



**ANNUAL INFORMATION FORM**

**For the Year Ended December 31, 2022**

**(Dated November 20, 2023)**

**GUANAJUATO SILVER COMPANY LTD.  
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**SCHEDULE “A” – Audit Committee Charter**

## ITEM 1: PRELIMINARY NOTES

### 1.1 Date of Information

All information contained in this Annual Information Form (“AIF”) is as at December 31, 2022, unless otherwise stated.

References to “Guanajuato Silver”, “Gsilver”, the “Company”, “its”, “our”, “us” and “we”, or related terms, in this AIF refer to Guanajuato Silver Company Ltd. and includes, where the context requires, its subsidiaries.

### 1.2 Financial Statements and Management Discussion and Analysis

This AIF should be read in conjunction with the Company’s consolidated annual financial statements for the year ended December 31, 2022 (the “Financial Statements”) and the accompanying Management’s Discussion and Analysis (“MD&A”) for such period. The Financial Statements and MD&A are available on the SEDAR+ website at [www.sedarplus.com](http://www.sedarplus.com) under the Company’s profile.

Unless otherwise stated, all financial information in this AIF has been prepared in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### 1.3 Forward Looking Statements and Information

Certain statements and information contained in this AIF constitute “forward-looking statements” and “forward looking information” within the meaning of applicable Canadian and United States securities legislation. Forward-looking statements and forward looking information include statements concerning the Company’s current expectations, estimates, projections, assumptions and beliefs, and, in certain cases, can be identified by the use of words such as “seeks”, “plans”, “expects”, “is expected”, “budget”, “estimates”, “intends”, “anticipates”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will”, “occur” or “be achieved”, or the negative forms of any of these words and other similar expressions. Forward-looking statements may include, but are not limited to, information with respect to:

- the future price of silver, gold and other metals;
- the development of and production from the Company’s mineral properties;
- the Company’s planned exploration and development activities;
- the adequacy of our financial resources;
- the estimation of mineral resources;
- realization of mineral resource estimates;
- costs and timing of future development;
- results of future development programs;
- production and processing estimates;
- capital and operating cost estimates;
- statements relating to the economic viability of the Company’s mineral properties, including mine life, total tonnes mined and processed and mining operations;
- approvals, consents and permits under applicable legislation;
- our relationship with community stakeholders;
- our executive compensation approach and practice;
- litigation risks;
- currency fluctuations; and
- environmental risks.

Forward-looking statements and forward looking information reflect the Company’s current expectations and assumptions, and are subject to a number of known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by the forward-looking statements and forward looking information, including without limitation:

- the Company’s limited operating history;
- the Company’s history of losses and uncertainty regarding future profitability;
- uncertainty as to the Company’s ability to continue as a going concern;

- the existence of mineral resources and mineralized material on the Company's mineral properties;
- the Company's ability to obtain adequate financing for exploration, development and mining;
- the Company's ability to attract and retain qualified personnel;
- fluctuations in the market price of silver, gold and other metals;
- foreign currency fluctuations;
- high inflation and rising interest rates;
- uncertainty as to the duration, severity and impact of the COVID-19 pandemic;
- uncertainty as to the Company's ability to maintain effective internal controls;
- the involvement by some of the Company's directors and officers with other natural resource companies;
- the uncertain nature of estimating mineral resources and reserves;
- uncertainty surrounding the Company's ability to successfully develop and operate its mineral properties;
- exploration, development and mining risks, including risks related to infrastructure, accidents and equipment breakdowns;
- risks related to the Company's ability to acquire new projects and to successfully integrate them into the Company's existing operations;
- title defects to the Company's mineral properties;
- the Company's ability to obtain and maintain all necessary permits and other approvals;
- risks related to equipment shortages, access restrictions and inadequate infrastructure;
- increased costs and restrictions on operations due to compliance with environmental legislation and potential lawsuits;
- intense competition in the mining industry; and
- the Company's ability to comply with applicable regulatory requirements.

In making the forward-looking statements and developing the forward looking information included in this AIF, the Company has made various material assumptions, including, but not limited to:

- the results of the Company's proposed exploration, development and mining activities on its mineral properties including the El Cubo-Villalpando Mine Complex, El Pinguico, San Ignacio, Valenciana and Topia mines will be consistent with current expectations;
- the Company's assessment and interpretation of potential geological structures and mineralization at its mineral properties are accurate in all material respects;
- the quantity and grade of mineral resources and mineralized material contained within its mineral properties are accurate in all material respects;
- the sufficiency of the Company's current working capital and credit facilities to carry out the planned development and ramp-up of production at its mineral properties on a timely basis;
- the price for silver, gold and other precious metals will not fall significantly below current levels;
- the Company will be able to secure additional financing to continue exploration, development and mining on its mineral properties and meet future obligations as required from time to time;
- the Company will be able to obtain regulatory approvals and permits in a timely manner and on terms consistent with current expectations;
- the Company will be able to procure drilling and other mining equipment, energy, supplies and contractors in a timely and cost efficient manner to meet the Company's needs from time to time;
- the Company will be able to successfully integrate the recently acquired San Ignacio, Valenciana and Topia mines into its current operations in a timely and cost efficient manner and to generate the operational synergies and production results on a basis consistent with current expectations;
- the Company will be able to successfully ramp up production, improve efficiencies and reduce operating costs at its existing mines to generate positive cash flow and achieve profitability on a basis consistent with current expectations;
- the Company's capital and operating costs will not increase significantly from current or anticipated levels;
- 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;
- there will be no significant adverse changes in the Canada/U.S./Mexico currency exchange rates;
- there will be no significant changes in the ability of the Company to comply with environmental, safety and other regulatory requirements;
- there will be no significant adverse changes and/or restrictions on the Company's ability to carry out mining operations at its mineral properties as currently planned due to the COVID-19 pandemic or otherwise; and

- the absence of any material adverse effects arising as a result of political instability, war (including the ongoing war in Ukraine), terrorism, sabotage, vandalism, theft, labor disputes, natural disasters, adverse weather conditions, equipment failures or adverse changes in government legislation or the socio-economic conditions in Mexico with respect to the Company’s mineral properties and mining operations.

Other assumptions are discussed throughout this AIF and elsewhere in the Company’s public disclosure record.

The Company's ability to predict the results of its operations or the effects of various events on its operating results is inherently uncertain. Accordingly, readers are cautioned not to place undue reliance on the forward-looking statements and forward looking information herein or the assumptions on which the Company’s forward-looking statements and forward looking information are based. Investors are advised to carefully review and consider the risk factors identified in this AIF under, among other places, Item 5.2 “DESCRIPTION OF THE BUSINESS – *Risk Factors*” and elsewhere in the Company’s public disclosure record for a discussion of the factors that could cause the Company’s actual results, performance and achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by the forward-looking statements and forward looking information contained in this AIF. Investors are further cautioned that the foregoing list of risks and assumptions is not exhaustive and prospective investors should consult the more complete discussion of the Company’s business, financial condition and prospects that is included in this AIF and elsewhere in the Company’s public disclosure record.

Although the Company believes that the assumptions on which the forward-looking statements are made and forward looking information is provided are reasonable, based on the information available to the Company on the date such statements were made or such information was provided, no assurances can be given as to whether these assumptions will prove to be correct. The forward-looking statements and forward looking information contained in this AIF are expressly qualified in their entirety by the foregoing cautionary statements.

**Forward-looking statements and forward looking information speak only as of the date the statements are made or such information is provided. The Company assumes no obligation to update publicly or otherwise revise any forward-looking statements or forward looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking statements or forward looking information, except to the extent required by law. If the Company does update one or more forward-looking statements or forward looking information, no inference should be drawn that the Company will make additional updates with respect to those or other forward-looking statements or forward looking information.**

#### 1.4 Currency and Exchange Rates

During the fourth quarter of 2021, the Company changed its presentation currency to the United States dollar (“US\$”) from the Canadian dollar (“C\$”). The Company has determined that this change in presentation currency better reflects the Company’s current activities, increases the comparability to its peers, and better enhances the relevance of the financial statements to users. The Company applied the change in presentation currency retrospectively and restated the comparative financial information as if the presentation currency had always been US\$, in accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Error.

All references to “\$” or US\$ in this AIF are to lawful currency of the United States unless otherwise expressly stated. References to “C\$” or “MX\$” are to Canadian dollars and Mexican pesos, respectively.

The high, low, average and closing rates for the Canadian dollar in terms of one United States dollar for each of the financial periods of the Company ended December 31, 2022, December 31, 2021 and December 31, 2020, as quoted by the Bank of Canada, were as follows:

US\$1.00	Year Ended <u>December 31, 2022 (C\$)</u>	Year Ended <u>December 31, 2021 (C\$)</u>	Year Ended <u>December 31, 2020 (C\$)</u>
High	1.3856	1.2942	1.4496
Low	1.2451	1.2040	1.2718
Average	1.3011	1.2535	1.3415
Closing	1.3544	1.2678	1.2732

## 1.5 Imperial and Metric Conversions

All data and information in this AIF are presented in metric units, unless otherwise expressly stated. The following table sets forth certain standard conversions between standard imperial units and the international system of units (or metric units).

2.47 acres	=	1 hectare	0.4047 hectares	=	1 acre
3.28 feet	=	1 metre	0.3048 metres	=	1 foot
0.62 miles	=	1 kilometre	1.609 kilometres	=	1 mile
0.032 ounces (troy)	=	1 gram	31.103 grams	=	1 ounce (troy)
1.102 tons (short)	=	1 tonne	0.907 tonnes	=	1 ton
0.029 ounces/ton	=	1 gram/tonne			
1 ppm	=	1 gram/tonne	1%	=	10,000 ppm
1 ounce/ton	=	34.286 ppm	34.286 grams/tonne	=	1 ounce/ton

## 1.6 Classification of Mineral Resources

In this AIF, the definitions of indicated and inferred mineral resources are those used by the Canadian provincial securities regulatory authorities in National Instrument 43-101 (“NI 43-101”) and conform to the definitions utilized by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by the CIM Council, as amended.

## 1.7 Cautionary Note to United States Investors Regarding Mineral Reporting Standards

The disclosure in this AIF has been prepared in accordance with the requirements of Canadian securities laws, which differ from the requirements of United States securities laws. Disclosure, including scientific or technical information, has been made in accordance with Canadian National Instrument 43-101 *Standards of Disclosure for Mineral Projects*. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Canadian standards, including NI 43-101, differ from the requirements of the SEC in the United States. In particular, the terms “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” in this AIF are defined in accordance with NI 43-101 under the guidelines set out in the Canadian Institute of Mining, Metallurgy, and Petroleum Definition Standards for Mineral Resources and Mineral Reserves 2014 (“**CIM Definition Standards**”). The SEC has recently modernized and amended its mineral property disclosure requirements for issuers whose securities are registered with the SEC under the United States Securities Act of 1934 and now recognizes estimates of “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources” which are substantially similar to the corresponding CIM Definition Standards. The SEC has also amended its definition of “proven mineral reserves” and “probable mineral reserves” to be substantially similar to the corresponding CIM Definitions. However, U.S. investors are cautioned that while the foregoing terms adopted by the SEC are “substantially similar” to corresponding definitions under CIM Definition Standards, there are differences. As such, there is no assurance any mineral resources that the Company may report as “measured mineral resources”, “indicated mineral resources” or “inferred mineral resources” under NI 43-101 would be the same had the Company prepared the resource estimates under the standards adopted by the SEC. United States investors are also cautioned that while the SEC will now recognize “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources”, they should not assume that all or any part of the mineral deposits in these categories would ever be converted into a higher category of mineral resources or into mineral reserves. Mineralization described by these terms has a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. Accordingly, investors are cautioned not to assume that any “measured mineral resources”, “indicated mineral resources”, or “inferred mineral resources” that the Company reports are or will ever be converted into mineral reserves or economically or legally mineable. Further under Canadian securities laws, estimates of “inferred mineral resources” cannot form the basis of feasibility, pre-feasibility or other economic studies, except in rare cases, although it is reasonably expected that the majority of “inferred resources” could be upgraded to “indicated resources” with continued exploration. Nonetheless, investors are cautioned not to assume that all or any part of an “inferred mineral resource” exists or is economically or legally mineable. Also, disclosure of “contained ounces” in a mineral resource is permitted disclosure under Canadian securities laws; however, historically the SEC only permits issuers to report mineralization that does not constitute “mineral reserves” as in place tonnage and grade, without reference to unit measures. Accordingly, information concerning mineral deposits set forth in this AIF may not be

comparable with information made public by companies that report in accordance with U.S. securities laws.

## 1.8 Qualified Person

Except as disclosed in the paragraph below, the scientific and technical information contained in this AIF relating to the Company's mines and mineral projects has been reviewed and approved by Reynaldo Rivera, Vice-President, Exploration of GSilver. Mr. Rivera is a member of the Australasian Institute of Mining and Metallurgy (AusIMM - Registration Number 220979) and a Qualified Person within the meaning of NI 43-101.

Scientific and technical disclosure in this AIF for the El Cubo-Villalpando Mine Complex (previously referred to as the El Cubo/El Pinguico Mine Complex) is based on the 2023 PEA Report, unless otherwise stated. Also, references in the 2023 PEA Report to the El Cubo and El Pinguico properties as a combined operation or project are referred to in this AIF as the El Cubo-Villalpando Mine Complex. Scientific and technical disclosures in this AIF for San Ignacio are based on the 2023 San Ignacio Report, unless otherwise stated. Scientific and technical disclosures in this AIF for Valenciana Mines Complex are based on the 2022 Valenciana Report, unless otherwise stated. Scientific and technical disclosure in this AIF for Topia is based on the 2022 Topia Report, unless otherwise stated. The 2023 PEA Report, 2023 San Ignacio Report, 2022 Valenciana Report and 2022 Topia Report have been filed on SEDAR+ at www.sedarplus.com. Where applicable, the scientific and technical information in this AIF has been updated with additional information regarding the El Cubo-Villalpando Mine Complex, San Ignacio mine, Valenciana mines and Topia mine since the effective date of the applicable report including the Company's current and planned exploration, development and mining programs thereon, such updated information having been prepared by or under the supervision of, or approved by, Reynaldo Rivera.

## ITEM 2: GLOSSARY

### 2.1 Glossary of Terms

The following glossary is not exhaustive. Other words and phrases that are capitalized in this AIF but not included in this glossary have the meanings assigned in this AIF.

**"1352168"** means 1352168 B.C. Ltd., a wholly-owned subsidiary of the Company formed and organized under the laws of the province of British Columbia and holding on behalf of the Company all of the issued and outstanding shares of MMR, save for one share held directly by the Company.

**"1424579"** means 1424579 B.C. Ltd., a wholly-owned subsidiary of the Company formed and organized under the laws of the province of British Columbia and holding on behalf of the Company all of the issued and outstanding shares of CSM.

**"2021 PEA Report"** means the technical report dated May 6, 2021 (effective date January 31, 2021) outlining a preliminary economic analysis of the El Cubo-Villalpando Mine Complex (previously referred to as the El Cubo/El Pinguico Mine Complex) in accordance with NI 43-101 and titled "*Preliminary Economic Analysis – El Cubo/El Pinguico Silver Gold Complex Project, State of Guanajuato, Mexico*" prepared by Mark K. Jorgensen, MMSA #012020QP, Bernard J. Guarnera, MMSA #01171QP, Reinis N. Sipols, P.E., MMSA #1440QP, John E. Thompson, MMSA #1448QP, Joseph A. Kantor, MMSA #1309QP, Robert E. Cameron, Ph.D., MMSA #01357QP and Amy E. Jacobsen, MMSA #1197QP.

**"2022 Topia Report"** means the technical report on the Topia Property dated July 4, 2022 (effective date May 6, 2022) titled "*Technical Report on the Topia Property, Durango, Mexico*" prepared by Michael B. Dufresne, M.Sc., P. Geo, P. Geol, Christopher W. Livingstone, B. Sc., P. Geo, and Fallon T. Clarke, B. Sc., P. Geo, each of Apex.

**"2022 Valenciana Report"** means the technical report on the San Ignacio mine, VMC Complex and Cata Processing Plant dated July 8, 2022 (effective date April 30, 2022) titled "*Technical Report on the Valenciana Mine Complex, Guanajuato and Jalisco, Mexico*" prepared by Michael B. Dufresne, M.Sc., P. Geo, P. Geol, Christopher W. Livingstone, B. Sc., P. Geo, and Fallon T. Clarke, B. Sc., P. Geo, each of Apex.

**"2023 PEA Report"** means the technical report dated June 22, 2023 (effective date December 31, 2022) outlining a preliminary economic analysis of the El Cubo-Villalpando Mine Complex (previously referred to as the El Cubo/El Pinguico Mine Complex) in accordance with NI 43-101 and titled "*Preliminary Economic Analysis – El Cubo/El Pinguico Silver Gold Complex Project, State of Guanajuato, Mexico*" prepared by Mark K. Jorgensen, MMSA

#012020QP, Reinis N. Sipols, P.E., MMSA #1440QP, Joseph A. Kantor, MMSA #1309QP and Robert E. Cameron, Ph.D., MMSA #01357QP.

“**2023 San Ignacio Report**” means the technical report on the San Ignacio mine dated November 2, 2023 (effective date September 21, 2023) titled “*Technical Report on the San Ignacio Property, Guanajuato, Mexico*” prepared by Michael B. Dufresne, M.Sc., P. Geo, P. Geol, Christopher W. Livingstone, B. Sc., P. Geo, and Fallon T. Clarke, B. Sc., P. Geo, each of Apex.

“**APEX**” means APEX Geoscience Ltd., of Edmonton, Alberta.

“**Behre**” means Behre Dolbear & Company (USA), Inc., mineral industry advisers, of Aurora, Colorado, U.S.A.

“**BCBCA**” means the *Business Corporations Act* (British Columbia), as amended from time to time.

“**Board**” means the board of directors of the Company.

“**Canmex**” means Canmex Silver, S.A. de C.V., a subsidiary of the Company formed and organized under the laws of the Mexico and holding the Company’s interests in the Analy I and II, El Ruso, Ysabela and Camila mining concessions in central Mexico.

“**Cata**” or “**Cata Processing Plant**” means the processing mill, floatation plant and ancillary improvements, equipment and machinery forming part of the Valenciana Mines Complex.

“**CMDC**” means Compania Minera Del Cubo, S.A., a wholly-owned subsidiary of Endeavour formed and organized under the laws of Mexico.

“**Common Shares**” means common shares without par value in the capital stock of the Company.

“**COVID-19**” means a strain of novel coronavirus reported to have originated in late 2019 and any variant thereof.

“**CSM**” means Colorado Silver Mines (US) Corp., a subsidiary of the Company formed and organized under the laws of Nevada that is currently inactive.

“**ejido**” means, in Mexico, the communal farmland of a village, usually assigned in small parcels to the villagers to be farmed under a federally supported system of communal land tenure.

“**El Cubo**” or “**El Cubo Project**” means the El Cubo mines project acquired by the Company from Endeavour on April 9, 2021 consisting of, inter alia, 49 mining claims totaling approximately 6,994.73 hectares located the state of Guanajuato, Mexico, in and about the city of Guanajuato including certain rustic surface lands and leased real property, the El Cubo Mill and other tangible property, improvements, mining rights and assets appurtenant thereto as more particularly described under Item 5.4 “DESCRIPTION OF THE BUSINESS – *Mineral Projects – El Cubo-Villalpando Mine Complex, Guanajuato, Mexico*” herein.

“**El Cubo Mill**” means the processing mill, floatation plant and ancillary improvements, equipment and machinery forming part of the El Cubo Project.

“**El Cubo-Villalpando Mine Complex**” means the combined El Cubo Project and El Pinguico Project as a single operation.

“**El Pinguico**” or “**El Pinguico Project**” means the El Pinguico silver and gold project comprising two mining concessions totaling 71.708 hectares located approximately 7 kilometers south of the city of Guanajuato, Mexico and 8 kilometers by road from the El Cubo Project as more particularly described under Item 5.4 “DESCRIPTION OF THE BUSINESS – *Mineral Projects – El Cubo-Villalpando Mine Complex, Guanajuato, Mexico*” herein.

“**EMBSA**” means Exploraciones Mineras de Bajio S.A. de C.V., a private company incorporated under the laws of Mexico.

“**Endeavour**” means Endeavour Silver Corp., and, where the context so requires, its wholly-owned Mexican subsidiary, CMDC.

“**Exchange**” or “**TSXV**” means the TSX Venture Exchange.

“**ft**” means foot.

“**Gato Chico**” means Gato Chico Investments Ltd., a wholly-owned subsidiary of the Company formed and organized under the laws of the province of British Columbia and is currently inactive.

“**Great Panther**” means Great Panther Mining Limited.

“**IFRS**” means IFRS Accounting Standards as issued by the International Accounting Standards Board

“**LBMA**” means the London Bullion Market Association.

“**km**” means kilometer.

“**m**” means meter.

“**Ma**” means million years.

“**Mexico**” means the United Mexican States.

“**MI 61-101**” means Multilateral Instrument 61-101, *Protection of Minority Security Holders in Special Transactions* implemented by certain securities regulatory authorities in Canada including the Ontario Securities Commission.

“**MK Metal**” means MK Metal Trading Mexico, S.A. de C.V., a Mexican division of Ocean Partners.

“**MMR**” means Minera Mexicana El Rosario S.A. de C.V., a subsidiary of the Company formed and organized under the laws of the Mexico and holding all of the Company’s interests in, among other properties, San Ignacio, Valenciana and Topia.

“**NI 43-101**” means National Instrument 43-101 *Standards of Disclosure for Mineral Projects* adopted by the Canadian Securities Administrators.

“**NI 45-106**” means National Instrument 45-106 *Prospectus Exemptions* adopted by the Canadian Securities Administrators.

“**NI 51-102**” means National Instrument 43-101 *Continuous Disclosure Obligations* adopted by the Canadian Securities Administrators.

“**Nivel 7**” means Compania Minera Nivel 7, S.A. de C.V., a subsidiary of the Company formed and organized under the laws of the Mexico.

“**NSR**” means net smelter returns royalty.

“**QA/QC**” means Quality Assurance/Quality Control.

“**Ocean Partners**” means Ocean Partner UK Limited, a United Kingdom based metals trader, and, where applicable, its affiliates.

“**OCIM**” means OCIM Metals & Mining SA and its affiliates, a Geneva based precious metals merchant and financier.

“**Odyssey**” means Odyssey Trust Company, the registrar and transfer agent of the Company.

“**OMPSA**” means Obras Mineras El Pinguico, S.A. de C.V., a subsidiary of the Company formed and organized under the laws of the Mexico and holding all of the Company’s interests in, among other properties, El Cubo and El Pinguico.

“**Qualified Person**” or “**QP**” means a “qualified person” for the purposes of NI 43-101.

“**PEA**” means preliminary economic assessment within the meaning of NI 43-101.

“**PROFEPA**” means Procuraduría Federal de Protección al Ambiente, or Federal Agency of Environmental Protection, which creates and enforces the Federal environmental laws of Mexico with the goal of sustainable development separate and apart from SEMARNAT.

“**San Ignacio**” or “**San Ignacio Property**” means the San Ignacio mines project held by MMR and acquired by the Company from Great Panther on August 4, 2022 consisting of, inter alia, nine mining concessions totaling approximately 398.1844 hectares located in the state of Guanajuato, Mexico near the city of Guanajuato including certain surface lands and leased real property and other tangible property, improvements, mining rights and assets appurtenant thereto as more particularly described under Item 5.4 “DESCRIPTION OF THE BUSINESS – *Mineral Projects – San Ignacio, Guanajuato, Mexico*” herein.

“**SEC**” means the United States Securities and Exchange Commission.

“**SEDAR+**” means the System for Electronic Document Analysis and Retrieval as located on the Internet at [www.sedarplus.com](http://www.sedarplus.com).

“**SEMARNAT**” means Secretaría de Medio Ambiente y Recursos Naturales, or Ministry of Environment and Natural Resources, the Mexican federal agency responsible for environmental protection, including permitting of surface work and some mining programs.

“**Topia**” or “**Topia Property**” means the Topia mines project held by MMR and acquired by the Company from Great Panther on August 4, 2022 consisting of, inter alia, 56 contiguous mining concessions and 7 outlier concessions totaling approximately 6,807 hectares located near the town of Topia in state of Durango, Mexico, including certain surface lands and leased real property, the Topia processing plant and other tangible property, improvements, mining rights and assets appurtenant thereto as more particularly described under Item 5.4 “DESCRIPTION OF THE BUSINESS – *Mineral Projects – Topia Property, Durango, Mexico*” herein.

“**Valenciana**” or “**Valenciana Mines Complex**” or “**VMC**” means the Valenciana mines complex held by MMR and acquired by the Company from Great Panther on August 4, 2022 consisting of, inter alia, 19 mining concessions totaling approximately 679.76 hectares located in the state of Guanajuato, Mexico near the city of Guanajuato including the previously independent, now interconnected, Promontorio, Santa Margarita, Rayas, Los Pozos, Cata, Valenciana and Guanajuatito mines, together with certain surface lands and leased real property, the Cata Processing Plant and other tangible property, improvements, mining rights and assets appurtenant thereto as more particularly described under Item 5.4 “DESCRIPTION OF THE BUSINESS – *Mineral Projects – Valenciana Mines Complex, Guanajuato, Mexico*” herein.

Words importing the masculine shall be interpreted to include the feminine or neuter and the singular to include the plural and vice versa where the context so requires.

## 2.2 Glossary of Technical Terms

The following is a glossary of certain geological and technical terms used in this AIF.

**adit** – a horizontal or close-to-horizontal tunnel, man-made for mining purposes.

**Ag** – silver.

**AgEq** or **silver Eq** – silver equivalent, reflecting the equivalent values of silver and all other products produced by the Company, relative to the prevailing silver price.

**alteration** - any physical or chemical change in a rock or mineral subsequent to its formation.

**assay** – in economic geology, to analyze the proportions of metal in a rock or overburden sample; to test an ore or mineral for composition, purity, weight or other properties of commercial interest.

**Au** - gold.

**breccia** - a coarse-grained elastic or carbonate rock, composed of angular broken rock fragments held together by a mineral cement or in a fine-grained matrix; it differs from conglomerate in that the fragments have sharp edges and unworn corners. Breccia may originate as a result of talus accumulation, explosive igneous processes, collapse of rock material, or faulting.

**concentrate** - a fine, powdery product of the milling process containing a high percentage of valuable metal.

**contained ounces** - a measure of in-situ or contained metal based on an estimate of tonnage and grade.

**Cu** – copper.

**cut-and-fill** - a mining method which removes mineralized material in horizontal slices and the remaining void is filled with waste rock before proceeding to mine the next slice of mineralized material.

**cut-off grade** - a calculated minimum metal grade at which material can be mined and processed at break even cost.

**cyanidation** - a method of extracting exposed silver or gold grains from crushed or ground ore by dissolving it in a weak cyanide solution.

**deposit** - a natural concentration of minerals in the earth's crust.

**dip** - the angle at which a stratum is inclined from the horizontal.

**core drilling** - a drilling method that uses a rotating barrel and an annular-shaped, diamond impregnated rock-cutting bit to produce cylindrical rock cores and lift such cores to the surface, where they may be collected, examined and assayed.

**epithermal** - hydrothermal deposits formed at low temperature and pressure.

**exploration** - prospecting, sampling, mapping, diamond-drilling and other work involved in locating the presence of economic deposits and establishing their nature, shape and grade.

**fault** - fracture in a rock where there has been displacement of the two sides.

**flotation** - in mineral processing, method used to separate and concentrate ores by altering their surfaces to a hydrophobic or hydrophilic condition—that is, the surfaces are either repelled or attracted by water.

**gpt** or **g/t** – grams per tonne.

**grade** - the amount of valuable metal in each tonne of ore, expressed as grams per tonne (gpt) for precious metals, as percent (%) for copper, lead, zinc and nickel.

**host** - a rock or mineral that is older than rocks or minerals introduced into it.

**in-situ** – the original, natural, or existing place or position.

**jumbo** – a rock drilling machine used in underground mining, if mining is done by drilling and blasting.

**hydrothermal** - relating to the circulation of hot water within Earth's crust.

**M oz** – million ounces.

**mineral resource** - a concentration or occurrence of solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, diamonds and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. A mineral resource is an inventory of mineralization that under realistically

assumed and justifiable technical and economic conditions might become economically extractable. Mineral resources are sub-divided, in order of increasing geological confidence, into inferred, indicated and measured categories.

*Inferred mineral resource*: that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

*Indicated mineral resource*: that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

*Measured mineral resource*: that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

**mineralization** - implication that the rocks contain metallic minerals and that these could be related to ore.

**mineral reserve** - the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction could reasonably be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined. Mineral reserves are subdivided in order of increasing confidence into Probable Mineral Reserves and Proven Mineral Reserves. The term “mineral reserve” need not necessarily signify that extraction facilities are in place or operative or that all governmental approvals have been received. It does signify that there are reasonable expectations of such approvals.

**mining claim** - a footprint of land that a claimant holds in accordance with applicable mining laws to explore for and, in most instances, exploit the minerals under the surface.

