Guanajuato Silver Co Ltd

Management's Discussion and Analysis

For the three months ended March 31, 2025

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

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements of Guanajuato Silver Company Ltd. ("GSilver" or the "Company"), for the three months ended March 31, 2025, and the related notes contained therein (the "Financial Statements") which were prepared in accordance with International Accounting Standard No 34, Interim Financial Reporting ("IAS 34"), using accounting policies consistent with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the Company's audited consolidated financials statements for the year ended December 31, 2024. The Company uses certain non-IFRS financial measures in this MD&A as described under "Non-IFRS Measures". Additional information relating to the Company, including the most recently filed Annual Information Form (the "Annual Information Form"), is available on SEDAR at www.sedarplus.ca. All amounts are expressed in United States ("US") dollars unless otherwise stated. Certain amounts shown in this MD&A may not add exactly to total amounts due to rounding differences. This MD&A contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained therein. All information contained in this MD&A is current and has been approved by the Board of Directors of the Company as of May 27, 2025, unless otherwise stated.

QUALIFIED PERSON

The scientific and technical information contained in this MD&A relating to the Company's mines and mineral projects has been reviewed and approved by William Gehlen, Director of the Company. Mr. Gehlen is a Certified Professional Geologist with the American Institute of Professional Geologists (No. 10626) and a Qualified Person with the meaning of National Instrument 43-101, "Standards for Disclosure of Mineral Projects."

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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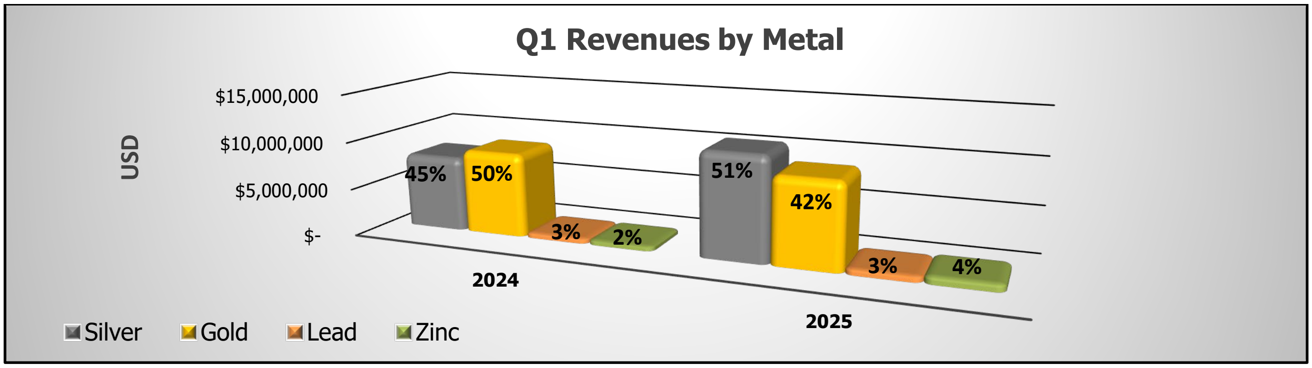
OPERATING AND FINANCIAL HIGHLIGHTS

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

The following table summarizes the Company's consolidated operating and financial results for the three months ended March 31, 2025 and 2024:

CONSOLIDATED	Three months ended March 31 2025	Three months ended March 31 2024	% Change
Operating			
Tonnes mined	123,604	164,057	(25%)
Tonnes milled	128,060	165,079	(22%)
Silver ounces produced	380,406	428,279	(11%)
Gold ounces produced	3,347	5,384	(38%)
Lead produced (lbs)	699,294	879,242	(20%)
Zinc produced (lbs)	909,029	922,297	(1%)
Silver equivalent ("Ag/Eq") ounces produced (1)	738,006	987,312	(25%)
Silver ounces sold	376,995	413,892	(9%)
Gold ounces sold	3,429	5,196	(34%)
Lead sold (lbs)	722,168	841,612	(14%)
Zinc sold (lbs)	918,693	934,873	(2%)
Ag/Eq ounces sold (1)	742,969	955,328	(22%)
Cost per tonne ($) (5)	109.19	97.78	12%
Cash cost per Ag/Eq ounce ($) (1)(2)(5)	19.19	16.55	16%
AISC per Ag/Eq ounce ($) (1)(3)(5)	23.41	20.19	16%
Financial	**$**	**$**	
Revenue	21,330,483	17,764,983	20%
Cost of Sales	16,484,710	19,420,586	(15%)
Mine operating income (loss)	4,845,773	(1,655,603)	393%
Mine operating cashflow before taxes (5)(7)	6,331,995	1,360,523	365%
Net loss	(2,271,554)	(7,381,691)	69%
EBITDA (4)(5)	1,065,775	(2,778,867)	138%
Adjusted EBITDA (4)(5)	4,104,669	(929,015)	542%
Realized silver price per ounce (6)	31.88	23.37	36%
Realized gold price per ounce (6)	2,842.80	2,068.57	37%
Realized lead price per pound (6)	0.89	0.94	(5%)
Realized zinc price per pound (6)	1.29	1.11	16%
Working capital (5)	(17,811,805)	(21,238,584)	(16%)
Shareholders			
Loss per share – basic and diluted	$(0.00)	$(0.02)	(100%)
Weighted Average Shares Outstanding	472,186,711	354,496,832	33%

1. Silver equivalents are calculated using 89.68:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q1 2025 and an 88.72:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q1 2024, respectively.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 25.
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 25.
4. See Reconciliation of earnings before interest, taxes, depreciation, and amortization on page 24.
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 23.
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 24.



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

	Three Months Ended			
CONSOLIDATED	**March 31, 2025**	**December 31, 2024**	**September 30, 2024**	**June 30, 2024**
Operating				
Tonnes mined	123,604	136,962	138,575	171,534
Tonnes milled	128,060	135,584	144,537	161,457
Silver ounces produced	380,406	385,342	413,607	398,685
Gold ounces produced	3,347	3,298	3,617	4,255
Lead produced (lbs)	699,294	739,440	806,945	806,295
Zinc produced (lbs)	909,029	985,895	926,056	1,067,537
Silver equivalent ("Ag/Eq") ounces produced(1)	738,006	730,485	779,797	823,679
Silver ounces sold	376,995	405,786	390,361	403,084
Gold ounces sold	3,429	3,122	3,625	4,306
Lead sold (lbs)	722,168	788,759	701,512	787,635
Zinc sold (lbs)	918,693	1,139,781	799,318	1,074,624
Ag/Eq ounces sold(1)	742,969	743,153	748,747	833,208
Cost per tonne ($)(5)	109.19	106.21	102.58	100.46
Cash cost per Ag/Eq ounce ($) (1)(2)(5)	19.19	19.84	18.78	19.93
AISC per Ag/Eq ounce ($) (1)(3)(5)	23.41	24.98	23.88	25.55
Financial	**$**	**$**	**$**	**$**
Revenue	21,330,483	19,038,311	18,309,105	20,551,139
Cost of Sales	16,484,710	16,375,629	17,793,529	19,603,706
Mine operating income	4,845,773	2,662,682	515,576	947,433
Mine operating cash flows before taxes(5)(7)	6,331,995	3,941,776	3,300,039	3,887,924
Net loss	(2,271,554)	(2,413,440)	(4,863,549)	(2,749,933)
EBITDA(4)(5)	1,065,775	2,256,538	(462,880)	2,007,907
Adjusted EBITDA(4)(5)	4,104,669	1,750,081	892,277	1,916,933
Realized silver price per ounce(6)	31.88	31.44	29.43	28.78
Realized gold price per ounce(6)	2,842.80	2,664.40	2,477.39	2,334.24
Realized lead price per pound(6)	0.89	0.91	0.93	0.98
Realized zinc price per pound(6)	1.29	1.38	1.25	1.29
Working capital(5)	(17,811,805)	(15,389,179)	(20,473,059)	(16,770,538)
Shareholders				
Loss per share - basic and diluted	$(0.00)	$(0.01)	$(0.01)	$(0.01)
Weighted Average Shares Outstanding	472,186,711	455,223,199	418,241,356	387,959,573

1. Silver equivalents are calculated using 89.68:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q1 2025; 84.86:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q4 2024; 84.04:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q3 2024; and an 81.05:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2024.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 25.
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 25.
4. See Reconciliation of earnings before interest, taxes, depreciation, and amortization on page 24.
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 23.
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 24.

