GR SILVER MINING LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2023
(Unaudited - Prepared by Management)
(Expressed in Canadian Dollars)

NOTICE TO READER

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The condensed interim consolidated financial statements of the Company for the three and nine months ended September 30, 2023, have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity’s auditor.

GR SILVER MINING LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)
AS AT

	September 30, 2023	December 31, 2022
ASSETS		
Current		
Cash (Note 15)	$ 87,915	$ 902,238
Receivables (Note 3)	46,226	11,722
Prepaids	304,186	324,634
	438,327	1,238,594
Equipment (Note 4)	1,054,338	1,482,432
Exploration and evaluation assets (Note 5)	19,724,680	19,724,680
Reclamation provision indemnification asset (Note 9)	986,407	986,407
Value added tax receivable (Note 3)	1,745,740	1,851,391
	$ 23,949,492	$ 25,283,504
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	$ 2,510,005	$ 951,380
Mexico mining concession fees (Note 7)	23,014,716	17,392,058
	25,524,721	18,343,438
Non-current liabilities		
Reclamation provision (Note 9)	2,352,537	2,347,359
Total liabilities	27,877,258	20,690,797
Shareholders' equity (deficiency)		
Share capital (Note 10)	56,895,620	54,011,616
Subscriptions received in advance (Note 10 and Note 15)	110,000	-
Share compensation reserve (Note 10)	8,200,680	7,694,698
Deficit	(69,134,066)	(57,113,607)
	(3,927,766)	4,592,707
	$ 23,949,492	$ 25,283,504

Nature of operations and going concern (Note 1)
Subsequent events (Note 15)

Approved and authorized by the Board on November 20, 2023:

"Eric Zaunscherb" Director *"Larry Taddei"* Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

GR SILVER MINING LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
EXPENSES				
Amortization (Note 5)	$ 159,311	$ 142,344	$ 428,094	$ 408,415
Consulting (Note 10)	22,405	19,251	93,044	86,441
Concession fees (Note 7)	2,609,206	390,909	3,562,845	2,149,720
Exploration expenditures (Note 8)	897,804	1,724,550	3,767,135	4,974,507
Investor relations	91,417	122,904	256,103	412,576
Office	115,238	166,875	415,079	471,049
Professional fees (Note 10)	75,739	148,471	350,664	431,398
Regulatory and transfer agent	28,695	71,879	78,993	167,640
Salaries (Note 10)	358,076	431,990	1,163,160	1,504,835
Share-based compensation (Note 10 and 12)	-	-	169,303	453,446
Travel	13,785	50,276	54,459	104,727
	(4,371,676)	(3,269,449)	(10,338,879)	(11,164,754)
Accretion expense evaluation assets (Note 11)	(1,739)	(1,638)	(5,178)	(4,877)
Foreign exchange	(106,296)	(684,504)	(1,924,042)	(978,633)
Impairment on value added tax	-	-	(9,157)	-
Interest income	2,588	9,183	29,625	13,630
Gain (Loss) on settlement of accounts payable	-	-	-	4,792
Other	195,514	-	227,172	(5,912)
Loss and comprehensive loss for the period	$ (4,281,608)	$ (3,946,408)	$ (12,020,459)	$ (12,135,754)
Loss per common share				
-Basic and diluted	$ (0.02)	$ (0.02)	$ (0.05)	$ (0.07)
Weighted average number of common shares outstanding				
-Basic and diluted	265,880,540	231,479,806	258,409,724	183,581,797

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

GR SILVER MINING LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian Dollars)
FOR THE NINE MONTHS ENDED SEPTEMBER 30,

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (12,020,459)	$ (12,135,754)
Items not affecting cash:		
Amortization	428,093	408,415
Gain on concession taxes	(2,325,155)	(2,555,207)
Impairment of value-added tax	9,157	-
Share-based compensation	169,303	453,446
Accretion expenses on restoration obligations (Note 11)	5,178	4,877
Changes in non-cash working capital items:		
Decrease (Increase) in Receivables	(34,504)	(20,465)
Increases in Prepaids	20,448	(187,769)
Increase in concession taxes payable	7,947,812	4,579,661
Increase in Value added tax	96,494	(617,410)
Increases (Decrease) in accounts payable and accrued liabilities	1,558,627	(814,197)
Net cash used in operating activities	(4,145,006)	(10,884,403)
CASH FLOWS FROM INVESTING ACTIVITIES		
Equipment	-	(242,996)
Net cash provided by investing activities	-	(242,996)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of shares	3,404,875	12,874,871
Subscriptions received in advance	110,000	-
Share issue costs	(184,192)	(1,233,140)
Net cash provided by financing activities	3,330,683	11,641,731
Change in cash during the period	(814,323)	514,332
Cash, beginning of period	902,238	3,077,796
Cash, end of period	$ 87,915	$ 3,592,128