**MRE** – mineral resource estimate.

**mucking** – mining term for shoveling broken rock into tramming cars, usually a scooptram (similar to a front-end loader), immediately after the blast of a row.

**net smelter return royalty** or **NSR** - a royalty based on a percentage of valuable minerals produced with settlement made either in kind or in currency based on the sale proceeds received less all of the offsite smelting, refining and transportation costs associated with the purification of the economic metals.

**ore** - that part of a mineral deposit which could be economically and legally extracted.

**oxide** - refers to sulphide minerals being exposed to oxygen either through hydrothermal or near-surface weathering processes.

**Pb** –lead.

**pillar** – a block of solid ore or other rock left in place to structurally support the shaft, walls or roof of a mine.

**ppm** - parts per million, numerically equivalent to grams per long tonne.

**quartz** - a common rock forming mineral consisting of silicon and oxygen.

**reclamation** - the process by which lands disturbed as a result of mining activity are modified to support beneficial land use. Reclamation activity may include the removal of buildings, equipment, machinery and other physical remnants of mining, closure of tailings storage facilities, leach pads and other mine features, and contouring, covering and re-vegetation of waste rock and other disturbed areas.

**resuing** - a method of stoping wherein mineralized material is extracted separately from the waste rock on one side of the vein. This method is employed on narrow veins, and yields cleaner mineralized material than when waste and mineralized material are broken together.

**rhyolite** - a fine-grained volcanic (extrusive) rock of granitic composition.

**stopping** - the extraction of mineralized material or other minerals by creating underground openings through the application of drill and blast techniques.

**sulfidation** – a chemical reaction of a solid substance, such as a metal or an alloy, with sulfur in some form in its working environment, which produces compounds of sulfur that usually form on or under the surface of the substance.

**sulphide** - a group of minerals in which one or more metals are found in combination with sulphur.

**tailings** - material rejected from a mill after most of the recoverable valuable minerals have been extracted.

**trench** – a long, narrow excavation dug through overburden, or blasted out of rock, to expose a vein or ore structure.

**vein** - a zone or belt of mineralized rock lying within boundaries clearly distinguished from neighbouring rock. A mineralized zone has, more or less, a regular development in length, width and depth to give it a tabular form and is commonly inclined at a considerable angle to the horizontal. The term "lode" is commonly used synonymously for vein.

**Zn** – zinc.

### **ITEM 3: CORPORATE STRUCTURE**

#### **3.1 Name, Address and Incorporation**

The Company was incorporated under the name "*Lightning Minerals Inc.*" pursuant to the *Companies Act* (British Columbia) on August 11, 1978 and transitioned under the BCBCA on May 28, 2004. The Company changed its name to "*Vangold Resources Inc.*" on September 2, 1988, "*Pacific Vangold Mines Ltd.*" on March 4, 1994, "*Paccomm Ventures Inc.*" on April 18, 2000, "*Vangold Resources Ltd.*" on August 29, 2003 and again to "*Vangold Mining Corp.*" on May 10, 2017. The Company has also consolidated its share capital on various occasions since its incorporation, most recently on a two old shares for one new share basis on March 12, 2019. On June 10, 2021 the Company changed its name to its current name "*Guanajuato Silver Company Ltd.*".

The Company is a reporting issuer in the Canadian provinces of British Columbia and Alberta and its Common Shares are listed for trading on the TSXV under the symbol "GSVR" and quoted on the OTCQX over-the-counter market in the United States under the symbol "GSVRF". The Common Shares are also admitted for trading on the Apex Segment of the Aquis Stock Exchange in the United Kingdom under the ticker "GSVR".

The registered and head offices of the Company are located at 999 Canada Place, Suite 578, Vancouver, B.C. V6C 3E1, telephone: (604) 913-5899.

#### **3.2 Inter-corporate Relationships**

The Company currently has eight subsidiaries: OMPSA, MMR, Canmex, Nivel, 1352168, Gato Chico, 1424579 B.C. Ltd. and CSM.

OMPSA was incorporated on February 23, 2017 under the laws of Mexico and holds the Company's interests in El Cubo and El Pinguico as well as the Patito I and Patito II mineral concessions, all located within 15 kilometres of Guanajuato, Mexico. See Item 5.4 "DESCRIPTION OF THE BUSINESS – *Mineral Projects – El Cubo-Villalpando Mine Complex, Guanajuato, Mexico*" below.

MMR was incorporated on June 24, 1998 under the laws of Mexico and holds the Company’s interests in San Ignacio, VMC and the El Horcon mineral concession, all located in close proximity to the city of Guanajuato, Mexico and the Topia Property located in the state of Durango, Mexico. See “*San Ignacio, Guanajuato, Mexico*”, “*Valenciana Mines Complex, Guanajuato, Mexico*”, and “*Topia Property, Durango, Mexico*” under Item 5.4 “DESCRIPTION OF THE BUSINESS – *Mineral Projects*” below.

Canmex was incorporated on March 7, 2017 under the laws of Mexico and holds the Analy I and II mining concessions, located 50 km east of San Miguel de Allende, the El Ruso and Ysabela concessions located within the state of Guanajuato, some 200 km east of Guanajuato city, and the Camila mineral concession located near the El Ruso and Ysabela claims, in the state of Queretero. See Item 5.4 “DESCRIPTION OF THE BUSINESS – *Mineral Properties – Other Opportunities*” below.

Nivel 7 was incorporated under the laws of Mexico on February 17, 2021. As of the date hereof, Nivel 7 does not own any properties or assets or carry on any active business.

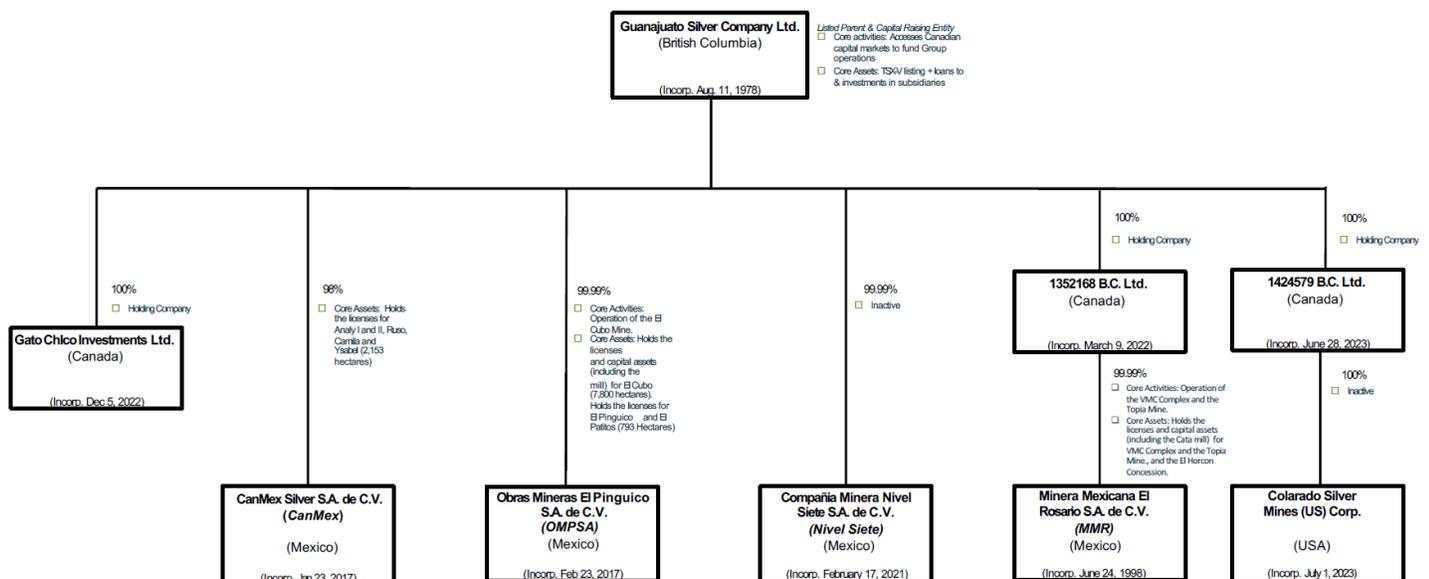
1352168 was incorporated on March 9, 2022 under the laws of British Columbia and holds, on behalf of the Company, all of the issued and outstanding shares of MMR, save for one MMR share held directly by the Company. See Item 4.1 “GENERAL DEVELOPMENT OF THE BUSINESS – *Three Year History – Financial Year Ended December 31, 2022*” below.

Gato Chico was incorporated on December 5, 2022 under the laws of British Columbia and is currently inactive. See Item 4.1 “GENERAL DEVELOPMENT OF THE BUSINESS – *Three Year History – Financial Year Ended December 31, 2022*” below.

1424579 was incorporated on June 28, 2023 under the laws of British Columbia and holds, on behalf of the Company, all of the issued and outstanding shares of CSM.

CSM was incorporated on July 1, 2023 under the laws of Nevada and is currently inactive.

The following chart illustrates the inter-corporate relationships among the Company and its subsidiaries as of the date of this AIF.



## ITEM 4: GENERAL DEVELOPMENT OF THE BUSINESS

### 4.0 Overview

Headquartered in Vancouver, B.C., Guanajuato Silver is a Canadian based mining, development and exploration company engaged in reactivating past producing silver and gold mines in central Mexico, predominantly near the city of Guanajuato. Since 2017, the Company has acquired a 100% interest in five past producing silver and gold mines: the El Pinguico mine in 2017, the El Cubo mine and mill complex in 2021, and the San Ignacio mine, Valenciana Mine Complex and Topia mine in 2022, as well as several exploration concessions within the Mexican silver states of Guanajuato and Querétaro. The Company does not consider its exploration concessions to be material properties for the purposes of NI 51-102 or NI 43-101.

At present, the Company is focused on increasing production from its El Cubo mine and recently acquired San Ignacio, Valenciana and Topia mines, as well as the delineation of additional silver and gold resources through underground and surface drilling. El Cubo, El Pinguico, San Ignacio and Valenciana are all located within the Guanajuato mining district of central Mexico which has an established 480-year mining history. The Topia mine and mill complex is located near the town of Topia in the state of Durango, Mexico.

The Company acquired El Cubo from Endeavour in April 2021, completed refurbishment of the El Cubo Mill in September 2021 and began mining and processing of resources and mineralized material from underground mining operations at El Cubo and above ground stockpiled material at El Pinguico (collectively the “**El Cubo-Villalpando Mine Complex**”) in October 2021. See Item 5.4 “DESCRIPTION OF THE BUSINESS – *Mineral Projects – El Cubo-Villalpando Mine Complex*” for a description of the El Cubo-Villalpando Mine Complex.

In August 2022, the Company acquired San Ignacio, Valenciana and Topia as part of its purchase of MMR from Great Panther. Valenciana and San Ignacio had been placed on “care and maintenance” by Great Panther in late 2021 and early 2022, respectively, due to a lack of available tailings capacity. Within two weeks following its acquisition of MMR in August 2022, the Company had re-started mining operations at San Ignacio and shortly thereafter the Company began mining at Valenciana. Initially, mined material from San Ignacio and Valenciana was shipped by truck to the Company’s El Cubo Mill for processing. In December 2022, the Company finished recommissioning the Cata Processing Plant at Valenciana and is currently processing mineralized material mined from Valenciana and San Ignacio at Cata. At present, the Company produces silver and gold concentrates at the El Cubo Mill and Cata Processing Plant with material derived from El Cubo, San Ignacio and Valenciana which is currently sold to Ocean Partners pursuant to an existing offtake agreement. See Item 4.1 “GENERAL DEVELOPMENT OF THE BUSINESS – *Three Year History – Financial Year Ended December 31, 2022*” below.

Great Panther operated the Topia mine and mill continuously from December 2005 until its sale to the Company on August 4, 2022. Since acquiring Topia, the Company has successfully integrated Topia into its mining operations without any stoppage in production. Currently, Topia produces a zinc concentrate for sale to Ocean Partners and a separate lead, silver and gold concentrate for sale to a second offtake purchaser.

During the year ended December 31, 2022, being the first full year of production for the Company, the Company produced a total of 2.15 million AgEq ounces<sup>1</sup> including 836,375 AgEq ounces during the fourth quarter derived from 401,244 ounces of silver, 3,907 ounces of gold, 811,492 pounds of lead and 1,261,554 pounds of zinc. The Company is targeting silver equivalent production in the range of 3.4 to 3.6 million ounces during 2023<sup>2</sup>.

The following map outlines the Company’s mining operations in the Guanajuato region of Mexico including El Cubo, El Pinguico, San Ignacio and Valenciana and Topia in Durango, Mexico.

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<sup>1</sup> Silver equivalents were calculated using an 81.35:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q4; 89.97:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.08:1 (Ag/Zn) ratio for Q4 and Q3 2022; 83.4:1 (Ag/Au) ratio for Q2 2022; and 80:1 (Ag/Au) ratio for Q1 2022.

<sup>2</sup> Silver equivalents were calculated using an 81.33:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2023, an 83.4:1 (Ag/Au) ratio for Q2 2022; an 82.51:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for YTD 2023, an 82:22:1 (Ag/Au) ratio for YTD 2022, respectively and an 83.78:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q1 2023.



#### 4.1 Three Year History

*Financial Year ended December 31, 2020*

On March 10, 2020 the Company’s Common Shares re-commenced trading on the TSXV following the issuance of a halt trade by the TSXV in 2019 in connection with a proposed reverse takeover of Aventura Gold Ltd. and the Tassawini gold project in Guyana, South America, which was subsequently terminated by the Company in October 2019.

On March 18, 2020, the Company issued 403,640 Common Shares with a fair value of \$13,922 (C\$20,182) to settle accounts payable of \$7,023 (C\$10,182) owed to a vendor and \$6,898 (C\$10,000) owed to a company controlled by the Chief Executive Officer of the Company.

On March 24, 2020, the Company changed its trading symbol from “VAN” to “VGLD”.

On March 31, 2020, William T. Gehlen was appointed as a director of the Company. See Item 10 “DIRECTORS AND OFFICERS” below for a description of Mr. Gehlen’s work experience and educational background.

On March 31, 2020, the Mexican government declared a national health emergency with extraordinary measures due to the COVID-19 pandemic. Numerous health precautions were decreed, including the suspension of non-essential businesses, with only essential services to remain open. The Company implemented measures to minimize the risks of COVID-19, both to employees and to its business, followed government health regulations and protocols and closely monitored the pandemic with local health authorities. As of the date of this AIF, the Company continues to post health advisories to educate employees about COVID-19 symptoms, best practices to avoid contracting and spreading the virus, and procedures to follow if symptoms are experienced and infection detected.

In May 2020, the Company adopted a warrant acceleration bonus program (the “**Acceleration Program**”) for outstanding share purchase warrants granted in connection with the Company’s 2019 private placement of 25,809,500 units at a price of C\$0.05 per unit for gross proceeds of C\$1,290,475, each unit consisting of one Common Share and one warrant to purchase an additional Common Share at a price of \$0.08 (C\$0.10) for a period of two years. Under the

Acceleration Program warrant holders were entitled to receive one “bonus” Common Share for every 10 warrants exercised between May 27, 2020 and June 26, 2020. In total, the Company issued 21,363,055 Common Shares, including 1,266,055 “bonus” shares, pursuant to the exercise of 20,097,000 warrants at a price of \$0.08 (C\$0.10) per share for gross proceeds of \$1,708,942 (C\$2,009,700) under the Acceleration Program.

In June 2020, the Company completed a bulk sample and metallurgical test on 1,039 wet tonnes of mineralized material from El Pinguico at Endeavour’s nearby Bolanitos processing mill. The material used for this test came exclusively from the Company’s surface stockpile of waste material, which was left behind when mining ceased at El Pinguico in 1913. The material had been exposed to the elements since that time and was therefore somewhat oxidized. Despite this, average recoveries of gold and silver were: gold: 75.18%; silver: 60.36%, with even higher gold and silver recoveries of up to 77.68% for gold and 67.19% for silver observed at times during the milling process. The different grinding size and residency time within different circuits at the Bolanitos’ mill accounts for much of these differences.

In August, 2020 the Company completed a non-brokered private placement and issued a total of 25,641,902 units at a price of C\$0.155 per unit for gross proceeds of \$2,167,767 (C\$3,974,494). Each unit consisted of one Common Share and one-half share purchase warrant, with each whole warrant entitling the holder to purchase one Common Share at C\$0.25 for a period, subject to acceleration in certain events, of two years from the date of issue. The Company paid \$103,055 (C\$137,123) in cash and issued 214,665 Common Shares and 821,011 finder’s warrants with an exercise price of C\$0.25 and a fair value of \$89,854 (C\$119,542) as finders’ fees in connection with the placement.

In September 2020, the Company purchased a portable Explorer - 75E core drill rig for use underground at El Pinguico from Grupo Ingetrol S.A de C.V. of Torreon, Mexico. Among other desirable attributes, this drill is small enough to fit into many of the adits, drifts, and galleries of El Pinguico’s old workings, while still being able to target the long strike length of potential new in-situ material of the main El Pinguico and San Jose vein systems. See Item 5.4 “DESCRIPTION OF THE BUSINESS – *Mineral Projects – El Cubo-Villalpando Mine Complex, Guanajuato, Mexico*”, for details of the Company’s recent drilling at El Pinguico.

On November 30, 2020, the Company issued 3,750,000 units with a fair value of \$1,325,467 (C\$1,703,085) to EMBSA pursuant to an option to acquire certain underlying royalties on the El Pinguico Project. See Item 5.4 “DESCRIPTION OF THE BUSINESS - *Mineral Properties – El Cubo-Villalpando Mine Complex, Guanajuato, Mexico*” below. Each unit consisted of one Common Share and one non-transferable share purchase warrant. Each warrant entitles EMBSA to purchase one Common Share at C\$0.175 for a period of five years from the date of issue. See also Item 13 “INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS”.

On December 18, 2020, the Company signed a binding letter agreement with Endeavour to acquire a 100% undivided interest in the El Cubo Project in Guanajuato, Mexico, 8 km northeast of the Company’s El Pinguico Project.

#### *Financial Year ended December 31, 2021*

On March 16, 2021, the Company signed a definitive asset purchase agreement with Endeavour for El Cubo and on April 9, 2021 the Company’s acquisition of El Cubo was completed.

In consideration for the El Cubo Project, the Company paid Endeavour \$7,500,000 cash, issued 21,331,058 Common Shares of the Company with a fair value of \$9,835,451 and provided an unsecured, non-interest bearing promissory note in the principal amount of \$2,500,000 due on April 8, 2022 (the “**El Cubo Note**”). Additionally, the Company is required to make certain contingent payments to Endeavour as follows:

- (a) \$1,000,000 upon the Company producing 3,000,000 ounces of AgEq ounces at the El Cubo Mill from material derived from either El Cubo or El Pinguico. At the Company’s option, the Company can issue Common Shares for up to 50% of such contingent payment, based on the volume weighted average trading price of the Company’s Common Shares for the 10 trading days immediately preceding the date of such payment;
- (b) \$1,000,000 if the LBMA spot price of gold closes at or above \$2,000 per ounce for 20 consecutive trading days within two years after closing (subsequently this has lapsed); and
- (c) \$1,000,000 if the LBMA spot price of gold closes at or above \$2,200 per ounce for 20 consecutive trading days within three years after closing.

On March 11, 2021, the Company completed a “part and parcel” private placement financing for gross proceeds of \$13,415,117 (C\$16,950,000) consisting of 56,500,000 units at a price of C\$0.30 per unit, to fund, inter alia, the acquisition of El Cubo and the initial cost of re-commissioning the El Cubo Mill and mine. Each unit consisted of one Common Share and one-half share purchase warrant, with each whole warrant entitling the holder to purchase one Common Share at a price of C\$0.45 for a period of three years from closing. The Company also incurred issuance costs of \$270,565 (C\$341,839) paid in cash, issued 518,139 Common Shares and 1,648,669 finder’s warrants with an exercise price of C\$0.45 exercisable for three years and a fair value of \$532,915 (C\$670,141) as finders fees.

On April 5, 2021, the Company filed the 2021 PEA Report dated effective January 31, 2021 (subsequently amended by the 2023 PEA Report) prepared by Behre on the El Cubo-Villalpando Mine Complex under its profile on SEDAR+. See Item 5.4 “DESCRIPTION OF THE BUSINESS – *Mineral Projects – El Cubo-Villalpando Mine Complex*” for a description of, among other things, the El Cubo-Villalpando Mine Complex.

On May 31, 2021, the Company entered into a gold and silver loan agreement (the “**2021 OCIM Loan Agreement**”) with European based OCIM for \$7.5 million. The loan was for a term of 18 months and secured by, inter alia, a share pledge and asset pledge agreement over the Company’s El Cubo Project. The loan was drawn down by the Company in July 2021 and repayable, after an initial six month payment free grace period, by the Company delivering a total of 228,916 silver ounces and 2,141 gold ounces to OCIM over a period of 12 months commencing February 28, 2022. The number of silver and gold ounces was determined based on a fixed annualized percentage discount to the spot prices of silver and gold on July 26, 2021, the date the Company served notice of drawdown of funds. See “*Financial Year ended December 31, 2022*” below for details of the Company’s repayment of this loan in full to OCIM.

On June 10, 2021, the Company changed its name from Vangold Mining Corp. to Guanajuato Silver Company Ltd. and began trading under its new symbols “GSVR” on the TSXV and GSVRF on the OTCQX.

In the second quarter of 2021, the Company made significant changes to its management (both in Canada and Mexico) and Board to, inter alia, add depth and bolster its production expertise and experience as follows:

- on April 1, 2021, Lisa Dea was appointed as the Chief Financial Officer of the Company in place of Xavier Wenzel. Ms. Dea has over 25 years of experience in financial management and accounting and has been a CFO for over 15 years in various TSX, TSXV and CSE listed companies including acting as CFO of Silvermex Resources Inc. (before being acquired by First Majestic Silver Corp.);
- on May 12, 2021, Ramon Davila joined the Board. Mr. Davila has extensive experience in the mining industry including 14 years on the board of directors of First Majestic Silver Corp., as well as 10 years as its Chief Operating Officer; commencing in 2016 Mr. Davila served as the Minister of Economic Development for the State of Durango, Mexico from 2016 to 2020; and
- on May 12, 2021 Hernan Dorado Smith was appointed as the Company’s Chief Operating Officer (transitioned to Chief Strategy Officer in April 2023) and Richard Silas was appointed as Vice President, Corporate Development and Corporate Secretary. Mr. Dorado previously worked with New Gold Inc. in Canada and Australia as well as Omya group, where he led teams in Mexico, Brazil, Ecuador and the Dominican Republic. Mr. Silas has over 25 years of experience in management roles and board positions of public companies, principally in the mining industry.

See also Item 10 “DIRECTORS AND OFFICERS” below for further details of the work experience and educational background of the Company’s officers and directors.

On July 27, 2021, the Company entered into an arm’s length agreement (the “**MGA Agreement**”) with MGA Contratista Minera S.A. de C.V. (“**MGA**”) to provide contract mining services at El Cubo with a view to reducing the Company’s initial capital costs at El Cubo as MGA was responsible for supplying its own mining equipment including one-arm jumbos, scoops, generators, fans and compressors. The MGA Agreement was for a term of 17 months commencing August 1, 2021 and expired on December 31, 2022. Under the MGA Agreement, MGA provided contract mine development and mine production services including ramp development, drilling and blasting, ore drifting, mucking and filling, haulage and rock bolting for a total of 223,785 tonnes mined at a “fixed” contract price (subject to adjustment in certain circumstances). See Item 5.4 “DESCRIPTION OF THE BUSINESS – *Mineral Projects – El Cubo-Villalpando Mine Complex - Company Update and Current and Contemplated Production, Exploration and Development*” below for a discussion of the Company’s current mining operations at El Cubo.

In September 2021, the Company entered into a concentrate sales agreement with MK Metal, a Mexican division of Ocean Partners, for the sale of silver and gold concentrate produced at the Company's El Cubo-Villalpando Mine Complex for a term of 18 months (the "**2021 MK Metal Offtake Agreement**"). Additionally, Ocean Partners provided the Company with an unsecured prepayment facility of \$1.5 million against the proceeds of concentrate sales (the "**2021 OP Facility**"), which facility was drawn down by the Company in October 2021. The facility bore interest at 12-month LIBOR + 6.75% and was repayable in 15 monthly installments after a 3-month grace period. In December 2022, the Company prepaid the remaining \$603,448 due under the 2021 OP Facility plus accrued interest in full and entered into the 2022 MK Metal Consolidated Silver and Gold Offtake Agreement with MK Metal in place of, inter alia, the 2021 MK Metal Offtake Agreement. See "*Financial Year Ended December 31, 2022*" below.

In October 2021 the Company commenced processing of silver and gold bearing material at its El Cubo Mill and shortly thereafter completed its first sale of approximately 75 tonnes of bulk silver and gold concentrate, worth approximately \$480,000, to Ocean Partners. The concentrate graded approximately 200 ounces per tonne silver and 2 ounces per tonne gold. See Item 5.4 "DESCRIPTION OF THE BUSINESS – *Mineral Projects – El Cubo-Villalpando Mine Complex - Company Update and Current and Contemplated Production, Exploration and Development*" below for details of the Company's current production of silver and gold concentrate at El Cubo.

In October 2021, the Company entered into a new collective bargaining agreement ("**El Cubo CBA**") with El Sindicato Nacional De Trabajadores Mineros, Metalúrgicos, Siderúrgicos y Similares De La Republica Mexicana (the "**El Cubo Union**"), the union representing workers at the Company's El Cubo mining operations, significantly reducing annual labour costs compared with the former collective bargaining agreement at El Cubo. The long-term agreement calls for the Company to adhere to all Mexican federal labour laws pertaining to health and safety within the mine and plant, and to basic federal standards of compensation. As compensation to the El Cubo Union for terminating its prior collective bargaining agreement (which had been in place for over 70 years with multiple previous employers) and establishing a more modern and straightforward CBA, the Company made a one-time payment (the "**One-Time Payment**") of 10 million Mexican pesos (approximately US\$488,634) to the El Cubo Union.

In November 2021, the Company arranged for early payment of the El Cubo Note to Endeavour in exchange for Endeavour reducing the principal amount of the El Cubo Note by \$25,000 and settling the Mexican value added tax payable on the purchase price for El Cubo totaling \$396,000 for a total of 901,224 Common Shares of the Company at a deemed price of C\$0.55 per Share. The Company paid the net principal amount of the El Cubo Note of \$2,475,000 in cash to Endeavour on or about November 15, 2021.

On November 30 and December 7, 2021, the Company completed a non-brokered private placement of 17,304,306 units at a price of C\$0.55 per unit for gross proceeds of \$7,450,683 (C\$9,517,368). Each unit consisted of one Common Share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase one Common Share at C\$0.75 for a period, subject to acceleration in certain events, of two years. The Company also paid \$73,284 (C\$92,928) in cash and issued 352,910 finder's warrants with an exercise price of C\$0.75 exercisable for two years and a fair value of \$37,597 (CAD\$47,665) as finders fees in connection with the placement.

Effective December 3, 2021 Lancaster & David, Chartered Professional Accountants, resigned as auditor of the Company at the Company's request. With the acquisition of El Cubo in Mexico, the Board determined that the expertise of a large international accounting firm was required and appointed KPMG LLP, Chartered Professional Accountants ("**KPMG**"), as auditors of the Company, which appointment was subsequently ratified by the shareholders at the Company's 2022 annual general meeting held on October 27, 2022.

#### *Financial Year Ended December 31, 2022*

In January 2022, the Company entered into a contract with Great Panther to purchase approximately 4,000 tonnes of silver and gold mineralized material from Great Panther's San Ignacio mine in Guanajuato, Mexico for processing at the El Cubo Mill to investigate the mill's capacity to process third party mineralized material as an additional revenue stream (whether by toll milling, raw material purchasing or profit sharing) for the Company. The purchase also enabled the Company test first hand the quality, grade and metallurgical characteristics of mineralized material at San Ignacio.

On February 3, 2022, the Company signed a non-binding indicative letter agreement with Great Panther to acquire all of the issued and outstanding shares of MMR (the "**MMR Shares**"), a wholly-owned subsidiary of Great Panther and owner of all of Great Panther's mining properties in Mexico including San Ignacio and Valenciana in Guanajuato,

Mexico, and Topia in Durango, Mexico. See Item 5.2 “DESCRIPTION OF THE BUSINESS – *Mineral Properties*” for a description of San Ignacio and Valenciana in Guanajuato, Mexico and Topia in Durango, Mexico.

In March, 2022 Ramon Davila was appointed as President of the Company, having previously been appointed a director of the Company on May 12, 2021. See Item 10 “DIRECTORS AND OFFICERS” below for a description of Mr. Davila’s work experience and educational background.

On April 26, 2022, the Company entered into a gold and silver prepayment facility (the “**2022 OCIM Facility**”) with OCIM for \$7.5 million for the purposes of:

- (1) repaying in cash the majority the Company’s 2022 monthly deliveries of gold and silver due to OCIM under the 2021 OCIM Loan Agreement (see “*Financial Year Ended December 31, 2021*” above); and
- (i) advancing the balance of the 2022 OCIM Facility to OMPSA to meet its ongoing needs for capital expenditures, development and operation of El Cubo.