CONSOLIDATED	Three Months Ended March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Operating				
Tonnes mined	164,057	133,497	134,865	166,171
Tonnes milled	165,079	137,339	132,484	163,793
Silver ounces produced	428,279	394,971	425,488	477,649
Gold ounces produced	5,384	4,395	3,441	4,719
Lead produced (lbs)	879,242	837,230	935,738	875,802
Zinc produced (lbs)	922,297	960,206	857,660	897,258
Silver equivalent ("Ag/Eq") ounces produced(1)	987,312	850,214	787,086	941,338
Silver ounces sold	413,892	400,106	423,855	462,917
Gold ounces sold	5,196	4,275	3,773	4,427
Lead sold (lbs)	841,612	909,817	884,204	830,567
Zinc sold (lbs)	934,873	890,691	827,101	871,328
Ag/Eq ounces sold(1)	955,328	844,572	808,742	901,474
Cost per tonne ($)(5)	97.78	107.95	121.82	100.22
Cash cost per Ag/Eq ounce ($) (1)(2)(5)	16.55	17.66	20.79	17.71
AISC per Ag/Eq ounce ($) (1)(3)(5)	20.19	21.52	26.22	22.47
Financial	**$**	**$**	**$**	**$**
Revenue	17,764,983	16,581,967	15,643,649	16,823,042
Cost of Sales	19,420,586	18,515,317	19,968,655	19,213,281
Mine operating loss	(1,655,603)	(1,933,352)	(4,325,006)	(2,390,239)
Mine operating cash flows before taxes(5)(7)	1,360,523	838,068	(1,576,212)	394,276
Net loss	(7,381,691)	(7,624,676)	(7,062,158)	(8,557,538)
EBITDA(4)(5)	(2,778,867)	(2,559,261)	(3,029,671)	(4,576,059)
Adjusted EBITDA(4)(5)	(929,015)	(1,099,580)	(3,612,173)	(3,409,928)
Realized silver price per ounce(6)	23.37	23.21	23.60	24.33
Realized gold price per ounce(6)	2,068.57	1,982.88	1,929.31	1,988.05
Realized lead price per pound(6)	0.94	0.96	0.99	0.97
Realized zinc price per pound(6)	1.11	1.14	1.10	1.14
Working capital(5)	(21,238,584)	(18,441,013)	(19,558,888)	(17,831,378)
Shareholders				
Loss per share - basic and diluted	$(0.02)	$(0.02)	$(0.02)	$(0.03)
Weighted Average Shares Outstanding	354,496,832	351,589,912	341,055,800	327,386,045

1. Silver equivalents are calculated using an 88.72:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q1 2024; 85.10:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q4 2023; an 81.83:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q3 2023, and an 81.33:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2023.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 25.
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 25.
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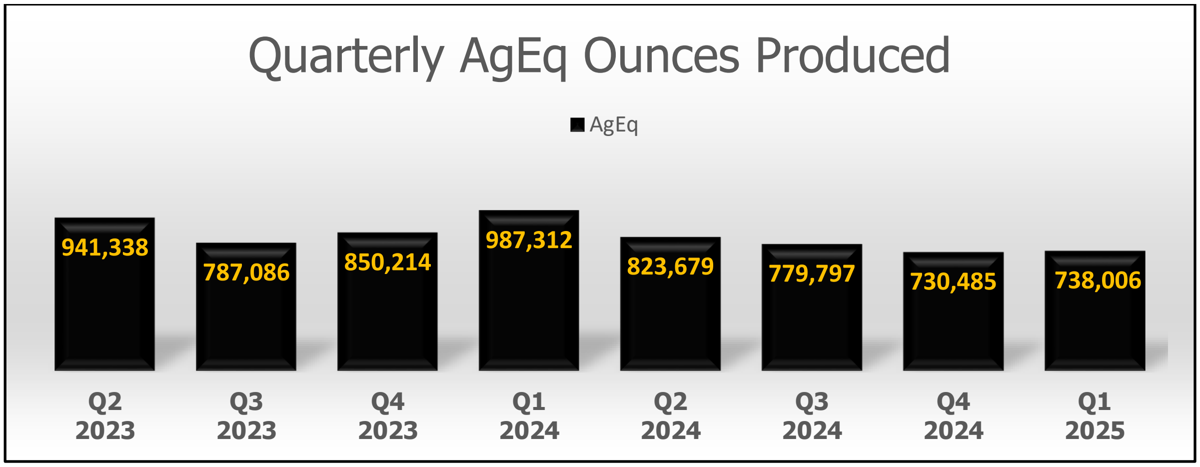


The above highlights are key measures used by management; however, they should not be the only measure used in determining the performance of the Company's operations. See footnotes to tables on pages 6 and 7 above, for assumptions regarding silver equivalent calculation.

As at	March 31, 2025	December 31, 2024	December 31, 2023
	$	$	$
Cash and cash equivalents	2,165,841	2,937,172	1,956,616
Total assets	70,598,119	71,177,951	76,740,176
Debt	20,796,595	17,138,186	19,810,314
Shareholders' equity	10,682,577	12,845,127	10,794,584

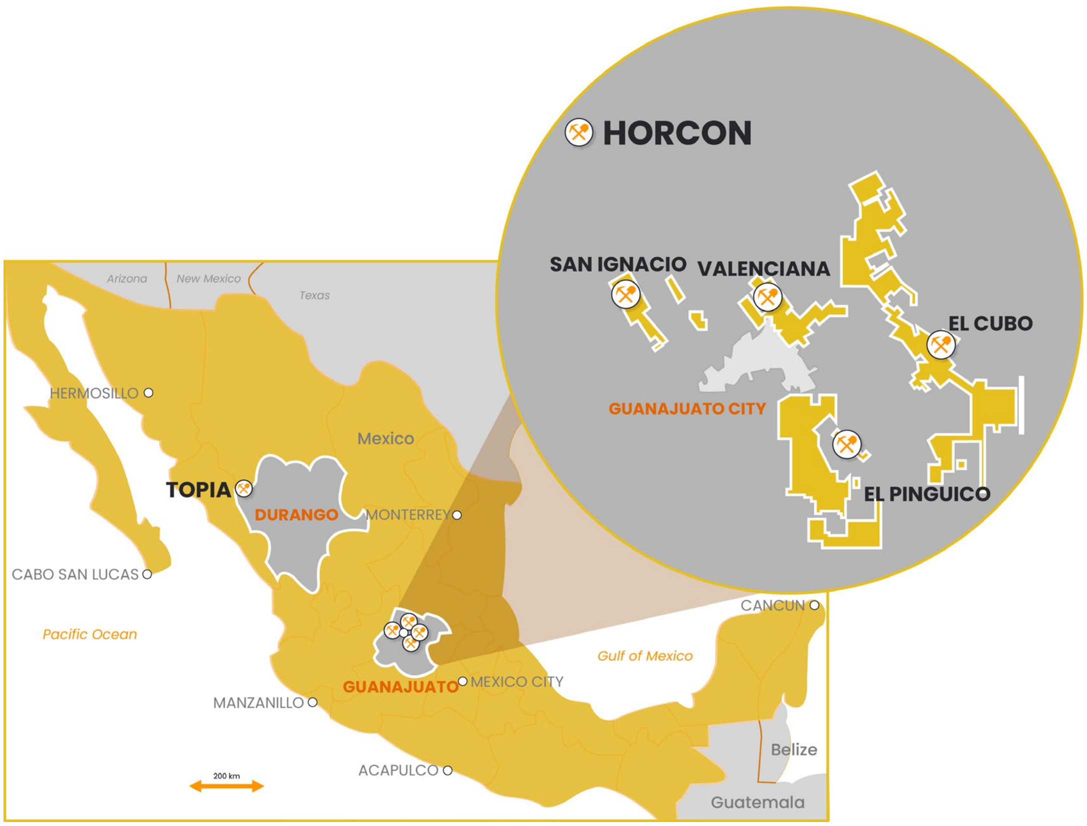
	Three months ended March 31 2025	Year ended December 31, 2024	Year ended December 31, 2023
	$	$	$
Total Revenue	21,330,483	75,663,538	66,167,081
Net loss	(2,271,554)	(17,408,613)	(31,943,447)
Net income loss per share	(0.00)	(0.04)	(0.10)

COMPANY HISTORY, OVERVIEW & STRATEGY

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

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

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



General location of the Company's mines

Going Concern

For the three months ended March 31, 2025, the Company generated mine operating income of $4,845,773, net loss of $2,271,554 and negative cash flows of $771,331. As at March 31, 2025, the Company has an accumulated deficit of $127,850,745 and current liabilities that exceed its current assets by $17,811,805, including accounts payable and accrued liabilities of $18,510,363. These factors give rise to material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Management has taken steps to manage the Company's liquidity, including extending payment terms with suppliers and settling certain liabilities through the issuance of the Company's common shares. Management will be required to raise additional capital and is considering new debt financing and raising additional equity financing. The Company has an active At-The-Market ("ATM") equity offering program. Under this program, the Company may, from time to time, issue and sell common shares in accordance with the terms of the ATM Prospectus. The continuing operations of the Company are dependent in the near-term on its ability to obtain additional financing and in the longer-term on a combination of additional financing and the generation of cash flows from operations. Management is of the opinion that sufficient funds will be obtained from external financing and cash flows from operations to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing or cash flows from operations will not be available on a timely basis or on terms acceptable to the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

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

Health and Safety

- Drug abuse prevention programs in the local community
- Support 2 health clinics adjacent to Cubo and Valenciana and reopening of El Cubo Clinic in synergy with the Mining Union and the Health Authorities
- Health and Environment Programs for our personnel
- Water not intended for human consumption was provided to several local communities.