Supplemental disclosure with respect to cash flows (Note 11)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

GR SILVER MINING LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Unaudited)
(Expressed in Canadian Dollars)

	Share Capital					
	Number	Amount	Subscriptions received in advance	Reserves	Deficit	Total
Balance, December 31, 2021	167,442,155	$ 45,492,226	$ -	$ 4,090,302	$ (38,319,430)	$ 11,263,098
Cash transactions						
Private placement, special warrants	63,499,755	12,793,374	-	-	-	12,793,374
Exercise of warrants	400,987	81,497	-	-	-	81,497
Share issue costs	-	(1,233,140)	-	-	-	(1,233,140)
Non-cash transactions						
Reclassification of reserves on exercise of warrants	-	77,841	-	(77,841)	-	-
Finder's fees – warrants issued	-	(331,851)	-	331,851	-	-
Debt settlement	136,909	28,751	-	-	-	28,751
Share-based compensation	-	-	-	453,447	-	453,447
Net loss for the period	-	-	-	-	(12,135,754)	(12,135,754)
Balance, September 30, 2022	231,479,000	56,908,698	-	4,797,759	(50,455,184)	11,251,273
Cash transactions						
Share issue costs	-	(143)	-	-	-	(143)
Non-cash transactions						
Reclassification of reserves on exercise of warrants	-	(37,871)	-	37,871	-	-
Residual value of warrants	-	(2,859,069)	-	2,859,069	-	-
Net loss for the period	-	-	-	-	(6,668,423)	(10,604,831)
Balance, December 31, 2022	231,479,806	54,011,616	-	7,694,698	(57,113,607)	4,592,707
Private placement	36,897,500	3,056,875	-	303,000	-	3,359,875
Exercise of warrants	300,000	45,600	-	(600)		45,000
Share issue costs	-	(218,471)	-	34,279	-	(184,192)
Subscriptions received in advance	-	-	110,000	-	-	110,000
Share-based compensation	-	-	-	169,303	-	169,303
Net loss for the period	-	-	-	-	(12,020,459)	(12,020,459)
Balance, September 30, 2023	268,677,306	$ 56,895,620	$ 110,000	$ 8,200,680	$ (69,134,066)	$ (3,927,766)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

GR Silver Mining Ltd. (the "Company" or "GR Silver") was incorporated on November 8, 2012, under the laws of British Columbia. The Company's head office address is 1050 – 400 Burrard Street, Vancouver, BC, V6C 3A6. The Company's registered and records office is 1100 – 736 Granville Street, Vancouver, B.C. V6Z 1G3. To date, the Company has not generated any operating revenue. The Company trades on the TSX Venture Exchange (TSX-V) under the trading symbol GRSL.

As at September 30, 2023, the Company has a working capital deficiency of $25,086,395 and an accumulated deficit of $69,134,066. The Company expects to incur further losses in the exploration and advancement of its mineral projects. The Company's ability to continue the exploration of its mineral projects and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

The Company is in the business of acquiring and exploring exploration and evaluation assets and has not yet determined whether any of its properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these condensed interim consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance and basis of presentation

These condensed interim consolidated financial statements have been prepared under International Accounting Standard 34 Interim Financial Reporting ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC").

These condensed interim consolidated financial statements do not include all the information required for full annual IFRS financial statements and therefore should be read in conjunction with the company's annual consolidated financial statements for the year ended December 31, 2022, and are prepared consistent with the accounting policies disclosed therein. Operating results for the nine-month period ended September 30, 2023, are not necessarily indicative of the results that may be expected for the year ending December 31, 2023.

These condensed interim consolidated financial statements of the Company include the balances of its subsidiaries from the date that control is obtained, Goldplay de Mexico SA de CV, Minera San Marcial SA de CV Minera Matatan SA de CV ("Matatan"), and Marlin Gold Mining Ltd. ("Marlin") which are wholly owned subsidiaries incorporated in Mexico. Mineral La Rastra SA de CV which is owned 100% by Matatan and Oro Gold de S.A. de C.V. ("Oro Gold") and Marlin Gold Trading Inc. are 100% owned by Marlin.

