**1,916,933**	**(929,015)**	**(1,099,580)**	**(3,612,173)**	**(3,383,360)**	**(2,299,797)**

	Cumulative as at the end of each period					
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
	$	$	$	$	$	$
Net loss per financial statements	(10,131,624)	(7,381,691)	(31,943,447)	(24,318,773)	(17,256,616)	(8,699,078)
Depreciation and depletion – cost of sales	5,956,617	3,016,127	11,642,634	8,871,216	6,122,421	3,337,906
Depreciation and depletion – general and administration	84,340	42,567	388,420	270,277	153,894	56,782
Interest and finance costs (income), net	3,319,707	1,544,130	4,658,627	3,504,142	2,336,834	1,210,414
Current income tax	-	-	1,021,369	-	-	-
EBITDA	**(770,960)**	**(2,778,867)**	**(14,232,397)**	**(11,673,138)**	**(8,643,467)**	**(4,093,976)**
Share based compensation	799,991	540,783	1,300,179	1,127,644	901,310	251,175
(Gain) loss on derivatives	2,839,375	1,350,446	(337,052)	(829,133)	(373,739)	(134,138)
Unrealized foreign exchange loss	(1,569,903)	263,979	2,457,971	1,685,125	2,281,610	1,182,666
Other finance items, net	(469,136)	(452,933)	185,623	165,094	-	450,619
Transaction cost associated with the acquisition of MMR	-	-	-	-	461,622	-
Union payment associated with acquisition of "EL Cubo Mines Complex"	-	-	(488,634)	(488,634)	(488,235)	-
Other expenses	(2,752)	(13,726)	(295,077)	(182,958)	(118,287)	(118,287)
VAT write-off	161,303	161,303	525,846	412,037	296,029	162,144
Adjusted EBITDA	**987,918**	**(929,015)**	**(10,883,541)**	**(9,783,963)**	**(5,683,156)**	**(2,299,797)**

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

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

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

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

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

		Three months ended June 30, 2024					Three months ended June 30, 2023				
		El Cubo	VMC	San Ignacio	Topia	Consolidated	El Cubo	VMC-San Ignacio	Topia	Consolidated	% Change
Cost of sales (5)		**6,591,454**	**3,912,910**	**3,037,446**	**6,045,190**	**19,586,999**	**7,358,967**	**5,739,860**	**6,061,241**	**19,160,068**	**2%**
Transportation and selling cost (5)		(57,877)	(151,452)	(88,343)	(433,349)	(731,021)	(166,022)	(126,768)	(532,088)	(824,878)	(11%)
Inventory changes		(131,613)	346,804	114,652	(24,975)	304,868	6,443	618,176	240,666	865,285	(65%)
Depreciation		(1,036,411)	(847,564)	(612,415)	(444,100)	(2,940,490)	(1,269,002)	(895,446)	(620,068)	(2,784,516)	6%
Production cost	A	**5,365,553**	**3,260,698**	**2,451,340**	**5,142,767**	**16,220,357**	**5,930,386**	**5,335,822**	**5,149,752**	**16,415,956**	**(1%)**
Add (subtract):											
Government royalties and mining taxes		33,311	24,754	18,378	119,829	196,271	38,592	13,717	206,779	259,088	(24%)
Total cash cost	B	**5,398,864**	**3,285,451**	**2,469,718**	**5,262,596**	**16,416,629**	**5,968,978**	**5,349,539**	**5,356,531**	**16,675,047**	**(2%)**
General and administrative - corporate		-	-	-	-	2,004,003	-	-	-	2,877,358	(30%)
Operating lease payments		32,310	1,685	1,010	8,281	43,286	166,162	12,386	-	178,548	(76%)
Sustaining capital expenditures		1,314,457	566,538	542,728	159,123	2,582,846	367,807	408,265	648,854	1,424,927	81%
Total All-in sustaining cash cost	C	**6,745,632**	**3,853,674**	**3,013,456**	**5,430,000**	**21,046,764**	**6,502,948**	**5,770,190**	**6,005,385**	**21,155,880**	**(1%)**
Tonnes milled	D	84,706	40,178	23,434	13,139	161,457	83,244	61,594	18,955	163,793	(1%)
Silver equivalent ounces produced	E	249,594	164,515	122,052	287,518	823,679	310,237	352,030	279,071	941,338	(12%)
Production cost per tonne	A/D	**63.34**	**81.16**	**104.61**	**391.41**	**100.46**	**71.24**	**86.63**	**271.69**	**100.22**	**0%**
Cash cost per AgEq ounce produced	B/E	**21.63**	**19.97**	**20.23**	**18.30**	**19.93**	**19.24**	**15.20**	**19.19**	**17.71**	**13%**
All-in sustaining cash cost per AgEq ounce produced	C/E	**27.03**	**23.42**	**24.69**	**18.89**	**25.55**	**20.96**	**16.39**	**21.52**	**22.47**	**14%**
Mining cost per tonne		30.64	57.09	77.33	282.19	64.47	32.11	52.74	194.28	58.63	10%
Milling cost per tonne		22.15	8.93	18.86	64.77	21.85	23.60	18.20	45.80	24.14	(9%)
Indirect cost per tonne		10.55	15.13	8.43	44.45	14.14	15.55	15.69	31.62	17.45	(19%)
Production cost per tonne		**63.34**	**81.16**	**104.61**	**391.41**	**100.46**	**71.24**	**86.63**	**271.69**	**100.22**	**0%**
Mining		2,595,552	2,293,855	1,812,062	3,707,680	10,409,149	2,672,620	3,248,765	3,682,441	9,603,822	8%
Milling		1,876,541	358,769	441,845	851,059	3,528,214	1,964,305	1,120,866	868,036	3,953,207	(11%)
Indirect		893,460	608,074	197,433	584,028	2,282,995	1,293,461	966,190	599,276	2,858,927	(20%)
Production Cost		**5,365,553**	**3,260,698**	**2,451,340**	**5,142,767**	**16,220,357**	**5,930,386**	**5,335,822**	**5,149,752**	**16,415,956**	**(1%)**