Ethics and Governance

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

Environmental Impact

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

People , Community and Culture

- 15% of the entire Mexican operations workforce are female
- 100% of our Mexico operations are staffed by Mexican employees (928 as of March 31, 2025)
- 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

MINING OPERATIONS

CONSOLIDATED OPERATIONS

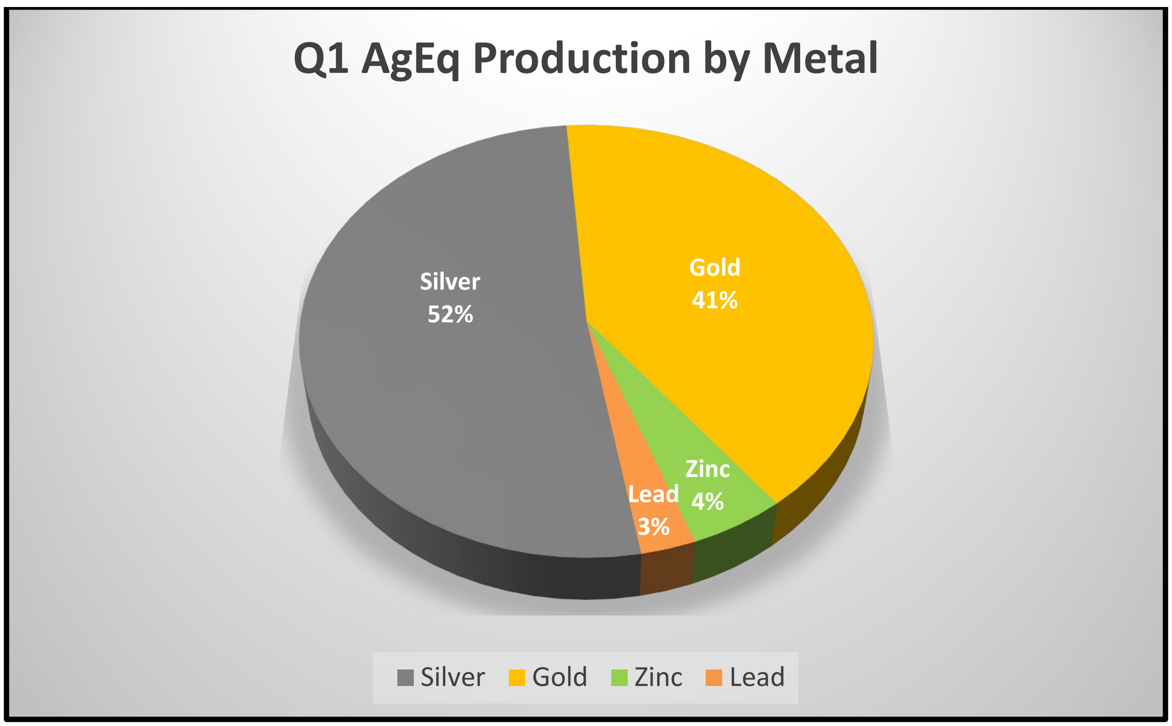
The Company operates the CMC, VMC, San Ignacio and Topia mines. Consolidated operating results are as follows:

	Three months ended		
CONSOLIDATED	**March 31, 2025**	**March 31, 2024**	**% Change**
Production			
Tonnes mined	123,604	164,057	(25%)
Tonnes milled	128,060	165,079	(22%)
Average tonnes milled per day	1,525	1,965	(22%)
Average silver grade (g/t)	110.97	91.12	22%
Average gold grade (g/t)	1.01	1.14	(12%)
Average silver recovery (%)	83.3	88.56	(6%)
Average gold recovery (%)	80.8	89.17	(9%)
Silver ounces produced	380,406	428,279	(11%)
Gold ounces produced	3,347	5,384	(38%)
Lead produced (lbs)	699,294	879,242	(20%)
Zinc produced (lbs)	909,029	922,297	(1%)
Ag/Eq ounces produced (1)	738,006	987,312	(25%)
Sales			
Silver ounces sold	376,995	413,892	(9%)
Gold ounces sold	3,429	5,196	(34%)
Lead sold (lbs)	722,168	841,612	(14%)
Zinc sold (lbs)	918,693	934,873	(2%)
Ag/Eq ounces sold	742,969	955,328	(22%)
Realized silver price per ounce ($) (6)	31.88	23.37	36%
Realized gold price per ounce ($) (6)	2,842.80	2,068.57	37%
Realized lead price per pound ($) (6)	0.89	0.94	(5%)
Realized zinc price per pound ($) (6)	1.29	1.11	16%
Costs			
Cash cost per Ag/Eq ounce ($) (2)(5)	19.19	16.55	16%
AISC per Ag/Eq ounce ($) (3)(5)	23.41	20.19	16%
Production cost per tonne ($) (4)(5)	109.19	97.78	12%
Capital expenditures			
Sustaining ($)	926,948	612,542	51%
Diamond Drilling			
CMC (mts)	972	-	100%
VMC (mts)	477	-	100%
San Ignacio (mts)	-	-	0%
Topia Mine (mts)	448	220	104%

1. Silver equivalents are calculated using 89.68:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q1 2025 and an 88.72:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q1 2024, respectively.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 25.
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 25.
4. See Reconciliation of production cost per tonne on page 32.
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 23.
6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.

Q1 2025 - Production Summary	El Cubo Mines Complex	Valenciana Mines Complex	San Ignacio Mine	Topia	Consolidated
Tonnes mined	65,466	28,277	16,156	13,704	123,604
Tonnes milled	68,296	28,788	16,946	14,030	128,060
Silver ounces produced	129,171	58,779	17,445	175,012	380,406
Gold ounces produced	1,786	624	639	299	3,347
Lead produced (lbs)	-	-	-	699,294	699,294
Zinc produced (lbs)	-	-	-	909,029	909,029
Silver equivalent ("Ag/Eq") ounces produced (1)	289,378	114,739	74,768	259,120	738,006
Silver ounces sold	123,386	57,966	17,726	177,916	376,995
Gold ounces sold	1,904	597	600	328	3,429
Lead sold (lbs)	-	-	-	722,168	722,168
Zinc sold (lbs)	-	-	-	918,693	918,693
Ag/Eq ounces sold (1)	294,205	111,456	71,569	265,739	742,969
Cost per tonne (5)	65.84	101.71	110.89	333.52	109.19
Cash cost per Ag/Eq ounce (1)(2)(3)(5)	15.90	25.90	25.50	18.09	19.19
AISC per Ag/Eq ounce (1)(3)(4)(5)	17.82	29.13	27.77	18.40	23.41

1. Silver equivalents are calculated using 89.68:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q1 2025. This also applies to the chart below this table.
2. Production costs include mining, milling, and direct overhead at the operation sites See reconciliation on page 32.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 25.
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 25.
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 23.



Production

In Q1, total production amounted to 738,006 ounces of silver equivalent, which is comprised of 380,406 ounces of silver, 3,347 ounces of gold, 699,294 pounds of lead, and 909,029 pounds of zinc (see footnote to table above for calculation of silver equivalent). This represents a 25% decrease in silver equivalent ounces compared to Q1 2024. Out of total production, CMC accounted for 289,378 silver equivalent ounces, which is 39% of the total production, VMC contributed 114,739 silver equivalent ounces, representing 16% of the total production, San Ignacio's production was 74,768 representing 10% of the total, while Topia added 259,120 silver equivalent ounces, making up the remaining 35%.

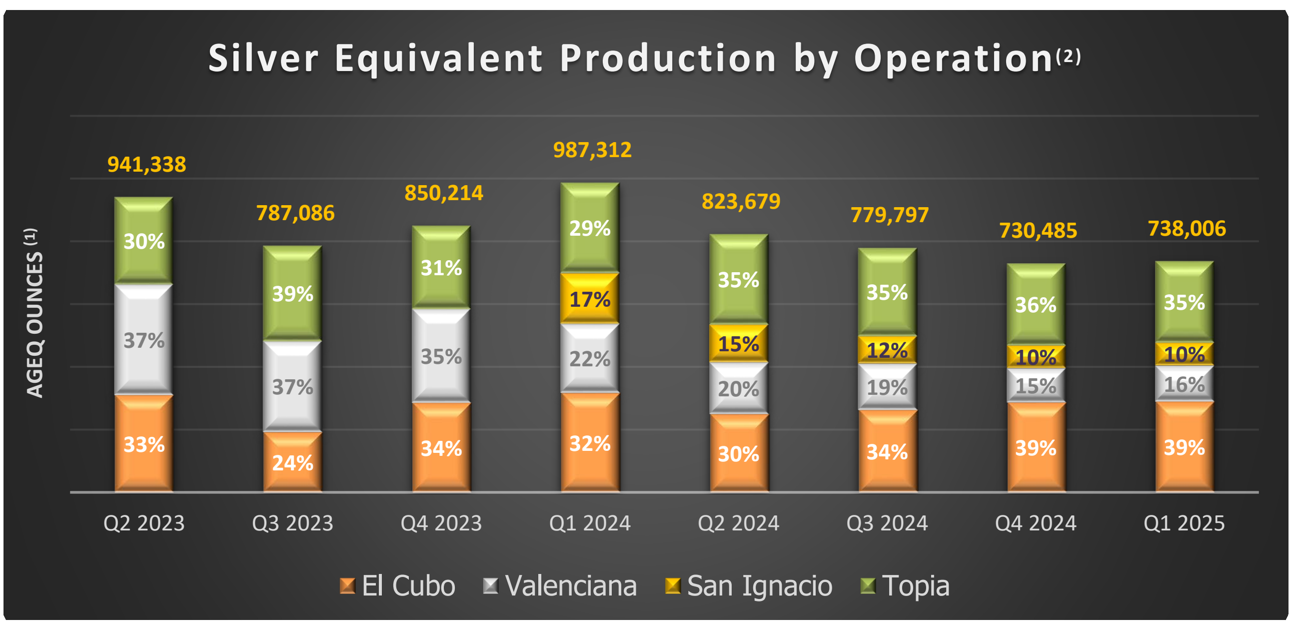
The Company's three plants processed a total of 128,060 tonnes of mineralized material with average grades of 110.97 grams per tonne ("g/t") for silver and 1.01 g/t for gold, compared to production in the same quarter of the prior year of 165,079 tonnes at average grades of 91.12 g/t of silver and 1.14 g/t of gold which represents a decrease of 22% in tonnes processed, 22% increase in average silver grades and 12% decrease in average gold grades. Average silver recoveries decreased by 6% from 88.6% in Q1 2024 to 83.3% in Q1 2025 and gold recoveries decreased by 9% in the same periods, from 89.2% in Q1 2024 to 80.8% in Q1 2025. The decrease in production during the current quarter can be attributed to the use of broken material when fresh ore was not available and also the lack of equipment availability. Both issues are being addressed in Q2 2025.

Cash Cost and All-In Sustaining Cost per Ounce

In Q1 2025, costs per tonne increased by 12% to $109.19 compared to $97.78 in the corresponding period of 2024 mainly due to a decrease of tonnes milled by 22% to 128,060 in Q1 2025 compared to 165,079 in Q1 2024 partially offset by a decrease of production costs of 13% from Q1 2024 to Q1 2025.