The Company consolidates its subsidiaries on the basis that it controls the subsidiaries through its ability to govern its financial and operating policies. All intercompany transactions and balances are eliminated on consolidation.

Certain items in the income statement for comparative periods have been reclassified to conform to current presentation.

(Expressed in Canadian Dollars)

3. RECEIVABLES

The Company's current receivables primarily consist of refundable sales tax from government taxation authorities in Canada.

The Company maintains its value added tax receivable from the taxation authorities in Mexico as a long-term receivable due to a historically lengthy collection cycle. During the nine months ended September 30, 2023, the Company impaired value added tax by $9,157 (December 31, 2022 - $693,251) based on increasing provisions for aged value added tax receivable.

4. EQUIPMENT

	Office Equipment	Mobile Equipment	Exploration Equipment	Buildings	Total
Cost:					
Balance at December 31, 2021	$ 75,605	$ 63,257	$ 1,287,827	$ 886,918	$ 2,313,607
Additions	-	77,361	118,230	86,992	282,583
Disposal	-	-	(46,141)	-	(46,141)
Balance at December 31, 2022 and September 30, 2023	$ 75,605	$ 140,618	$ 1,359,916	$ 973,910	$ 2,550,049
Accumulated Depreciation:					
Balance at December 31, 2021	$ 23,393	$ 21,143	$ 216,328	$ 245,548	$ 506,412
Depreciation	30,884	110,757	142,988	288,610	573,239
Disposal	-	-	(12,034)	-	(12,034)
Balance at December 31, 2022	$ 54,277	$ 131,900	$ 347,282	$ 534,158	$ 1,067,617
Depreciation	-	8,718	263,768	155,608	428,094
Balance at September 30, 2023	$ 54,277	$ 140,618	$ 611,050	$ 689,766	$ 1,495,711
Net Book Value					
December 31, 2022	$ 21,328	$ 8,718	$ 1,012,634	$ 439,752	$ 1,482,432
September 30, 2023	$ 21,328	$ -	$ 748,866	$ 284,144	$ 1,054,338

5. EXPLORATION AND EVALUATION ASSETS

The Company's capitalized acquisition expenditures on its exploration and evaluation assets are as follows:

	San Marcial, Mexico	Plomosas, Mexico	La Trinidad, Mexico	Total
Balance, December 31, 2021	$ 4,045,500	$ 3,094,180	$ 12,638,084	$ 19,777,764
Reclamation provision, net of indemnification	-	182,001	(235,085)	(53,084)
Balance, December 31, 2022 and September 30, 2023	$ 4,045,500	$ 3,276,181	$ 12,402,999	$ 19,724,680

5. EXPLORATION AND EVALUATION ASSETS (cont'd…)

San Marcial Property, Mexico

The Company owns a 100% interest in the San Marcial Property located in the Rosario Mining District, Sinaloa, Mexico. The San Marcial Property is subject to a net smelter royalty ("NSR") of 0.75%. The Company has a buy-back right on the NSR that can be exercised at any time by paying $1,250,000. The Company also assumed a pre-existing 3% NSR on the San Marcial Property which is subject to a buy back right on the NSR of US$600,000 per 1% that can be exercised by the Company at any time and from time to time, in whole or in part.

Plomosas Property, Mexico

The Company owns a 100% interest in the Plomosas Property located in the Rosario Mining District, Sinaloa, Mexico. The Plomosas Property is subject to a 2% NSR with half of the NSR (i.e., 1% NSR) being subject to a buy-back for US$1,000,000. The Company also assumed a pre-existing NSR ranging between 1.75% and 3.5% based on the price of zinc.

La Trinidad Property, Mexico

The Company owns a 100% interest in the La Trinidad Property located in the Rosario Mining District, Sinaloa, Mexico. The La Trinidad Property is subject to a 1% NSR with the NSR being subject to a buy-back for US$2,000,000 at any time. The Company also assumed pre-existing NSR'S between 0.5% and 2.5% on certain claims within the concession package.

The Company has an agreement with the vendor of the La Trinidad Property under which the vendor has agreed to remediate and indemnify the Company against reclamation obligations that existed at the time of acquisition in 2021.

The Company separately entered into an agreement to sell certain non-core concessions (Note 7) that has not yet completed as of September 30, 2023.