1. Silver equivalents are calculated using 81.05:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2024 and an 81.33:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2023, respectively.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead.
3. AISC per oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital.
4. Production costs include mining, milling, and direct overhead at the operation sites.
5. Consolidated amount for the three months ended June 30, 2024, excludes $3,986 in relation to silver bullion transportation and selling cost from cost of sales.

		Six months ended June 30, 2024					Six months ended June 30, 2023				
		El Cubo	VMC	San Ignacio	Topia	Consolidated	El Cubo	VMC-San Ignacio	Topia	Consolidated	% Change
Cost of sales [5]		**13,409,080**	**8,443,872**	**5,522,624**	**11,627,478**	**39,003,054**	**15,540,819**	**10,628,150**	**13,241,207**	**39,410,176**	**(1%)**
Transportation and selling cost [5]		(167,966)	(256,683)	(152,246)	(904,245)	(1,481,141)	(333,285)	(204,795)	(1,092,966)	(1,631,043)	(9%)
Inventory changes		22,247	373,212	229,606	171,922	796,986	(372,603)	766,164	89,594	483,155	65%
Depreciation		(1,987,027)	(1,828,844)	(1,245,114)	(895,632)	(5,956,617)	(3,025,457)	(1,751,099)	(1,345,865)	(6,122,421)	(3%)
Production cost	A	**11,276,334**	**6,731,556**	**4,354,870**	**9,999,522**	**32,362,282**	**11,809,474**	**9,438,420**	**10,891,973**	**32,139,863**	**1%**
Add (subtract):											
Government royalties and mining taxes		63,897	28,564	27,594	272,271	392,326	76,705	38,731	422,811	538,247	(27%)
Total cash cost	B	**11,340,231**	**6,760,120**	**4,382,464**	**10,271,794**	**32,754,608**	**11,886,179**	**9,477,151**	**11,314,784**	**32,678,113**	**0%**
General and administrative - corporate		-	-	-	-	4,347,237	-			5,234,296	(17%)
Operating lease payments		132,470	289,353	58,476	198,642	678,941	416,368	192,888	74,865	684,121	(1%)
Sustaining capital expenditures		1,647,439	724,203	664,623	159,123	3,195,388	1,072,055	867,676	1,097,747	3,037,478	5%
Total All-in sustaining cash cost	C	**13,120,140**	**7,773,675**	**5,105,563**	**10,629,559**	**40,976,174**	**13,374,602**	**10,537,715**	**12,487,397**	**41,634,008**	**(2%)**
Tonnes milled	D	169,651	81,785	50,885	24,213	326,534	172,244	113,247	38,484	323,975	1%
Silver equivalent ounces produced	E	566,697	384,360	283,837	576,098	1,810,992	625,824	649,799	603,762	1,879,385	(4%)
Production cost per tonne	A/D	**66.47**	**82.31**	**85.58**	**412.98**	**99.11**	**68.56**	**83.34**	**283.03**	**99.20**	**0%**
Cash cost per AgEq ounce produced	B/E	**20.01**	**17.59**	**15.44**	**17.83**	**18.09**	**18.99**	**14.58**	**18.74**	**17.39**	**4%**
All-in sustaining cash cost per AgEq ounce produced	C/E	**23.15**	**20.22**	**17.99**	**18.45**	**22.63**	**21.37**	**16.22**	**20.68**	**22.15**	2%
Mining cost per tonne		32.51	50.61	57.70	294.60	60.40	29.94	50.03	206.52	57.94	4%
Milling cost per tonne		22.99	17.73	19.02	71.33	24.64	23.51	16.40	45.93	23.69	4%
Indirect cost per tonne		10.97	13.97	8.86	47.05	14.07	15.11	16.91	30.58	17.58	(20%)
Production cost per tonne		**66.47**	**82.31**	**85.58**	**412.98**	**99.11**	**68.56**	**83.34**	**283.03**	**99.20**	**0%**
Mining		5,515,200	4,138,923	2,936,295	7,133,144	19,723,562	5,157,619	5,666,111	7,947,567	18,771,292	5%
Milling		3,899,570	1,450,356	967,959	1,727,212	8,045,096	4,049,124	1,856,930	1,767,739	7,673,793	5%
Indirect		1,861,564	1,142,277	450,616	1,139,167	4,593,624	2,602,731	1,915,379	1,176,667	5,694,778	(19%)
Production Cost		**11,276,334**	**6,731,556**	**4,354,870**	**9,999,522**	**32,362,282**	**11,809,474**	**9,438,420**	**10,891,973**	**32,139,863**	**1%**