Cash cost and AISC per AgEq ounce produced for the quarter were $19.19 and $23.41, respectively, which represents an increase of 16% in both cases, compared to Q1 2024 of $16.55 and $20.19, respectively, and is primarily due to a 22% decrease of silver equivalent ounces produced to 738,006 in Q1 2025 from 987,312 AgEq ounces in Q1 2024, partially offset by a decrease of 13% in cash costs in Q1 2025 compared to Q1 2024, along with a decrease of 18% in general and administrative expenses, 61% in operating lease payments and an increase of 51% in sustaining capital expenditures.

(Cash cost per silver equivalent and AISC per AgEq ounce and cost per tonne are non-IFRS financial measures with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures see "Non-IFRS Financial Measures" on page 23).



1. Silver equivalents are calculated using 89.68:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q1 2025; 84.86:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q4 2024; 84.04:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q3 2024; an 81.05:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2024; an 88.72:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q1 2024; 85.10:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q4 2023; an 81.83:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q3 2023, and an 81.33:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2023.
2. The Valenciana Mines Complex segment included the San Ignacio Mine until December 31, 2023. During the first quarter of 2024, the Company began to monitor the financial and operating results of San Ignacio as a separate operation from the rest of the Valenciana Mines Complex. Beginning in the first quarter of 2024 the Company considers each of San Ignacio and the VMC to be a separate mineral project with distinct geological characteristics, mineral deposits, exploration and development work, databases, and underground mining infrastructure

OPERATIONAL AND DEVELOPMENT ACTIVITIES

During the first quarter of 2025, the Company maintained its focus on infrastructure improvements, production optimization, and adherence to high environmental and safety standards across its mining operations in Mexico.

El Cubo Mine Complex

At the El Cubo Mine Complex, progress continued on the electrification project, which is expected to be completed in Q2 2025. This initiative is designed to eliminate the use of portable diesel generators, resulting in meaningful operating cost reductions.

Efforts to access deeper zones in the Villalpando southeast and central areas advanced, with development reaching Level 17 by quarter-end and targeting Level 18. Continuous pumping is underway, and a plan is being developed to improve efficiency through equipment upgrades. These efforts are critical to maintaining the mine sequence and enabling mechanized development with jumbo drills.

Mine development activities progressed to support infrastructure, mine preparation, and exploration of new operational areas. It is worth noting that all development during Q1 2025 was completed with internal resources, while in Q4 2024, development was partially completed using external contractors.

In Ramp 2160 SE (Cebolletas area), development is now underway with 30 meters completed with mineralization projected to extend 150 meters to the southeast. As for the Villalpando Central SE area, 29 meters of development were completed. Additionally, 53 meters were developed in the San Eusebio area. In the Dolores vein, the Company has initiated Ramp 2-300 development as part of the block access preparation.

For Q2 2025, the Company has planned 1,118 meters of development to sustain infrastructure and access new operational zones.

Valenciana Mines Complex

At the Valenciana Mines Complex, in the Cata Mine, stope 667, known as Alto 3 within the Veta Madre system, is currently active and producing. As for Pozos Mine, stope 500 with a length of 55 meters in the upper levels of Veta Madre is active.

A significant infrastructure milestone was the completion of a hydraulic backfill project in the Santa Margarita area. This containment wall, spanning from level 390 to level 345, is expected to have a capacity of 135,766 m^3, supporting tailings management during 2025.

In Q1 2025, work was underway on the drainage project at deep zones in Valenciana to open up this new area and begin mining activities. Two viable blocks have been identified below the 390 level, which has been flooded since operations under the previous owner. As of Q2 2025, the necessary equipment and infrastructure are being put in place to support the water drainage system, and continuous pumping will be required to fully drain the area.

San Ignacio Mine

At the San Ignacio Mine, several key milestones were achieved, including deepening of Ramp 442 to access the first level of the block in stope 629 in the Melladito Sur vein. This ramp development continues toward the next level, with a 15-meter pillar left in place for mining.

Ramp 430 intersected the Santo Nino vein, revealing a structure with a width of 1.50 meters where development has continued along 45 meters of fronts; however, mineralization remains below the cut-off grade in some areas.

The Company initiated the development of Ramp 605 to target two mineralized structures at depth: Nombre de Dios 3 and Melladito Norte.

Additionally, Ramp 751 was successfully dewatered and rehabilitated with 80 meters of development providing access to a structure averaging 1-meter in width.

Topia Mine

At Topia, the high-grade mineralized systems continued to offer substantial value, although extraction costs remain high due to the narrow nature of the veins. To improve profitability, the Company shifted to working exclusively with local mining contractors for material extraction, allowing it to focus on acquiring and processing material.

Operational improvements continued at the processing plant to enhance efficiency and reduce costs. In Q1 2025, progress was made on the installation of a zinc concentrate filter with the filtration area being prepared in early 2025 and expected to be fully complete in Q2 2025. This filter will improve final grades and reduce transportation and selling costs.

During Q1 2025, several mines such as Gambusinos, Santa Cecilia, Cocinera and Mina Animas were rehabilitated and will be integrated into production. A total of 2,524 meters of mine development was completed during Q1 2025. This extensive development ensures continued operational sustainability within the unit.

In Q1 of 2025, the Company also initiated new developments in El Salto Mine and Rosario II Project.

The ventilation review project, aimed to enhance airflow and safety, is underway. A comprehensive review of all mines is being conducted to assess and improve ventilation systems, with the goal of increasing production and supporting the transition to additional production shifts. Once more material is available, additional flotation cells will be added to increase processing capacity.

EXPLORATION

In Q1 2025, the Company continued its commitment to expanding its resource base through exploration activities across multiple mining complexes. A variety of programs were carried out, focusing on both new and ongoing projects aimed at enhancing mineral resources and supporting long-term production goals. Key efforts included underground drilling, continued surface exploration, strategic mapping and geophysical surveys. The following section provides a detailed update on exploration activities for the El Cubo, El Pinguico, Valenciana, San Ignacio, Topia, and El Horcon projects during the first quarter of 2025.

El Cubo Mines Complex

In January 2025, underground diamond drilling commenced at the El Cubo Mine Complex, with Detector Drilling engaged as the contractor. During the quarter, a total of 972 meters were drilled.

The Q1 2025 drilling program was focused on the San Luis vein, targeting both lateral and vertical extensions to assess potential continuity of mineralization. Assay results from this campaign are summarized in the following table. For additional details on these results, please refer to the news released dated May 8, 2025 and entitled "Guanajuato Silver Provides Exploration Update" which is available on SEDAR+.

DRILLHOLE	TARGET	AZIMUTH	INCLINATION	INTERSECTIONS		WIDTH	Au	Ag	AgEq[1]	DRILLHOLE DEPTH	TRUE WIDTH
#				(m)		(m)	g/t	g/t	g/t	(m)	(m)
SL25-01	San Luis Splay	201.267	16.08	30.80	31.50	0.70	0.14	105	118	120.00	0.45
	San Luis Splay			32.45	33.00	0.55	0.48	64	108		0.35
	San Luis Splay			114.90	115.10	0.20	0.22	74	94		0.14
SL25-02	Hanging Wall San Luis Vein	205.124	34.89	128.00	128.50	0.50	0.07	7	13	142.30	0.23
	San Luis Splay			134.65	134.90	0.25	0.27	78	102		0.24
	San Luis Vein			134.90	135.85	0.95	**0.91**	**319**	**401**		0.52
SL25-03A	San Luis Vein	139.832	37.46	113.55	114.75	1.20	**0.69**	**143**	**205**	196.50	0.85
	Including			113.95	114.40	0.45	**1.31**	**298**	**416**		0.32
	Maria Vein			167.00	167.85	0.85	0.56	96	146		0.60
	San Luis Splay			177.00	177.45	0.45	**0.69**	**315**	**377**		0.21
SL25-04	San Luis Vein	123.81	38.44	157.40	158.75	1.35	**1.27**	**248**	**362**	174.00	0.72
SL25-05	San Luis Vein	126.73	21.64	126.80	127.30	0.50	0.11	35	45	213.00	0.30
	Footwall San Luis Vein			127.30	127.70	0.40	0.11	45	55		0.24
	San Luis Splay			169.25	169.70	0.45	**0.87**	**496**	**574**		0.08

El Pinguico

As of the end of Q1 2025, activities at El Pinguico remain on hold pending the approval of the Environmental Impact Assessment, which is required to proceed with the permitting process for the use of explosives in the area.

During the quarter, a comprehensive geological database was compiled, incorporating both historical and recent channel samples and drill assay data. This initiative aims to improve the understanding of high-grade mineralized zones and to refine target areas for future drilling campaigns once permits are in place.

Valenciana Mines Complex

During Q1 2025, exploration activities at the Valenciana Mine Complex were focused primarily on the Cata and Pozos areas. The program targeted the evaluation and reinterpretation of stope extensions, as well as the assessment of historic high-grade pillars along the Veta Madre vein and its associated hanging wall structures. In addition, one target was drilled on the western hanging wall of Veta Madre.

In the Santa Margarita area, drilling was conducted in Level 275, where a total of four drillholes were completed for 476.5 meters. Several vein intersections were encountered, including the Santa Margarita vein and other secondary structures; however, no economically significant grades were identified. Despite the lack of economic results, the drilling successfully confirmed the structural continuity of the Santa Margarita vein and nearby secondary veins. Based on these results, the exploration team has opted to redirect drilling efforts to other prospective zones within the mine complex for upcoming phases.

San Ignacio Mine

No diamond drilling was carried out at San Ignacio during Q1 2025. Exploration activities focused on surface work, including geological mapping and an induced polarization ("IP") geophysical survey aimed at identifying new drill targets on the western portion of the Company's mining claims.