El Habal Property, Mexico

The Company has a 100% interest in the El Habal Property. The property is subject to an NSR between 1.0% and 1.5%.

The Company has issued an option to purchase a 1% NSR on the El Habal Property which can be exercised by payment to the Company of US$1,000,000 per 0.5% NSR, for a total option exercise price of US$2,000,000 for a 1% NSR. The Company also issued a 1% royalty on four concessions adjacent to the property.

(Expressed in Canadian Dollars)

6. EXPLORATION EXPENDITURES

Exploration expenditures for the nine months ended September 30, 2023:

	El Habal, Mexico	San Marcial, Mexico	Plomosas, Mexico	La Trinidad, Mexico	Total
Community relations	$ -	$ 56,029	$ 2,152	$ 14,511	$ 72,692
Drilling	-	303,567	235,759	-	539,326
Environmental/reclamation	-	-	68,383	79,030	147,413
Field	48	343,473	868,457	26,655	1,238,633
Geochemistry	-	153,678	312,109	-	465,787
Geological	-	528,512	561,965	-	1,090,477
Technical reports	-	5,793	152,128	-	157,921
Survey	-	40,115	-	-	40,115
Topography	-	5,036	9,735	-	14,771
	$ 48	$ 1,436,203	$ 2,210,668	$ 120,196	$ 3,767,135

Exploration expenditures for the nine months ended September 30, 2022:

	El Habal	La Trinidad	San Marcial	Plomosas	Total
Community relations	$ -	$ 131,239	$ 56,366	$ 38,385	$ 225,990
Consulting	-	-	8,433	10,649	19,082
Drilling	-	-	532,112	844,555	1,376,667
Environmental	-	-	13,036	54,486	67,522
Field	-	96,098	279,769	1,226,848	1,602,715
Geological	4,329	-	537,267	557,958	1,099,554
Geochemistry	-	20,120	174,684	215,612	410,416
Metallurgical	-	117,157	-	-	117,157
Topography	-	-	16,905	38,499	55,404
Total	$ 4,329	$ 364,614	$ 1,618,572	$ 2,986,992	$ 4,974,507

7. CONCESSION FEES

September 30, 2023	El Habal, Mexico	San Marcial, Mexico	Plomosas, Mexico	La Trinidad, Mexico	Total
Concession fees expense	$ 194,427	$ 42,070	$ 286,514	$ 5,364,989	$ 5,888,000
Retirement [(1)]	-	-	-	(2,325,155)	(2,325,155)
Net expense	$ 194,427	$ 42,070	$ 286,514	$ 3,039,834	$ 3,562,845
Fees payable, September 30, 2023	$ 286,881	$ 43,178	$ 294,066	$ 22,390,591	$ 23,014,716

(Expressed in Canadian Dollars)

7. CONCESSION FEES (cont'd…)

September 30, 2022	El Habal, Mexico	San Marcial, Mexico	Plomosas, Mexico	La Trinidad, Mexico	Total
Concession fees expense	$ 128,666	$ 31,102	$ 211,823	$ 4,333,336	$ 4,704,927
Retirement (1)	-	-	-	(2,555,207)	(2,555,207)
Net expense	$ 128,666	$ 31,102	$ 211,823	$ 1,778,129	$ 2,149,720

(1) During the period ended September 30, 2023, a portion of the concession fees became statute barred and are no longer payable resulting in the Company recognizing a concession fee retirement.

During fiscal 2021 the Company entered into an agreement to sell the El Salto and El Salto Sur non-core concessions within the La Trinidad Property in an arm's length transaction. The Company will receive no consideration except the purchaser will be responsible for $13,384,456 (December 31, 2022 - $10,052,581) of the concession fees owed. Approval of the transaction is pending and is subject to approval from government agencies in Mexico.

8. RELATED PARTY TRANSACTIONS

Key management personnel include those people who have authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Key management personnel compensation for the period ended September 30 was:

Key management personnel compensation	Nine months ended Sept. 30, 2023	Nine months ended Sept. 30, 2022
Salaries and consulting	$ 616,607	$ 906,674
Directors' fees	2,000	35,250
Professional fees	82,751	309,442
Share-based compensation	169,303	198,245
Total compensation	$ 870,661	$ 1,449,611

Included in accounts payable and accrued liabilities as at September 30, 2023 was $289,639 (December 31, 2022 – $73,530) owed to directors and companies controlled by a director or officer.