1. Silver equivalents are calculated using an 84.51:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) YTD 2024 and an 82.51:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) YTD 2023, respectively.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead.
3. AISC per oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital.
4. Production costs include mining, milling, and direct overhead at the operation sites.
5. Consolidated amount for the six months ended June 30, 2024, excludes $3,986 in relation to silver bullion transportation and selling cost from cost of sales.

SUMMARY OF QUARTERLY RESULTS

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

	2024		2023				2022	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	$	$	$	$	$	$	$	$
Total revenue	20,551,139	17,764,983	16,581,967	15,643,649	16,823,042	17,118,424	15,487,714	8,871,863
Production costs	16,220,357	16,141,925	14,825,898	16,138,682	16,415,956	15,723,907	12,911,041	9,670,274
Transportation and other selling costs	747,727	754,652	768,203	719,251	878,095	825,173	596,916	178,676
Inventory changes	(304,868)	(492,116)	149,798	361,927	(865,285)	382,130	(387,765)	(626,923)
Mine operating cash flow before depreciation	3,887,924	1,360,523	838,068	(1,576,212)	394,276	187,214	2,367,522	(350,164)
Depreciation	(2,940,490)	(3,016,127)	(2,771,418)	(2,748,795)	(2,784,515)	(3,337,906)	(2,515,349)	(2,991,577)
Mine operating income (loss)	947,433	(1,655,603)	(1,933,351)	(4,325,007)	(2,390,240)	(3,150,692)	(147,828)	(3,341,742)
Net (loss)	(2,749,933)	(7,381,691)	(7,624,676)	(7,062,158)	(8,557,538)	(8,699,078)	(9,905,707)	(8,405,337)
EBITDA (1)	2,007,907	(2,778,867)	(2,559,261)	(3,029,670)	(4,576,059)	(4,093,976)	(5,997,153)	(4,192,955)
Adjusted EBITDA (1)	1,916,933	(929,015)	(1,099,580)	(3,612,172)	(3,409,928)	(2,299,797)	(1,500,059)	(2,684,927)
Basic and fully diluted loss per share	(0.01)	(0.02)	(0.02)	(0.02)	(0.03)	(0.03)	(0.03)	(0.03)
Weighted Average shares outstanding(000's)	387,960	354,497	351,590	341,056	327,386	322,850	302,154	271,510

(1) EBITDA and Adjusted EBITDA are non-IFRS financial measure with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 35.