As a result of resistivity and chargeability anomalies detected during the IP study, a new vein structure was identified. This newly discovered structure has been named the Santa Paula vein and represents a new high-potential drill target for the 2025 exploration program.

Diamond drilling was scheduled to begin in Q2 2025, with the first stage of the program targeting the Nombre de Dios vein system and the Melladito vein, located in the northwestern area of the property. A second stage of the program will focus on the Santo Nino and Purisima veins, situated in the central-western sector of the San Ignacio claim block.

Topia Mine

During Q1 2025, a total of 30 drillholes were completed across the Union del Pueblo, Agusticidad, Escondida, and 1522 mines, for a combined total of 447 meters drilled. All samples were processed and assayed at the Company's laboratory.

Drilling progress during the quarter was impacted by limited drill rig availability, which resulted in lower-than-planned meterage.

For Q2 2025, the exploration program will focus on the Rosario, Durangueño, and 1522 mines, with a planned total of 600 meters to be drilled.

El Horcon

In Q1 2025, mapping and surface sampling activities were conducted at the El Horcon, with the goal of gaining a comprehensive understanding of the area's geology and structural conditions. The exploration team identified three main blocks: Melcocha, Diamantillo and Genoveva, each of which contain evidence of historical mining activity.

Among these, the Melcocha block presents the most favorable conditions for high-grade gold and silver mineralization, meanwhile, the Diamantillo and Genoveva blocks are expected to have stronger potential for base metal mineralization, particularly lead and zinc.

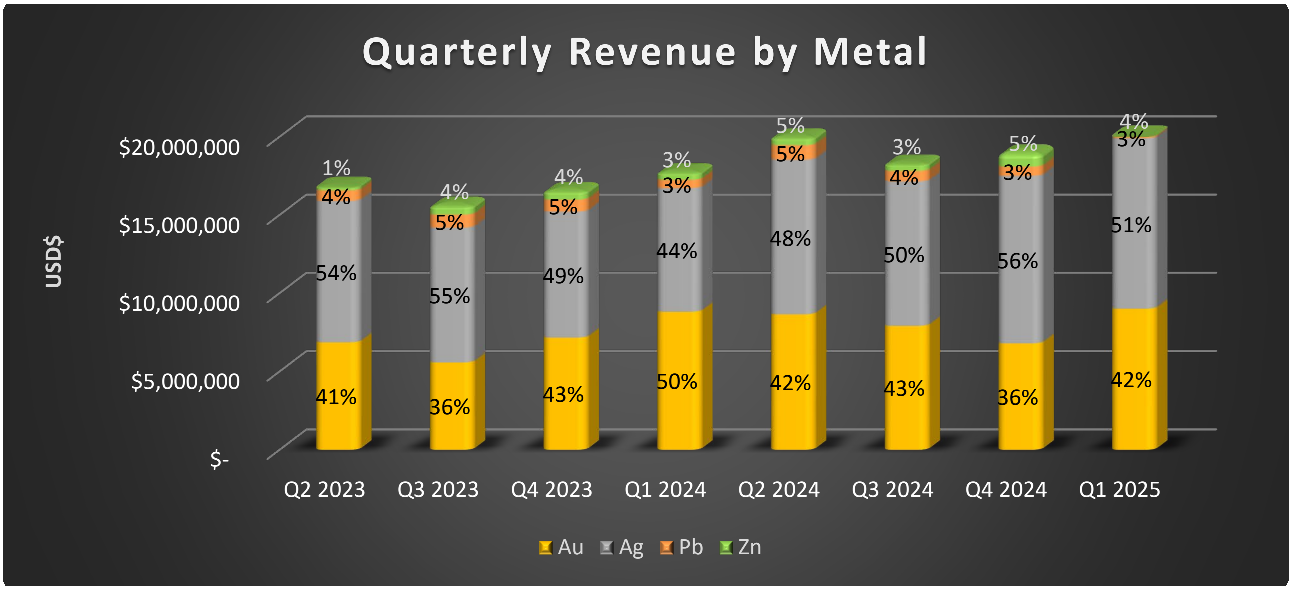
FINANCIAL PERFORMANCE

The Financial Results were as follows:

CONSOLIDATED	Three months ended March 31, 2025	Three months ended March 31, 2024	% Change
Financial Results	**$**	**$**	
Revenue	**21,330,483**	**17,764,983**	**20%**
Gold	9,019,552	8,825,233	2%
Silver	10,897,177	7,906,620	38%
Lead	626,523	530,941	18%
Zinc	787,231	502,189	57%
Cost of Sales	**14,998,488**	**16,404,460**	**(9%)**
Production Costs	13,983,060	16,141,925	(13%)
Transportation and selling cost	607,516	754,652	(19%)
Inventory changes	407,912	(492,118)	(183%)
Mine operating cashflow before Taxes (5)(7)	**6,331,995**	**1,360,523**	365%
Depreciation and depletion	1,486,222	3,016,127	(51%)
Mine operating income (loss)	**4,845,773**	**(1,655,603)**	393%
General and Administration	(1,931,217)	(2,343,234)	(18%)
SBC Compensation	(97,767)	(540,783)	(82%)
Exploration	(327,898)	(255,576)	28%
Foreign exchange gain (loss)	(239,142)	(366,286)	(35%)
Other operating income (expenses)	137,872	80,768	71%
Interest and finance (costs) income, net	(1,139,341)	(1,544,130)	(26%)
Gain (loss) on derivatives	(2,846,930)	(1,350,446)	111%
Other finance (expense) income, net	1,446	593,599	(100%)
Loss before income taxes	**(1,597,204)**	**(7,381,691)**	78%
Current income tax (expense)	(674,350)	-	(100%)
Net loss	**(2,271,554)**	**(7,381,691)**	69%
Loss per share - basic and diluted	(0.00)	(0.02)	(100%)
EBITDA (1) (5)	1,065,775	(2,778,867)	138%
Adjusted EBITDA (2) (5)	4,104,669	(929,015)	542%
Cash cost Ag/Eq per ounce (3) (5)	19.19	16.55	16%
AISC cost per Ag/Eq ounce (4) (5)	23.41	20.19	16%
Realized silver price per ounce (6)	31.88	23.37	36%
Realized gold price per ounce (6)	2,842.80	2,068.57	37%
Realized lead price per pound (6)	0.89	0.94	(5%)
Realized zinc price per pound (6)	1.29	1.11	16%

1. See Reconciliation of Earnings before interest, taxes, depreciation, and amortization on page 24.
2. See reconciliation of Adjusted EBITDA on page 24.
3. Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 25.
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 25.
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 23.
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 24.

Guanajuato Silver CO LTD



Three months ended March 31, 2025 (compared to the three months ended March 31, 2024)

Revenue

During the three months ended March 31, 2024, the Company generated revenues of $21,330,483 net of metal deductions, treatment, and refining costs ($3,015,149). This represents a 20% increase compared to same period in the prior year mainly due to the increase of realized prices. During the current quarter, the realized silver and gold price per ounce sold averaged $31.88 and $2,843, a 36% and 37% increase, respectively, compared to $23.37 and $2,069 per ounce in Q1 2024. In the first quarter of 2025, the Company sold 376,995 ounces of silver and 3,429 ounces of gold representing a decrease of 9% and 34% respectively compared to sales during Q1 2024. Additionally, the Company sold 722,168 pounds of lead at a realized price of $0.89 and 918,693 pounds of zinc at a realized price of $1.29 from the Topia Mine.

Cost of sales

Cost of sales is comprised of production cost, including mining, processing, maintenance and site general administration net of inventory changes, transportation and selling cost and depreciation and depletion. The decrease of 15% in cost of sales for the three months ended March 31, 2025, compared to the same period in 2024 is mainly due to a decrease of 51% in depreciation and depletion for the three months ended March 31, 2025 due to the increase to the estimated life of mine for El Cubo and San Ignacio; a decrease of 19% in transportation and selling costs attributed to increased efficiencies in shipments and a decrease of Ecology tax no longer payable out of Topia; and a decrease of production costs of 13%. The number of tonnes mined and milled decreased by 25% and 22%, respectively and total silver equivalent ounces decreased by 25% on March 31, 2025, compared to the same period in the previous year.

General and administration

General and administration expenses decreased by 18% or $412,017 during the three months ended March 31, 2025, compared to Q1 2024. This decrease is due to lower salaries and management and consulting fees. Management in Mexico was restructured in 2024 therefore Q1 2025 expenses do not reflect these charges anymore and some are now part of the operating costs.

Exploration

General exploration costs increased 28% to $327,898 in the three months ended March 31, 2025, compared to $255,576 in the same period in 2024. Total metres drilled during Q1 2025 was 1,896 compared to 220 metres drilled in Q1 2024.

Share-based compensation

Share-based compensation decreased by $443,016 or 82% for the three months ended March 31, 2025, compared to the same period in 2024, because there were no options granted during the first quarter of 2025 compared to the 9,360,000 options granted in the first quarter of 2024 of which 1/3 vested immediately. Additionally, during Q1 2024, 1,040,000 RSU were also granted, compared to no grants in Q1 2025.

Other operating income (expenses)

During the three months ended March 31, 2025, other operating income increased by $57,104 or 71% compared to the same period in 2024. In Q1 2025 the Company recognized a gain of $124,736 on sale of scrap material along with a gain of $13,137 on property and equipment disposal.

During the three months ended March 31, 2024, other operating income included a gain on sale of scrap material of $224,188 along with other gains of $17,883 partially offset by a VAT tax not recoverable of $161,303.

Interest and finance costs

Interest and finance costs decreased by $404,789 or 26% for the three months ended March 31, 2025, compared to the three months ended March 31, 2024. This decrease is mainly due to lower accretion expenses of $122,843 accrued in Q1 2025 along with lower interest accrued on debt being held in Q1 2025 compared to the same period in 2024. 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 cash facility. This facility's balance, as of March 31, 2025, was $12,070,227 and has an implied rate of 28.22%.