9. RECLAMATION PROVISIONS

As at September 30, 2023 the Company's reclamation provisions are related to the Company's La Trinidad and Plomosas properties (Note 5). On March 31, 2021, the Company acquired the La Trinidad property and assumed a reclamation provision of $2,431,930 relating to the property reclamation and dismantling and removal of buildings, salvaged topsoil replacement and recontouring and grading. Mako Mining Corp. is responsible for certain costs estimated at $986,407 which has been recorded as an indemnification asset.

The provision was calculated using an inflation rate of 3.5% and a discount rate of 9.5% with the assumption that the reclamation will be settled between 2025 and 2027. Significant activities include land rehabilitation, demolition and removal and restoration costs. The amounts and timing of the reclamation will vary depending on several factors including exploration success and alternative mining plans.

(Expressed in Canadian Dollars)

9. RECLAMATION PROVISIONS (cont'd…)

Reclamation provision		September 30, 2023		December 31, 2022
Balance, beginning of period	$	2,347,359	$	2,653,918
Change in estimate and discount rates		-		(630,459)
Foreign exchange		-		317,173
Accretion expense		5,178		6,727
Balance, end of period	$	2,352,537	$	2,347,359

10. SHARE CAPITAL AND RESERVES

Authorized – Unlimited common shares without par value.

During the period ended September 30, 2023, the Company:

a) Completed a non-brokered private placement of 30,300,000 units at a price of $0.10 per unit for gross proceeds of $3,030,000. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant and each whole warrant is exercisable into one common share of the Company at an exercise price of $0.15 per warrant until February 14, 2025. The Company valued the warrants at $303,000 using the residual value approach. The Company paid cash finders fees of $117,840 and issued 1,169,400 agents' warrants valued at $32,463 using the following Black-Scholes assumptions: risk free interest rate of 3.87%, expected life of 2 years, volatility of 74.56% and dividend rate of 0%. Each agent warrant is exercisable into one common share at an exercise price of $0.15 per share until February 14, 2025. Additional share issue costs of $45,052 were incurred in connection with this financing.

b) Issued 300,000 common shares on the exercise of warrants at a price of $0.15 per warrant for proceeds of $45,000.

c) Completed the first tranche of a non-brokered private placement of 6,597,500 units at a price of $0.05 per unit for gross proceeds of $329,875. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant and each whole warrant is exercisable into one common share of the Company at an exercise price of $0.08 per warrant until August 9, 2025. The Company paid cash finders fees of $8,100 and issued 162,000 agents' warrants valued at $1,816 using the following Black-Scholes assumptions: risk free interest rate of 4.59%, expected life of 2 years, volatility of 62.39% and dividend rate of 0%. Each agent warrant is exercisable into one common share at an exercise price of $0.08 per share until August 9, 2025. Additional share issue costs of $14,100 were incurred in connection with this financing.

During the year ended December 31, 2022, the Company:

a) Issued 400,987 common shares on the exercise of warrants for proceeds of $81,497. Share issue costs of $684 were incurred and was recorded as an offset to share capital, as share issue costs.

b) Issued 136,909 common shares valued at $28,751 as debt settlement resulting in a gain on settlement of $4,792. Share issue costs of $556 were incurred and was recorded as an offset to share capital, as share issue costs.

c) Completed conversion of 27,236,755 special warrants (the "Special Warrants") to 27,236,755 units (the "Units"). The Special Warrants were previously issued upon completion of a private placement at a price of $0.27 per Special Warrant for gross proceeds of $7,353,924. Upon receipt of a final short form prospectus, each Special Warrant was automatically exercised, at no additional cost to the holder thereof, for one Unit. Each Unit was comprised of

10. SHARE CAPITAL AND RESERVES (cont'd…)

one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable to acquire one share at an exercise price of $0.37 per share to March 29, 2025. The Company valued the warrants at $2,315,124 using the residual value approach. On completion of the private placement, the Company paid cash finders fees of $422,931 and issued 1,566,410 special agent warrants valued at $190,844 using the following Black-Scholes assumptions: risk free interest rate of 2.34%, expected life of 3 years, volatility of 75.93% and dividend rate of 0%. Upon receipt of a final short form prospectus, each special agent warrant was automatically exercised, at no additional cost to the holder thereof, for one broker warrant. Each broker warrant is exercisable for one common share until March 29, 2025, at an exercise price of $0.27 per share. Additional share issue costs of $266,298 were incurred in connection with this financing, and was recorded as an offset to share capital, as share issue costs.