Pursuant to the 2022 OCIM Facility, on May 4, 2022, OCIM prepaid to GSilver the sum of \$7,500,000 in consideration for the future delivery by GSilver to OCIM of a total of 1,958 ounces of gold and 242,877 ounces of silver, such number of ounces determined on the basis of a fixed annualized percentage discount to the LBMA closing market prices for gold and silver on May 4, 2022. The prepaid ounces are deliverable to OCIM in 12 equal monthly installments of 163.17 ounces of gold and 20,240 ounces of silver, commencing on November 1, 2022, after giving effect to a six (6) month delivery free grace period.

As noted above, GSilver utilized a portion of the 2022 OCIM Facility to prepay the cash equivalent of seven (7) monthly deliveries of gold and silver ounces due to OCIM under the 2021 OCIM Loan Agreement for the period commencing on April 29, 2022 and ending on October 31, 2022. Subsequent thereto, GSilver completed the last three (3) monthly deliveries of gold and silver ounces due to OCIM under the 2021 OCIM Loan Agreement, each being 178.4 gold ounces and 19,076 silver ounces, on November 30, 2022, December 30, 2022 and January 31, 2023, respectively.

The 2022 OCIM Facility is secured by the same security granted by GSilver to OCIM under the 2021 OCIM Loan Agreement, being

- (i) a guarantee of the 2022 OCIM Facility by OMPSA;
- (ii) a Canadian general security agreement (subject to certain carve-outs) over all of the present and after-acquired personal property of the Company;
- (iii) a share pledge agreement over all of the shares of OMPSA owned by the Company; and
- (iv) a general security agreement over all of the assets of OMPSA including, but not limited to, the El Cubo Project, subject to certain carve-outs including OMPSA’s interest in El Pinguico located approximately 8 kilometers by road from the El Cubo Project.

The Company also reimbursed OCIM the sum of \$30,000 towards its costs and expenses (including due diligence and legal fees and disbursements) incurred in connection with the 2022 OCIM Facility.

Subsequent to December 31, 2022, GSilver entered into a second pre-paid gold and silver purchase agreement with OCIM in the amount of \$5,000,000 (the “**2023 OCIM Facility**”), the proceeds of which (together with an additional cash payment of \$540,143 from GSilver to OCIM) were used to prepay in full the cash equivalent of the seven (7) remaining deliveries of gold and silver ounces due under the 2022 OCIM Facility. See “*Developments Subsequent to Financial Year Ended December 31, 2022*” below for further details regarding the 2023 OCIM Facility.

On June 29, 2022, the Company signed the definitive share purchase agreement with Great Panther to acquire MMR.

On July 21, 2022, the Company completed a “part and parcel” brokered private placement financing of 41,885,388 subscription receipts (the “**Subscription Receipts**”) at a price of C\$0.33 per Subscription Receipt for gross proceeds of \$10,722,659 (C\$13,822,178) to fund, inter alia, the cash portion of the purchase price for MMR (see below) and the initial cost of re-starting mining operations at San Ignacio and Valenciana (the “**2022 SR Financing**”). Each Subscription Receipt entitled the holder to acquire, upon satisfaction of certain escrow release conditions including the

successful acquisition of MMR by the Company and receipt of all necessary regulatory approvals (the “**SR Escrow Release Conditions**”) and without payment of additional consideration, one Common Share of the Company and one common share purchase warrant (a “**SR Warrant**”), each SR Warrant entitling the holder to purchase one Common Share at a price of C\$0.50 for a period of 36 months following closing of the MMR acquisition. It was a term of the 2022 SR Financing that the gross proceeds from the sale of Subscription Receipts, less one-half of the Agents’ cash commission and expenses, be deposited in escrow with Odyssey, as subscription receipts agent, to be held in escrow pending satisfaction of the SR Escrow Release Conditions.

Research Capital Corp. and Canaccord Genuity Corp. acted as co-lead agents on behalf of a syndicate of agents including Echelon Wealth Partners Inc. and Roth Canada Inc. for the 2022 SR Financing, which agents were paid an aggregate of \$387,668 (C\$502,212) in cash and issued a total of 1,524,520 non-transferable agent’s/advisory warrants in consideration for their services rendered in connection with the 2022 SR Financing. The agent’s/advisory warrants have the same terms as the SR Warrants issued to purchasers under the 2022 SR Financing.

On August 4, 2022, the Company satisfied the SR Escrow Release Conditions and the net proceeds of the 2022 SR Financing were released to the Company and the Subscription Receipts were automatically converted into an aggregate of 41,885,388 Common Shares and 41,885,388 SR Warrants. Immediately thereafter, the Company completed its acquisition of MMR from Great Panther in consideration for:

- (a) \$8,000,000 cash,
- (b) a working capital adjustment of \$1,350,000 cash for estimated excess working capital left in MMR over and above the target working capital agreed to by the parties (subject to certain final post-closing adjustments); and
- (c) 25,787,200 Common Shares of the Company at a deemed issue price of \$0.26 (C\$0.335) per share (the “**Great Panther Consideration Shares**”), with an aggregate deemed issue price of \$6,700,000 (C\$8,638,712) and a fair value of \$8,976,524 based on the closing price of the Company’s shares on August 4, 2022.

Additionally, the Company is required to make certain contingent payments up to an additional \$2,000,000 to Great Panther as follows:

- (a) \$500,000 cash - upon the Company recovering a total of 2,500,000 ounces of silver produced from MMR’s mineral properties;
- (b) \$750,000 cash - if the price of silver closes at or above \$27.50 per ounce for 30 consecutive trading days within two years after closing; and
- (c) \$750,000 cash - if the price of silver closes at or above \$30.00 per ounce for 30 consecutive trading days within three years after closing.

Great Panther, in turn, agreed to certain voluntary restrictions on the resale of the Great Panther Consideration Shares of the Company for up to a period of 12 months after closing. However, on or about March 8, 2023, the Company removed the voluntary restriction on resale of the Great Panther Consideration Shares in connection with the sale of such shares to, among others, a US based institutional fund by the insolvency trustee appointed in connection with Great Panther’s subsequent voluntary assignment into bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) on or about December 16, 2022. See also Item 9 “ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER” below.

See also Item 5.4 “DESCRIPTION OF THE BUSINESS - *Material Projects*” below for a description of the Company’s recent exploration and development work and mining operations at El Cubo, San Ignacio, Valenciana and Topia.

On August 9 2022, the Company filed the 2022 Valenciana Report and 2022 Topia Report prepared by Apex under its profile on SEDAR+. See Item 5.4 “DESCRIPTION OF THE BUSINESS – *Mineral Projects*” for a description of San Ignacio, Valenciana and Topia as derived from the 2022 Valenciana Report and 2022 Topia Report, respectively.

On August 29, 2022, the Company closed a \$5,000,000 concentrate credit facility (the “**2022 OP Facility #1**”) with Ocean Partners for the purposes of funding (a) operating costs and capital expenditures in connection with re-starting and ramping up mining operations at San Ignacio and the Valenciana Mine Complex in Guanajuato, Mexico and the day to day mining operations at Topia in Durango, Mexico; and (b) general corporate and working capital purposes.

The 2022 OP Facility #1 is for a term of 24 months, repayable over a period of 21 months following a three-month payment free grace period and bears interest at 12-month LIBOR + 7.5%. The 2022 OP #1 Facility is to be secured by the guarantee of MMR, a pledge over all of the issued and outstanding MMR shares and, at Ocean Partner’s election and cost, a fixed and floating charge on the property and assets of MMR. As further consideration for the 2022 OP Facility #1, the Company granted a total of 2,500,000 non-transferable “bonus” share purchase warrants to Ocean Partners, each warrant entitling Ocean Partners to purchase one Common Share of the Company at a price of C\$0.50 exercisable on or before August 29, 2024. The Company also paid Ocean Partners an arrangement fee of \$50,000 in connection with the OP Facility.

As a condition of and in conjunction with the 2022 OP Facility #1, the Company, indirectly through OMPSA and MMR, as applicable, entered into off-take agreements with MK Metal pursuant to which the Company has agreed to sell to MK Metal for a term of 24 months (i) 100% of its silver and gold concentrate derived from San Ignacio and Valenciana, subject to a total minimum delivery quantity of 6,000 wet metric tonnes (the “**2022 MK Metal Silver and Gold Offtake Agreement #1**”), and (ii) 100% of its zinc concentrate produced at Topia, subject to a minimum of 7,800 wet metric tonnes (the “**2022 MK Metal Zinc Offtake Agreement**”). The sales price for the concentrates is based on a fixed percentage of the silver, gold and zinc content (as the case may be) per dry metric ton of concentrate for each monthly shipment multiplied by the average monthly quoted silver, gold and zinc prices over the applicable quotational period, less certain deductions for treatment and refining charges and, if applicable, penalties.

In September, 2022, the Company appointed Reynaldo Rivera Abundis as Vice-President, Exploration of the Company. Mr. Rivera is a seasoned geological engineer, with more than 45 years of mineral exploration experience. From 2005-2015 Mr. Rivera was the Director of Exploration for Goldcorp Inc. (Mexico). Mr. Rivera is a Qualified Person under NI 43-101 as a member of the Australasian Institute of Mining and Metallurgy (AusIMM - Registration Number 220979 – since 2004). See Item 10 “DIRECTORS AND OFFICERS” for a further description of Mr. Rivera’s work experience, educational background and mining accomplishments.

On October 4, 2022, the Company announced the adoption of an omnibus equity compensation plan (the “**Omnibus Plan**”) with a view to providing the Company with a range of incentive awards including restricted share units, deferred share units, performance share units and other share-based awards to attract, retain and motivate employees, officers, directors and consultants of the Company and its affiliates. The Omnibus Plan, which is in addition to the Company’s existing 10% rolling stock option plan, is a “fixed” plan which reserves for issuance a maximum of 15,000,000 Common Shares for grants and awards to key employees, officers, directors and consultants who are expected to contribute to the Company’s success and help achieve long-term objectives that will benefit the Company and its shareholders. “Disinterested” shareholder approval for the Omnibus Plan was obtained at the Company’s 2022 annual general meeting held on October 27, 2022.

On October 25, 2022, the Company’s Common Shares were admitted for trading on the Apex Segment of the Aquis Stock Exchange in London, England under the ticker symbol “GSVR”. VSA Capital Limited is acting as the Aquis Stock Exchange Corporate Adviser and Broker to the Company.

On December 7, 2022, the Company, collectively with MMR and OMPSA, entered into a new concentrate supply agreement with MK Metal consolidating and amending the 2021 MK Metal Offtake Agreement and 2022 MK Metal Silver and Gold Offtake Agreement #1 into a single silver and gold offtake agreement (the “**2022 MK Metal Consolidated Gold and Silver Offtake Agreement**”) pursuant to which the Company agreed to sell to MK Metal for a term of 24 months 100% of its silver and gold concentrate produced from San Ignacio, Valenciana, El Cubo and El Pinguico, subject to minimum monthly deliveries of 250 wet metric tonnes and a total minimum delivery quantity of 12,500 wet metric tonnes, based on a fixed percentage of the silver and gold content per dry metric ton of concentrate for each monthly shipment multiplied by the average monthly quoted silver and gold prices over the applicable quotational period, less certain deductions for treatment and refining charges and, if applicable, penalties.

As a term of the 2022 MK Metal Consolidated Silver and Gold Offtake Agreement, MK Metal and Ocean Partners advanced a further \$5,000,000 (less an upfront arrangement fee of \$25,000) to the Company (the “**2022 OP Facility #2**”) to, inter alia, (a) pay out the remaining \$603,448, plus interest, due under the 2021 OP Facility, (b) prepay 3 months’

principal payments totalling \$714,286, plus interest, under the 2022 OP Facility #1; (c) finance certain capital and operating expenses of the Company's mining projects, and (d) fund general corporate and working capital expenses.

The 2022 OP Facility #2 bore interest at 12-month SOFR + 7.5% and matured on March 31, 2023 at which time 2022 OP Facility #2 was automatically rolled over, on a cashless basis, into a new secured revolving credit facility in the principal amount of \$5,000,000 (the "**2023 OP Secured Facility**") for the duration of the 2022 MK Metal Consolidated Gold and Silver Offtake Agreement ending December 31, 2024. See "*Developments Subsequent to Financial Year Ended December 31, 2022*" below for further details regarding the 2023 OP Secured Facility.

On December 7, 2022, the Company also settled outstanding accounts payable and accrued liabilities totalling \$826,274 (C\$1,127,038) in exchange for the issuance of 2,817,595 Common Shares at a deemed price of \$0.293 (C\$0.40) per Share (the "**2022 Debt Settlement**") with various creditors including 693,750 Common Shares to certain directors and officers of the Company. See Item 13 "INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS" below for details of insider participation in the 2022 Debt Settlement.

On December 21, 2022, the Company completed the first of two tranches of a non-brokered private placement financing of 15,952,196 units (the "**Life Units**") at a price of \$0.312 (C\$0.425) per Life Unit for gross proceeds of \$4,971,307 (the "**2022 Life Financing**") to, inter alia, ramp up production at the Company's existing mines in Mexico including El Cubo, San Ignacio and Valenciana, expand and modernize the processing facilities at Topia, increase brownfields' exploration (primarily at San Ignacio and Valenciana), establish a reserve against future operating deficits, and fund corporate head office expenses and working capital. Each Life Unit consisted of one Common Share of the Company and one-half (1/2) common share purchase warrant (each whole warrant a "**Life Warrant**"), each Life Warrant entitling the holder to purchase one Common Share at a price of C\$0.60 for a period of 24 months after closing.

The Company also paid finder's fees in connection with the first tranche of the 2022 Life Financing totalling \$190,356 cash and finder warrants to purchase up to 514,591 Common Shares of the Company on the same terms as the Life Warrants in accordance with the policies of the TSXV.

The Life Units and the underlying Common Shares and Life Warrants comprised therein were issued on a "*free-trading*" basis under applicable Canadian securities laws pursuant to the "*listed issuer financing exemption*" under Part 5A of NI 45-106.

#### *Developments Subsequent to Financial Year Ended December 31, 2022*

On January 10, 2023, the Company completed the second and final tranche of 4,080,486 Life Units at a price of \$0.313 (C\$0.425) per Life Unit for gross proceeds of \$1,277,061. The Company also paid finder's fees in connection with the second tranche of the 2022 Life Financing totalling \$12,069 cash and finder warrants to purchase up to 36,000 Common Shares of the Company on the same terms as the Life Warrants in accordance with the policies of the TSXV.

On March 16, 2023, the Company entered into the 2023 OCIM facility with OCIM for \$5.0 million for the purposes of prepaying the cash equivalent of the remaining seven (7) months' deliveries of gold and silver ounces due to OCIM under the 2022 OCIM Facility.

Pursuant to the 2023 OCIM Facility, on March 29, 2023, OCIM prepaid to GSilver the sum of \$5,000,000 in consideration for the future delivery by GSilver to OCIM of a total of 1,241 ounces of gold and 157,323 ounces of silver, such number of ounces determined on the basis of a fixed annualized percentage discount to the LBMA closing market prices for gold and silver on March 29, 2023. The prepaid ounces are deliverable to OCIM in 16 equal monthly installments of 77.56 ounces of gold and 9,833 ounces of silver, commencing on June 29, 2023 (after giving effect to a three (3) month delivery free grace period) up to and including September 27, 2024.

As noted above, GSilver utilized the \$5,000,000 proceeds from the 2023 OCIM Facility, together with an additional cash payment of \$540,143 out of the Company's working capital, to prepay in full the cash equivalent of the remaining seven (7) monthly deliveries of gold and silver ounces due to OCIM under the 2022 OCIM Facility for the period commencing on March 30, 2023 and ending on September 26, 2023. After giving effect to such prepayment, GSilver's only remaining obligation to deliver gold and silver ounces to OCIM is pursuant to the 2023 OCIM Facility as aforesaid.

The 2023 OCIM Facility is secured by the same security granted by GSilver to OCIM under the 2022 OCIM Facility, being

- (v) a guarantee of the 2023 OCIM Facility by OMPSA;
- (vi) a Canadian general security agreement (subject to certain carve-outs) over all of the present and after-acquired personal property of the Company;
- (vii) a share pledge agreement over all of the shares of OMPSA owned by the Company; and
- (viii) a general security agreement over all of the assets of OMPSA including, but not limited to, the El Cubo Project, subject to certain carve-outs including OMPSA's interest in El Pinguico located approximately 8 kilometers by road from the El Cubo Project.

Effective March 31, 2023, the 2022 OP Facility #2 (see "*Financial Year Ended December 31, 2022*" above) was automatically rolled over, on a cashless basis, into the 2023 OP Secured Facility for the duration of the 2022 MK Metal Consolidated Gold and Silver Offtake Agreement ending December 31, 2024. The 2023 OP Secured Facility bears interest at 12 month SOFR + 7.5%, is re-payable and re-drawable, on a revolving basis, in 4-month intervals, and secured by the same security granted to Ocean Partners by the Company under the 2021 OP Facility. See "*Financial Year ended December 31, 2021*" above.

On March 16, 2023, the Company purchased the 15% net profits royalty over the surface stockpile of previously mined material at El Pinguico held by EMBSA for \$70,000 cash. See "*Financial Year Ended December 31, 2020*" above for details of the Company's option to purchase certain underlying royalties against the El Pinguico Project held by EMBSA.

In April 2023, Hernan Dorado Smith transitioned from Chief Operating Officer to Chief Strategy Officer of the Company to enable Mr. Smith to step back from his operational duties and focus more on strategic growth strategies and initiatives for the Company. See also Item 10 "DIRECTORS AND OFFICERS" below for further details of the work experience and educational background of Mr. Smith.

On June 12, 2023, the Company settled an outstanding advisory fee of C\$47,250 to Canaccord Genuity Corp. in exchange for the issuance of 81,465 Common Shares at a deemed price of C\$0.58 per Share.

On June 26, 2023, the Company filed the 2023 PEA Report dated effective December 31, 2022 prepared by Behre on the El Cubo-Villalpando Mine Complex under its profile on SEDAR+. See Item 5.4 "DESCRIPTION OF THE BUSINESS – Mineral Projects – El Cubo-Villalpando Mine Complex" for a description of, among other things, the El Cubo-Villalpando Mine Complex.

On August 10, 2023, the Company completed a bought deal private placement financing of 22,250,000 units (the "**August 2023 Units**") at a price of C\$0.36 per August 2023 Unit for gross proceeds of C\$8,010,000 (the "**August 2023 Financing**"). The proceeds of the August 2023 Units are intended to be used for working capital and general corporate purposes. Each August 2023 Unit consisted of one Common Share of the Company and one common share purchase warrant (each a "**August 2023 Warrant**"). Each August 2023 Warrant entitles the holder to purchase one Common Share at a price of C\$0.55 for a period of 18 months after closing. The Company also paid a cash commission in connection with the August 2023 Financing totalling \$480,600 and issued 1,335,000 broker warrants to purchase up to 1,335,000 Common Shares of the Company on the same terms as the August 2023 Warrants.

On October 13, 2023, the Company announced that it has issued a total of 2,928,330 common shares at a deemed price of \$0.23, (C\$0.32) per share in settlement of \$686,143 (CAD\$937,066) of debt, including 468,750 shares issued to related parties totalling \$109,834.

On December 16, 2022, Great Panther made a voluntary assignment into bankruptcy under the Bankruptcy and Insolvency Act of Canada, and a licensed insolvency trustee (the "Trustee") was appointed by the Supreme Court of British Columbia. On November 7, 2023, the Company reached an agreement with the Trustee representing Great Panther to offset any contingent payments due pursuant to the terms of the MMR Acquisition with the working capital adjustment receivable owed by Great Panther. As a result, the Company's obligation to make contingency payments that were due under the terms of the MMR Acquisition have been terminated (see THREE YEAR HISTORY - FINANCIAL YEAR ENDED DECEMBER 31, 2022).

On November 2, 2023 the Company announced the filing of the 2023 San Ignacio Report on SEDAR+.

## 4.2 Significant Acquisitions

The Company did not complete any significant acquisitions during its most recently completed financial year ended December 31, 2022 for which disclosure was required under Part 8 - *Business Acquisition Report* of NI 51-102.

## ITEM 5: DESCRIPTION OF THE BUSINESS

### 5.1 General

#### *Summary*

The Company is a precious metals producer engaged, indirectly through its Mexican subsidiaries, in reactivating past producing silver and gold mines in central Mexico. Since 2017, the Company has acquired five past producing silver and gold mines and three processing plants: the El Pinguico mine in 2017, the El Cubo mine and mill complex in 2021, and the San Ignacio mine, Valenciana Mine Complex including Cata Processing Plant and Topia mine and processing plant in 2022, as well as several exploration concessions within the Mexican silver belt of central Mexico.

In October 2021, the Company completed refurbishment of the El Cubo Mill and re-commenced mining operations at El Cubo and the processing of surface stockpile material from El Pinguico. In August 2022, the Company acquired MMR and restarted mining operations at San Ignacio and Valenciana Mines Complex (which had been placed on “*care and maintenance*” by Great Panther in late 2021 and early 2022) shortly thereafter. Mining at Topia has continued uninterrupted since the Company’s acquisition of MMR on August 4, 2022. See Item 4.1 “GENERAL DESCRIPTION OF THE BUSINESS – *Three Year History*” above. Currently, the Company is focused on increasing production at its existing mines and delineating additional silver and gold resources through underground and surface drilling. El Cubo, El Pinguico, San Ignacio and Valenciana are all located within the Guanajuato Mining District in the state of Guanajuato, Mexico, which has an established 480-year mining history. Topia is located in the state of Durango, Mexico.

Currently, the Company produces silver and gold concentrates from the El Cubo Mine, Valenciana Mines Complex, and San Ignacio mine located within the state of Guanajuato. Additionally, the Company produces a zinc concentrate and separate lead, silver and gold concentrate from the Topia mine in northwestern Durango. See “*Production and Services*” below for a description of the Company’s existing offtake agreements for the sale of its concentrates.

See also Item 5.4 “DESCRIPTION OF THE BUSINESS – *Mineral Projects*” for a further description of the Company’s current mining operations.

#### *Production and Services*

Currently, the Company provides feed to the El Cubo Mill from underground mining of the Villalpando and Santa Cecilia vein areas at El Cubo. The Company also processes mineralized material from San Ignacio and Valenciana at the Cata Processing Plant acquired from Great Panther in August, 2022. The Cata Processing Plant is centrally located within the Valenciana Mine Complex and only 30 kilometers from San Ignacio.

The Company has entered into concentrate sales agreements with Ocean Partners to sell 100% of its silver and gold concentrate produced from material derived from El Cubo, El Pinguico, San Ignacio and Valenciana and 100% of its zinc concentrate produced at Topia for a period of 24 months, subject to minimum delivery requirements of 12,500 wet metric tonnes of silver and gold concentrate and 7,800 wet metric tonnes of zinc concentrate, respectively. See Item 4.1 “GENERAL DEVELOPMENT OF THE BUSINESS – *Three Year History – Financial Year Ended December 31, 2022*”. The concentrate is shipped to Manzanillo, Mexico and sold to Ocean Partners for further smelting and refining. The Company also inherited as part of its acquisition of MMR a separate offtake agreement for the sale of its lead, silver and gold concentrate at Topia to an affiliate of Samsung C&T U.K. Limited.

The Company acquired El Cubo in April, 2021 and began producing silver and gold concentrate in October, 2021 following completion of the Company’s refurbishment and re-start of the El Cubo Mill. For the three month period ended December 31, 2021, the Company produced 235,609 AgEq ounces, consisting of 125,423 ounces of silver and 1,880 ounces of gold. Total material processed during this period amounted to 77,524 tonnes and was comprised of mineral resources mined from El Cubo’s Villalpando stopes and the El Pinguico above ground stockpile. Commercial production of mineral resources from El Cubo’s Santa Cecilia vein area began in December 2021. In July 2022, the

Company suspended processing of lower grade mineral resources from the above ground stockpile at El Pinguico to focus on the underground mining and processing of higher grade mineral resources and material from the Villalpando and Santa Cecilia vein areas at El Cubo.

Total production from El Cubo for the full year ended December 31, 2022 was 1,629,237 AgEq ounces representing a 591% increase over the 235,609 AgEq ounces produced during the fourth quarter of December 31, 2021. Additional improvements in grade and recoveries in 2022 also positively impacted the total AgEq ounces produced in 2022.

In August 2022, the Company acquired MMR and restarted mining operations at San Ignacio and Valenciana shortly thereafter. Mining at Topia has continued uninterrupted since the Company's acquisition of MMR on August 4, 2022.

As a result of the MMR acquisition, the Company's total production for the year ended December 31, 2022 including El Cubo (from January 1, 2022), San Ignacio (from August, 2022), Valenciana (from October, 2022) and Topia (from August 4, 2022) was 2,150,222 AgEq ounces, consisting of 1,011,877 ounces of silver, 11,174 ounces of gold, 1,349,100 pounds of lead, and 1,938,681 pounds of zinc, of which fourth quarter production alone amounted to 836,375 ounces of AgEq, comprised of 401,244 ounces of silver, 3,907 ounces of gold, 811,492 pounds of lead, and 1,261,554 pounds of zinc.

In 2022, the Company's revenues in 2022 were made up of 48% of gold revenue (2021 – 47%), 47% of silver revenue (2021 – 53%), 2% of lead revenue (2021 – N/A) and 3% of zinc revenue (2021 – N/A).

As of the date of this AIF, the Company's mining operations are not yet producing at nameplate capacity and the Company has not attained positive cash flow. The Company's future cash flow and profitability will be dependent on, inter alia, the Company's ability to ramp-up and increase production at its existing mines, increase mineral grades and recoveries and control operating costs. In addition, the Company's profitability is highly dependent on the market prices of gold and silver. Gold and silver prices fluctuate widely and are affected by numerous factors beyond the Company's control including global or regional demand, supply and consumption patterns for gold and silver, interest rates, exchange rates, inflation or deflation, global economic conditions including the impact of high inflation and rising interest rates, COVID-19, the ongoing global conflicts including in Ukraine and the Middle East, and the political and economic conditions of major gold and silver producing and gold and silver consuming countries throughout the world. Further, the price of gold and silver can be impacted by their role as safe havens during periods of market turmoil and perceived economic threats.

Mining methods at the Company's mineral properties are methods used throughout Mexico and are well understood in the Guanajuato area and at Topia. Mechanized cut-and-fill stoping using small LHD (load-haul-dump) machines and handheld jackleg drills with some resuing is the primary method of production from underground operations. This method allows for some degree of resuing to minimize the amount of waste dilution and to provide fill for the stopes. The Company has begun using long hole open stoping at El Cubo, Valenciana and San Ignacio in 2023.

Development methods include conventional drill-blast-muck using jumbos for drilling and LHDs and trucks for haulage. Ground support is installed, as required.

The Company's decision to process mineralized material from its estimated mineral resources and other material at El Cubo, El Pinguico, San Ignacio, Valenciana and Topia is not based on a feasibility study of mineral reserves demonstrating economic and technical viability and therefore is subject to increased uncertainty and risk of failure, both economically and technically. Mineral resources and mineralized material that are not mineral reserves do not have demonstrated economic viability, are considered too speculative geologically to have economic considerations applied to them, and may be materially affected by environmental, permitting, legal, title, socio-political, marketing, and other relevant issues. There are no assurances that the Company's projected production of silver, gold and other concentrates from El Cubo, San Ignacio, Valenciana or Topia will be realized.

See Item 5.4 "DESCRIPTION OF THE BUSINESS – *Mineral Projects*" below for further details regarding the Company's mining operations at El Cubo, San Ignacio, Valenciana and Topia.

### *Specialized Skill and Knowledge*

Management is comprised of a team of individuals who collectively have extensive expertise and experience in mine development and production, mineral exploration and exploration finance and are complemented by an experienced board of directors. See Item 10 “DIRECTORS AND OFFICERS”.

### *Competitive Conditions*

The Company is engaged in the business of acquiring, reactivating and, if warranted, mining of past producing silver and gold mines in central Mexico. The Company is currently producing for sale silver and gold concentrate from mineral resources or mineralized material at El Cubo, San Ignacio and Valenciana and a lead, silver and gold concentrate and separate zinc concentrate at Topia. Prices for the Company’s products are determined by world markets over which the Company has no influence or control. The Company also competes with other mining companies, many of which have greater financial resources, operating experience and technical facilities, for the acquisition of mineral properties, joint venture partners, equipment and supplies, qualified personnel and exploration and development capital. See Item 5.2 “DESCRIPTION OF THE BUSINESS - Risk Factors – *The Company’s competition is intense in all phases of its business*” below.

### *Intangible Properties and Cycles*

The Company’s current business is not affected, in any material respect, by intangibles such as licences, patents and trademarks.

The Company’s material mineral projects are located in central Mexico where the climate allows for exploration, mining and milling operations to be carried out year-round. Accordingly, the Company does not anticipate material variations in future revenues and cost of sales due to seasonality; save perhaps for periods of excessive rain which could limit or defer processing of mineralized material and/or concentrate. The rainy season in Mexico generally extends from June through September.