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

Revenues increased 7% in the first quarter of 2024 to $17,764,983 compared to $16,581,967 in the fourth quarter of 2023, mainly due to a 13% increase in silver equivalent ounces sold to 955,328 from 844,572. The Company sold 413,892 ounces of silver and 5,196 ounces of gold, an increase of 3% and 22%, respectively, as compared to Q4, 2023. In addition, the Company sold 841,612 pounds of lead at a realized price of $0.94 and 934,873 pounds of zinc at a realized price of $1.11. Realized silver and gold price per ounce sold averaged $23.37 and $2,068.57 a 1% and 4% increase respectively, compared to Q4 2023.

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

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

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

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

In the fourth quarter of 2022, the Company generated revenues of $15,487,714 net of treatment and refining costs, which was a 75% increase compared to previous quarter, mainly due to sales of 405,348 ounces of silver and 3,865 ounces of gold a 30% and 29% increase respectively, as compared to Q3 2022 due to the addition of the Valenciana Mines Complex and San Ignacio. Additionally, the Company sold 846,281 pounds of lead at a realized price of $0.95 and 1,600,811 pounds of zinc at a realized price of $1.37 from the

Topia Mine. During the quarter realized silver and gold price per ounce sold averaged $21.23 and $1,783.36 an 11% and a 3% increase respectively, compared to $19.06 and 1,724.81 per ounce in Q3 2022. There was a negative impact of $134,398 on provisional pricing and settlement adjustments during the quarter.

The 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 139% of net loss compared to prior quarter mainly due to the integration of MMR's operations.

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

	2024		2023				2022	
PRODUCTION	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Processed tonnes	161,457	165,079	137,339	132,484	163,793	160,182	131,341	107,009
El Cubo	84,706	84,945	71,233	62,742	83,244	89,000	108,897	95,380
VMC	40,178	41,607	55,220	53,129	61,594	51,653	3,928	-
San Ignacio	23,434	27,451	-	-	-	-	-	-
Topia	13,139	11,075	10,886	16,613	18,955	19,529	18,516	11,629
Silver ounces	398,685	428,279	394,971	425,488	477,649	458,803	401,244	329,298
El Cubo	91,760	106,714	94,113	83,089	147,099	136,847	242,038	219,627
VMC	71,112	82,433	145,364	135,206	156,859	142,220	4,652	-
San Ignacio	52,189	52,040	-	-	-	-	-	-
Topia	183,624	187,092	155,494	207,192	173,691	179,736	154,552	109,671
Silver Grade (g/t)	90.34	91.12	101.32	114.44	106.93	103.68	106.08	106.28
El Cubo	44.80	46.19	57.99	50.97	65.38	64.00	80.00	74.94
VMC	68.41	73.10	79.05	95.69	99.04	104.00	49.46	-
San Ignacio	81.83	68.79	-	-	-	-	-	-
Topia	466.12	558.68	473.54	414.12	311.99	314.10	283.00	317.55
Silver Recovery (%)	85.0	88.6	84.5	83.3	84.9	80.9	86.8	88.5
El Cubo	75.2	84.6	86.0	81.2	84.4	83.5	86.4	87.1
VMC	80.5	84.3	84.3	82.7	83.6	82.0	72.9	-
San Ignacio	84.6	85.7	-	-	-	-	-	-
Topia	93.3	94.0	77.7	93.7	91.3	91.1	91.8	92.4
Gold Ounces	4,255	5,384	4,395	3,441	4,719	4,413	3,907	3,226
El Cubo	1,936	2,370	1,492	1,340	2,006	2,140	3,452	3,035
VMC	1,153	1,549	2,572	1,897	2,400	1,848	110	-
San Ignacio	858	1237	-	-	-	-	-	-
Topia	308	228	331	204	314	424	345	191
Gold Grade (g/)	0.98	1.14	1.14	0.99	1.10	1.07	1.09	1.08
El Cubo	0.86	0.96	0.89	0.83	0.88	0.87	1.12	1.05
VMC	1.04	1.28	1.32	1.31	1.45	1.36	1.19	-
San Ignacio	1.26	1.54	-	-	-	-	-	-
Topia	1.07	0.99	1.40	0.58	0.88	1.18	0.91	0.80
Gold Recovery (%)	83.8	89.2	88.8	81.6	83.1	81.1	84.2	86.3
El Cubo	82.8	90.6	89.2	82.9	86.2	85.9	88.2	88.4
VMC	85.9	90.4	89.1	85.0	86.5	81.8	74.5	-
San Ignacio	90.6	91.2	-	-	-	-	-	-
Topia	68.3	64.8	84.2	65.8	58.7	57.7	63.3	64.0
Lead pounds	806,294	879,242	837,230	935,738	875,802	906,696	811,492	537,608
Topia	806,294	879,242	837,230	935,738	875,802	906,696	811,492	537,608
Lead Grade (%)	3.08	3.97	3.80	2.85	2.40	2.42	2.25	2.34
Topia	3.08	3.97	3.80	2.85	2.40	2.42	2.25	2.34
Lead Recovery (%)	90.3	90.7	91.7	89.9	87.4	87.1	88.2	89.5
Topia	90.3	90.7	91.7	89.9	87.4	87.1	88.2	89.5
Zinc pounds	1,067,537	922,297	960,206	857,660	897,258	1,153,138	1,261,554	677,127
Topia	1,067,537	922,297	960,206	857,660	897,258	1,153,138	1,261,554	677,127
Zinc Grade (%)	4.41	4.55	4.84	3.00	2.75	3.21	3.56	3.25
Topia	4.41	4.55	4.84	3.00	2.75	3.21	3.56	3.25
Zinc Recovery (%)	83.6	83.0	82.5	77.9	78.1	83.5	86.7	80.9
Topia	83.6	83.0	82.5	77.9	78.1	83.5	86.7	80.9