d) Completed a brokered private placement of 36,263,000 units at a price of $0.15 per unit for gross proceeds of $5,439,450. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant and each whole warrant is exercisable into one common share of the Company at an exercise price of $0.22 per share until August 30, 2025. The Company valued the warrants at $543,945 using the residual value approach. The Company paid cash finders fees of $271,458 and issued 1,809,720 agent warrants valued at $118,761. The Company also paid a corporate finance fee of $50,000, recorded as an offset to share capital, as share issue costs and issued 339,000 agent warrants valued at $22,246. Each agent warrant is exercisable into one common share at an exercise price of $0.15 per share until to August 30, 2025. Agent warrants were valued using the following Black-Scholes assumptions: risk free interest rate of 3.53%, expected life of 3 years, volatility of 75.39% and dividend rate of 0%. Additional share issue costs of $221,354 were incurred in connection with this financing, and was recorded as an offset to share capital, as share issue costs.

Omnibus Long-Term Incentive Plan

The Company has adopted an omnibus long-term incentive plan ("LTIP"), which provides that the Board of Directors of the Company may from time-to-time, at its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, consultants, and employees of the Company stock options, deferred share units, preferred share units, restricted share units or other such share-based instruments deemed to be consistent with the purposes of the plan. The LTIP reserves a number of common shares for issuance pursuant to the grant of stock options that will not exceed a rolling 10% of the Company's issued and outstanding common shares at the time the options are granted. All other share-based compensation awards are subject to a maximum of 19,521,680 common shares as a separate allotment. Vesting of share-based compensation awards is at the discretion of the Board of Directors, subject to minimum requirements of the TSX-V. Stock options are exercisable for a maximum of 10 years, and the exercise price of the stock options is set in accordance with the policies of the TSX-V.

As at September 30, 2023, the Company has not granted any share-based compensation awards under the LTIP other than stock options as noted below.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (cont'd…)

Stock option transactions are summarized as follows:

Stock option continuity	Number of options	Weighted Average Exercise Price
December 31, 2021	10,083,534	$ 0.46
Expired	(1,269,377)	0.63
Granted	920,000	0.25
December 31, 2022	9,734,157	0.42
Granted	1,350,000	0.10
Expired	(2,884,157)	0.29
September 30, 2023, balance outstanding	8,200,000	$ 0.42
September 30, 2023, exercisable	7,966,667	$ 0.42

Stock options

As at September 30, 2023, the Company had stock options outstanding as follows:

Stock options	Number	Exercise Price	Expiry Date
	1,030,000	$ 0.22	December 19, 2023
	370,000	0.21	August 8, 2024
	925,000	0.185	November 27, 2024
	300,000	0.20	April 16, 2025
	795,000	0.335	May 13, 2025
	935,000	0.78	September 14, 2025
	1,555,000	0.74	January 21, 2026
	200,000	0.75	February 24, 2026
	385,000	0.71	May 13, 2026
	40,000	0.29	October 5, 2026
	35,000	0.20	January 26, 2027
	780,000	0.25	April 6, 2027
	300,000	0.12	January 18, 2028
	550,000	0.09	May 10, 2028
	8,200,000		

During the period ended September 30, 2023, the Company recognized share-based payments expense of $169,303 (2022 - $453,446) in connection with the vesting of stock options granted in current and previous periods.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (cont'd…)

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of stock options granted during the period ended as follows:

	Nine months ended Sept. 30, 2023	Nine months ended Sept. 30, 2022
Risk-free interest rate	2.95%	2.51%
Expected life of options	5 years	5 years
Annualized volatility	71.19%	96.65%
Dividend rate	0%	0%

Warrants

The following common shares purchase warrants entitle the holder thereof to purchase one common share for each warrant. Warrant transactions are summarized as follows:

Stock option continuity	Number of warrants	Weighted Average Exercise Price
December 31, 2021	12,535,875	$ 0.67
Issued	34,465,007	0.28
Expired	(894,000)	0.25
Exercised	(400,987)	0.20
December 31, 2022	46,705,895	0.38
Issued	21,030,150	0.13
Expired	(11,240,888)	0.72
Exercised	(300,000)	0.15
September 30, 2023, outstanding and exercisable	56,195,157	$ 0.22