### *Economic Dependence and Changes to Contracts*

On December 7, 2022, the Company consolidated certain existing offtake agreements and entered into the 2022 MK Metal Silver and Gold Offtake Agreement with MK Metal and Ocean Partners to sell all of its silver and gold concentrate produced from the El Cubo-Villalpando Mine Complex, San Ignacio and Valenciana for an initial term of 24 months, subject to a minimum delivery amount of 12,500 wet metric tonnes. The Company is also subject to the separate 2022 MK Metal Zinc Offtake Agreement with MK Metal and Ocean Partners to sell all of its zinc concentrate produced at Topia for a term of 24 months, subject to a minimum delivery amount of 7,800 wet metric tonnes. The Company currently sells its lead, silver and gold concentrate produced at Topia to an affiliate of Samsung C&T U.K. Limited under a 18 month concentrate sales agreement dated September 17, 2021, subject to a minimum quantity of 5,400 dry metric tonnes, inherited as part of the Company’s acquisition of MMR. See Item 4.2 “GENERAL DEVELOPMENT OF THE BUSINESS – *Three Year History*” above.

The Company, indirectly through OMPSA and MMR, is a party to various collective bargaining agreements with unions representing workers at the Company’s El Cubo, San Ignacio/Valenciana and Topia mining operations. Such agreements require the Company to, among other things, adhere to Mexican federal labour laws pertaining to health and safety within the mines and plants, and to basic federal standards of compensation, and are subject to review from time to time with respect to wages and other matters. See Item 4.2 “GENERAL DEVELOPMENT OF THE BUSINESS – *Three Year History – Financial Year Ended December 31, 2021*” above for a further discussion of the El Cubo CBA.

Save as aforesaid or otherwise disclosed in this AIF, the Company is not aware of any aspect of its business which it reasonably expects to be materially affected in the current financial year by renegotiation or termination of contracts.

### *Environmental Protection*

The current and future operations of the Company, including mining activities at the Company's mineral properties, are subject to laws and regulations governing exploration, development, tenure, production, taxes, labour standard, occupational health, wastes disposal, greenhouse gas emissions, protection and remediation of environment, reclamation, mine safety, hazardous substances and other matters. Compliance with such laws and regulations increases the cost of and delays planning, designing, drilling and developing the Company's properties. The Company seeks to incorporate technically proven and economically feasible measures to advance protection of the environment throughout the exploration, development and mining process. Current costs associated with compliance are considered to be normal.

The Company's environmental permits at its mineral properties require that the Company reclaim certain lands it disturbs during mining operations. Significant reclamation and closure activities include land rehabilitation, decommissioning of buildings and mine facilities, ongoing care and maintenance and other costs. Although the ultimate amount of the reclamation and rehabilitation costs to be incurred cannot be predicted with certainty at this time, the Company's estimated reclamation obligations for the El Cubo-Villalpando Mine Complex, San Ignacio, Valenciana and Topia at December 31, 2022 was \$16,771,876 (December 31, 2021 – \$6,249,826 for only the El Cubo-Villalpando Mine Complex).

In or about 2019 the State of Guanajuato, Mexico adopted a state program of urban development and territorial ecological planning which restricts mining and other exploration and development activities within certain non-core portions of the Company's Guanajuato area mines. As of the date of this AIF, such state program does not affect the El Cubo, San Ignacio or Valenciana mines and is not expected to impact, in any material respect, the Company's current exploration and development plans for such mines.

See also "*Foreign Operations*" below.

### *Employees and Consultants*

The Company maintains a corporate head office in Vancouver, B.C. and operations offices in Guanajuato and Durango, Mexico.

As of December 31, 2022, the Company had 10 employees and consultants based in its Vancouver corporate office and employs through its Mexican subsidiaries approximately 1,448 full-time and part-time employees and contractors in Mexico. See "*Economic Dependence and Changes to Contracts*" above for further details of the Company's collective bargaining agreements with various unions representing workers at OMPSA's El Cubo operations and MMR's San Ignacio/Valenciana and Topia operations.

As operations require, the Company also retains geologists, engineers, and other consultants and contractors from time to time to assist or conduct specific mining, development and exploration programs or corporate activities.

Save and except as disclosed elsewhere in this AIF, the Company has not experienced, and does not, at present, expect to experience, significant difficulty in attracting and retaining qualified personnel. However, see "*COVID-19 Pandemic*" and "*Dependence on Key Personnel*" in Item 5.2 "DESCRIPTION OF THE BUSINESS - Risk Factors" below.

### *Foreign Operations*

All of the Company's mining operations and material mineral properties are situated in Mexico and therefore the Company is subject to foreign operations including Mexico's Mining Law of June 1992, most recently amended in May 2023 (as discussed below). Mining activities in Mexico are administered by the Secretaría de Economía – Dirección General de Minas in Mexico City. Under Mexican law, mining concessions may only be obtained by Mexican nationals or Mexican companies incorporated under Mexican laws. Surface land rights are distinct from the mining concessions.

Subject to compliance with all regulations, the holder of a mining concession is granted the exclusive right to explore and develop the concession area for a term of 50 years from the date of registration with the Public Registry of Mining, provided that in the last five years the holder may apply for an automatic one-time extension of the concession for an additional 50-year term if all other concession terms have been complied with. Mining rights in Mexico can be transferred by their private holders to other Mexican nationals or companies incorporated under Mexican law with no restrictions or requirements other than registering the transaction with the Public Registry of Mining.

In order to maintain a concession in good standing, the holder is required to pay biannual duties under the Federal Duties Law in January and July of each year based upon the number of hectares covered by the concession area and the year of granting. In addition, the holder must perform minimum work each year and file annual proof of the work performed each May. Failure to comply with these requirements is cause for cancellation only after the Secretariat of Economy of Mexico through the Dirección General de Minas notifies the concession holder of the default in writing and grants the holder a specified time frame in which to remedy the default. If a concession holder does not carry out exploration and exploitation activities for two consecutive years within the first 11 years of its concession grant, it will be required to pay an additional charge equal to 50% of the two-year concession duty. This duty increases to 100% for continued inactivity after the 12th year. Payment of the additional concession duty is due 30 days after the end of the two-year period.

There are no limitations in Mexico on the total number of mining concessions that may be held by an individual or a company, subject to compliance with the above payment and work requirements.

Mexican mining law also requires the payment of a discovery premium related to National Mineral Reserves, Concessions in Marine Zones, and Allotments to the Mexican Geological Society (formerly Council of Mineral Resources), provided the concessions have been granted through bidding. In addition, mining companies are currently subject to a special mining duty of 7.5% on profits derived from the sale of minerals, and an extraordinary mining duty of 0.5% on the gross value of sales of gold, silver and platinum.

Environmental protection regulations in Mexico require permits or authorizations for mine operations, exploration, for operating a processing plant, for the discharge and/or deposition of tailings and waste, and other activities. Generally speaking, common exploration activities (not impacting the environment) do not require prior environmental authorization or licenses; however, it is advisable to seek assurances from the applicable governmental authorities where planned operations may affect the water table or involve protected natural areas. Environmental regulations are covered under “Ley General del Equilibrio Ecológico y la Protección al Ambiente” (General Law of Ecological Balance and Environmental Protection) and its regulations with certain operations subject to other environmental laws, including “Ley de Aguas Nacionales” (Law of National Waters) and “Ley Forestal” (Forestry Law) and their associated regulations and there are four government departments that deal with and regulate such affairs including SEMARNAT and PROFEPA. The construction of processing plants requires further governmental approval.

Mexico has recently enacted comprehensive changes to its mining and water laws. The decree amending the Mexico’s Mining Law (*Ley Minera*), National Waters Law (*Ley de Aguas Nacionales*), General Law of Ecological Balance and Environmental Protection (*Ley del Equilibrio Ecológico y la Protección al Ambiente*), and General Law for the Prevention and Integral Management of Waste (*Ley General para la Prevención y Gestión Integral de los Residuos*) was published in the Official Gazette of the Federation on May 8, 2023 (the “Decree”). The Decree came into effect on May 9, 2023. The changes reserve most new mineral exploration activities in Mexico to the Mexican state, require all new mining concessions to be granted pursuant to a public tendering process, reduce the duration of mining concessions impose new indigenous consultation requirements and new environmental safeguards, create new closure bonding requirements, eliminate legal procedures allowing miners to access surface properties, and generally tighten the requirements for water concessions, among other things. The new laws also contain subjective new standards for the revocation of concessions, and contain many ambiguities, including with respect to the manner in which existing mining and water concessions will be treated. While some of these issues may be resolved via the promulgation of regulations (which are due within 180 days of May 8, 2023), others may not be and the Decree creates additional risks for the Company’s operations in Mexico.

As a developing economy, operating in Mexico also involves certain risks. See Item 5.2 “DESCRIPTION OF THE BUSINESS - Risk Factors – Foreign Operations and Government Regulations” below.

#### *Reorganizations*

The Company has not completed any material reorganization within the three year period preceding the date of this AIF.

#### *Social and Environmental Policies*

The Company is committed to developing sustainability programs for all stakeholders for the long-term benefit of the Company and society at large. Sustainability programs implemented or planned by the Company include improving the Company’s safety policies and practices; supporting health programs for the Company’s employees and the local communities; sponsoring educational scholarships, job skills training programs, community cultural events and

infrastructure improvements including road maintenance; supporting charitable causes including annual donations for multiple events such as mother's day, children's day and Christmas; and advancing environmental stewardship and reclamation. See Item 5.4 "MINERAL PROJECTS".

## 5.2 Risk Factors

The operations of the Company are highly speculative due to, among other things, the high-risk nature of the Company's business, which includes the acquisition, financing, exploration, development and mining of mineral properties, and any investment in Common Shares involves a high degree of risk and should be considered speculative. While the Company considers the risks set out below to be the most significant to potential investors, they are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also materially adversely affect the Company's operations, business and financial condition. If any of these risks materialize into actual events or circumstances, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's Common Shares could decline and investors may lose all or part of their investment. Accordingly, potential investors should carefully consider the risks set out below and elsewhere in this AIF and the Company's public disclosure record before purchasing Common Shares.

### *Risks Associated with Recent Acquisitions*

The Company completed its acquisition of El Cubo on April 9, 2021 and MMR on August 4, 2022. The decisions to acquire El Cubo and MMR were based on a number of assumptions, including estimates of mineral resources and mineralized material, expected cost and timing of refurbishing existing mills and infrastructure and restarting mining operations, anticipated processing and production rates, ability of the Company to supply and deliver mineralized material from El Pinguico, San Ignacio and VMC for processing at the El Cubo Mill, anticipated future exploration results at the Company's mineral properties, future cost of reclaiming existing tailings facilities and other environmental matters, potential increases to the Company's resource base, anticipated cost of mine closure bond and indemnification obligations of the Company under the respective acquisition agreements (see Item 4.2 "GENERAL DESCRIPTION OF THE BUSINESS – *Three Year History*") including both past and future environmental conditions and liabilities at the Company's material properties including El Cubo, San Ignacio, VMC and Topia. If any of these or other assumptions proves incorrect, the Company may not be able to achieve profitable operations at El Cubo, San Ignacio, VMC or Topia. The acquisitions of El Cubo and MMR are also subject to a numerous risks that may result in a materially adverse impact on the Company, including potential political risks involving the Company's operations in a foreign jurisdiction (see "*Foreign Operations and Government Regulations*" below), technical and operational difficulties that may be encountered with reactivation and operation of past producing mines and mills, uncertainty of production and cost estimates and the potential for unexpected costs and expenses, uncertainty in mineral resource estimation, physical risks inherent in mining operations, currency fluctuations, fluctuations in the price of silver, gold and other metals, completion of economic evaluations, changes in project parameters as plans continue to be refined, permitting risks, the inability or failure to obtain adequate financing on a timely basis, unanticipated increases in the cost of the tailings reclamation, increased mine closure costs and related bond requirements, potential fines, penalties, regulatory actions or charges from government authorities with respect to environmental plans and permits and the other risks and uncertainties described elsewhere in this AIF, any of which could have a material adverse impact on the Company and its results of operations.

### *Current Working Capital and Ability to Obtain Financing*

As at June 30, 2023, the Company had US\$2,835,553 of cash and cash equivalents (December 31, 2022 – US\$8,832,936) and an estimated working capital deficit of US\$17,831,378 (December 31, 2022 – deficit of US\$5,972,704). Future production, development and exploration of the Company's existing mineral properties and any new properties in which the Company may acquire an interest will be dependent upon the Company's ability to obtain capital through equity financing and/or debt financing, to enter into joint venture arrangements or to obtain other means of financing. There is no assurance that the Company will be successful in obtaining required financing as and when needed or on terms and at rates reasonably acceptable to the Company. Volatile precious metals markets may make it difficult or impossible for the Company to obtain financing on favourable terms, or at all. The Company only commenced production in October 2021 and has yet to generate positive cash flow from operating activities. There are no assurances that the Company will produce silver, gold and other concentrates in sufficient quantities and grades to make scheduled debt repayments and capital investments and the Company may need to raise other sources of capital. Further, there is no assurance that the Company's future cash flow from mining activities, along with its current cash and other working capital, will be sufficient to fund the Company's operations without requiring any additional capital to meet planned initiatives, and to fund investment and exploration, evaluation, and development activities for the foreseeable future. The Company's

ability to fund its operations without additional capital will be highly dependent on metal prices and the ability of the Company to maintain cost and grade controls at its operations, and is subject to the Company's plans and strategy. Ultimate capital costs associated with the ongoing development of the Company's mining properties are presently unknown but will entail significant capital expenditures for additional equipment, machinery, fixed assets and facility upgrades. Such capital requirements will require the Company to obtain additional financing and there are no assurances that such financing will be available on commercially reasonable terms or at all when needed. Additional capital costs may also be required to extend mine life at the Company's operating mines. A material change in the Company's capital plans could significantly change the cash and working capital required by the Company. Government and industry measures to contain any future spread of COVID-19 could also cause disruption to the Company's operations and adversely impact cash flow and liquidity.

The Company also had outstanding loan payables and advance concentrate pre-payments of \$16,488,104 as at December 31, 2022 (December 31, 2021 - \$9,474,452) comprised of the balances owing under the 2021 OCIM Loan, 2022 OCIM Prepayment Facility and 2022 OP Facility. See Item 4.2 "GENERAL DEVELOPMENT OF THE BUSINESS – *Three Year History*". In January 2023, the Company made the final delivery of silver and gold ounces due to OCIM under the 2021 OCIM Loan and on March 29, 2023 the Company completed the 2023 OCIM Financing and paid out in cash the remaining 7 months' deliveries of gold and silver ounces due to OCIM under the 2022 OCIM Facility. The Company may enter into new debt arrangements in the future that may further increase its debt obligations. The Company is dependent upon its future ability to maintain and increase production at its mines in order to generate the cash flow required to repay its indebtedness in accordance with the required payment schedules. In the event production cannot be increased or maintained, the Company will be required to complete additional equity financings or sell assets in order to repay these creditors and avoid enforcement actions or an insolvency event. There is no assurance that any equity financing would be available to the Company in these circumstances or that the Company would be able to market and sell assets at the prices that the Company would consider to be fair and representative of their market value.

The Company may also require additional capital to carry out additional acquisitions to achieve growth. There is no assurance that the Company will be able to obtain additional capital when required. Failure to obtain additional financing on a timely basis may limit expansion, development and exploration plans, or even to suspend operations.

Historically, the Company has raised funds through equity financing and the exercise of options and warrants. The raising of equity capital may have a dilutive effect on the price of the Company's Common Shares. See "*Risk of Dilution Resulting from the Issuance of Additional Shares*" below.

See also "*Decommissioning and Reclamation Costs*" below for a discussion of the estimated present cost of reclamation and rehabilitation expenditures associated with the future closure of the El Cubo, El Pinguico, San Ignacio, Valenciana and Topia mines and risks associated therewith.

#### *Metals and Mineral Prices Are Subject to Dramatic and Unpredictable Fluctuations*

The profitability of the Company's mining operations and the value of its mining properties are directly related to the market price of silver, gold and other metals. The Company commenced production in October 2021 and anticipates deriving the majority of its revenue from the sale of silver concentrate, and to a lesser extent gold, zinc and lead concentrates, and as such the results of the Company's operations will fluctuate as the prices of these metals change.

Prices for precious and base metals fluctuate on a daily basis, have historically been subject to wide fluctuations and are affected by numerous factors beyond the Company's control such as supply and demand fundamentals, global economic conditions and political developments, expectations with respect to the rate of inflation, level of interest rates, central bank transactions with respect to gold and silver sales and loans, forward sales by metal producers, foreign currency exchange rates, international investments, monetary systems, and speculative activities. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving adequate returns on invested capital or the investments retaining their respective values. Declining market prices for silver, gold, zinc and/or lead could materially adversely affect the Company's operations and profitability, render mineral resource estimates unprofitable to develop or subject to restatement and projects could be significantly reduced or rendered uneconomic. In addition, the market price of the Company's Common Shares could suffer. Any period of significant and sustained lower silver, gold, zinc and/or lead prices could also adversely impact the Company's ability to continue to maintain, explore, develop and/or operate its existing properties or acquire new material properties worthy of exploration and development.

Currently, the Company engages in limited hedging activities with respect to silver and gold prices. To the extent the Company has not hedged it is exposed to further risk of price changes in silver and gold which could significantly impact the Company's cash flow from operations and adversely affect its ability to make debt repayments when due should these prices decline in circumstances when the Company does not have hedging arrangements in place.

#### *Resource Estimates are Inherently Uncertain*

To date, mineral resources have been estimated solely for the Company's El Cubo, San Ignacio and El Pinguico properties. Such estimates are based on various interpretations and assumptions and therefore may yield less mineral production under actual conditions than is currently estimated. In determining whether or not to advance a project towards production, the Company must rely upon estimated calculations as to the mineral resources and grades of mineralization on its properties. Until mineralized zones are mined and processed, mineral resources and grades are only estimates based upon geological interpretation and statistical inferences drawn from drilling and sampling which may prove to be imprecise and unreliable. There are no assurances that the Company's mineral resources are accurate or that the mineralization can be mined or processed profitably. Any material changes in mineral resource estimates and grades will affect the economic viability of a mine or project and its return on capital. The Company's resource estimates have been determined and valued based on assumed future prices, cut-off grades and operating costs that may prove to be inaccurate. Extended declines in market prices for silver, gold and other metals may render portions of the Company's resources and mineralized material uneconomic and adversely affect the Company's ability to extract such resources and material on a profitable basis. The Company cannot assure that mineral recovery rates achieved in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale.

#### *Historic Resource Estimates are not Current Resources*

As of the date of this AIF, Valenciana and Topia do not contain any mineral resources or reserves as defined under NI 43-101. However, certain historical resources estimates were established for Valenciana and Topia by Great Panther as more particularly described in Item 5.4 "DESCRIPTION OF THE BUSINESS - *Mineral Projects*" below and the 2022 Valenciana Report and 2022 Topia Report, respectively. The Company is not treating these historical estimates, or any part thereof, as current mineral resources under NI 43-101 as a Qualified Person on behalf of GSilver has not done sufficient work to classify these estimates as current mineral resources. A thorough review by GSilver's Qualified Person of all historic data, the key assumptions, parameters, and methods used to prepare such estimates and additional exploration and validation work to confirm results, estimation procedures, and the standards by which the estimates were completed and/or categorized would be required in order to produce current mineral resource estimates for Valenciana and Topia. For these reasons, among others, such historical estimates should not be relied upon as a guarantee of mineral resources. Actual mineral resources, if any, may differ significantly. The historical estimates have been included in this AIF to demonstrate the mineral potential of Valenciana and Topia and as a guide to future mining and exploration activities.

#### *Production Decision Made without Identified Mineral Reserves*

There are no mineral reserves at any of the Company's mineral properties. The Company decided to enter into production at El Cubo, El Pinguico, San Ignacio, Valenciana and Topia without having completed any feasibility studies. Accordingly, the Company did not base its production decision on any feasibility studies of mineral reserves demonstrating economic and technical viability of the mines. Mineral properties that are placed into production without the benefit of a feasibility study have historically had a higher risk of failure. There are no assurances the Company's operations will be profitable. The Company's mineral properties also include inferred mineral resources which are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. Furthermore, the absence of proven or probable reserves increases the uncertainty that current resources and mineralized material at the Company's mines can be economically produced or if so, for what period of time, or that such mines will be profitable or that the Company will recover its money spent on acquisition, exploration and evaluation.

In the future, the Company may decide to extend mine operations at its existing mines beyond the mine life of its current mineral resources or estimated mineralized material by mining further mineral resources or material that are not classified as mineral reserves without the completion of a feasibility study to establish whether such additional resources or material can be converted into mineral reserves. As a result, there may be increased uncertainty and risks of achieving any particular level of recovery of minerals from the Company's mines or the costs of such recovery.

### *COVID-19 Pandemic*

Globally, and in Mexico, COVID-19 led to, inter alia, significant restrictions on travel and gatherings of individuals, quarantines, temporary business closures and a reduction in business and consumer activity in general. Although quarantines and other restrictions have been lifted in most jurisdictions and vaccination programs have been implemented, it is possible that travel or quarantine restrictions may be reimplemented as a result of a new outbreak of COVID-19. A local outbreak that results in an impediment to labor, supply or market logistics or a change in government health orders remains a risk. Further, the Company cannot accurately predict the impact that any new restrictions that are implemented as a result of COVID-19 will have on third parties' ability to meet their obligations with the Company, including the timely delivery of personnel, machinery, goods and supplies and certain governmental permits and other third party approvals. Any sustained shut-down or significant curtailment to the Company's operations will have a material adverse impact on the Company's production, revenues and financial condition and may materially impact the Company's ability to meet its production targets and goals or satisfy its obligations and liabilities including debt obligations. The spread of COVID-19 has also impacted the Company's employees and contractors not only from a health concern but also in terms of limitations on movement, availability of food and other goods, and personal well-being.

Although COVID-19 has already had a significant, direct impact on the Company's operations, business and workforce, the extent to which COVID-19 will continue to impact the Company's operations will depend on future developments which are highly uncertain and cannot be predicted with confidence. These future developments include, but are not limited to, the duration and severity of any new outbreak of COVID-19, new information that may emerge concerning the severity of COVID-19, and the future actions taken by governments of affected countries to contain COVID-19 or treat it including travel restrictions and quarantines and the lengths thereof. The impact of future governmental restrictions and health and safety protocols could improve or worsen relative to the Company's assumptions, depending on how each jurisdiction manages potential outbreaks of COVID-19, the development and adequate supply of vaccines, and the roll-out of vaccination programs in each jurisdiction. For example, future restrictions as a result of COVID-19 may impact the Company by delays in receiving permits and regulatory responses which could adversely impact its operations and exploration and development plans. Future restrictions may also result in the Company experiencing disruptions to its operations as a result of COVID-19 including employee health and workforce shortages and the unavailability of contractors, subcontractors or industry experts, interruption of supplies and the provision of services from third parties upon which the Company relies, regulatory restrictions that governments impose or that the Company voluntarily imposes to address the COVID-19 outbreak and to ensure the safety of employees and others. The Company may experience disruptions in transportation services as a result of COVID-19 that could adversely impact the Company's ability to deliver silver and gold concentrate to refineries. COVID-19 may also negatively impact global and regional economies including demand for the Company's production. COVID-19 could also negatively impact stock markets, including the trading price of the Company's shares, adversely impact the Company's ability to raise capital, cause continued interest rate volatility and movements that could make obtaining financing or refinancing the Company's debt obligations more challenging or more expensive (if such financing is available at all), and result in any operations affected by COVID-19 becoming subject to quarantine or shut down. Any of these developments, and others, could have a material adverse effect on the Company's business, results of operations and financial condition. To the extent the Company's operations are impacted or expected to be impacted, the Company may undertake measures to preserve cash resources including suspension of discretionary spending and other legal means to reduce and minimize contractual spending. However, any extended suspension of operations may ultimately impact on the Company's ability to repay its debt obligations and other creditors, with the result that the Company's financial position may be seriously jeopardized.

### *Global Conflicts*

As the war in Ukraine, and Israel-Palestine conflict, continues to develop, the Company's business could be materially adversely affected by increased commodity prices and supply-chain disruptions. Oil and gas prices have fluctuated widely due to, inter alia, the ongoing conflict and the escalating sanctions threatened or imposed by various nations against Russia and Russian oil and gas exports have added to global uncertainty. In the event that the Russia-Ukraine war, or Israel-Palestine conflict, escalates and expands to other nations, such escalation could result in a global economic downturn that could adversely affect the Company's business. The Company cannot accurately predict the impact that the ongoing war in Ukraine, or Israel-Palestine conflict, will have on its financial position or operations.

### *Production and Cost Estimates*

The Company prepares estimates of future production and costs based on, inter alia, the accuracy of mineral resource and mineralized material estimates, estimated rates and costs of mining and processing, assumptions regarding geological conditions and physical characteristics of mineralization (including grades and recoverability), availability of equipment, machinery and labour, and the ability to continue mining activities without disruption. Actual production and costs may vary from estimates due to, inter alia, actual mineralization mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics, short-term operating factors relating to mineral resources including the necessity for sequential development of mineralized zones and processing of new or different grades of mineralization, the ability to continue mining in accordance with the Company's mine plans, availability and capacity of tailings storage facilities and other risks and hazards associated with mining. See "*Operating, Exploration and Development Risks and Hazards*" below. Furthermore, there are no assurances that silver and gold recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production, or that the existing known and experienced recoveries will continue. Production costs may also be affected by variability in grade or dilution, metallurgy, labour costs, costs of supplies and services (such as fuel and power), inflation, currency exchange rates, regulatory changes and other factors. Failure to achieve production or cost estimates, or increases in costs, could have a material negative impact on the Company's future cash flow, earnings, results of operations and financial condition.

### *Mining Operations and Infrastructure*

The capital and operating costs required by the Company's projects may be significantly higher than currently anticipated. Delays to construction and exploration schedules may negatively impact the Company's estimated net present values and internal rates of return for its operating mines. Furthermore, there are no assurances that the Company will achieve the rates of production, grades of material processed, rates of recoveries or mining cash costs currently projected by the Company and actual mining operations may fluctuate or differ significantly from historic levels or current estimates over the course of the mining operations conducted by the Company. Also, there is no assurance that the Company will be able to continue to extend the production from its current operations through exploration and drilling programs or future acquisitions.

Mineral production, development and exploration are also dependent on adequate infrastructure. Reliable roads, bridges, power sources, fuel and water supply and the availability of skilled labour and other infrastructure are important factors, which affect capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these factors could prevent or delay exploitation or development of the Company's projects and adversely impact the Company's ability to achieve the anticipated production volume, or result in increased construction costs and ongoing operating costs associated with the exploitation and/or development of the Company's projects. In addition, adverse weather conditions, natural disasters, sabotage, theft, terrorism, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations and profitability.

### *Mine Life at Existing Mineral Properties*

The Company estimates a remaining mine life of five years at each of its El Cubo, San Ignacio, Valenciana and Topia mines. Such estimates are based on numerous assumptions and estimates regarding, inter alia, future production and costs (including both capital and operating costs), mineral resources and mineralized material, metallurgical characteristics of mineral resources and material, prices for silver, gold and other metals and rates of production. There are no assurances that the Company's operations will be profitable or that such life of mine length will be achieved at all or any of the Company's current mines. In order to extend mining beyond 2028, the Company will need to expand its mineral resource base either by the development or discovery of additional resources and reserves or through the acquisition and development of one or more additional producing mines (see "*Growth Strategy*" below). There are no assurances that current and future exploration and drilling programs at El Cubo, San Ignacio, Valenciana or Topia or any additional acquisitions will result in the discovery of additional mineral reserves or resources capable of increasing mine life. There is also uncertainty regarding the amount of capital expenditures that may be required to be deployed to maintain and, if applicable, extend mine life at the Company's current mines beyond 2028 and any related regulatory and permitting risks associated therewith. Based on actual operating results, the Company may need to evaluate whether to shut down operations at one or more of its current mines if it cannot economically operate the mine or develop or acquire additional mineral resources or mineralized material. Any shut-down or curtailment of production at one or more of the Company's existing mines would materially and adversely impact the Company's future cash flows, earnings, financial condition and results of operations and may impair the ability of the Company to pay its obligations, including outstanding debt and reclamation and decommissioning liabilities.

Furthermore, the Company has not completed an independent feasibility study of the potential remaining mine life at El Cubo, San Ignacio, Valenciana or Topia thereby further increasing the uncertainty and risk that the Company will successfully generate a profit from these operations or earn a satisfactory rate of return on the Company's costs of acquisition, development and mining or at all.

#### *Decommissioning and Reclamation Costs*

As at December 31, 2022, the Company had recorded a provision in the amount of \$16,771,876 for the estimated present value of future reclamation and remediation costs associated with the future retirement of its mineral properties, plants, and equipment at the El Cubo-Villalpando Mine Complex, San Ignacio, Valenciana and Topia (December 31, 2021 - \$6,249,826 – El Cubo-Villalpando Complex only). Decommissioning and reclamation costs generally commence towards the end of mine life and the present value of these costs may be subject to change as a result of management's estimates of ultimate decommissioning and reclamation costs, changes in the remediation technology or changes to applicable laws, regulations and interest rates. Such costs must also be funded from the Company's operations, can be significant and are subject to change. The Company cannot predict the final level of decommissioning and reclamation that may be required for its mineral properties in the future by regulators. If the Company is required to comply with significant new or additional regulations or if the actual cost of future decommissioning and reclamation is significantly higher than current estimates, this could have an adverse impact on the Company's future cash flow, earnings, results of operations and financial condition. There is no assurance that the Company will have sufficient capital resources to fund these reclamation expenses as and when required.