Guanajuato Silver CO LTD

PRODUCTION	2024 Q2	2024 Q1	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3
Cost per tonne	100.46	97.78	107.95	121.82	100.22	98.16	98.30	90.37
El Cubo	63.34	69.58	84.96	86.59	71.24	66.06	67.70	67.20
VMC	81.16	83.42	79.20	97.95	86.63	79.43	102.85	-
San Ignacio	104.61	69.34	-	-	-	-	-	-
Topia	391.37	438.52	404.22	331.16	271.69	294.04	277.29	280.44
Cash costs per ounce	19.93	16.55	17.66	20.79	17.71	17.06	15.55	13.86
El Cubo	21.63	18.74	21.38	28.46	19.24	18.75	14.19	13.09
VMC	19.97	15.81	14.66	17.89	15.20	13.86	31.92	-
San Ignacio	20.23	11.82	-	-	-	-	-	-
Topia	18.30	17.36	17.05	18.70	19.19	18.35	17.22	15.69
AISC per ounce	25.55	20.19	21.52	26.22	22.47	21.83	20.80	19.53
El Cubo	27.03	20.10	23.39	32.67	20.96	21.77	17.45	15.18
VMC	23.42	17.83	16.31	19.89	16.39	16.01	31.92	-
San Ignacio	24.69	12.93	-	-	-	-	-	-
Topia	18.89	18.02	17.82	21.29	21.52	19.96	18.49	17.69

OTHER FINANCIAL INFORMATION

SHARE CAPITAL

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

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

	June 30, 2024			August 27, 2024		
	#	Weighted average exercise price	Weighted average life (years)	#	Weighted average exercise price	Weighted average life (years)
Common shares	415,074,689			418,241,356		
Warrants	140,359,529	0.42	1.30	137,259,529	0.42	1.13
Stock options	23,511,667	0.36	3.46	23,445,000	0.36	3.30
Restricted Share Units	1,565,000	-	0.48	1,565,000	-	0.39
Fully diluted	**580,510,885**			580,510,885		

MANAGEMENT OF CAPITAL

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

The Company's objectives when managing capital are:

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

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

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

OFF BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

Compensation of key management personnel

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

	Three months ended		Six months ended	
	June 30 2024	June 30 2023	**June 30 2024**	June 30 2023
	$	$	**$**	$
Salaries, bonus and benefits	**91,365**	175,129	**184,080**	327,848
Consulting fees[(1)]	**73,796**	56,929	**171,694**	213,047
Share-based compensation	**127,108**	447,408	**349,358**	588,171
	292,269	679,467	**705,132**	1,129,066

(1) Consulting fees were paid to Universal Solution Inc., a company controlled by the VP Corporate Development and Corporate Secretary of the Company, and Ramon T. Davila Flores, the President of the Company.