During Q1 2024, the Company additionally held the Tertiary OCIM loan of $2,791,387 and an implied interest rate of 23.5%, and an Ocean Partners loan of $1,985,700 and implied interest rate of 13%. Both facilities were fully repaid in 2024, resulting in lower interest expense in Q1 2025 (*See Liquidity and Capital Resources).*

Gain (loss) on derivatives

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

For the three months ended March 31, 2025, the Company recognized a loss of $2,923,573 on the revaluation of the derivative on the outstanding gold loan with Ocean Partners and a gain of $76,643 on the revaluation of call options.

For the three months ended March 31, 2024, the Company recognized a loss of $1,343,670 on the revaluation of the derivative on the outstanding loans and a realized loss of $37,000 on the settlement of the derivative portion of the repayments to OCIM partially offset with a gain of $30,224 on call options.

Other finance items, net

During the three months ended March 31, 2025, other finance operating income decreased by $592,153 or almost 100% compared to the same period in 2024. In Q1 2025 the Company recognized a gain of $1,446 on revaluation of financial assets.

During the period ended March 31, 2024, the Company recognized a gain of $489,875 due to the restructuring of the Ocean Partners loans and a gain on financial assets carried at fair value of $103,724.

Current income tax expense

During the three months ended March 31, 2025, the Company recognized a current income tax expense of $674,350 (three months ended March 31, 2024 - $nil).

LIQUIDITY AND CAPITAL RESOURCES

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

The Company will evaluate, from time to time, sales of its common shares to improve the Company's liquidity and working capital position. To the extent that cash generated by operations is less than sufficient to fund ongoing operations and improve the Company's working capital position, in the event the Company determines it will undertake other projects that are currently not part of its plans, or if the Company undertakes another acquisition, additional capital may be required. The Company completed a $5,973,600 (CAD$8,010,000) private placement in Q3, 2023 (discussed below), refinanced its loan with Ocean Partners with a new $7,500,000 loan that on February 28, 2024, was increased to $13,300,000, and on May 9, 2024 closed a brokered Listed Issuer Financing Exemption (LIFE) private placement, concurrently with a best-efforts private placement offering for aggregate gross proceeds to the Company of $8,289,917. On October 29, 2024, the Company completed a non-brokered private placement offering and issued 36,335,000 units at $0.17 (CA$0.24) per unit for gross proceeds of $6,271,872 (CA$8,720,400). The Company intends to use the net proceeds for capital expenditures aimed at expanding its productions and for working capital and general corporate purposes. Based on its existing cash and cash equivalents as of March 31, 2025 of $2,165,841, negative working capital of $17,811,805 and estimated future cash flows, the Company does not have sufficient capital to continue operations for the next twelve months. As a result, it will need to raise additional capital and sources of capital include accessing the private and public capital markets for debt and equity over the next twelve months. The Company's cashflow forecast for the next 12 months is based on assumptions regarding production rates, operating and capital costs.

In addition, the Company has entered into an equity distribution agreement (the "Distribution Agreement") with Research Capital Corporation (the "Agent") to establish an at-the-market equity program (the "ATM Program"). The Company may issue up to CA$7,500,000 of common shares of the Company (the "ATM Offered Shares") from treasury under the ATM Program. The ATM Offered Shares will be issued by the Company to the public from time to time, through the Agent, at the Company's discretion. The ATM Offered Shares sold under the ATM Program, if any, will be sold at the prevailing market price at the time of sale. Since the ATM Offered Shares will be distributed at trading prices prevailing at the time of the sale, prices may vary between purchasers and during the period of distribution. The Company intends to use the net proceeds from any sales of ATM Offered Shares under the ATM Program, if any, to advance the Company's business objectives and for general corporate purposes, including, without limitation, funding ongoing operations or working capital requirements, repaying indebtedness outstanding from time to time, discretionary capital programs and potential future acquisitions. No sales under the ATM Program were completed during the three months ended March 31, 2025.

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		
	March 31, 2025	March 31, 2024	% Change
Cash Flow	**$**	**$**	
Cash provided by (used in) operating activities	208,888	(2,291,299)	109%
Cash used in investing activities	(953,068)	(1,444,777)	34%
Cash provided by (used in) financing activities	(39,781)	3,398,546	(101%)
Effect of exchange rate changes on cash	12,630	(17,180)	(174%)
Change in cash	(771,331)	(354,710)	117%
Cash, beginning of period	2,937,172	1,956,616	50%
Cash, end of period	2,165,841	1,601,906	35%

As of March 31, 2025, the Company had cash and cash equivalents of $2,165,841 and negative working capital of $17,811,805, compared with cash of $2,937,172 and negative working capital of $15,389,179 at December 31, 2024.

Operating activities

During the three months ended March 31, 2025, cash provided by operating activities was $208,888 (three months ended March 31, 2024 –$2,291,299). The significant non-cash adjustments to the net loss of $2,271,554 in the three months ended March 31, 2025 (three months ended March 31, 2024 - $7,381,691) were depreciation and depletion of $1,523,638 (three months ended March 31, 2024 – $3,058,693), accretion of $435,419 (three months ended March 31, 2024 - $558,262), share-based compensation of $97,767 (three months ended March 31, 2024 – $540,783), gain on settlement of debt of $nil (three months ended March 31, 2024 – 489,875), loss on derivatives and financial assets carried at fair value of $2,858,846 (three months ended March 31, 2024 – $1,387,418), unrealized foreign exchange loss of $104,224 (three months ended March 31, 2024 – $173,352), interest expense of $851,510 (three months ended March 31, 2024 - $989,628), settlement of advance payment of $484,692 and proceeds of advance payment of $278,133 (three months ended March 31, 2024 - $nil), income tax expense of $681,304 (three months ended March 31, 2024 - $nil), and a decrease in non-cash working capital of $3,865,707 (three months ended March 31, 2024 – $1,127,869). The net change in non-cash working capital was primarily due to an increase in amounts receivable and prepaids along with a decrease in accounts payable and accrued liabilities, offset by a decrease in inventories.

Investing activities

During the three months ended March 31, 2025, investing activities use of cash of $953,068, compared with the use of cash of $1,444,777 in the same period in 2024. The use of cash during the period was $940,473 on plant and equipment, construction in progress and mine development. Additionally, the Company purchased marketable securities for $312,189 and received proceeds from the sale of investments of $299,594. The use of cash during the three months ended March 31, 2024, was $312,725 on plant and equipment, $76,561 on construction in progress related to emergency rescue pods and rehabilitation of the tailings dam and $679,503 of mine development mainly for the continued ramp up of Topia, Valenciana and San Ignacio mines. Additionally, the Company purchased marketable securities for $365,771.

Financing activities

During the three months ended March 31, 2025, cash used in financing activities was $39,781 related to lease obligations payments.

During the three months ended March 31, 2024, cash generated from financing activities was $3,398,546 mainly due to proceeds 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 another Ocean Partners loan, offset by other loans and lease obligations payments.

<u>OCIM Facility</u>

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

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

<u>Ocean Partners Facilities</u>

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

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

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

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

<u>LIFE Financing and Best-efforts Private Placement</u>

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

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

Non-brokered Private Placement

On October 29, 2024, the Company completed a non-brokered private placement offering and issued 36,335,000 units at $0.17 (CAD$0.24) per unit for gross proceeds of $6,271,872 (CA$8,720,400). Each unit consisted of one common share and one-half common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at CAD$0.35 per share for a period of two years.

NON-IFRS FINANCIAL MEASURES

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

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

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

WORKING CAPITAL

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

As at	March 31, 2025	December 31 2024
	$	$
Current assets	21,980,856	20,688,229
Current liabilities	39,792,661	36,077,408
Working capital	(17,811,805)	(15,389,179)

MINE OPERATING CASH FLOW BEFORE TAXES

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

	Three months ended						
	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
	$	$	$	$	$	$	$
Revenues	21,330,483	19,038,311	18,309,105	20,551,139	17,764,983	16,581,967	15,643,649
Production cost	(13,983,060)	(14,400,672)	(14,826,181)	(16,220,357)	(16,141,925)	(14,825,898)	(16,138,682)
Transportation and other support cost	(607,516)	(628,913)	(315,167)	(747,727)	(754,652)	(768,203)	(719,251)
Inventory changes	(407,912)	(66,950)	132,282	304,868	492,118	(149,798)	(361,927)
Mine operating cash flows before taxes	**6,331,995**	**3,941,776**	**3,300,039**	**3,887,924**	**1,360,523**	**838,068**	**(1,576,212)**

	Cumulative year to date						
	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
	$	$	$	$	$	$	$
Revenues	21,330,483	75,663,538	56,625,227	38,316,122	17,764,983	66,167,081	49,585,115
Production cost	(13,983,060)	(61,589,135)	(47,188,463)	(32,362,282)	(16,141,925)	(63,104,443)	(48,278,545)
Transportation and other support cost	(607,516)	(2,446,459)	(1,817,546)	(1,502,379)	(754,652)	(3,190,722)	(2,422,519)
Inventory changes	(407,912)	862,318	929,268	796,986	492,118	(28,570)	121,228
Mine operating cash flows before taxes	**6,331,995**	**12,490,262**	**8,548,486**	**5,248,447**	**1,360,523**	**(156,654)**	**(994,721)**