#### *Operating, Exploration and Development Risks and Hazards*

Mining, development and exploration operations are inherently dangerous and involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Risks include, but are not limited to:

- difficult surface or underground conditions;
- water conditions;
- unexpected or unusual rock conditions, structures or formations;
- geological operating conditions, including mine or slope failures, ground fall, rock bursts, cave-ins, rock and landslides;
- fires, explosions, floods, droughts, inclement or adverse weather conditions, and earthquakes;
- unanticipated variations in grade and other geological problems;
- failure of pit walls, dams or tailings facilities;
- adverse environmental conditions or hazards;
- deleterious elements in mined resources;
- mechanical and equipment performance problems or failures or inability to obtain adequate equipment or machinery;
- power failures and interruptions;
- industrial and third party accidents;
- labour disruptions, strikes or lack of access to suitable labour;
- acts of God;
- interruptions due to war, rebellion, revolution, terrorism, sabotage, civil disobedience and protests;
- theft;
- delays in transportation;
- inaccessibility to property; and
- restrictions of courts and/or government authorities and other restrictive matters beyond the reasonable control of the Company. See also "COVID-19 Pandemic" above.

These risks could result in damage to, or destruction of mines and other production facilities or property, personal injury or death, including to the Company's employees, environmental damage, work stoppages, delayed production and resultant losses, increased production costs, asset write downs, loss or suspension of permits as a result of regulatory actions, monetary losses and possible legal liability for any and all damages.

While the Company maintains insurance to insure against damage or loss of property and general commercial liability claims, such insurance will not cover all of the potential risks associated with the Company's operations at economically

feasible premiums or at all. The Company may become subject to liability for pollution, environmental damage, cave-ins or hazards against which it cannot insure or against which it may elect not to insure due to, inter alia, the high cost of insurance premiums. Losses from any one or more of these events that are not covered by the Company's insurance policies may cause the Company to incur significant costs that could materially adversely affect its financial condition and ability to fund activities at its mineral properties. A significant loss could force the Company to reduce or terminate its operations and even result in bankruptcy. Currently, the Company is not insured against most environmental risks or nuclear or terrorism incidents.

Further, exploration and development of mineral properties involve a high degree of risk and few properties that are explored are ultimately developed into producing properties. There is no assurance that the Company's exploration activities will result in the discovery of additional mineral deposits, mineral resources or reserves. There is also no assurance that even if commercial quantities of ore are discovered, a property will be brought into commercial production or that the metallurgical processing will produce economically viable saleable products. The commercial viability of a deposit once discovered and the decision as to whether it should be brought into production will depend upon the results of exploration programs and/or feasibility studies, and the recommendations of qualified engineers and/or geologists, all of which involves significant expense. This decision will also involve consideration and evaluation of several significant factors including, but not limited to:

- costs of bringing a property into production, including exploration and development work, preparation of feasibility studies and construction of production facilities;
- availability and costs of financing;
- ongoing costs of production;
- market prices for the minerals to be produced;
- environmental compliance regulations and restraints (including potential environmental liabilities associated with historical exploration activities); and
- political climate and/or governmental regulation and control.

Many of these factors are beyond the Company's control.

Also, mining and metallurgy are not exact sciences and, accordingly, there is always an element of risk that a mine may not prove to be commercially viable. Until a deposit is actually mined and processed, the quantity of mineral reserves, resources or mineralized material and grades must be considered as estimates only. In addition, the determination and valuation of mineral reserves, resources and/or mineralized material is based on, among other things, assumed metal prices. Market fluctuations and metal prices may render mineral reserves, resources or mineralized material uneconomic. Any material changes in quantity of mineral reserves, resources or mineralized material, grade, tonnage, percent extraction of those mineral reserves or resources recoverable by underground mining techniques or stripping ratio for those mineral reserves, resources or mineralized material recoverable by open pit mining techniques may affect the economic viability of a mining project.

There is also inherent variability between duplicate samples taken adjacent to each other and between sampling points that cannot be reasonably eliminated. There may also be unknown geologic details that have not been identified or correctly appreciated at the current level of delineation of the Company's mineral properties. This results in uncertainties that cannot be reasonably eliminated from the estimation process. Some of the resulting variances can have a positive effect and others can have a negative effect on exploration activities.

As mines have limited lives, the Company will need to continually replace and expand its mineral resources and mineralized material as production continues. The life of mine estimates for the El Cubo-Villalpando Mine Complex and the Company's other producing mines may not be correct. The ability of the Company to maintain or increase its production of silver, gold and other concentrates and the Company's future growth and productivity will be dependent in significant part on its ability to identify and acquire additional commercially mineable mineral rights, to bring new mines into production, to expand mineral resources and mineralized material at its properties, and on the costs and results of continued exploration and potential development programs. See "*Growth Strategy*" below. The inability of the Company to identify mineral resources, reserves and/or mineralized material in quantities sufficient to bring a mineral property into production may result in the write down of the value of the mineral property.

*The Company has one primary customer for its production*

The Company produces silver and gold concentrate at its El Cubo Mill and Cata Processing Plant from mineral resources and mineralized material derived from El Cubo, San Ignacio and Valenciana and a zinc concentrate and separate lead,

silver and gold concentrate at its Topia mine and mill. Currently, the Company sells 100% of its silver and gold concentrate produced at the El Cubo Mill and Cata Processing Plant and 100% of the zinc concentrate produced at Topia to MK Metal and Ocean Partners. The Company currently sells its lead, silver and gold concentrate produced at Topia to an affiliate of Samsung C&T U.K. Limited pursuant to an offtake agreement inherited from Great Panther when the Company acquired MMR in August 2022. See “See Item 4.1 “GENERAL DEVELOPMENT OF THE BUSINESS – *Three Year History*” above for details of the Company’s concentrate sales agreements with MK Metals and Ocean Partners. Although the Company is currently dependent primarily on one main customer for its concentrate, the Company does not view this as a significant economic risk given the existence of other potential metals traders or smelters capable of purchasing the Company’s production. If, however, the Company were to lose such customer or the customer was no longer able to purchase the Company’s production, the Company could face limited smelter availability and capacity, potential interruption of business beyond its control, or the inability to secure new customers on a timely basis or on similar terms, any of which may have a material adverse effect on the Company’s business, financial condition, operating results and cash flows.

#### *Outstanding Debt and other Financial Covenants*

The Company has incurred significant debt to acquire and refurbish/re-start its existing mines in order to commercially produce and sell its concentrates and expects to continue to rely on debt financing to support mining operations hereafter. See “*Current Working Capital and Ability to Obtain Financing*” above. The Company’s ability to service this debt and meet its financial covenants and other obligations will be dependent on its future performance and cash flow which are contingent, in part, on general economic, financial, competitive, legislative, regulatory and other factors, including the price of silver, gold and other metals, many of which are beyond its control. The Company has a limited history of mining operations and there are no assurances that the Company will generate sufficient cash flow from operations to satisfy its debt and other obligations, including reclamation obligations. Cash flow may vary and the Company’s mineral properties have limited life of mines based on their current mineral resources and estimates of mineralized material. Any inability to secure sufficient debt funding (including to refinance on acceptable terms) or to service its existing and new debt may have a material adverse effect on the Company’s financial performance and prospects or its ability to continue to meet its financial covenants.

#### *Growth Strategy*

The Company acquired the past-producing El Pinguico mine in 2017, the El Cubo mine in 2021 and the San Ignacio, Valenciana and Topia mines in 2022. As part of its growth strategy, the Company continues to seek new acquisition opportunities within the Guanajuato region of Mexico and elsewhere including both past-producing mines and exploration and development opportunities, with a focus on silver and/or gold. As such, the Company may from time to time acquire additional mineral properties or the securities of issuers which hold mineral properties. The Company’s success at completing any acquisitions will depend on numerous factors including, but not limited to, identifying acquisitions which fit the Company’s strategy, negotiating acceptable terms with the vendor of the business or property to be acquired, and obtaining approval from applicable regulatory authorities. Business or property acquisitions could place increased pressure on the Company’s cash flow if such acquisitions involve cash consideration or the assumption of obligations requiring cash payments. Acquisitions involving large share issuances by the Company would also result in dilution to existing shareholders. See “*Risk of Dilution Resulting from the Issuance of Additional Shares*” below. Failure to select appropriate acquisition projects (including failure to properly assess value, strengths, weaknesses, liabilities (contingent or otherwise), risks and potential profitability), negotiate acceptable arrangements (including financing arrangements) or integrate the acquired businesses and their personnel into the Company may result in unanticipated costs, diversion of management attention from existing businesses and day to day operations, loss of key employees and financial losses. There are no assurances that any acquisitions or business arrangements that the Company may pursue will be on favourable terms or ultimately benefit the Company. Acquisitions may involve a number of special risks, circumstances or legal liabilities including environmental liabilities. These and other risks related to acquiring and operating acquired properties and companies could have a material adverse effect on the Company’s results of operations and financial condition and the price of the Company’s Common Shares. Further, to acquire properties and companies, the Company may be required to use available cash, incur debt, issue additional securities, enter into off-take, royalty agreements or metal streaming agreements, or a combination of any one or more of these. Such uses could affect the Company’s future flexibility and ability to raise capital, operate, explore and develop its properties and could dilute existing shareholders and decrease the price of the Common Shares of the Company. Shareholders may have no right to evaluate the merits or risks of any future acquisition undertaken by the Company, save as required by applicable laws.

The Company also faces intense competition for natural resource acquisition opportunities. See “*The Company’s*

*competition is intense in all phases of its business” below.*

#### *Replacement of Resources and Mineralized Material*

Current life-of-mine plans and projections for the Company’s operating El Cubo, San Ignacio, Valenciana and Topia mines provide for a defined production life for mining based on estimates of current resources and mineralized material, current and projected production levels and management’s estimates of remaining mineralized material within the mines. If the Company’s mineral resources and mineralized material are not replaced either by the development or discovery of additional resources or material and/or extension of the life-of-mine at its current operating mines or through the acquisition or development of one or more additional producing mines, this would have a material adverse impact on the Company’s future cash flows, earnings, financial performance and financial condition, including as a result of requirements to expend funds for reclamation and decommissioning.

*The Company’s competition is intense in all phases of its business.*

The Company competes with many companies in the mining industry, including large, well established mining companies with substantial capabilities and significantly greater financial and technical resources and operational experience. There is also a limited supply of attractive mining properties in Mexico and, in particular, the Guanajuato region that would yield mineral reserves or resources or results for commercial mining operations on terms the Company considers acceptable or at all. As a result, the Company may be unable to either compete for or acquire rights to exploit additional mineral properties worthy of exploration or development. The Company’s competitors may be able to respond more quickly to new laws and regulations or emerging technologies, or devote greater resources to the expansion or efficiency of their operations than the Company can. In addition, current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties. The Company’s inability to successfully compete with other companies would have a material adverse effect on its results of operation and business.

#### *Dependence on Key Personnel*

The Company’s success and viability depends, in large part, on its ability to attract and maintain qualified key management personnel. The number of persons skilled in acquisition, exploration, development and operation of mining properties are limited and competition for such persons is intense. The Company’s growth and viability has depended, and will continue to depend, on the efforts of key personnel and the Company’s ability to retain such personnel and attract and retain additional key financial, administrative and mining personnel as well as additional operations staff. The loss of any key personnel or inability to recruit new skilled and experienced executives could result in increases in its recruiting and training costs and decreases in the Company’s operating efficiency, productivity and cash flow which may have a material adverse effect on the Company’s future operations, cash flows, earnings, financial position and financial condition. Although the Company has employment and/or management contracts with its key personnel it does not have key-man life insurance. The Company provides its key personnel with long-term incentive compensation which generally vests over several years and is designed to retain these employees and align their interests with those of the Company’s shareholders.

#### *Risks Associated with Permits*

The Company’s operations are subject to obtaining and maintaining permits (including environmental, blasting and other permits) from appropriate governmental authorities for the operation and expansion of existing operations or for the development, construction and commencement of new operations. Obtaining or renewing the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions and possibly involving public hearings and costly undertakings by the Company. The duration and success of the Company’s efforts to obtain and renew permits are contingent upon many variables beyond its control including the interpretation of applicable requirements implemented by the permitting authority. There is no assurance that necessary permits will be obtained or that delays will not occur in connection with obtaining all necessary renewals of such permits for the Company’s existing operations, or additional permits for any possible future changes to operations, or additional permits associated with new legislation. Additionally, it is possible that previously issued permits may become suspended for a variety of reasons, including through government or court action. There can be no assurance that the Company will continue to hold or obtain, as required, all permits necessary to develop or continue operating at any particular property. The Company’s current blasting permits for the El Cubo-Villalpando Mine Complex, San Ignacio, Valenciana and Topia will all expire on December 31, 2023 and the Company will need to apply to renew such permits annually for 2024 and beyond. There are no assurances that such renewals will be obtained on a timely basis or at all. Permitting authorities may impose conditions on the approval of such permits or other permits which may not be economically feasible or

could substantially delay production plans. Any delay or failure to obtain a renewal of its current blasting or other permits on reasonable terms, or the expiry, revocation or failure by the Company to comply with the terms of any such permits, if obtained, would adversely affect the Company's ability to continue operating or expand mining operations at its mineral properties and adversely affect the Company's results of operations and financial condition.

### *Environmental Factors*

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that any future changes in environmental regulation will not adversely affect the Company's operations, financial condition, liquidity or results of operations, and a breach of any such regulations could result in fines and penalties. The costs of compliance with changes in government regulations have the potential to reduce the profitability of future operations. Environmental hazards that may have been caused by previous owners or operators or the Company may exist on the Company's mineral properties, but are unknown to the Company at present.

Exploration activities and/or the pursuit of commercial production of the Company's mineral claims may be subject to an environmental review process under environmental assessment legislation. Compliance with an environmental review process may be costly and may delay commercial production. Furthermore, there is a risk that the Company would not be able to proceed with commercial production upon completion of the environmental review process if government authorities do not approve the proposed mine, or if the costs of compliance with government regulation adversely affect the commercial viability of the proposed mine.

The development and operation of a mine involves significant risks to personnel from accidents or catastrophes such as fires, floods, earthquakes, explosions or collapses. These risks could result in damage or destruction of mines, production facilities, casualties, personal injury, environmental damage, mining delays, increased production costs, monetary losses and legal liability. The Company may not be able to obtain insurance to cover these risks at economically feasible premiums. Insurance against certain environmental risks, including potential liability for pollution and other hazards as a result of the disposal of waste products occurring from production, is often not available to companies within the mining industry or otherwise cost prohibitive. The Company may be materially adversely affected if it incurs losses related to any significant events that are not covered by its insurance policies. At present, the Company does not carry insurance against environmental liabilities due to the high cost of obtaining and maintaining such insurance.

The Company has safety programs in place and continues to pursue further improvements on an ongoing basis. Safety meetings with employees and contractors are held on a regular basis to reinforce standards and practices. However, there is no assurance that safety incidents will not be experienced in the future, or that operations might not be materially affected by their occurrence. Further, a safety incident could have a material adverse effect on the Company's financial condition, liquidity or results of operations, and may result in the imposition of fines and penalties.

### *Title to Assets*

There are no assurances that title to any property interest held or acquired by the Company or any of its subsidiaries is secured. While the Company has or will receive title opinions for any properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company has not conducted surveys of the claims in which it holds direct or indirect interests and, therefore, the precise area and location of such claims may be in doubt. The Company's claims may be subject to prior unregistered agreements or transfers or indigenous land claims and title may be affected by unidentified or unknown defects or adverse laws and regulations. See "*Indigenous Land Claims*" below. See also Item 5.1 "DESCRIPTION OF THE BUSINESS – *Environmental Protection*" above for a description of the state program of urban development and territorial ecological planning adopted by the state of Guanajuato covering certain "non-core" portions of the Company's Guanajuato area mines including El Cubo, VMC and San Ignacio.

In Mexico, legal rights applicable to mining concessions are different and separate from legal rights applicable to surface lands; accordingly, title holders of mining concessions in such jurisdictions must agree with surface landowners on compensation in respect of mining activities conducted on such land. In addition, the failure to maintain concessions in good standing or comply with all applicable terms and conditions thereof could result in the loss or termination of the Company's mining concession and in turn a material adverse effect on the Company's financial condition or results of operations.

If title to the Company's properties is disputed, it may result in the Company paying substantial costs to settle the dispute or clear title and could result in the loss of the property, which events may affect the economic viability of the Company.

#### *Indigenous Land Claims*

Some of the Company's mining properties may be subject to the rights or asserted rights of various community stakeholders, including indigenous peoples. The presence of community stakeholders may impact the Company's ability to develop or operate its mining properties and projects or to conduct exploration activities. As such, the Company is subject to the risk that one or more groups may oppose the continued operation, further development, or new development or exploration of the Company's current or future mining properties and projects. Such opposition may be directed through legal or administrative proceedings, or through protests or other campaigns against the Company's activities. Governments in many jurisdictions must consult with, or require the Company to consult with, indigenous peoples with respect to grants of mineral rights and the issuance or amendment of project authorizations and permits, pursuant to various international and national laws, codes, resolutions, conventions and guidelines.

Consultation and other rights of indigenous peoples may require accommodation including undertakings regarding employment, royalty payments and other matters. This may affect the Company's ability to acquire within a reasonable time effective mineral titles, permits or licenses in Mexico and the costs of development and operation of the Company's mineral properties. Further, the risk of unforeseen title claims by indigenous peoples could affect existing operations and development projects and/or the Company's ability to expand or transfer existing operations or to develop new projects.

#### *Fluctuations in the Price of Consumed Commodities*

Prices and availability of commodities or inputs consumed or used in connection with exploration, development and mining, such as natural gas, diesel, oil, electricity, water, and reagents fluctuate and affect the costs of production at the Company's operations. These fluctuations can be unpredictable, are beyond the control of the Company, can occur over short periods of time and may have a materially adverse impact on operating costs or the timing and costs of various projects.

#### *Foreign Operations and Government Regulations*

The Company's operations are currently conducted through subsidiaries in Mexico and subject to various levels of political, economic and other risks and uncertainties which could result in labor disruptions including strikes or work stoppages, blockades of the Company's mining operations and appropriation of assets. Risks and uncertainties vary from region to region and include, among others, terrorism, corruption of government officials, military repression, expropriation, theft, sabotage, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, risks of war or civil unrest, illegal mining, renegotiation or nullification of existing concessions, licenses, permits and contracts, changes in taxation policies, restrictions on foreign exchange and repatriation, changing political conditions arising from changes in government and otherwise, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Corruption of foreign officials could also affect or delay required permits, service levels by foreign officials, and protection by police and other government services. In addition, local opposition to mine development projects could arise, and such opposition could be violent. If the Company were to experience resistance or unrest in connection with its Mexican operations, it could have a material adverse effect on its operations and profitability.

Further, Mexico continues to face risks from drug cartels and organized crime including murders, kidnappings, blackmail, extortion, violence and threats of violence. While the Company takes security measures to protect both personnel and property, there is no guarantee that such measures will provide an adequate level of protection for the Company or its personnel. The occurrence of illegal activity against the Company or its personnel cannot be accurately predicted and could have a material adverse effect on the Company's operations.

The Company's operations, exploration and development activities are also subject to extensive foreign federal, state and local laws and regulations governing, among other matters, environmental protection and natural resources including biodiversity and water, soil and air quality and use, management and use of toxic substances and explosives, waste management, exploration and development of mines, production and post-closure reclamation, permitting, health and safety, labour (including local hiring and procurement), human rights, social matters (including historic and cultural

preservation), taxes, mining law reform, restrictions on production, price controls, import and export laws, taxation, maintenance of claims, tenure, government royalties and expropriation of property. To comply with applicable laws and future laws, the Company may be required to make significant capital or operating expenditures or face restrictions on or suspensions of its operations and delays in development of its properties. There is no guarantee that more restrictive, or new constraints on the Company's operations or additional taxes will not be imposed, including those that might have significant economic impacts on the Company's operations and profitability. The Company's operations require licenses and permits from various governmental authorities. Further, the regulatory and legal framework in Mexico can at times be outdated, unclear and inconsistent and any failure to comply with these laws and regulations, including with respect to past and current operations, and possibly even actions of parties from whom the Company has acquired its mines or properties, could lead to, among other things, the imposition of substantial fines, penalties, sanctions, the revocation of licenses or approvals, expropriation, forced reduction or suspension of operations, and other civil, regulatory or criminal proceedings the extent of which cannot be reasonably predicted. The Company does not carry political risk insurance and the status of Mexico as a developing country may make it more difficult for the Company to obtain financing for its projects.

#### *Unauthorized Mining*

Mining in Mexico faces incursions by illegal or "artisanal" miners who gain unauthorized access to mines or exploration areas to steal mineralized material primarily through manual mining methods as well as from organized crime. Both the Company's El Cubo and El Pinguico projects have experienced illegal miners resulting in financial losses to the Company. In addition to the risk of losses and disruptions, illegal miners and/or organized crime pose a safety and security risk that can compromise underground structures, equipment and operations and lead to production stoppages thereby impacting the Company's ability to meet production goals. The Company has hired security personnel and taken other security measures at its sites to address this issue and promote the safety and security of its employees, contractors and assets.

#### *Risk of Loss of Concentrate in Storage or Transit*

The concentrates produced by the Company have significant value and are currently stored at its facilities pending transport by truck to a local refinery in Mexico for processing. Such storage and transport of concentrate gives rise to a number of risks including concentrate theft, road blocks and terrorist attacks, losses caused by adverse weather conditions, delays in delivery of shipments, and environmental liabilities in the event of an accident or spill. While the Company takes additional steps to secure its concentrate, whether in storage or in transit, including insurance coverage, there remains a continued risk that theft or loss of concentrate may have a material impact on the Company's financial results as insurance may not cover the full market value of any losses.

#### *Relations with Local Communities and Indigenous Groups*

The Company's relationship with the communities in which it operates is important to ensure the future success of its existing operations and the construction and development of its projects. While the Company believes its relationships with the local communities and ejidos in which it operates are strong, public concerns regarding the perceived effect of mining activities on the environment and the communities impacted thereby are on the rise. Various non-governmental organizations ("NGOs") opposed to globalization and resource development are often vocal critics of the mining industry and its practices. Adverse publicity generated by such NGOs or others regarding extractive industries generally, or the Company's operations specifically, could have an adverse effect on the Company's reputation or financial condition and may impact its relationship with the communities in which it operates. The Company believes that it operates in a socially responsible manner; however, there are no assurances that these efforts will mitigate this potential risk.

#### *Foreign Currency Exchange Rate Fluctuations*

The Company maintains bank accounts in United States, Canadian and Mexican currencies. In addition, the Company raises its funds through equity issuances which are priced in Canadian dollars and loan facilities priced in US dollars while the majority of its exploration and development costs are denominated in United States dollars or Mexican peso. As a result, the Company may suffer losses due to adverse foreign currency fluctuations.

### *Global Financial Conditions*

Global financial markets are experiencing increased volatility due to, inter alia, the ongoing COVID-19 pandemic, Russia's invasion of Ukraine, high inflation, rising interest rates and the recent bank failures in the United States and Europe and global financial conditions have been subject to increased instability impacting many industries, including mining. Contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity may adversely affect the Company's ability to secure equity or debt financing on terms favourable to the Company or at all, reduce or cease existing operations or planned growth, and the trading price of the Company's Common Shares may be adversely affected.

### *Rising Interest Rates*

Increases to benchmark interest rates may have an impact on any debt financing the Company may negotiate, resulting in reduced amounts available to fund the Company's exploration, development and production activities and could negatively impact the market price of its Common Shares and/or the price of silver, gold or other metals, which could have a material adverse effect on the Company's operations and financial condition.

### *Potential Conflicts of Interest*

The directors and officers of the Company may serve as directors and/or officers of other public and private companies, and may devote a portion of their time to manage other business interests. This may result in certain conflicts of interest.

To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers of the Company may have a conflict of interest. The directors and officers are required by law and the Company's Code of Ethics to act honestly, in good faith, and in the best interests of the Company and its shareholders. However, in conflict of interest situations, directors and officers of the Company may owe the same duty to another company and will need to balance the competing obligations and liabilities of their actions. There are no assurances that the needs of the Company will receive priority in all cases and, certain circumstances, such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives. In determining whether or not the Company will participate in a particular venture and the interest to be acquired therein, it is expected that the directors and officers of the Company will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

### *Volatility of Share Price*

The Company's share price is highly volatile and subject to significant price and volume fluctuations due to numerous factors, many of which are beyond the Company's control including fluctuations in the market price of silver, gold and other metals, government regulations, performance of competitors and general market conditions. Furthermore, the stock market in general and the market for precious metals producers in particular have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. These broad market and industry factors including public perception of the prospects of mining companies in general may adversely affect the market price of the Company's shares, regardless of operating performance.

The Company's shares are also subject to wide price and volume fluctuations as a result of the public's reaction to Company announcements including announcements relating to the Company's prospects, litigation, arrival or departure of key personnel, operating performance, changes in guidance, recommendations by research analysts who track the Company's securities and the risk factors described in this AIF, all of which can individually or collectively can have a material detrimental impact on the market price of the Company's Common Shares.

In the past, following periods of volatility in the market price of a company's securities, securities class-action litigation has been known to be initiated. Such litigation, if instituted, could result in substantial costs and a diversion of management's attention and resources.

### *Lack of Dividends*

The Company has never declared or paid any dividends on its Common Shares. The Company intends to retain its future earnings, if any, for the foreseeable future, to finance its exploration activities and the further development and expansion of its business. The payment of future dividends, if any, will be reviewed periodically by the Board and will depend upon, among other things, conditions then existing including earnings, financial conditions, cash on hand, financial requirements to fund the Company's exploration activities, development and growth, and other factors that the Board may consider appropriate in the circumstances.

### *Financial Reporting Standards and Internal Controls*

The Company prepares its financial reports and statements in accordance with accounting policies and methods prescribed by IFRS. In the preparation of financial reports and statements, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition or results of operations of the Company. Significant accounting policies, assumptions and estimates are described in more detail in the notes to the Company's annual consolidated financial statements for the year ended December 31, 2022. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported, the Company has implemented and continues to analyze its internal control systems for financial reporting. Although the Company believes its financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, the Company cannot provide absolute assurance in that regard.

Furthermore, there are no assurances that the Company will be able to achieve and maintain the adequacy and effectiveness of its internal controls over financial reporting as such standards are modified, supplemented, or increased from time to time. The Company's failure to maintain effective internal controls over financial reporting could result in the loss of investor confidence in the reliability of its financial statements, result in harm to the Company's business and negatively impact the trading price of the Company's Common Shares. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's operating results or cause it to fail to meet its reporting obligations. There can be no assurance that the Company will be able to remediate material weaknesses, if any, identified in future periods, or maintain all the controls necessary for continued compliance, and there can be no assurance that the Company will be able to retain sufficient skilled finance and accounting personnel, especially in light of the increased demand for such personnel among publicly traded companies. Future acquisitions of companies may provide the Company with challenges in implementing the required processes, procedures and controls in its acquired operations. Acquired companies may not have disclosure controls and procedures or internal control over financial reporting that are as thorough or effective as those required by the securities laws currently applicable to the Company.

No evaluation can provide complete assurance that the Company's internal control over financial reporting will detect or uncover all failures of persons within the Company to disclose material information otherwise required to be reported. The effectiveness of the Company's controls and procedures could also be limited by simple errors or faulty judgment. The challenges involved in implementing appropriate internal controls over financial reporting will likely increase with the Company's plans for ongoing development and growth of its business and this will require that the Company devote substantial time and costs, as necessary, to continually improve its internal controls over financial reporting. There are no assurances that the Company will be able to maintain or improve its internal controls over financial reporting in the future to ensure the reliability of its financial reporting and financial statements or compliance with applicable laws.

### *Financial Instruments*

The Company may, from time to time, use certain financial instruments to manage risks associated with changes in commodity prices, interest rates and foreign currency exchange rates. Financial instruments involves certain inherent risks including, inter alia: (i) credit risk (see "*Credit and Counterparty Risk*" below); (ii) market liquidity risk (i.e. the risk that the Company will be unable to quickly close out a position by liquidating the financial instrument or establishing an offsetting position); and (iii) unrealized mark-to-market risk (i.e. the risk that an adverse change in market prices for commodities, currencies or interest rates will result in the Company suffering an unrealized mark-to-market loss). External factors beyond the Company's control may cause volatility in financial instruments resulting in substantial and permanent losses. Further, available investment alternatives to reduce such risks may result in limited or no return or be ineffective.