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

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

CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

a) Commitments

As at June 30, 2024, the Company has no commitments which are expected to be expended within one year.

b) Contingencies – El Cubo

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

i. $1,000,000 upon the Company producing 3,000,000 ounces of silver equivalent from the Combined Project (Contingent Payment #1). At the Company's option, the Company can issue common shares for up to 50% of Contingent Payment #1, based on the volume weighted average trading price of the Company's common shares for the 10 trading days immediately preceding the date of such payment. Subsequent to June 30 2024, the Company reached this milestone for Contingent Payment #1 and will be required to make the contingent payment.

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

iii. $1,000,000 if the LBMA spot price of gold closes at or above $2,200 per ounce for 20 consecutive trading days within three years after closing ("Contingent Payment #3"). On March 8, 2024, Contingent Payment #3 expired unpaid.

SUPPLEMENTAL DISCLOSURE ON USE OF PROCEEDS FROM PRIOR FINANCINGS

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

Use of Proceeds	Initial Estimated Amount (C$)	Actual Amount (C$)	Explanation of Variances and Impact of Variances
To add to the underground fleet and ramp up production at GSilver's producing mines in and about Guanajuato, Mexico including El Cubo, San Ignacio and Valenciana mines and as a reserve against future operating deficits therefrom	900,000	1,003,050	Only two months of actual expenditures are included in the actual amount spent since the closing of the financing. There was no impact on the Company's ability to achieve its business objectives and milestones.
To fund corporate head office G&A expenses including legal, audit, overhead and salaries for ensuing 12 months	1,800,000	615,768	Only two months of actual expenditures are included in the actual amount spent since the closing of the financing. There was no impact on the Company's ability to achieve its business objectives and milestones.
To fund certain improvements to expand and modernize the processing facilities at the Topia mine and mill complex including capital expenditures and related costs	3,100,000	63,829	Only two months of actual expenditures are included in the actual amount spent since the closing of the financing. There was no impact on the Company's ability to achieve its business objectives and milestones.
To carry out brownfields' exploration at GSilver's mineral properties, particularly San Ignacio and Valenciana	400,000	31,461	Only two months of actual expenditures are included in the actual amount spent since the closing of the financing. There was no impact on the Company's ability to achieve its business objectives and milestones.
Unallocated working capital	3,408,995	4,846,706	Only two months of actual expenditures are included in the actual amount spent since the closing of the financing. There was no impact on the Company's ability to achieve its business objectives and milestones.
Total	**9,608,995**	**6,560,814**	

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

On December 22, 2022, the Company completed the first tranche of a non-brokered Listed Issuer Financing Exemption private placement and issued 15,952,196 units at $0.312 (C$0.425) per unit for gross proceeds of $4,971,307 (C$6,779,683). On January 11, 2023, the Company completed the second and final tranche of a non-brokered Listed Issuer Financing Exemption private placement and issued 4,080,486 units at $0.313 (C$0.425) per unit for gross proceeds of $1,277,061 (C$1,734,206.55). The total proceeds from both tranches of this financing were $6,248,908 (C$8,513,889.85). The table below provides the disclosure the Company previously made about how it was going to use proceeds from the financing, an explanation of variances and the impact of the variances, if any, on the Company's ability to achieve its business objectives and milestones.

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

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

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Fair value measurement and valuation techniques

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

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

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

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

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

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

During the three and six months ended June 30, 2024, and 2023, there were no transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy.

June 30, 2024	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Carrying value approximates fair value
Financial assets measured at fair value	$	$	$	$	$	$
Trade receivables from sale of concentrate	6,387,841	-	6,387,841	-	6,387,841	-
Forward contracts	398,193	-	398,193	398,193	-	-
	6,786,034	**-**	**6,786,034**	**398,193**	**6,387,841**	**-**
Financial assets not measured at fair value						
Cash and cash equivalents	-	2,198,300	2,198,300	-	-	2,198,300
VAT and other receivables	-	10,288,798	10,288,798	-	-	10,288,798
	-	**12,487,098**	**12,487,098**	**-**	**-**	**12,487,098**
Financial liabilities measured at fair value						
Other current liabilities	(2,805,090)	-	(2,805,090)	-	(2,805,090)	-
Derivative	(2,290,015)	-	(2,290,015)	-	(2,290,015)	-
	(5,095,105)	**-**	**(5,095,105)**	**-**	**(5,095,105)**	**-**
Financial liabilities not measured at fair value						
Accounts payable and accrued liabilities	-	(23,841,305)	(23,841,305)	-	-	(23,841,305)
Vehicle loan	-	(74,196)	(74,196)	-	-	(74,196)
OCIM loan	-	(1,436,349)	(1,436,349)	-	-	(1,436,349)
Ocean Partners loans	-	(14,050,436)	(14,050,436)	-	-	(14,050,436)
	-	**(39,402,286)**	**(39,402,286)**	**-**	**-**	**(39,402,286)**