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					
	March 31, 2025	**December 31, 2024**	**September 30, 2024**	**June 30, 2024**	**March 31, 2024**	**December 31, 2023**
	$	**$**	**$**	**$**	**$**	**$**
Net loss per financial statements	(2,271,554)	(2,413,440)	(4,863,549)	(2,749,933)	(7,381,691)	(7,624,676)
Depreciation and depletion – cost of sales	1,486,222	1,279,094	2,784,463	2,940,490	3,016,127	2,771,418
Depreciation and depletion – general and administration	37,416	40,261	41,114	41,773	42,567	118,143
Interest and finance costs (income), net	1,139,341	1,439,282	1,575,092	1,775,577	1,544,130	1,154,485
Current income tax	674,350	1,911,341	-	-	-	1,021,369
EBITDA	**1,065,775**	**2,256,538**	**(462,880)**	**2,007,907**	**(2,778,867)**	**(2,559,261)**
Share based compensation	97,767	118,490	214,129	259,208	540,783	172,535
(Gain) loss on derivatives	2,846,930	159,997	1,663,209	1,488,929	1,350,446	492,081
Unrealized foreign exchange (gain) loss	95,833	(784,643)	(1,446,722)	(1,833,882)	263,979	772,846
Other finance items, net	(1,636)	59,907	(22,891)	(16,203)	(452,933)	20,529
Union payment associated with acquisition of "El Cubo Mines Complex"	-	-	-	-	-	-
Endeavour Silver contingent payment	-	-	1,000,000	-	-	-
Other expenses	-	(60,207)	(52,568)	10,974	(13,726)	(112,119)
VAT write-off	-	-	-	-	161,303	113,809
Adjusted EBITDA	**4,104,669**	**1,750,081**	**892,277**	**1,916,933**	**(929,015)**	**(1,099,580)**

	Cumulative year to date					
	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
	$	$	$	$	$	$
Net loss per financial statements	(2,271,554)	(17,408,613)	(14,995,173)	(10,131,624)	(7,381,691)	(31,943,447)
Depreciation and depletion – cost of sales	1,486,222	10,020,174	8,741,080	5,956,617	3,016,127	11,642,634
Depreciation and depletion – general and administration	37,416	165,715	125,454	84,340	42,567	388,420
Interest and finance costs (income), net	1,139,341	6,334,081	4,894,799	3,319,707	1,544,130	4,658,627
Current income tax	674,350	1,911,341	-	-	-	1,021,369
EBITDA	**1,065,775**	**1,022,698**	**(1,233,840)**	**(770,960)**	**(2,778,867)**	**(14,232,397)**
Share based compensation	97,767	1,132,610	1,014,120	799,991	540,783	1,300,179
(Gain) loss on derivatives	2,846,930	4,662,581	4,502,584	2,839,375	1,350,446	(337,052)
Unrealized foreign exchange (gain) loss	95,833	(3,801,268)	(3,016,624)	(1,569,903)	263,979	2,457,971
Other finance items, net	(1,636)	(432,120)	(492,027)	(469,136)	(452,933)	185,623
Union payment associated with acquisition of "EL Cubo Mines Complex"	-	-	-	-	-	(488,634)
Endeavour Silver contingent payment	-	1,000,000	1,000,000	-	-	-
Other expenses	-	(115,526)	(55,320)	(2,752)	(13,726)	(295,077)
VAT write-off	-	161,301	161,303	161,303	161,303	525,846
Adjusted EBITDA	**4,104,669**	**3,630,276**	**1,880,195**	**987,918**	**(929,015)**	**(10,883,541)**

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 March 31, 2025					Three months ended March 31, 2024					
		El Cubo	**VMC**	**San Ignacio**	**Topia**	**Consolidated**	**El Cubo**	**VMC**	**San Ignacio**	**Topia**	**Consolidated**	**% Change**
Cost of sales [(5)]		**5,776,276**	**3,186,064**	**2,032,390**	**5,473,604**	**16,468,334**	**6,817,627**	**4,530,962**	**2,485,178**	**5,582,288**	**19,416,055**	**(15%)**
Transportation and selling cost [(5)]		(230,368)	(77,541)	(48,227)	(235,004)	(591,141)	(110,089)	(105,231)	(63,903)	(470,897)	(750,120)	(21%)
Inventory changes		(617,701)	243,461	158,964	(192,634)	(407,911)	153,860	26,407	114,953	196,896	492,118	183%
Depreciation		(431,520)	(424,066)	(263,956)	(366,681)	(1,486,222)	(950,616)	(981,279)	(632,699)	(451,532)	(3,016,127)	(51%)
Production cost	A	**4,496,687**	**2,927,918**	**1,879,170**	**4,679,285**	**13,983,060**	**5,910,780**	**3,470,859**	**1,903,530**	**4,856,755**	**16,141,925**	**(13%)**
Add (subtract):												
Government royalties and mining taxes		103,072	43,868	27,582	8,318	182,840	30,586	3,810	9,216	152,443	196,055	(7%)
Total cash cost	B	**4,599,759**	**2,971,786**	**1,906,751**	**4,687,603**	**14,165,900**	**5,941,366**	**3,474,669**	**1,912,746**	**5,009,198**	**16,337,979**	**(13%)**
General and administrative - corporate		-	-	-	-	1,931,217	-	-	-	-	2,343,234	(18%)
Operating lease payments		75,877	82,311	55,054	37,195	250,437	100,160	287,668	57,466	190,362	635,655	(61%)
Sustaining capital expenditures		480,761	288,665	114,361	43,161	926,948	332,982	157,665	121,895	-	612,542	51%
Total All-in sustaining cash cost	C	**5,156,397**	**3,342,762**	**2,076,167**	**4,767,959**	**17,274,501**	**6,374,508**	**3,920,002**	**2,092,107**	**5,199,559**	**19,929,410**	**(13%)**
Tonnes milled	D	68,296	28,788	16,946	14,030	128,060	84,945	41,607	27,451	11,075	165,079	(22%)
Silver equivalent ounces produced	E	289,378	114,739	74,768	259,120	738,006	317,103	219,845	161,785	288,579	987,312	(25%)
Production cost per tonne	A/D	**65.84**	**101.71**	**110.89**	**333.52**	**109.19**	**69.58**	**83.42**	**69.34**	**438.52**	**97.78**	**12%**
Cash cost per AgEq ounce produced	B/E	**15.90**	**25.90**	**25.50**	**18.09**	**19.19**	**18.74**	**15.81**	**11.82**	**17.36**	**16.55**	**16%**
All-in sustaining cash cost per AgEq ounce produced	C/E	**17.82**	**29.13**	**27.77**	**18.40**	**23.41**	**20.10**	**17.83**	**12.93**	**18.02**	**20.19**	**16%**
Mining cost per tonne		31.24	48.75	81.31	245.51	65.27	34.37	44.35	40.95	309.29	56.42	16%
Milling cost per tonne		22.72	21.61	20.85	56.97	25.97	23.82	26.24	19.17	79.11	27.36	(5%)
Indirect cost per tonne		11.89	31.35	8.74	31.04	17.94	11.41	12.84	9.22	50.12	14.00	28%
Production cost per tonne		**65.84**	**101.71**	**110.89**	**333.52**	**109.19**	**69.58**	**83.42**	**69.34**	**438.52**	**97.78**	**12%**
Mining		2,133,425	1,403,287	1,377,852	3,444,489	8,359,053	2,919,648	1,845,068	1,124,233	3,425,464	9,314,413	(10%)
Milling		1,551,584	622,090	353,252	799,293	3,326,219	2,023,029	1,091,588	526,114	876,153	4,516,883	(26%)
Indirect		811,678	902,541	148,066	435,504	2,297,789	968,104	534,203	253,183	555,138	2,310,629	(1%)
Production Cost		**4,496,687**	**2,927,918**	**1,879,170**	**4,679,285**	**13,983,060**	**5,910,780**	**3,470,859**	**1,903,530**	**4,856,755**	**16,141,925**	**(13%)**

1. Silver equivalents are calculated using 89.68:1 (Ag/Au), 0.03:1 (Ag/Pb) and 0.04:1 (Ag/Zn) ratio for Q1 2025 and an 88.72:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q1 2024, respectively.
2. Cash cost per silver equivalent ounce include mining, processing, and direct overhead.
3. AISC per oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation, and sustaining capital.
4. Production costs include mining, milling, and direct overhead at the operation sites.
5. Consolidated amount for the three months ended March 31, 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:

	2025	2024				2023		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
		$	$	$	$	$	$	$
Total revenue	21,330,483	19,038,311	18,309,105	20,551,139	17,764,983	16,581,967	15,643,649	16,823,042
Production costs	13,983,060	14,400,672	14,826,181	16,220,357	16,141,925	14,825,898	16,138,682	16,415,956
Transportation and other selling costs	607,516	628,913	315,167	747,727	754,652	768,203	719,251	878,096
Inventory changes	407,912	66,950	(132,282)	(304,868)	(492,118)	149,798	361,927	(865,285)
Mine operating cash flow before depreciation	6,331,995	3,941,776	3,300,039	3,887,924	1,360,523	838,068	(1,576,212)	394,276
Depreciation	(1,486,222)	(1,279,094)	(2,784,463)	(2,940,490)	(3,016,127)	(2,771,418)	(2,748,795)	(2,784,515)
Mine operating income (loss)	4,845,773	2,662,682	515,576	947,433	(1,655,603)	(1,933,352)	(4,325,006)	(2,390,239)
Net (loss)	(2,271,554)	(2,413,440)	(4,863,549)	(2,749,933)	(7,381,691)	(7,624,676)	(7,062,158)	(8,557,538)
EBITDA (1)	1,065,775	2,256,538	(462,880)	2,007,907	(2,778,867)	(2,559,261)	(3,029,671)	(4,576,059)
Adjusted EBITDA (1)	4,104,669	1,750,081	892,277	1,916,933	(929,015)	(1,099,580)	(3,612,173)	(3,409,928)
Basic and fully diluted loss per share	(0.00)	(0.01)	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)	(0.03)
Weighted Average shares outstanding(000's)	472,187	455,223	418,241	387,960	354,497	351,590	341,056	327,386

(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 23.