### *Credit and Counterparty Risk*

Credit risk is the risk of financial loss if a customer or counterparty fails to meet its contractual obligations. The Company's credit risk relates primarily to cash and cash equivalents, trade receivables in the ordinary course of business, and value added tax refunds primarily due from Mexico taxation authorities, and other receivables. The Company sells and receives payment upon delivery of its concentrates primarily through large, established international organizations with good credit ratings. Payments for concentrate are scheduled, routine and received within the specific terms of the contract. If a customer or counterparty fails to meet its contractual obligations or becomes insolvent, the Company may incur losses for products already shipped and be forced to sell greater volumes of concentrate than intended in the spot market, or there may be no market for the concentrates, and the Company's future operating results may be materially adversely impacted.

#### *Risk of Dilution Resulting from the Issuance of Additional Shares*

Depending on the Company's exploration, development and capital investment plans, acquisition activities, and operating and working capital requirements, the Company may issue additional Common Shares as a means of raising capital. If the Company is required to issue additional shares or decides to enter into joint venture arrangements with other parties in order to raise financing through the sale of equity securities at prices per share different than the price per share paid by investors, investors' interests in the Company will be diluted and investors may suffer dilution in their net book value per share depending on the price at which such securities are sold.

The Company has also granted, and in the future may grant, to directors, officers, employees, and consultants, options to purchase Common Shares as non-cash incentives to those persons in accordance with the Company's stock option plan and the policies of the Exchange. The issuance of additional shares upon the exercise of incentive stock options will cause existing shareholders to experience dilution of their ownership interests. As at December 31, 2022, there were outstanding share options exercisable into 20,187,500 Common Shares at a weighted average exercise price of C\$0.38 per share (December 31, 2021 – 13,325,000 options at a weighted average exercise price of C\$0.39).

Furthermore, the Company has recently adopted an omnibus equity compensation plan for its directors, officers, employees and consultants including, but not limited to, restricted share units, performance share units or deferred share units as awards for service to those persons. Upon settlement, such awards may entitle the recipient to receive Common Shares, a cash equivalent, or combination thereof, resulting in further dilution to existing shareholders. See Item 4.1 "GENERAL DEVELOPMENT OF THE BUSINESS – *Three Year History – Financial Year Ended December 31, 2022*".

#### *Information Systems and Cyber Security*

The Company's operations depend, in part, upon information technology systems to securely process, maintain and transmit information and data critical to the Company's business. The Company and its third-party service providers also collect and store sensitive data in the ordinary course of business, including personal information of the Company's employees and contractors, as well as proprietary and confidential business information relating to the Company (including potential merger candidates or other parties with whom the Company may have entered into confidentiality agreements) and in some cases, the Company's customers, suppliers, lenders, investors and other stakeholders. With the increasing dependence and interdependence on electronic data communication and storage, including the use of cloud-based services and personal devices, the Company is exposed to evolving technological risks relating to this information and data. Disruption or damage to or failure of the Company's information technology systems may arise from a number of sources, including, but not limited to, hacking, computer viruses, malware, ransom ware, security breaches, natural disasters, power loss, vandalism, theft and defects in design.

Although the Company employs security measures in respect of its information and data including implementing systems to monitor and detect potential threats, the performance of periodic audits, and penetration testing, the Company cannot be certain that it will be successful in securing this information and data and there may be instances where the Company is exposed to malware, cyber or ransom ware attacks or other unauthorized access or use of the Company's information and data. Any data breach or other improper or unauthorized access or use of the Company's information could have a material adverse effect on the Company's business and could severely damage the Company's reputation, compromise the Company's network or systems and result in the loss or escape of sensitive information, the destruction or corruption of data, the misappropriation of assets or incidents of fraud, the disruption of the Company's normal operations including delays and production downtimes, and cause the Company to incur additional time and expense to remediate and improve the Company's information systems. In addition, the Company could also be subject to legal

and regulatory liability in connection with any such cyber-attack or breach, including potential breaches of laws relating to the protection of personal information.

Accordingly, due to the potential risk to the Company's reputation, business, results of operations, financial condition or share price resulting from a breach or failure of the Company's information systems, cyber security and the continued development and enhancement of controls, processes and practices designed to protect the Company's systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority for the Company. As cyber threats continue to evolve, the Company will be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

#### *Legal Proceedings*

From time to time, the Company and its subsidiaries are subject to various claims and legal proceedings, including adverse rulings in current or future litigation against the Company and/or its directors or officers, covering a wide range of matters that arise in the ordinary course of the Company's business activities. Each of these matters is subject to various uncertainties and it is possible that some of these matters may be resolved unfavorably to the Company, which may result in a material adverse impact on the Company's financial performance, cash flow or results of operations. The Company carries liability insurance coverage and establishes reserves for matters that are probable and can be reasonably estimated; however, there can be no guarantee that the amount of such coverage is sufficient to protect against all potential liabilities.

#### *Climate Change*

Extreme weather events (such as prolonged drought, increased frequency and intensity of storms, flooding, landslides 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. There can be no assurance that efforts to mitigate the risks of climate change will be effective and that the physical risks of climate change will not have an adverse effect on the Company's operations 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.

#### *Anti-Corruption and Anti-Bribery Laws*

The Company's operations are governed by, and involve interactions with, various levels of government in Mexico and therefore subject to anti-corruption and anti-bribery laws, including the *Corruption of Foreign Public Officials Act* (Canada) and the *Foreign Corrupt Practices Act* (US) and similar laws in México which prohibit a company and its employees or intermediaries from bribing or making improper payments to foreign officials or other persons to obtain or retain business or gain some other business advantage. In addition, the recent introduction of the *Extractive Sector Transparency Measures Act* (Canada) in Canada seeks to increase transparency and deter corruption in the extractive sector by requiring extractive entities active in Canada to publicly disclose, on an annual basis, specific payments made to all governments in Canada and abroad.

In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment to companies convicted of violating anti-corruption and anti-bribery laws. A company may be found liable for violations by not only its employees, but also by its contractors and third party agents. Although the Company has adopted internal procedures and policies to mitigate such risks, such measures may not be effective in ensuring that the Company, its employees, contractors or third-party agents will strictly comply with all such laws.

If the Company becomes subject to an enforcement action or is found to be in violation of such laws, this may have a material adverse effect on the Company's reputation, result in significant penalties or sanctions, and have a material

adverse effect on the Company's operations, business and financial condition. The Company cannot predict the nature, scope or effect of future regulatory requirements to which the Company's operations might be subject or the manner in which existing laws might be administered, interpreted or changed.

*Claims Under U.S. Securities Laws*

The enforcement by investors of civil liabilities under the federal securities laws of the United States may be affected adversely by the fact that the Company is incorporated under the laws of British Columbia, Canada, that the independent chartered professional accountants who have audited the Company's financial statements and the majority of the Company's directors and officers are residents of Canada or elsewhere, and that all or a substantial portion of the Company's assets and said persons are located outside the United States. As a result, it may be difficult for holders of the Company's Common Shares to effect service of process within the United States upon people who are not residents of the United States or to realize in the United States upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States.

**5.3 Asset-Backed Securities Outstanding**

The Company has not issued any asset-backed securities.

**5.4 Mineral Projects**

As of the date of this AIF, the Company owns a 100% undivided interest in five mines and three processing plants in Mexico, including the El Cubo, El Pinguico, San Ignacio and Valenciana mines located in the state of Guanajuato, which currently produce silver and gold concentrate processed at the El Cubo Mill and Cata Processing Plant, and the Topia mine and mill in the state of Durango, which produces a zinc concentrate and a separate lead, silver and gold concentrate.

Currently, only El Cubo, San Ignacio and El Pinguico contain mineral resources. Historical mineral resource estimates prepared by Great Panther exist for Valenciana and Topia which were acquired by GSilver on August 4, 2022. However, GSilver is not treating such historical estimates, or any part thereof, as current mineral resources under NI 43-101 as a Qualified Person on behalf of GSilver has not done sufficient work to classify these historic estimates as current mineral resources.

**Mineral Resource Estimates**

*Mineral Resource Estimate for El Cubo and El Pinguico as of December 31, 2022*

<b>TABLE 14.3*</b>						
<b>ESTIMATE OF THE PRESENT EL CUBO MINERAL RESOURCES AS OF 31 DECEMBER 2022</b>						
<b>Classification</b>	<b>Tonnes</b>	<b>Silver</b>		<b>Gold</b>		<b>Silver Eq g/t</b>
		<b>g/t</b>	<b>oz</b>	<b>g/t</b>	<b>oz</b>	
Measured	None					
Indicated	453,180	200	2,914,000	2.51	36,500	400
Inferred	1,364,000	219	9,585,000	2.84	129,900	466
<b>Notes:</b>						
1. Silver Equivalent calculated using 1 ounce of gold is equal to 80 ounces of silver.						
2. Numbers have been rounded.						
3. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.						

<b>TABLE 14.4*</b>						
<b>EL PINGUICO MINERAL RESOURCES AS OF 31 DECEMBER 2022**</b>						
<b>Classification</b>	<b>Tonnes</b>	<b>Silver</b>		<b>Gold</b>		<b>Silver Eq g/t</b>
		<b>g/t</b>	<b>Oz</b>	<b>g/t</b>	<b>oz</b>	
Measured	0					
Indicated						
Surface Stockpile	130,000	79	331,000	0.45	1,883	115
Underground Stockpile	25,600	166	136,600	1.67	1,375	300
<b>Total</b>	<b>155,600</b>	<b>93</b>	<b>467,600</b>	<b>0.65</b>	<b>3,257</b>	<b>146</b>
<b>Notes:</b>						
1. Silver Equivalent calculated using 1 ounce of gold is equal to 80 ounces of silver.						
2. Numbers have been rounded.						
3. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.						

\* Extracted from the 2023 PEA Report dated June 22, 2023 (effective date December 31, 2022).

\*\* There are two stockpiles at El Pinguico that date back to 1913 when the mine shut down during the Mexican Revolution; a surface and an underground stockpile. See “*El Cubo-Villalpando Mine Complex, Guanajuato, Mexico*” below for further details regarding these stockpiles.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. There has been insufficient exploration to allow for the classification of the inferred mineral resources at El Cubo as an indicated or measured mineral resource, however, it is reasonably expected that the majority of the inferred mineral resources could be upgraded to indicated or measured mineral resources with continued exploration. There is no guarantee that any part of the mineral resources discussed herein will be converted into a mineral reserve in the future. At present, there are no mineral reserves at El Cubo or El Pinguico. See “*El Cubo-Villalpando Mine Complex, Guanajuato, Mexico - Company Update and Current and Contemplated Production, Exploration and Development*” below for a further discussion of these mineral resource estimates and the Company’s current mining operations at the El Cubo-Villalpando Mine Complex.

**Further, the above mineral resource estimates have an effective date of December 31, 2022 and do not reflect any reduction in resources that have been depleted by GSilver since that date. Readers are cautioned that actual remaining resources at El Cubo and El Pinguico will differ from the resource estimates set out above, which differences may be significant.**

#### *Mineral Resource Estimate for San Ignacio*

See “*San Ignacio, Guanajuato, Mexico – Mineral Resource Estimate*” and “*San Ignacio, Guanajuato, Mexico - Company Update and Current and Contemplated Production, Exploration and Development*” below for a discussion of the mineral resource estimate and the Company’s current mining operations at San Ignacio.

#### *Historical Mineral Resource Estimates*

See “*Valenciana Mines Complex, Guanajuato, Mexico*” below for, inter alia, a discussion of the historic mineral resource estimate for the VMC and see “*Topia Project, Durango, Mexico*” below for, inter alia, a discussion of this historic mineral resource estimate at Topia.

The historical estimates for Valenciana and Topia are historical in nature. GSilver is not treating these estimates, or any part thereof, as current mineral resources under NI 43-101 as a Qualified Person on behalf of GSilver has not done sufficient work to classify these estimates as current mineral resources. A thorough review by GSilver’s Qualified Person of all historic data, the key assumptions, parameters, and methods used to prepare such estimates and additional exploration and validation work to confirm results, estimation procedures, and the standards by which the estimates were completed or categorized would be required in order to produce current mineral resource estimates for Valenciana and Topia.

Further, the above historical estimates have an effective date of July 31, 2021 for Valenciana and March 31, 2021 for Topia and do not take into account any reduction in mineralized materials that have been depleted by GSilver (and previously Great Panther) at Valenciana and Topia since the effective dates of such estimates. See “*Valenciana Mine Complex, Guanajuato, Mexico - Company Update and Current and Contemplated Production, Exploration and Development*” and “*Topia Property, Durango, Mexico - Company Update and Current and Contemplated Production, Exploration and Development*” below for a discussion of the Company’s production of mineralized material from Valenciana and Topia since acquiring MMR on August 4, 2022. For these reasons, among others, the above historical estimates should not be relied upon as a guarantee of mineral resources. Actual mineral resources, if any, may differ significantly. The historical estimates have been included herein to demonstrate the mineral potential of Valenciana and Topia and as a guide to future mining and exploration activities.

### **El Cubo-Villalpando Mine Complex, Guanajuato, Mexico**

The following scientific and technical disclosure regarding the El Cubo-Villalpando Mine Complex and all figures and tables included under this Item 5.4 “DESCRIPTION OF THE BUSINESS - *Mineral Projects – El Cubo-Villalpando Mine Complex, Guanajuato, Mexico*” have been extracted or derived from the 2023 PEA Report dated June 22, 2023 (effective December 31, 2022), save and except for and as updated by the section “*Company Update and Current and Contemplated Production, Exploration and Development*” below or as otherwise noted. A complete copy of the 2023 PEA Report is available for review under the Company’s profile on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

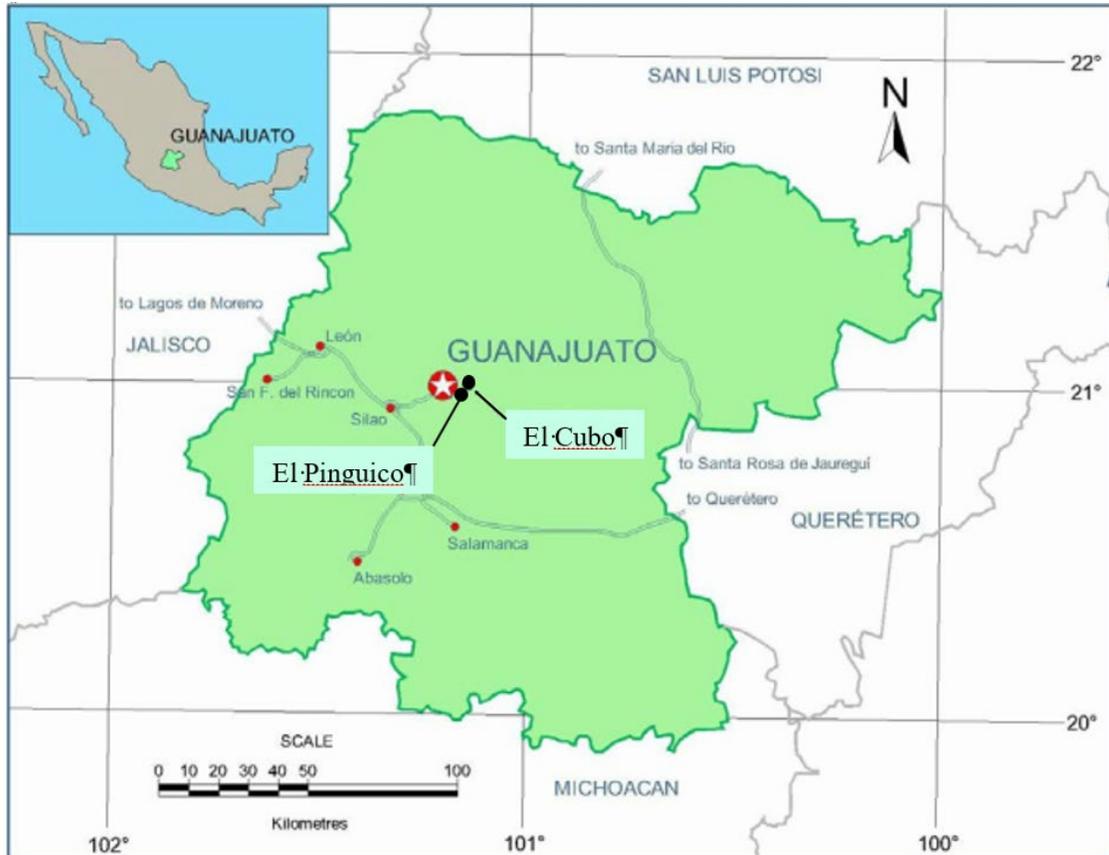
#### **Property Description and Location**

The El Cubo and El Pinguico properties are located in central Mexico, in the state of Guanajuato, approximately 11 km east of the city of Guanajuato as shown in Figure 4.1 below.

The El Cubo and El Pinguico properties are located in the west-central portion of the state, among a series of low, gentle mountains, which are part of the Sierra Madre Occidental. The terrain consists of gentle slopes with some abrupt volcanic intrusions.

The El Cubo Project consists of 50 mining concessions comprising approximately 5,911.33 hectares with varying terms expiring from December 6, 2022 to March 8, 2075. At present, save for applicable governmental duties and taxes on production of minerals, there are no underlying royalties at El Cubo. See Item 5.1 “DESCRIPTION OF THE BUSINESS – *General – Foreign Operations*” above. The El Cubo Project also includes rustic surface lands totaling approximately 1,196 hectares and a combination of leased real property, temporary occupancy agreements and a surface access and land use agreement with the local ejido sufficient to support the Company’s mining and exploration programs at El Cubo.

The El Pinguico Project is comprised of two mining concessions totalling approximately 71.7 hectares. The El Pinguico concession has an area of 48 hectares and the mineral lease from the state has an expiration date of July 10, 2030. The Ampl de El Pinguico concession has an area of 23.7 hectares and the mineral lease from the state has an expiration date of October 29, 2029. The Company also holds surface access and land use agreements, which together with its existing mining rights, provide the Company with all key land components necessary to carry out its currently planned exploration and operational activities at El Pinguico.



\*SEIP, Gobierno del Estado de Guanajuato: <http://seip.guanajuato.gob.mx/mapagto/>

**Figure 4.1. General location of the El Cubo and El Pinguico properties**

The El Pinguico Project was subject to four (4) underlying royalties in favour of EMBSA including a 4% NSR and a 15% Net Profits Interest (“NPI”) on minerals recovered from the existing surface and underground stockpiles of mineralized rock and a 3% NSR and 5% NPI on all newly mined mineralization. EMBSA is a private Mexican company controlled by Hernan Dorado Smith, the Chief Strategy Officer and a director of the Company, and Gerardo Sergio Dorado Cantu, County Manager, of OMPSA. By amended and restated royalty purchase option agreement dated November 11, 2020, as amended (the “**EMBSA Option Agreement**”), the Company acquired the option from EMBSA to purchase 3 of the 4 underlying royalties on El Pinguico, being the 4% NRS on minerals recovered from the existing surface and underground stockpiles and the 3% NRS and 5% NPI on all newly mined mineralization, in consideration for C\$1,680,000 cash and 3,750,000 units of the Company as follows:

- (a) C\$200,000 cash (paid) and 3,750,000 units on or before November 20, 2020 (issued);
- (b) C\$325,000 cash on or before February 22, 2021 (paid);
- (c) C\$262,500 (\$206,124) on or before April 10, 2022 (paid);
- (d) C\$262,500, plus interest at 5% per annum from February 22, 2022, on or before October 10, 2022 (settled for 656,250 Common Shares at a deemed price of C\$0.40 per share on December 7, 2022);
- (e) C\$312,500 cash on or before March 16, 2023 (C\$150,000 paid through the issuance of 468,750 common shares on October 13, 2023); and
- (f) C\$312,500 cash on or before October 16, 2023 (The Company and EMBSA further amended the EMBSA Option Agreement whereby the remaining payment of C\$162,500 originally due on March 16, 2023 and the C\$312,500 originally due on October 16, 2023 were deferred to March 31, 2024).

On March 16, 2023, the Company purchased all of EMBSA’s interest in its 15% royalty on net profits derived from the surface stockpile of historically mined (but unprocessed) mineralized material at El Pinguico for a purchase price of \$70,000. Accordingly, upon payment of the final C\$312,500 option payment due to EMBSA on or before October 16, 2023 under the EMBSA Option Agreement, the Company will own an undivided 100% interest in El Pinguico free and

clear of all underlying royalties, save for the remaining 15% NPI in favour of EMBSA on the existing underground stockpile of mineralized material and applicable governmental duties and taxes. See Item 5.1 “DESCRIPTION OF THE BUSINESS – *General – Foreign Operations*” above. See also Item 13 “INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS” below.

## **Accessibility, Climate, Local Resources, Infrastructure and Physiography**

### *Accessibility*

The El Cubo Project is located approximately 11 km east of the city of Guanajuato. The El Pinguico Project is located approximately 8 km southeast of the city of Guanajuato and 5 km southwest of the El Cubo Project. The El Cubo and El Pinguico properties are approximately 8 km apart by road.

El Cubo is accessed by a local unpaved roadway, which also connects the villages of El Cubo and Calderones with Guanajuato and other surrounding communities, and the Company owns or leases adequate surface areas to support planned and current operations.

The El Pinguico Project is accessed by an unpaved local road. The village of Calderones is located adjacent to the project site. The surface land area at El Pinguico is adequate to support the loading and shipment of the surface and underground stockpiles at El Pinguico to the El Cubo Mill.

### *Climate*

The climate in the area is temperate with an average annual temperature of 18°C, with summer month high temperatures typically around 30°C and winter month temperatures as low as 5°C. Exploration and mining work can be conducted year-round uninterrupted by weather.

### *Local Resources*

The capital city of Guanajuato has a population of approximately 190,000 and hosts several universities and post-secondary schools, including a mining college. Tourism is a principal industry. Due to the long history of mining in the state, there are multiple suppliers of mining equipment and supplies, experienced laborers, and other vendors required to support mines in the area.

### *Infrastructure*

The El Cubo mine offices are located at an elevation of 2,265 m above mean sea level, and the mine workings range in elevation from 2,646 m to 1,905 m. The El Cubo Project was put on care and maintenance by Endeavour at the end of November 2019 with all of the mine, mill and support infrastructure largely in place including electricity, water, tailings basins, plant security, offices, and shop facilities. See “*Company Update and Current and Contemplated Production, Exploration and Development*” below for a discussion of the Company’s refurbishment of the El Cubo Mill and re-start of mining operations and production of silver and gold concentrates from El Cubo and El Pinguico.

The El Cubo mine, mill, and other operations are fully permitted for mining operations, exploration work, and all other mine and mill operational support activities. No additional permits are required to conduct its current mining and exploration work at El Cubo and the Company is not aware of any significant or material technical, legal, environmental, or political considerations or liabilities, which would have an adverse effect on the extraction and processing of the mineral resources located at the El Cubo Project. See Item 5.1 “DESCRIPTION OF THE BUSINESS – *General – Environmental Protection*” for a description of the state program for urban development and territorial ecological planning adopted by the state of Guanajuato which impacts certain non-core portions of the El Cubo Project.

Since the El Pinguico mine has been dormant since 1913, most operating infrastructure has been removed. The Company has erected a small hoist and headframe to facilitate the rehabilitation of an access shaft to support exploration and rehabilitation activities. Additional rehabilitation work has been completed on several adits, which access the Level 4 and Level 7 of the mine. No milling is planned at the El Pinguico site; therefore, there is no need for tailings storage areas or basins at the site. Most mine waste can be disposed of underground and additional surface area will be made available for storage of materials once the surface stockpile is hauled away. It should be noted the current production plan does not include feed from El Pinguico at this time.

There are no significant or material pre-existing environmental conditions or liabilities at the El Pinguico Project. A review of the environmental regulations and discussions with local officials indicates that no further permits are required for removing the surface and underground stockpiles and transporting them to the El Cubo Mill for processing.

### Physiography

The El Cubo and El Pinguico properties are located approximately 2,200 m above sea level in gentle rolling terrain with some abrupt volcanic intrusions. Precipitation is approximately 650 millimeters (mm) per year, the majority of which occurs between June and August. Vegetation is limited to scrub brush and grasslands.

### History

The mining history of Guanajuato dates back to 1520 when the Spanish conquistadors began exploration for minerals in the region discovering silver in 1548. The discovery led to the settling of people in the area and the city of Guanajuato as a population center and one of the premier mining districts of Nueva España (New Spain).

In 1558, the first mine shafts were sunk leading to the discovery of the Veta Madre (Mother Vein). Today, this vein runs along the hills that border the glen of Guanajuato in the north and northwest, marked by mines and shafts along its way. This discovery triggered an exploration rush that saw the discovery of multiple silver occurrences. The Mexican Revolution occurred between 1910 and 1920 and all mining was stopped or slowed during this time.

### El Cubo

Mining on the El Cubo property has occurred since the 17<sup>th</sup> Century. In the 19<sup>th</sup> and 20<sup>th</sup> centuries, mining at El Cubo focused on northwest striking veins known as the Villalpando, Dolores, La Loca, and La Fortuna and production was divided between many operators. In the early 1900s, construction began on the Túnel Aventurero de San Felipe (now El Cubo Level 4) in order to connect the Pastora-Fortuna, Villalpando, and La Loca veins. At the time, significant grades and widths were encountered on the Villalpando vein (including shoots up to 4 m wide and intercepts that assayed close to 1,000 grams of silver per tonne), located in the central portion of the modern day El Cubo claim block and the main source of production through the 1970s.

The El Cubo mine has changed ownership multiple times since the 1970s and in 1995 production was expanded from 350 to 800 tonnes per day, and then in 2001 to 1,400 tonnes per day. Each expansion showed a decrease in head grade, likely due to the use of low-grade material from old stope fill, as supply for the increased tonnage.

El Cubo was purchased by Mexgold Resources Inc. in March 2004. In 2006, Mexgold Resources became a wholly owned subsidiary of Gammon Lake Resources Inc., later known as Gammon Gold Inc. On August 26, 2011, Gammon Gold Inc. changed its name to AuRico Gold Inc. (“AuRico”).

Previous owners and operators, prior to AuRico, did not keep reliable production records for the El Cubo mine. Production achieved at the El Cubo mine between 2007 and 2011, as reported in AuRico’s annual reports, is summarized in Table 6.5 below.

<i>Year</i>	<i>Tonnes</i>	<i>Grade (g/t)</i>		<i>Production (ounces)</i>	
		<i>Au</i>	<i>Ag</i>	<i>Au</i>	<i>Ag</i>
2007	689,753	1.77	83	33,740	1,582,316
2008	658,105	1.98	94	38,772	1,783,148
2009	505,388	1.92	83	27,842	1,183,339
2010	233,006	1.63	83	10,844	536,457
2011	256,150	1.24	80	8,670	556,379

In 2011, the El Cubo mine produced 556,379 ounces of silver and 8,670 ounces of gold from 256,150 tonnes of ore grading 80 g/t Ag and 1.24 g/t Au. Silver and gold recoveries averaged 82% and 86%, respectively. Production in 2011 was affected by a labor strike that was settled during the year.

In 2012, AuRico sold El Cubo to Endeavour. Saleable silver and gold production by Endeavour through 2019 totaled 12,112,892 ounces of silver and 144,100 ounces of gold. Endeavour ceased production in late 2019.

On April 9, 2021, the Company acquired El Cubo from Endeavour for a combination of cash, shares, and contingent future payments. See Item 4.1 “GENERAL DEVELOPMENT OF THE BUSINESS – *Three Year History – Financial Year ended December 31, 2021*” above.

### *El Pinguico*

At El Pinguico, the first rich deposits on the property began to be exploited in 1904, a year after the former owner of the mine, Amado Delgado, transferred the mine to the Guanajuato Development Company, subsequently renamed the Pinguico Mining and Milling Company. The mine was in production from the late 1800s to 1913 and is reported to have produced over 200,000 ounces of gold equivalent during this time. The mine and plant were operated until 1913 when the owners left the region due to violence associated with the Mexican Revolution.

Between 1913 and 2020, very little work was done at El Pinguico, save for repeated sampling programs of a surface and an underground stockpile, which was recently sampled again by the Mexican Geological Survey, and Findore S.A. de C.V. (“**Findore**”), a geological consulting company. Certain historic resource estimates for the underground and surface stockpiles have been completed at El Pinguico as detailed in the 2023 PEA Report. However, the Company does not treat these historic estimates as current resources as there is little information available regarding the key assumptions, parameters, and methods used for the estimates to classify such estimates as current resources under NI 43-101. Accordingly, such historic estimates should not be relied upon. See “*Mineral Resource and Mineral Reserve Estimates*” below for details of the Company’s recent resource estimate for El Pinguico (effective date: December 31, 2022) prepared by Behre in the 2023 PEA Report. See also “*Company Update and Current and Contemplated Production, Exploration and Development*” below for a discussion of exploration and development work and mining of the surface stockpile carried out by the Company at El Pinguico from 2020 to 2022.

The Company acquired El Pinguico from EMBSA in April 2017 for a combination of cash and shares.

### **Geological Setting**

The Guanajuato Mining District lies along the southern edge of the Mexican Central Plateau (Sierra Madre Occidental Geologic Province), where a north-northwesterly trending linear volcanic belt of Tertiary age is abruptly cut by the easterly trend of the Transverse Volcanic Belt. The Sierra Madre Occidental Geologic Province is approximately 1,200 km long and 200 to 300 km wide. Rock units within the belt consist of flows and tuffs of principally basaltic to rhyolitic composition with related intrusive units. The volcanic activity that produced the upper volcanic group ended by the late Oligocene, though there was some eruptive activity as recently as 23 Ma (early Miocene). The youngest volcanic units lie on older volcanoclastic, volcanic rocks, and sedimentary units. The oldest rocks of the Guanajuato District are marine organic and calcareous black shales deposits in the Triassic through Cretaceous Jaliscoan Sea.