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

RISKS AND UNCERTAINTIES

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

Financial risk management

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

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

Commodity price risk

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

The following table summarizes the effect on provisionally priced sales and accounts receivables of a 10% change in metal prices from the realized prices used at June 30, 2024:

Metal	Change	Effect on Sales $
Silver	+/- 10%	1,916,108
Gold	+/- 10%	2,032,489
Lead	+/- 10%	83,672
Zinc	+/- 10%	160,561

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and amounts receivable. The Company deposits its cash and cash equivalents with high credit quality major Canadian and Mexican financial institutions as determined by ratings agencies. Trade accounts receivables from concentrate sales are held with large international metals trading companies.

As of	June 30, 2024	December 31, 2023
	$	$
Cash and cash equivalents	**2,198,300**	1,956,616
Trade receivables	**6,387,841**	3,350,036
VAT recoverable	**9,566,809**	10,066,458
Other receivables	**721,989**	885,438
	18,874,939	16,258,548

Liquidity risk

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

The Company enters into contracts that give rise to commitments in the normal course of business. The following table summarizes the remaining contractual maturities of the Company's financial liabilities, operating and capital commitments, shown in contractual undiscounted cash flows, including interest, at June 30, 2024:

	Expected payments by year as at June 30, 2024			
	Less than 1 year	1 -5 years	After 5 years	Total
	$	$	$	$
Trade and other payables	23,841,305	-	-	**23,841,305**
Loans	12,113,552	5,737,444	-	**17,850,996**
Lease obligations	940,118	518,652	36,729	**1,495,499**
Other liabilities	2,805,090	-	28,841,495	**31,646,585**
Total	**39,700,065**	**6,256,096**	**28,878,224**	**74,834,385**

Interest rate risk

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

The Company's interest rate risk principally arises from the interest rate impact on interest charged on its loan payable and lease liability. The Company's lease liability is subject to fixed interest rates thus any changes in external interest rates would not result in a significant impact on the Company's net loss. A portion of the Company's loans are variable and linked to SOFR. Based on the Company's interest rate exposure at June 30, 2024, a change of 25 basis points increase or decrease of market interest rate does not have a significant impact on net loss.

Currency risk

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

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

As at June 30, 2024	Canadian dollars	Mexican pesos
Cash and cash equivalents	2,209,156	2,894,677
Amounts receivable	-	272,175,751
Other Assets	227,884	-
Accounts payable and accrued liabilities	(324,944)	(430,491,477)
Current portion of loan payable	-	(1,363,521)
Current portion of lease liabilities	(86,204)	(14,829,616)
Lease liabilities	(88,829)	(7,084,519)
Provision for reclamation and rehabilitation	-	(352,475,172)
Total foreign currency exposure	1,937,063	(531,173,877)
US$ equivalent of foreign currency exposure	1,415,258	(28,893,439)

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%	129,881
Mexican pesos	+/- 10%	2,621,113

Climate Change

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

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

Calculation of Reserves and Resources and Precious Metal Recoveries

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

Economic Conditions for Mining

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

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

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

Assurance on Financial Statements

The Company prepares the financial reports in accordance with accounting policies and methods prescribed by IFRS. In the preparation of financial reports, management may need to rely upon assumptions, make estimates or use their best judgement in determining the financial condition of the Company. Material accounting policy information, and practices are described in more detail in the notes to the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2024. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported, the Company has implemented and continues to analyze the internal control systems for financial reporting.

MATERIAL ACCOUNTING POLICY INFORMATION AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The accounting policies applied in the Company's interim financial statements for the three and six months ended June 30, 2024, are the same as those applied in the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2023 and 2022, except as described below for amendments to IFRS standards adopted in the current year. A number of new standards and amendments to standards are effective for annual periods beginning on or after January 1, 2025 and earlier application is permitted; however, we have not early adopted and continue to evaluate the impact of the forthcoming or amended standards in preparing our interim financial statements.

In the current year, the Company has adopted the amendments to IFRS Standards and Interpretations issued by the IASB that became effective for annual periods starting on or after January 1, 2024. The application of these changes did not have a material impact on the company's financial statements, including reported amounts or disclosures.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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