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

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

In Q3 2024, revenues decreased by 11% to $18,309,105 from $20,551,139 in the second quarter of 2024. This decrease is mainly attributed to lower silver equivalent ounces produced and sold. The Company sold 390,361 ounces of silver at a realized price of $29.43 ($28.78 in Q2 2024) and 3,625 ounces of gold at a realized price of $2,477 ($2,334 in Q2 2024). In addition, the Company sold 701,512 pounds of lead at a realized price of $0.93 and 799,318 pounds of zinc at a realized price of $1.25. The Company generated a 46% lower mine operating income compared to the prior quarter of $947,433 in Q2 2024 to $515,576 in Q3 2024. The generated net loss increased by 77% from $2,749,933 in Q2 2024 to $4,863,549 in Q3 2024.

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

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

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

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

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.

OTHER FINANCIAL INFORMATION

SHARE CAPITAL

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

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

	March 31, 2025			May 27, 2025		
	#	Weighted average exercise price	Weighted average life (years)	#	Weighted average exercise price	Weighted average life (years)
Common shares	472,244,461			472,244,461		
Warrants	123,109,116	0.37	0.91	123,109,116	0.37	0.75
Stock options	19,370,000	0.38	2.51	27,070,000	0.33	3.09
Restricted Share Units	1,245,000	-	0.04	1,245,000	-	0.01
Fully diluted	**615,968,577**			**623,668,577**		

MANAGEMENT OF CAPITAL

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

The Company's objectives when managing capital are:

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

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

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

OFF BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

Compensation of key management personnel

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

	Three Months Ended	
	March 31, 2025	**March 31, 2024**
Salaries, bonus and benefits	92,261	55,629
Consulting fees[1]	6,368	134,984
Share-based compensation	59,121	222,250
	157,750	**412,863**

[1] Consulting fees were paid to Universal Solutions Inc., a company controlled by the VP Corporate Development and Corporate Secretary of the Company, and Ramon T. Davila Flores, the former President of the Company.

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

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

CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

Due to the size and nature of the Company's operations, in the ordinary course of business the Company may be subject to claims and/or legal proceedings. The Company records provisions for such claims when considered material and an outflow of resources is considered probable. As of March 31, 2025, no such provisions have been recorded by the Company.

SUPPLEMENTAL DISCLOSURE ON USE OF PROCEEDS FROM PRIOR FINANCINGS

On October 29, 2024 the Company announced the closing of a non-brokered private placement (the "October 2024 Private Placement") for gross proceeds to the Company of $6,271,872 (CAD$8,720,400). The October 2024 Private Placement consisted of 36,335,000 units of the Company (the "October 2024 Units") at a price of $0.17 (CAD$0.24) per unit. Each October 2024 Unit consisted of one common share and one-half of one non-transferable common share purchase warrant (each whole warrant, a "October 2024 Warrant"). Each October 2024 Warrant shall entitle the holder thereof to purchase one additional common share at an exercise price of CAD$0.35 per common share for a period of 24 months following the closing date of the October 2024 Private Placement. The Company disclosed that the net proceeds from the Offering will be used for capital expenditures aimed at expanding precious metals production and for working capital and general corporate purposes. The Company did not disclose a specific dollar amount that would be spent on the use of proceeds. The Company confirms the net proceeds have been and will be used to expand precious metals production and for working capital and general corporate purposes.

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

Use of Proceeds	Initial Estimated Amount (C$)	Actual Amount (C$)	Explanation of Variances and Impact of Variances
To add to the underground fleet and ramp up production at GSilver's producing mines in and about Guanajuato, Mexico including El Cubo, San Ignacio and Valenciana mines and as a reserve against future operating deficits therefrom	900,000	884,787	The additions to the underground have been completed with actual costs under the initial estimated amount. There was no impact on the Company's ability to achieve its business objectives and milestones.
To fund corporate head office G&A expenses including legal, audit, overhead and salaries for ensuing 12 months	1,800,000	2,051,946	There were additional expenditures related to insurance premiums and the updating of 43-101 reports. There was no impact on the Company's ability to achieve its business objectives and milestones.
To fund certain improvements to expand and modernize the processing facilities at the Topia mine and mill complex including capital expenditures and related costs	3,100,000	573,623	There were delays in the planned improvements as the Company reallocated funds towards other projects. There was no impact on the Company's ability to achieve its business objectives and milestones.
To carry out brownfields' exploration at GSilver's mineral properties, particularly San Ignacio and Valenciana	400,000	391,496	The exploration programs were not fully completed by year end. There was no impact on the Company's ability to achieve its business objectives and milestones.
Unallocated working capital	3,408,995	5,707,143	Only eleven months of actual expenditures are included in the actual amount spent since the closing of the financing. There was no impact on the Company's ability to achieve its business objectives and milestones.
Total	**9,608,995**	**9,608,995**	

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Fair value measurement and valuation techniques

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

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

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

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

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

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

During the three months ended March 31, 2025, and 2024, there were no transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy.

March 31, 2025	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	5,539,952	-	4,705,033	-	5,539,952	-
Forward contracts	448,646	-	451,475	448,646	-	-
	5,988,598	**-**	**5,988,598**	**448,646**	**5,539,952**	**-**
Financial assets not measured at fair value						
Cash and cash equivalents	-	2,165,841	2,165,841	-	-	2,165,841
VAT and other receivables	-	8,022,577	8,022,577	-	-	8,022,577
	-	**10,188,418**	**10,188,418**	**-**	**-**	**10,188,418**
Financial liabilities measured at fair value						
Other current liabilities	(1,999,837)	-	(1,999,837)	-	(1,999,837)	-
Derivative	(6,182,085)	-	(6,182,085)	-	(6,182,085)	-
	(8,181,922)	**-**	**(8,181,922)**	**-**	**(8,181,922)**	**-**
Financial liabilities not measured at fair value						
Accounts payable and accrued liabilities	-	(18,510,364)	(18,510,364)	-	-	(18,510,364)
Ocean Partners loans	-	(12,070,227)	(12,070,227)	-	-	(12,070,227)
	-	**(30,580,591)**	**(30,580,591)**	**-**	**-**	**(30,580,591)**

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

RISKS AND UNCERTAINTIES

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

Financial risk management

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

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

Commodity price risk

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

The following table summarizes the effect on provisionally priced sales and accounts receivables of a 10% change in metal prices from the realized prices used at March 31, 2025:

Metal	Change	Effect on Sales $
Silver	+/- 10%	3,931,452
Gold	+/- 10%	3,164,081
Lead	+/- 10%	226,577
Zinc	+/- 10%	241,897

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and amounts receivable. The Company deposits its cash and cash equivalents with high credit quality major Canadian and Mexican financial institutions as determined by ratings agencies. Trade accounts receivables from concentrate sales are held with large international metals trading companies. The Company has no history of credit losses and at March 31, 2025 and 2024 has no allowance for credit loss.

As of	March 31, 2025	December 31, 2024
	$	$
Cash and cash equivalents	**2,165,841**	2,937,172
Trade receivables	**5,539,952**	3,219,330
VAT recoverable	**7,073,180**	7,784,427
Other receivables	**949,397**	895,309
Other current assets	**448,646**	434,236
	16,177,016	15,270,474

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

Liquidity risk

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

The Company enters into contracts that give rise to commitments in the normal course of business. The following table summarizes the remaining contractual maturities of the Company's financial liabilities and operating commitments, shown in contractual undiscounted cash flows, including interest, at March 31, 2025:

	Expected payments by year as at March 31, 2025			
	Less than 1 year	1 -5 years	After 5 years	Total
	$	$	$	$
Accounts payable and accrued liabilities	18,510,363	-	-	**18,510,364**
Loans	6,509,565	5,560,662	-	**12.070,227**
Interest on loans	2,496,176	674,081	-	**3,170,257**
Lease obligations	313,957	275,265	38,971	**628,193**
ARO liabilities	-	4,862,701	21,118,721	**25,981,422**
Other liabilities	1,999,837	-	-	**1,999,837**
Total	**29,829,898**	**11,372,710**	**21,157,692**	**62,360,300**

Interest rate risk

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

The Company's interest rate risk principally arises from the interest rate impact on interest charged on its loan payable and lease liability. The Company's lease liability is subject to fixed interest rates thus any changes in external interest rates would not result in a significant impact on the Company's net loss.

Currency risk

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

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

As at March 31, 2025	Canadian dollars	Mexican pesos
Cash and cash equivalents	906,891	3,435,743
Amounts receivable	-	239,541,506
Other Assets	362,077	-
Accounts payable and accrued liabilities	(600,935)	(286,100,680)
Current portion of lease liabilities	(94,487)	(4,474,103)
Lease liabilities	-	(5,052,063)
Provision for reclamation and rehabilitation	-	(342,704,430)
Total foreign currency exposure	573,545	(395,354,028)
US$ equivalent of foreign currency exposure	398,960	(21,513,725)

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%	36,874
Mexican pesos	+/- 10%	1,959,168

Climate Change

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

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

Calculation of Reserves and Resources and Precious Metal Recoveries

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

Economic Conditions for Mining

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

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

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

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

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

Assurance on Financial Statements

The Company prepares the financial reports in accordance with accounting policies and methods prescribed by IFRS. In the preparation of financial reports, management may need to rely upon assumptions, make estimates or use their best judgement in determining the financial condition of the Company. Material accounting policy information, and practices are described in more detail in the notes to the annual consolidated financial statements for the year ended December 31, 2024. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported, the Company has implemented and continues to analyze the internal control systems for financial reporting.

MATERIAL ACCOUNTING POLICY INFORMATION AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

APPROVAL

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