Faults in the region belong to three sets: (1) oldest, (2) intermediate, and (3) youngest. The oldest set includes pre-mineral deformation during the Laramide orogeny (80-40 Ma) and resulted in west-northwest trending folds and thrust faults. The intermediate set includes early post-Laramide extension ( $\pm$  30 Ma) set of faults that are both pre-mineralization and mineralization stage. This intermediate set consists of three major systems: Veta Madre, La Luz, and the Sierra set of faults and fault zones. The major fault and vein direction is north-northwest accompanied by early stage intermediate-sulfidation style mineralization, but somewhat younger movement created faults trending east-northeast to west-northwest in a basin and range and block faulting style perhaps accompanied by higher gold values. The youngest fault set includes northeast striking faults which are post mineralization.

The mines in the area are situated along the significant fault zones as mineralization occurs within the faults and associated splays as well as veins filling local fractures. The stratigraphic section at El Cubo is cut by the Peregrina intrusive laccolith. The El Pinguico property exhibits different types and ages of lithologies including the Esperanza Formation, Red Conglomerate, La Luz Formation, and a sequence of volcanic rocks (Loseros Formation, Bufa Rhyolite tuff, Calderones Formation, Cedros andesite, and Chichindaro Formations).

### **Mineralization**

The El Cubo and El Pinguico mineral resources (see “*Mineral Resource and Mineral Reserve Estimates*” below) are similar mineralogically and typical of the Guanajuato mining district. Mineralization at El Cubo occurs as open-space

fillings in fracture/fault zones or impregnations in locally porous wall rock. Mineralization at El Cubo occurs in several stratigraphic formations with the principal hosts being the Guanajuato Formation conglomerate and the Bufa Formation rhyolite. The major veins are northwest striking but several transverse, northeast striking veins with high grade gold mineralization also occur. Mineralization is open-ended due to a lack of exploration drilling and development. Vein mineralization is normally 1 to 2 m wide, with mineralized breccia zones up to 10 m wide. Some high-grade veins are only 10 to 20 centimeters (cm) wide. Most of the important veins dip steeply at 70° to 90°, but some of the northwest striking veins have a shallower dip, ranging from 50° to 60°.

Typical of this style of mineralization, economic concentrations of silver and gold occur in ore shoots distributed vertically and laterally between barren or weakly mineralized portions of the veins. Bonanza grades may occur at the site of vein intersections, such as the nearly perpendicular San Nicolas-Villalpando vein intersection. Other vein intersections of various named splays along the principal Villalpando vein also host bonanza grade silver-gold mineralization. Movement along the strike or dip direction of veins during the hydrothermal episodes caused wide sigmoidal breccia zones typified by pinch and swell mineralization.

El Cubo and El Pinguico mineralization is typical of the classic high-grade silver-gold, banded epithermal vein deposits with low sulfidation mineralization characterized by adularia-sericite-silica alteration. Silver occurs in dark sulfide and sulfosalt-rich bands within the veins with little mineralization but significant alteration minerals in the surrounding wall rocks. Native silver occurs primarily in the near surface oxidized zones while at depth, the ores contain lead, zinc, and copper sulfides.

### **Deposit Types**

The Guanajuato mining district is a world-class, high-grade, silver-gold, epithermal vein system with low sulfidation and adularia-sericite alteration. The Guanajuato veins are typical of most epithermal silver-gold vein deposits in Mexico with respect to volcanic activity, volcanic and sedimentary host rock affinities, mineral paragenesis, silver-gold grades and ratios, vein mineralogy, and alteration styles. Low sulfidation epithermal veins in the region typically have a well-developed, sub-horizontal ore horizon about 300 to 500 m in vertical extent where high grade vertical ore shoots develop during hydrothermal fluid boiling and mineral precipitation. In some districts, multiple sub-horizontal horizons develop. The minimum and maximum elevations of mineralized horizons at El Cubo have not yet been precisely defined, but historic production spans an elevation range from 1,850 meters to 2,650 meters, with known mineralization down to the 1,825 m elevation.

Silver and gold are commonly zoned in epithermal systems and mineralization at El Cubo is no exception. The gold to silver ratios range from 1:15-1:30 in the upper reaches of mineralization (typified by San Nicolas, Area 1) to 1:100-1:150 at depths (typified by Peregrina, Area 4, and Dolores 2, Area 2).

Low sulfidation deposits are formed by the circulation of hydrothermal solutions that are near neutral in pH; thus, there is very little acidic alteration within the host rocks and no widespread pyritic haloes. The characteristic alteration assemblages include illite clay, sericite, and adularia along with silicification that are hosted within the veins or in the adjacent wall rocks. Adularia is a particularly important alteration mineral as it is a guide to economic mineralization. Amethyst is locally associated with gold and silver mineralization and calcite is a late stage mineral. The hydrothermal fluids travel along fissure/faults or other openings or can also travel through very porous rock types such as poorly welded ignimbrites or ash fall tuffs. Fluids that travel along fissure and faults develop into veins or vein breccia zones while fluids traveling along porous rock units tend to form disseminated deposits.

### **Exploration**

The Guanajuato mining district has been active for hundreds of years and is one of the great silver-gold districts in Mexico. Extensions to known ore bodies and new discoveries, along with increased metal prices, has allowed for continued production at many mines. Based upon the number of veins already exposed at El Cubo and El Pinguico, it is likely that further exploration efforts will result in extensions of known mineralization along strike and down-dip.

#### *El Cubo*

Recent surface and/or adit sampling in the Purisima, Cabrestantes II, and San Juan areas by Endeavour in 2016 suggest that these areas are quite high in the mineralized system with potential at depth. However, surface sampling in the Las Palomas area appears discouraging as selected samples reported low silver and gold values and the presence of anglesite, the oxide equivalent of galena (PbS), a base metal mineral suggestive of the lower reaches of the mineralized system.

Sampling in the El Bosque and Georgina (Nayal) area returned generally discouraging values, although some moderately anomalous gold values were received.

In 2016, diamond drilling by Endeavour at San Juan de Dios intersected strong mineralization. In 2018 and 2019 Endeavour drilled a total of 75 diamond core holes and 40 diamond core holes, respectively, encountering values greater than 160 equivalent grams of silver per tonne and thicknesses in several holes. In all, there were 44 intercepts in 33 holes and an additional 42 intercepts in 25 holes, some of which are greater than the minimum mining width, intersected in the 2018 and 2019 campaigns, respectively. See “*Drilling*” below.

Since acquiring El Cubo in April 2021, the Company has completed over 14,000 m of drilling at El Cubo during 2021 and 2022 and has begun work to update the El Cubo resource model by incorporating data gathered during this core drilling program.

### *El Pinguico*

El Pinguico had been a successful mine developing high-grade ores when it shut down in 1913 due to violence related to the Mexican Revolution. However, except for sampling campaigns on the surface and underground stockpiles, the El Pinguico mine lay dormant for over 100 years until the Company began its mine rehabilitation, sampling and exploration drilling work in 2020 and 2021. Sampling by the Company in 2020 identified several areas where high grade mineralization is exposed in drifts and crosscuts.

On December 1, 2020, the Company announced assay results from underground channel sampling at El Pinguico. Sample widths averaging 1.1 m were taken from vein exposures of the El Pinguico vein along Adit Level 4 and from the San Jose vein along crosscuts parallel to Adit Level 4 approximately 60 m to the east of the El Pinguico vein, before the two veins merge further north. Although the material sampled from the San Jose vein appears to have more erratic values, some of the assays have strong gold and silver values. Based upon historic records, the San Jose vein runs parallel to the El Pinguico vein for approximately 700 m in strike length. The best sample from the El Pinguico vein Adit Level 4 channel samples assayed, on a grade weighted average, 1,136 gpt AgEq, based on 733 gpt Ag and 5.0 gpt Au over a strike length of 15 metres in the Pinguico shaft of the “Pillar” target area. The best result from the San Jose #1 parallel drift channel samples in the San Jose NW pillar graded a weighted average of 303 gpt AgEq, based on 154 gpt Ag and 1.9 gpt Au over a strike length of 25 meters. The above sample widths as collected underground may not be true widths.

Several veins and structures on other claims in the El Pinguico Project area have been sampled by the Company with favorable results suggesting strong potential at depth.

To the south, the La Joya vein appears to be the strike extension of the El Pinguico vein. Both veins dip toward the Veta Madre and lie in the hanging wall of the 45° west dipping Veta Madre, the major ore producing structure in the Guanajuato mining district. The El Pinguico-La Joya veins are sub-parallel to the Veta Madre and may, in fact, be splits off the Veta Madre. Down-dip on the Veta Madre structure, where it is postulated to intersect the El Pinguico-La Joya veins, is a prime exploration target for bonanza style mineralization.

The most recent work by the Company has been to open the El Pinguico Mine shaft to Level 7 of the mine. Level 7 is an important haulage way which will provide access to undeveloped parts of the El Pinguico vein and also allow access to the underground stockpile of what was considered by the original miners as waste, but based upon tests by the Mexican Geological Survey, was shown to have potentially economic grades of silver and gold. Exploitation of pillars in abandoned areas would also be possible.

### *El Pinguico Underground Stockpile*

In addition to the potential of future underground mining of in-place vein mineralization, El Pinguico contains a surface and an underground stockpile. The stockpiles date back to 1913 when the mine shut down during the Mexican Revolution.

The underground stockpile has been sampled multiple times by hand dug trenches and more recently by a five-hole diamond drill program designed to cut across the stockpile at various locations.

In 1959, the Mexican Geological Survey or “Consejo de Recursos Minerales” (CRM) hand dug trenches, collected representative samples, and completed a topographic survey. This sampling campaign resulted in an average gold grade of 2.72 g/t and an average silver grade of 251 g/t. In 2012, the Mexican Geological Survey, now known as “Servicio

Geologico Mexicano” (SGM) again sampled the trenches and estimated “certified tonnes” with an influence of 5 m in depth. Aside from the average assay data and trench locations, no other data is available on sampling methods. This sampling campaign resulted in an average gold grade of 1.66 g/t and an average silver grade of 143 g/t. These figures are historic and should not be relied upon.

In 2017, the Company’s consulting geologist and Qualified Person completed a re-sampling program on the top of the stockpile consisting of 57 samples from 20 trenches (mostly historic with a few new trenches) over a length of 340 m (the approximate length of the stockpile) and returned similar grades for these trench samples, as report by the SGM. These trenches average 6.42 m in length and averaged 183.5 g/t of silver and 1.75 g/t of gold confirming the grades found by SGM in 2012, as most of the individual assay results and the overall averages grades are close for both gold and silver. The results from the CRM study in 1959, however, show considerably higher gold and silver values than either SGM’s or the Company’s sampling. It is speculated that the top of the stockpile may be diluted by years of occasional rock fall of waste rock from the walls of the open stope.

The underground stockpile sampling programs are well documented; however, there are serious questions as the bulk of the stockpile is un-sampled. The underground stockpile fills an old open stope area from Level 4 to Level 7 of the El Pinguico mine and ranges from 25 m to 100 m thick and occupies portions of the stoped out El Pinguico vein. At present, only the surface of the stockpile can be manually sampled. More recently, the Company drilled five core holes through portions of the underground stockpile. The shallowest hole cutting the uppermost portion of the stockpile returned similar grades to the trench samples, but the others returned disappointing results, which may be the result of very poor core recovery of the small fragments and fine material.

#### *El Pinguico Surface Stockpile*

In 2012, EMBSA dug six trenches to test the grade of the surface stockpile. The tonnage estimate is based upon a topographic survey. Six trenches were dug returning an average silver grade of 66 g/t and an average gold grade of 0.46 g/t. These figures are historic in nature and should not be relied upon as QA/QC data is not available for this sampling campaign.

In early 2017, after acquiring El Pinguico, the Company contracted Findore to undertake a second sampling campaign on the surface stockpile. Findore collected two large samples at each site for a total of 20 samples. Sampling was supervised by a Qualified Person and followed NI 43-101 guidelines. Ten holes were dug with a backhoe and samples collected near the top and near the bottom of each hole. The top samples returned slightly higher assay values than the bottom reflecting no bias in sampling and matching the previous sampling results quite well. Blanks and standards were inserted into the sample stream and results confirmed no contamination or bias. Assaying was performed by a certified laboratory and with appropriate QA/QC procedures followed. Based upon photos and a sample location map, sample sites were scattered so samples representative of the entire stockpile could be collected. The 2017 results showed a silver grade of 68 g/t and a gold grade of 0.53 g/t; thus, matching quite well the 2012 results. This grade was confirmed by the Company’s 1,000 tonne bulk sample of the surface stockpile material undertaken in May 2020. See Item 4.1 “DESCRIPTION OF THE BUSINESS – *Three Year History – Financial Year Ended December 31, 2020*” above.

A third sampling campaign by the Company on the surface stockpile was undertaken in December 2017, but results returned lower values for both silver and gold with an average silver grade of 49.3 g/t and an average gold grade of 0.28 g/t. QA/QC data for this sampling program is not available and accordingly the results thereof should not be relied.

For details of the Company’s exploration work completed at El Pinguico since the effective date of the 2023 PEA Report (December 31, 2022), see “*Company Update and Current and Contemplated Production, Exploration and Development*” below.

## **Drilling**

### *El Cubo – Endeavour Drilling Programs*

During its tenure as owner, Endeavour carried out a number of surface and underground drilling programs at El Cubo.

From 2012 through 2014, approximately 73,000 m in 277 diamond drill holes from the surface were completed at El Cubo. During 2015, a total of approximately 7,200 m in 25 surface diamond drill holes and 4,018 m in 22 underground holes were drilled.

Underground drilling completed in 2016 was conducted to evaluate mineralization along the Villalpando, Dolores, Soledad, and La Loca veins in areas near existing mine workings. 584 samples were collected and submitted for analysis.

In 2016, an underground drilling exploration program was conducted on targets (La Loca, Vein 274, San Juan de Dios, La Paz, and San Nicolás) located in close proximity to the then active mines. A total of 12 underground drill holes were completed for 1,710 m at the El Cubo Project and 584 samples were collected and submitted for analysis. Underground drilling at San Juan de Dios returned strong gold values in hole CUDG-1006. Moderate values were returned from one hole targeting the 274 vein and one hole targeting the San Nicolas vein, while drilling at La Paz was disappointing. 13 surface diamond drill holes totalling 3,800 m were also drilled in 2016 in the Nayal-Cabrestantes area, but results were disappointing.

An underground diamond core drilling campaign was undertaken in 2018 and 2019. In 2018, 75 holes were drilled in the La Loca, Vein 274, San Juan de Dios, La Paz, and San Nicolas vein exploration target areas. In 2019, the underground drilling campaign continued with another 40 holes drilled in these same areas.

In all, there were 44 gold and silver intercepts in 33 holes and an additional 42 gold and silver intercepts in 25 holes, some of which are greater than the minimum mining width, intersected in the 2018 and 2019 campaigns, respectively. A gold and silver intercept is one that contains >160 g/t equivalent silver. While gold and silver intercepts do not imply actual mine grade ores, they do represent the presence of strong mineralization which with additional drilling might be upgraded to mineral resources.

Also, a number of holes intersected low-grade mineralization proving the existence of vein structures. Based upon computer and geologic modeling screen shots showing these underground drill holes, it appears that many of the intercepts have no adjacent channel sampling, suggesting that many of these mineralized zones have not yet been mined.

Gold and silver and low-grade intersections prove the existence of vein structures and mineralization that will require further drilling before these intercepts (scattered throughout the El Cubo mine workings and at different azimuths and dips) can contribute to El Cubo's 2021 inferred mineral resource.

Since acquiring El Cubo in April 2021, the Company has completed over 14,000 m of drilling at El Cubo during 2021 and 2022 and has begun work to update the El Cubo resource model by incorporating data gathered during this core drilling program. Although Endeavour and the Company have significantly increased the drilling and sampling data at El Cubo since the 2016 database used for the mineral resource estimate in the report, such drilling was primarily exploration drilling on parallel vein structures and requires additional infill drilling to achieve a drill spacing adequate for an Inferred Mineral Resource estimate. Accordingly, the results from such subsequent drilling by Endeavour and the Company have not been used in the calculation of the mineral resource estimate for El Cubo as at December 31, 2022.

#### *El Pinguico Drilling*

In January and February 2018, the Company, under the supervision of Findore, drilled five HC sized diamond drill core holes to evaluate the grade of the underground stockpile. A total of 214 m was drilled. Several problems were encountered: building drill pads underground suitable for the drilling machine and more importantly, poor core recovery. Core recovery of large blocks of rhyolite was good but fine material was not recovered. The overall average core recovery was allegedly 40% with the best recovery in relatively barren large blocks of rhyolite. The results from the five underground core holes show less silver and gold than expected, except for the fifth hole, drill hole P5-N, which was an up-hole drilled testing near the top of the stockpile, which returned an average gold grade of 0.228 g/t and an average silver grade of 45.6 g/t. The other four holes failed to substantiate grades similar to those returned from the trench sampling and assaying. It appears that vein material and sulfide minerals was likely flushed away into void spaces in the stockpile; however, whether this can explain the relative absence of "ore-grade" mineralization in deeper levels of the stockpile, it is impossible to know until further sampling data is available.

It should be noted that only a small section of the underground stockpile was drill tested.

### **Sampling, Analysis and Security of Samples**

#### *El Cubo*

At El Cubo, underground channel samples were handled by Endeavour's production staff employing standardized procedures for collecting underground grade control chip samples. Chip channel sampling was carried out daily in

accessible stopes and development headings by Endeavour’s mine sampling technicians with samples shipped to Endeavour’s in-house Bolañitos Mine laboratory.

Endeavour’s exploration staff was responsible for regional and mine exploration within the El Cubo mining district, including the management, monitoring, surveying, and logging of surface and underground diamond drilling. Core from diamond drilling followed a standard general procedure, during which depth markers were checked and confirmed; the outside of the boxes labeled with interval information; core washed and photographed; and the recovery and modified rock quality designation (RQD) logged for each drill hole. Core was split using a diamond saw and intervals were based upon geology, separating out vein, breccia, and wall rock. Standards and blanks were inserted into the sample stream at appropriate intervals. All core samples were held securely by Endeavour’s exploration group until delivered to ALS’ preparation facility in Zacatecas, Mexico. After preparation, the samples were shipped for analysis to ALS’ laboratory in Vancouver, Canada where the samples were logged into the laboratory’s tracking system and prepped. The entire sample was weighed, dried if necessary, and fine crushed to better than 70% passing 2 mm (-10 mesh). The sample was then split through a riffle splitter and a 250 gram split was then taken and pulverized to 85% passing 75 microns (-200 mesh).

Table 11.1 below summarizes the procedures utilized in analysing the samples.

**TABLE 11.1  
SUMMARY OF ANALYSIS PROCEDURES**

Sample Type	Element	Description	Lower Detection Limit	Upper Detection Limit	ALS Code
Core	Au	Fire Assay and AA analysis	0.005 ppm	10 ppm	AUAA23
	Ag	Aqua Regia and AA analysis	0.2 ppm	100 ppm	AA45AG
	Au, Ag (Samples >20ppm Ag AA45AG)	Fire Assays and Gravimetric Finish	0.05 ppm Au / 5 ppm Ag	1,000 ppm Au / 10,000 ppm Ag	Au,Ag ME-GRA21
Rock	Au	Fire Assay and AA analysis	0.005 ppm	10 ppm	AUAA23
	Multielements (35 Elements)	Aqua Regia and ICP-AES Finish	0.2 ppm Ag / 1 ppm Cu / 2 ppm Pb / 2 ppm Zn	100 ppm Ag / 10,000 ppm Cu, Pb and Zn	ME-ICP41
Soil	Au	Aqua Regia and ICP-MS Finish	0.001 ppm	1 ppm	TL42-PKG Au-TL42 + ME-MS41
	Multielements (51 Elements)	Aqua Regia and ICP-MS and ICP-AES Finish	0.002 ppm Ag / 0.01 ppm Cu, Pb and Zn	100 ppm Ag / 10,000 ppm Cu, Pb and Zn	

ALS is an independent analytical laboratory company that services the mining industry around the world. ALS is also an ISO-certified laboratory that employs a rigorous quality control system in its laboratory methodology as well as a system of analytical blanks, standards, and duplicates. Details of its accreditation, analytical procedures, and QA/QC program can be found at <http://www.alsglobal.com>.

*Quality Assurance/Quality Control (QA/QC)*

Standards, blanks, duplicate samples, and check assaying was standard procedure employed by Endeavour for all diamond drill core at El Cubo. All QA/QC results show no bias in the sampling or assaying of diamond drill core (whether from underground or surface drill holes) and standard reference materials, blank sample assays and duplicate and check sample results returned values within industry standards and are appropriate for use in the 2023 PEA Report.

There was an issue with the QA/QC on the production assaying results undertaken at Endeavour’s in-house Bolañitos Mine laboratory due to poor correlation with check results for both gold and silver. A portion of the failure rate in reject duplicates and mine duplicates can be expected considering the normal erratic nature of silver and gold grades in vein systems. The same type of assay failure was not seen from the samples from the diamond drill hole core. However, for the purposes of the 2023 PEA Report, particularly concerning mineral resources and reserves, the production channel assays are acceptable.

## *Data Verification*

### El Cubo

Behre's Qualified Person spent two days at El Cubo where Endeavour's professionals made presentations focused on areas that GSilver believed viable for near-term mining. The mineral resources presented by Endeavour totaled about 509,000 tonnes.

Behre's Qualified Person also undertook steps to verify the accuracy of the mineral resources including visiting every projected area selected as a potential resource including in place material ready for blasting and mining; inspecting numerous underground vein exposures and mineralization in-place and finding they were as depicted on the underground mine maps; inspected drill core encompassing the vein mineralization; inspecting geological, structural, and vein maps and was satisfied with their validity; and was present in discussions on resource methodology, sampling and assay analysis procedures, and validity of the results. Questions were asked and the Qualified Person was satisfied with the procedures, methodologies, and validity of the analytical results, that the available data was adequate for the purposes used in the 2023 PEA Report and a reasonable expectation exists that the mineralization present is economic.

It is noted that with respect to Endeavour's 75-hole and a 40-hole underground diamond drilling campaign in 2018 and 2019, respectively, QA/QC was not available for the assaying on these drilling campaigns, although the assays were performed by certified laboratories.

### El Pinguico

Behre's Qualified Person also spent two days at the El Pinguico Project during which time he inspected the surface stockpile and accessible portions of the underground stockpile; satisfied himself that the surface and underground stockpiles are present and appear as shown in the database; and inspected exposures of in-place underground vein material and was satisfied that the mineralogy, style of mineralization, and approximate widths were as expected.

No data is available for sample preparation and analysis for the early sampling programs undertaken by the Mexican Geological Survey.

For both the 2017 surface stockpile sampling and the underground stockpile sampling, samples were secured by Findore and/or the Company until shipped to the assay lab.

For 2017 underground sampling program, core and rubble were split using non-selective methods. Core was split in half; 50% of the rubble was collected at small but appropriate meter intervals. Secured samples were sent to the ALS Laboratory in Guadalajara, Mexico for sample preparation. Gold, silver, and multi-element ICP analysis was completed at the ALS laboratory in North Vancouver, Canada. Rock samples were fine crushed (70% passing a 2 mm screen), pulverized (85% passing a 75 micron screen) and a pulp split separated for assaying by a riffle splitter. A 30 gram portion was assayed for gold and silver by standard fire assay and a 10 gram split was analyzed for 35 elements by ICP method. Certified reference material and blank samples were inserted into the sample stream at a 5% insertion rate with pulped samples from the underground stockpile for quality control purposes.

Behre reports that the data for the surface stockpile at El Pinguico is adequate and suitable for the requirements of the 2023 PEA Report. Behre found that the assay results and estimated grade and tonnes for the El Pinguico surface stockpile are realistic, adequate, and acceptable and that the results of the Company's recent 1,000 tonne bulk sample confirm the estimated grade of the stockpile. See Item 4.1 "GENERAL DEVELOPMENT OF THE BUSINESS – *Three Year History – Financial Year Ended December 31, 2020*" above for further details regarding the bulk sample.

Behre also reports that the sample collection of both the underground stockpile trenches and diamond drill core, sample preparation, assaying techniques, and QA/QC for the El Pinguico underground stockpile and the underground stockpile trench assay data are to industry standards and acceptable for the purposes of the 2023 PEA Report.

However, the Company's 2018 five-hole diamond drilling campaign failed to confirm that gold and silver mineralization is relatively uniform through the stockpile although it is noted that such campaign tested a very limited portion of the stockpile and other portions of the stockpile may host grades similar to those found in the trenches. Behre concludes that the results of the underground stockpile drilling are not definitive and additional information about the grade of the stockpile beneath the uppermost metres is required before the entire stockpile can be considered as a mineral resource.

### **Mineral Processing and Metallurgical Testing**

The mineralogy of the mining district is the result of an epithermal deposition caused by hydrothermal activity. El Cubo is typical of the classic high-grade silver-gold, banded epithermal vein deposits where silver occurs as sulfides. The El Cubo mill is an industry-standard flotation circuit designed to recover the sulfide mineralization containing silver and gold values. Recently, a gravity circuit has been added to treat the hydrocyclone underflow stream and to recover native silver, gold, and electrum that was not reporting to the flotation concentrate.

As noted above, the mineralogy of the mining district is the result of an epithermal deposition caused by hydrothermal activity. The result is the operating data obtained from the El Cubo mill showed that between 2017 and 2019 recoveries averaged 87% for silver and 86.5% for gold. The feed to the mill during this period varied as it derived from many different parts of the mine.

The Company started up the El Cubo mill on material from El Cubo and from El Pinguico. Cessation of feed from El Pinguico occurred in July 2022. Starting in August 2022 and through January 2023, the mineralized material processed in the El Cubo mill demonstrated silver flotation recoveries between 85.1% and 89.9% with an average recovery of 87.4%. For the same time period, gold flotation recoveries varied from 86.9% to 90.9% and averaged 89%. By observation, these operating results are similar to the results obtained by Endeavor.

Starting in January 2023, a gravity circuit was added to recover metals from the cyclone underflow that was too heavy to be recovered in the flotation circuit. During the first quarter of 2023, there was an increase in silver equivalent recovery of approximately 7%.

The Company has projected a silver recovery of 85%, a gold recovery of 85% and a gravity circuit recovery of 5% silver equivalent (AgEq), hence the total silver equivalent recovery is projected to be 90%.<sup>3</sup> These recoveries are based on current experience.

### **Mineral Resource and Mineral Reserve Estimates**

#### *Mineral Resources*

The mineral resource estimate used as the basis for the 2023 PEA Report was developed using Endeavour's mineral resource estimate as at December 31, 2016<sup>4</sup> and computer models for El Cubo and the Company's February 28, 2017 resource estimate for El Pinguico.<sup>5</sup> Behre's Qualified Person ("Behre's QP") extensively reviewed and audited the primary drilling data, computer models, wireframes, estimation methods, the previous estimates and mill production in 2021 and 2022 to help develop the Behre's QP's independent estimate of the current mineral resources at such properties.

However, although Endeavour and the Company have significantly increased the drilling and sampling data at El Cubo since the 2016 database used for the mineral resource estimate in the 2023 PEA Report, such drilling was primarily

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<sup>3</sup> Silver Equivalent calculated using one ounce of gold is equal to 80 ounces of silver.

<sup>4</sup> National 43-101 Technical Report: Updated Mineral Resource and Reserve Estimates for the El Cubo Project, Guanajuato State, Mexico for Endeavour Silver by Hard Rock Consulting, LLC. Effective Date, December 31, 2016, Report Date: March 3, 2017. Downloaded from SEDAR+.

<sup>5</sup> NI 43-101 Technical Report for the El Pinguico Project, Guanajuato Mining District Mexico for VanGold Mining, authored by Carlos Cham Dominguez of FINDORE S.A. DE C.V., effective date February 28, 2017. Downloaded from SEDAR+.

exploration drilling on parallel vein structures and requires additional infill drilling to achieve a drill spacing adequate for an inferred mineral resource estimate. Accordingly, the results from such subsequent drilling by Endeavour and the Company have not been used in the calculation of the mineral resource estimate for El Cubo as of December 31, 2022 included in the 2023 PEA Report. Behre’s QP is of the opinion that targeted drilling should be completed to increase the mineral resource tonnage, classification, and mine life prior to a pre-feasibility study.

Behre’s QP is of the opinion that the estimates in this section are reasonable and can be utilized for the 2023 PEA Report; however, Behre cautions that mineral resources are not mineral reserves and do not have demonstrated economic viability.