The weighted average remaining contractual life of warrants outstanding at September 30, 2023 was 1.66 (December 31, 2022–1.96) years.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (cont'd…)

Warrants outstanding are as follows:

Warrants	Number	Exercise Price	Expiry Date
	16,019,400	$ 0.15	February 14, 2025
	1,566,410	0.27	March 29, 2025
	13,618,377	0.37	March 29, 2025
	18,131,500	0.22	August 30, 2025
	2,148,720	0.15	August 30, 2025
	3,460,750	0.08	August 9, 2025
	1,250,000	0.08	October 13, 2025
	56,195,157		

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing and financing transactions during the nine months ended September 30, 2023;

- issued 1,331,400 agent warrants valued at $34,279 (Note 10).

Significant non-cash transactions during the period ended September 30, 2022;

- reclassification of reserves in share capital of $77,841.
- issued 136,909 common shares in settlement of debt in the amount of $28,751. (Note 10).

12. SEGMENTED INFORMATION

The business of the Company is the acquisition and exploration of mineral properties which is considered one business segment.

Geographic information of non-current assets is as follows:

September 30, 2023	Canada	Mexico	Total
Equipment	$ 2,507	$ 1,051,831	$ 1,054,338
Exploration and evaluation assets	-	19,724,680	19,724,680
Reclamation provision indemnification asset	-	986,407	986,407
Value added tax receivable	-	1,745,740	1,745,740
Total	$ 2,507	23,508,658	$ 23,511,165

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data

The fair value of cash is measured at Level 1 of the fair value hierarchy. The carrying value of receivables and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, receivables and value added tax. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote and has deposited cash in high credit quality financial institutions. Credit risk with respect to value added taxes due from a government agency in Canada is low and undeterminable in Mexico based on past refund practices of the Mexican tax authorities. Value added taxes are subject to review and potential adjustment by taxation authorities.

Liquidity risk

As of September 30, 2023, the Company had cash balance of $87,915 to settle current liabilities of $25,524,722 which includes significant expenditure requirements pursuant to Mexican concession fees (Notes 7). The Company is exposed to significant liquidity risk and additional financings will be required. Additional funds will be required for property expenditures, retention of essential personnel, general and administration and to maintain its listing on the TSX.V

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest rate risk

The Company's current policy is to invest excess cash in investment-grade demand investments issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Concession fees past due are subject to accruing interest at rates set by the Government of Mexico. Such interest rates are publicly issued and applied against overdue amounts as accrued to the concession fees liability.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to assets and liabilities that are denominated in foreign currency. As at September 30, 2023, amounts exposed to foreign currency risk include cash of MXN$803,835, value added tax receivable of MXN$22,467,696, accounts payable of MXN$23,301,278 and concession fees payable of MXN$296,199. A 10% change in foreign exchange rates will affect profit or loss by approximately $2,962,000.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss and its ability to finance, due to movements in individual

Financial risk factors (cont'd…)

equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

Foreign jurisdiction risk

In conducting operations in Mexico, the Company is subject to considerations and risks not typically associated with companies operating in Canada. These include risks such as the political, economic, and legal environments. Among other things, the Company's results may be adversely affected by changes in the political and social conditions and by changes in governmental policies with respect to mining laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation. The Company is aware of recent legislative changes in Mexico applicable to the mining industry, the full impacts of which have not been completely assessed as the industry awaits further clarifications from the government on the changes. The Company will continue to monitor this closely to best deal with the changes.

14. CAPITAL MANAGEMENT

The Company defines capital that it manages as shareholders' equity, consisting of issued common shares, stock options and warrants.

The Company manages its capital structure and adjusts it, based on the funds available to the Company, to support the acquisition and exploration of exploration and evaluation assets.

The Company has historically relied on and currently relies on the equity markets to fund all its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions. There were no changes to the Company's approach to capital management during the period.

15. SUBSEQUENT EVENTS

The Company completed the second and final tranche of a non-brokered private placement of 2,500,000 units at a price of $0.05 per unit for gross proceeds of $125,000. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant and each whole warrant is exercisable into one common share of the Company at an exercise price of $0.08 per warrant until October 13, 2025.

The Company completed a non-brokered private placement of 30,000,000 units at a price of $0.04 per unit for gross proceeds of $1,200,000. Each unit consisted of one common share in the capital of the Company and one common share purchase warrant and each whole warrant is exercisable into one common share of the Company at an exercise price of $0.07 per warrant until November 10, 2026.