*El Cubo Resource Estimate*

Endeavour’s December 31, 2016 resource estimate was comprised of 37 individual models. These models were developed for each vein or area using two different estimation methods: either (1) a traditional manual polygonal method or vertical longitudinal projection (VLP) or a 2-dimensional (2D) polygonal method; or (2) computerized 3-dimensional (3D) block models. Fifteen areas were estimated using manual techniques and 22 different block models were used for the computerized estimates. These models were supplied by Endeavour in electronic form and reviewed and modified by Behre’s QP, where appropriate, to generate an estimate of mineral resources. Measured mineral resources are the area of the defined resource blocks within 10 m of a sample. Indicated mineral resources are the area of the defined resource blocks within 20 m of a sample. Inferred mineral resources are those blocks greater than 20 m from a sample and have a value for estimated silver.

In addition, Behre’s QP spent two days at El Cubo verifying the information provided in electronic form by Endeavour including presentations by Endeavour’s professionals focused on areas that the Company believed viable for near-term exploitation. The mineral resources in these areas totaled approximately 509,000 tonnes, which agrees with total tonnage presented in Endeavour’s 2019 and 2020 public filings for El Cubo. See “*Quality Assurance/Quality Control (QA/QC) – Data Verification*” above for details of the steps taken by Behre’s QP to verify the accuracy of the mineral resources. Based on long production experience and historic measurements, a density factor of 2.5 t/m<sup>3</sup> is used to convert volumes to tonnages at El Cubo.

Behre estimated the current silver and gold resource at El Cubo by taking the 31 January 2021 mineral resource at El Cubo and subtracting the mill production adjusted for 40% dilution at the property since 1 February 2021 (see Table 14.2).

Year	Tonnes	Ag g/t	Au g/t
Indicated	54,876	144	1.89
Inferred	88,758	144	1.89
<b>Total</b>	<b>143,634</b>	<b>144</b>	<b>1.89</b>

To estimate the remaining mineral resources, as of 31 December 2022 at the El Cubo property, Behre eliminated the known mine production during 2021 and 2022. This results in Behre’s estimate of the current mineral resource at El Cubo, as shown in Table 14.3. The silver equivalent in Table 14.3 has been calculated using a conversion of 1 ounce of gold is equal to 80 ounces of silver. The conversion ratio of 80 was based solely on gold and silver prices using the average 3-year trailing price for gold of US\$1,850 per ounce and for silver of US\$23.00 per ounce (US\$1,850 ÷ US\$23.00 = 80). As the historical recoveries from the El Cubo mill averaged 87% for silver and 86.5% for gold, the differential of recoveries was not considered in developing the conversion factor.

<b>TABLE 14.3</b>						
<b>ESTIMATE OF THE PRESENT EL CUBO MINERAL RESOURCES AS OF 31 DECEMBER 2023</b>						
<b>Classification</b>	<b>Tonnes</b>	<b>Silver</b>		<b>Gold</b>		<b>Silver Eq g/t</b>
		<b>g/t</b>	<b>oz</b>	<b>g/t</b>	<b>oz</b>	
Measured	None					
Indicated	453,180	200	2,914,000	2.51	36,500	400
Inferred	1,364,000	219	9,585,000	2.84	129,900	446
<b>Notes:</b>						
1. Silver Equivalent calculated using 1 ounce of gold is equal to 80 ounces of silver.						
2. Numbers have been rounded.						
3. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.						

There is no certainty that all or any part of the estimated mineral resources will be converted into mineral reserves.

There are no known or material pre-existing environmental conditions or liabilities at El Cubo that could materially affect the potential development of the mineral resources.

#### *El Pinguico Resource Estimate*

There are two stockpiles at El Pinguico that date back to 1913 when the mine shut down during the Mexican Revolution; a surface and an underground stockpile.

The surface stockpile has been sampled by digging 10 pits by excavator and sampling near the top and bottom of the pits. These were assayed using acceptable QA/QC procedures. The data for the surface stockpile was reviewed during Behre's two-day site visit at El Pinguico. The surface of the stockpile was visually inspected and found consistent with lower grade mineralization at El Pinguico. Detailed discussions were held about the topographic survey and sampling procedures. The mineralogy, style of mineralization, and approximate size of the stockpile were found to be consistent with the data provided and the pits scattered relatively evenly on the stockpile necessary for estimating potential grades.

Behre used the topographic survey of the stockpile and the sampling data to re-estimate the volume and average grade of the mineralization. Based upon the topographic survey and all the sampling data, the surface stockpile contained approximately 185,000 tonnes with a silver grade of 67 g/t and a gold grade of 0.45 g/t as of January 31, 2021. In 2021 and 2022, approximately 62,500 tonnes, averaging a silver grade of 38 g/t and a gold grade of 0.45 g/t, was consumed from the stockpile. After subtracting dilution due to rehandling the material, it is estimated that 55,000 tonnes of mineral resources were consumed from the surface stockpile.

Based on sample work Behre has classified the surface stockpile as an indicated mineral resource. Exploitation of the mineral resources estimated in this report for the surface stockpile were not used in the economic analysis for the 2023 PEA Report.

The underground stockpile at El Pinguico fills an old open stope area from Level 4 to Level 7 of the El Pinguico mine ranging from 25 m to 100 m thick and occupying portions of the stoped out El Pinguico vein. As of the date of the 2023 PEA Report, only the surface of the underground stockpile could be sampled. The Company dug and sampled 20 shallow trenches some 0.5 m to 1 m deep in 2017. Part of the dump surface appears to have been contaminated by rock fall from the overlying waste rock adjacent to the Pinguico vein. The data for the underground stockpile was reviewed by Behre during its two-day site visit to the El Pinguico Project. The surface or top of the stockpile was visually inspected and found consistent with lower grade mineralization at El Pinguico. Behre held detailed discussions about the underground survey and sampling procedures. The mineralogy, style of mineralization, and approximate size of the stockpile were found to be consistent with the data provided.

Behre has reviewed the sampling work in 2017 and is of the opinion that the underground stockpile contains potentially economic material in the upper portion, or upper 5 m of the stockpile, which has been sampled using modern QA/QC controls. Based upon this sampling, it is estimated that the upper 5 m of the underground stockpile contains 25,600 tonnes at a silver grade of 166 g/t and a gold grade of 1.67 g/t.

Behre does not have confidence in the material in the underground stockpile below 5 m. While it has historically been assumed that this stockpile is comprised of low-grade vein material from development drifts, it could also include barren waste rock from development drifts. The underground stockpile has not changed since 2021 at El Pinguico and its exploitation has not been included as part of the current economic analysis.

Behre estimates the remaining mineral resources at El Pinguico as at December 31, 2022 as shown in Table 14.4. However, Behre cautions that mineral resources are not mineral reserves and do not have demonstrated economic viability.

**TABLE 14.5**  
**EL PINGUICO MINERAL RESOURCES AS OF 31 JANUARY 2021**

Classification	Tonnes	Silver		Gold		Silver Eq g/t
		g/t	oz	g/t	oz	
Measured	0					
Indicated						
Surface Stockpile	130,000	79	331,000	0.45	1,883	115
Underground Stockpile	25,600	166	136,600	1.67	1,375	300
<b>Total</b>	<b>155,600</b>	<b>93</b>	<b>467,600</b>	<b>0.65</b>	<b>3,257</b>	<b>146</b>
<b>Notes:</b>						
1. Silver Equivalent calculated using 1 ounce of gold is equal to 80 ounces of silver, on the basis of the average 5-year historic silver and gold prices.						
2. Numbers have been rounded.						
3. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.						

There are no known or material pre-existing environmental conditions or liabilities at El Pinguico that could materially affect the potential development of the mineral resources. As the surrounding area and larger community is supported by the mining industry, no opposition to re-starting the mine and the required permitting process is expected assuming the Company complies with all applicable regulations and continued community involvement.

**The Company cautions that the above mineral resource estimates have an effective date of December 31, 2022 and do not reflect any reduction in resources that have been depleted by GSilver since that date. As such the actual remaining resources at El Cubo and El Pinguico will differ from the resource estimates set out above, which differences may be significant.**

## *Mineral Reserves*

Currently, there are no defined Mineral Reserves at either El Cubo or El Pinguico.

## **Mining Operations**

*The following discussion regarding the Company's mining operations at the El Cubo-Villalpando Mine Complex has been derived from the 2023 PEA Report effective December 31, 2022. See "Company Update and Current and Contemplated Production, Exploration and Development" below for a discussion of, inter alia, the Company's current mining operations at the El Cubo-Villalpando Mine Complex since the effective date of the 2023 PEA Report.*

The Company operates the combined El Cubo and El Pinguico properties to provide feed to the El Cubo mill (also known as the El Tajo plant). Material from the underground mine at El Cubo, combined with mineralized material from other sources, will be the primary feedstock to the El Cubo mill between 2023 and 2028. Although some material from El Pinguico has been processed since 2021, for purposes of the 2023 PEA Report, no additional feed from the El Pinguico stockpiles is projected to be fed to the El Cubo processing facility at this time.

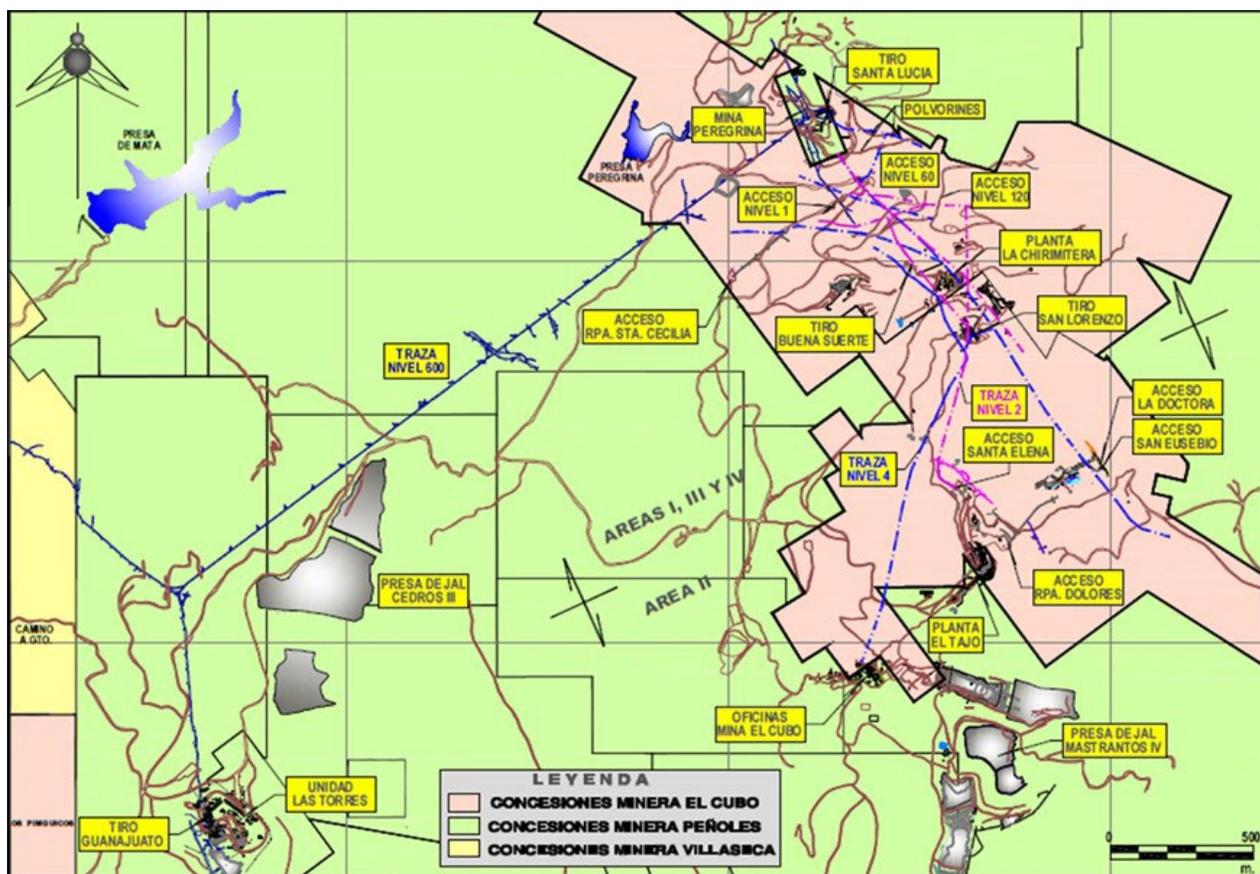
The mining method employed at El Cubo is used throughout Mexico and is well understood in the Guanajuato area. Mechanized cut-and-fill stoping, using small LHD (load-haul-dump) machines and handheld jackleg drills, is the current mining method. This method does allow for some degree of resuing to eliminate or minimize the amount of waste dilution and to provide fill for the stopes. A small amount of long hole stoping has also been utilized. Other methods, such as stull stoping, may be considered in the future.

Development at El Cubo is conventional drill-blast-muck using jumbos for drilling and LHDs (load-haul-dump) and trucks for haulage. Ground support is installed as required.

- El Cubo

Starting in 2021, the Company initially extracted mineralized material from El Cubo from stopes that were shut down by Endeavour and required no pre-production development. Endeavour reported that approximately 9,000 tonnes had been drilled and blasted and this material was hauled to the mill and processed in 2021 and 2022. Another 60,000 tonnes of material was also ready for drilling and blasting and has been accessed. Any required de-watering was completed.

Ongoing extraction will next occur in areas that have been drilled, sampled, and defined as mineral resources or otherwise identified for mining. These areas require decline ramps, ore drifts, and ventilation shafts. Figure 16.1 is a plan view of the El Cubo property. Figure 16.1 shows the different entrances, surface haulage and underground haulage routes. Also shown are surface facilities, such as offices and the El Cubo (El Tajo) mill.



**Figure 16.1. Plan view of the El Cubo property**  
**Source: Endeavour Silver Corp., November 2020.**

- El Pinguico

At El Pinguico, the Company has hauled a portion of the surface stockpile and eventually intends to haul a portion of the underground stockpile to the concentrator at El Cubo for processing. Road access for the surface stockpile exists and is adequate. Access to the underground stockpile requires that the Level 7 adit be opened and a short road from the adit opening to the El Pinguico surface stockpile be constructed.

In the early 1900s when the El Pinguico Mine was in operation, it consisted of five vertical shafts and two horizontal adits. Historically, El Pinguico consisted of 10 mining levels. The levels are in various stages of decay but shafts, adits, and drifts developed in competent rhyolite are still intact. The hanging wall and foot wall that were developed along the vein structure, which are in competent rhyolite, are still intact

Material contained in the underground stockpile may be available for extraction using draw points from Level 7. The underground stockpile is accessible for top-sampling via the El Pinguico shaft and the El Carmen adit on Level 4.

Stockpile draw points, once established, would make extraction possible by either the El Pinguico shaft or the Level 7 Sangria adit.

On the surface, a stockpile contains approximately 130,000 tonnes of material with a silver grade of 79 g/t and a gold grade of 0.45 g/t.<sup>15</sup> This stockpile can be loaded into trucks and hauled directly to the El Cubo mill

Mining methods for extraction of in situ material that may remain in the mine in the form of mineable pillars and resources that may be identified from exploration drilling along the known vein system have not been defined.

## Processing and Recovery Operations

The El Cubo mill was constructed as a conventional crushing, grinding, and flotation plant. The plant includes two-stage crushing, ball mill grinding, reagent storage, flotation, gravity recovery, flotation concentrate filtration for product shipment, and tailings disposal.

Feed material from the El Cubo underground operations as well as mineralized material from other sources is placed in a storage area that can contain up to 3,000 tonnes. Ore trucks from El Cubo will also place material in the same storage area. Mill feed is reclaimed from the storage area using a front-end loader and fed to a primary crusher grizzly, which in turn feeds a primary crusher at the rate of 40 tonnes per hour.

Crusher product falls onto a conveyor that transports the material to the rail car dump hopper. Crusher product discharges into the rail car dump hopper at a single point. This limits the storage bin storage capacity if only the primary crusher is operated as a source of crushed mill feed.

Primary crushed mill feed is discharged from the rail dump hopper via a series of clam shell feeders onto a series of belts that will carry the material to a vibrating screen. Screen oversize is fed to a secondary cone crusher. Screen undersize, minus 5/8 inches, will be discharged onto the vibrating screen product conveyor. Secondary crusher product is also discharged onto the vibrating screen product conveyor and the combined stream is conveyed to a 650 tonne mill feed storage feed bin.

The minus 5/8-inch material is reclaimed from the 650 tonne mill storage feed bin with a slot feeder and fed to a single stage ball mill at the rate of 37.5 tonnes per hour.

The 12 foot diameter × 14 foot EGL ball mill operates in closed circuit with hydro-cyclones and will grind the material to a 200 mesh (75 m) product size. The cyclone overflow is processed through a Falcon gravity circuit before returning to the ball mills.

Cyclone overflow flows, by gravity, to a conditioning tank where flotation reagents are added.

Conditioned slurry is fed to a 5-stage 30 m<sup>3</sup> tank cell rougher flotation circuit. Rougher flotation product advances to a two stage cleaner circuit. Rougher flotation tails discharges to a tailings thickener circuit.

The first stage cleaner circuit consists of a 4-stage 50 ft<sup>3</sup> Denver flotation cells. First stage cleaner concentrate will advance to the second cleaner circuit, which consists of a 2-stage 50 ft<sup>3</sup> Denver flotation cells. Concentrate from the second cleaner circuit is pumped to an 8-m diameter high rate thickener.

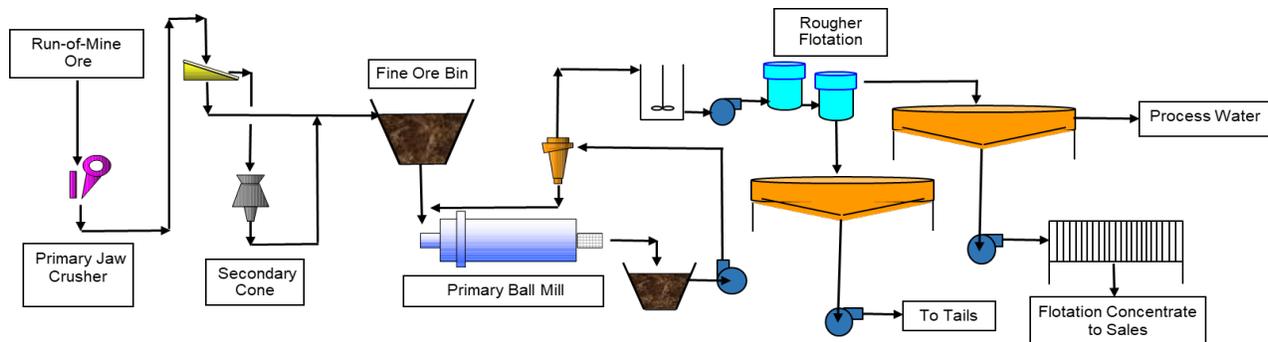
Concentrate thickener underflow, at approximately 55% solids, is pumped into a 1.5 m × 1.5 m Diemme plate and frame filter press for de-watering. The filter press has 3.4 m<sup>3</sup> of filtration volume, or approximately 6 to 8 tonnes of concentrate. Filtered concentrate is dumped from the filter press to the cement floor directly below. Filtered concentrate is then reclaimed from the floor with a front-end loader and loaded into trucks for shipment to a refinery. Flotation concentrate is filtered for shipment at a rate of approximately 12 tonnes per day.

Tailings from the rougher flotation circuit is pumped to a 21 m diameter high rate Outotec thickener. Tailings are thickened to approximately 55% solids and pumped to a conventional tailing pond for final disposal.

Water supply for the El Cubo mill is sourced from the existing underground workings and recirculated process water from the tailings basins. There currently is sufficient water for the plant and other requirements.

Power supply for the El Cubo mill is from an existing 13 kV overhead transmission line.

A simplified flow diagram is shown in Figure 1.1.



**Figure 1.1. El Cubo Mill simplified process flow diagram**

The Company currently operates at approximately 1,200 tonnes per day. The proposed operating plan calls for the plant to process 1,150 tonnes per day for the remainder of 2023. In 2024, plan throughput would be projected to increase to an average of 1,265 tonnes per hour based on 90% plant availability. In later years, the tonnage would be projected to reach a maximum of 1,484 tonnes per hour, depending on mine production

### **Infrastructure, Permitting and Compliance Activities**

#### *Infrastructure*

The El Cubo Mine was shut down in November 2019 with much of the infrastructure intact. Roads, power supply, water supply, buildings, and tailings facilities were still in place and operational. The Company made surface infrastructure improvements during 2021 and 2022. Underground infrastructure was refurbished and replaced and appears adequate to support ongoing mine operations.

The access road from Guanajuato to El Cubo follows an unpaved public road with a speed limit of 25 km/hour. The road is not always well maintained by government authorities but is considered adequate.

The main office for El Cubo is located inside the mine site located at the Dolores mine. There are a number of buildings at this site, and all are connected to power and water. A second office site and company warehouse, La Hacienda, is located near the village of El Cubo. There is a third site adjacent to the Santa Cecelia Mine that has a maintenance shop and an additional office building.

The El Cubo mill was constructed in 2013 and has adequate office space for exploration, mine, mill, and administration personnel. Power and water is available. The buildings, drainage collection, and access are in reasonable condition. There are warehouse storage facilities at the mill site for reagents and spare parts. Some critical spares, such as the mill pinion gears, are still located at the site. The mill facilities and equipment have been serviced and repaired. Equipment that was removed from the mill was replaced and all major pieces of equipment are in place and operating. The PLC control system was upgraded and replaced during refurbishment by Guanajuato Silver.

Water is pumped from the Dolores mine into a series of water reservoirs at the surface for storage and distribution. These facilities are in place and are currently functioning.

Electrical power to the mine facilities is supplied by the state-owned Comision Federal de Electricidad (CFE) via 13.3 kV overhead transmission lines connected to the national grid. A series of sub-stations distributes power to the different mine areas, office areas, and the El Cubo mill. The sub-stations are in place and are functioning.

There are seven tailings basins as part of the El Cubo tailings and process water management complex. Tailings Basin 3-B is the only basin that is active. Tailings Basins 1, 2, 3A, 4, and 5 are closed. Tailings Basin 3-A is fully reclaimed and re-vegetated. The other closed basins are in various stages of reclamation and re-vegetation. The Company's engineering staff calculates that they have 6.5 years of capacity in Tailings Basins 3-B and 6 as of April 2023 at current production rates of 1,200 tonnes per day.

All of the tailings basins are located upstream of the village of El Cubo and were built using upstream dam construction techniques.

The Company has applied for the required permits that would allow the use of the dry stack tailings disposal method. The deactivated tailings basins would be used to store dry stack tailings. Underground tailings disposal is another tailings management method under consideration at El Cubo in the future.

### *Permitting, and Compliance Activities*

As part of the 2023 PEA Report, Behre reviewed relevant documents from the Company's Environmental Department regarding environmental permitting and societal obligations at El Cubo. Based upon its analysis, Behre determined that El Cubo is compliant with environmental permits and obligations and there are no apparent significant technical, legal, environmental, or political considerations that would have an adverse effect on the continued extraction and processing of the mineral resources located at the El Cubo Project or the surface and underground stockpiles at El Pinguico.

At El Pinguico, mining has not occurred since 1913 and no permits are in place regarding mining, milling, waste rock disposal, or other associated activities. A review of environmental regulations and discussions with local officials indicates that no specific permits are required for the work currently ongoing on-site including the removal and shipment of the surface or underground stockpiles of mineralized material to the El Cubo Mill for processing. At present, no on-site mining is planned at El Pinguico and no significant or material pre-existing conditions or environmental liabilities have been identified.

Environmental compliance and permitting costs for El Cubo and El Pinguico are currently budgeted at US\$130,000 per year.

### Ejido Agreements

As part of its acquisition of El Cubo, the Company acquired Endeavour's existing agreement with the local ejido covering the area of the El Cubo Project, the neighboring village and surrounding areas. To the Company's knowledge such agreement contains no negative impacts on the day-to-day operations for the mine, mill, tailings basins, and other project areas.

The El Pinguico mine and the road that services El Pinguico are in close proximity to the village of Calderones. To this end, the Company has entered into an agreement with the local ejido providing local citizens with access rights over the mining concessions and an annual payment of MNX\$30,000 plus inflation, payable February of every year to the community (in addition to an upfront payment of MNX\$100,000 upon signing – paid). The Company has also committed to (1) minimize fugitive dust and noise impacts on the village of Calderones and the surrounding area; (2) rehabilitate the existing but degraded road from the village of Calderones to the intersection of the main road from Guanajuato; (3) re-route all mine traffic from the village of Calderones and construct a new road around the village; and (4) support certain projects such as recreational field improvements, educational programs and other items, as identified by the community. As the surrounding area and larger community is supported by the mining industry, no opposition to re-starting the El Pinguico mine and the required permitting process is expected (assuming compliance with all regulations and continued community involvement) and no significant or material pre-existing conditions or environmental conditions or liabilities have been identified.

## **Capital and Operating Costs**

### *Capital Cost Estimate*

The El Cubo mine and mill were idled in November 2019. When operations ceased, all crushing equipment, mining equipment, electrical equipment, and pumps were removed. The lower levels of the mine were allowed to flood. The major mill equipment was left in place including the primary crusher, secondary crusher, dust collectors, grinding mills, bins, conveyor belts, flotation cells, thickeners, tanks, concentrate filter, and most pumps. Some items were removed including some pumps, the PLC system, spares, and reagents.

In 2021 and 2022, the Company incurred capital costs of US\$18.1 million, including US\$3.3 million in development costs. The capital cost items included general refurbishment and improvements including the purchase of new mining equipment, installation of crushing and electrical equipment, and the pumping for El Cubo. Surface facility capital included sub-stations, compressors, and fans. Mine capital expenditures also included increasing the mine production rate from 350 tonnes per day to 750 tonnes per day. The mill costs included the needed capital to repair and replace existing mill mechanical equipment, re-install the mill distributed control system (DCS), refurbish the mill office control room, perform commissioning services, and re-stock operational spares.

Sustaining capital and development costs have been estimated for the remaining mine life (Table 21.1). Included in the sustaining capital costs is the construction of additional capacity in the Tailings Storage Facility 3-B. The construction is scheduled to begin in 2023 and will be completed by 2026 at an estimated capital cost of US\$6.0 million. The tailings facility includes a tailings filtration plant. The other sustaining capital costs include general improvements to the mine and mill.

Category	2023	2024	2025-2028	Total
Tailings Facilities	1.00	1.00	4.00	6.00
Mine Development	2.98	4.73	11.60	19.31
Other	1.83	0.0	3.57	5.40
<b>Sustaining Capital – Total</b>	<b>5.81</b>	<b>5.73</b>	<b>19.17</b>	<b>30.71</b>

#### *Operating Cost Estimate*

The operating cost estimate is summarized in Table 21.2 and represents an average cost for six years of operation. These costs are based on current experience at El Cubo.

Category	El Cubo (\$/tonne)	Other Source 1 (\$/tonne)	Other Source 2 (\$/tonne)
Ore Haulage	-	10.00	-
Mine Direct <sup>1</sup>	35.00	80.00	13.00
Mill	20.00	20.00	20.00
General and Administration	13.00	13.00	13.00
<b>Total</b>	<b>68.00</b>	<b>123.00</b>	<b>46.00</b>

<sup>1</sup>The Mine Direct costs for El Cubo include haulage. Mine Development and Definition Drilling have been capitalized in the cash flow model and are not included in this table.

#### *Economic Analysis*

A discounted cash flow model for the El Cubo Project was prepared to determine the Net Present Value (NPV), Internal Rate of Return (IRR), and payback period. The technical cash flow was prepared on an after-tax basis and was prepared in accordance with NI 43-101 for preliminary economic assessment studies. This economic analysis is preliminary in nature in that it includes inferred mineral resources that are considered too speculative to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized.

The results of the economic analysis are summarized in Table 22.1.

**TABLE 22.1**  
**SUMMARY OF PRELIMINARY ECONOMIC ASSESSMENT**  
**FOR THE EL CUBO PROJECT**

Average Silver Price	US\$/oz Silver	23.00
Average Gold Price	US/\$oz Gold	1,850
<b>Financial Metrics</b>		
Net Present Value (5%)	US\$ million	31.5
Net Present Value (8%)	US\$ million	27.7
Internal Rate of Return	%	480
Net Smelter Return	US\$ million	278.4
Total Operating Costs	US\$ million	173.4
Other Costs and Depreciation	US\$ million	44.3
Taxes	US\$ million	18.2
Sustaining Capital and Development Costs <sup>1</sup>	US\$ million	31.3
Net Cash Flow	US\$ million	39.3
Payback Period	Years	1.25
<b>Resource Processing</b>		
El Cubo Resources Processed	Mtonnes	1.67
Total Tonnes Processed <sup>2</sup>	Mtonnes	2.61
<b>Life of Mine</b>		
Life of Mine Recovered Silver Equivalent <sup>3</sup>	Moz	13.5
Mine Life	Years	6
<sup>1</sup> Includes 10% contingency on tailings' capital costs. <sup>2</sup> Includes feed material from other sources. Does not include projected recovery from gravity circuit. <sup>3</sup> Silver Equivalents are based on a 1:80 gold:silver ratio as per the average 3-year historic silver price of US\$23.43/oz and gold price of US\$1,849/oz. Includes silver equivalent recovery only from flotation.		

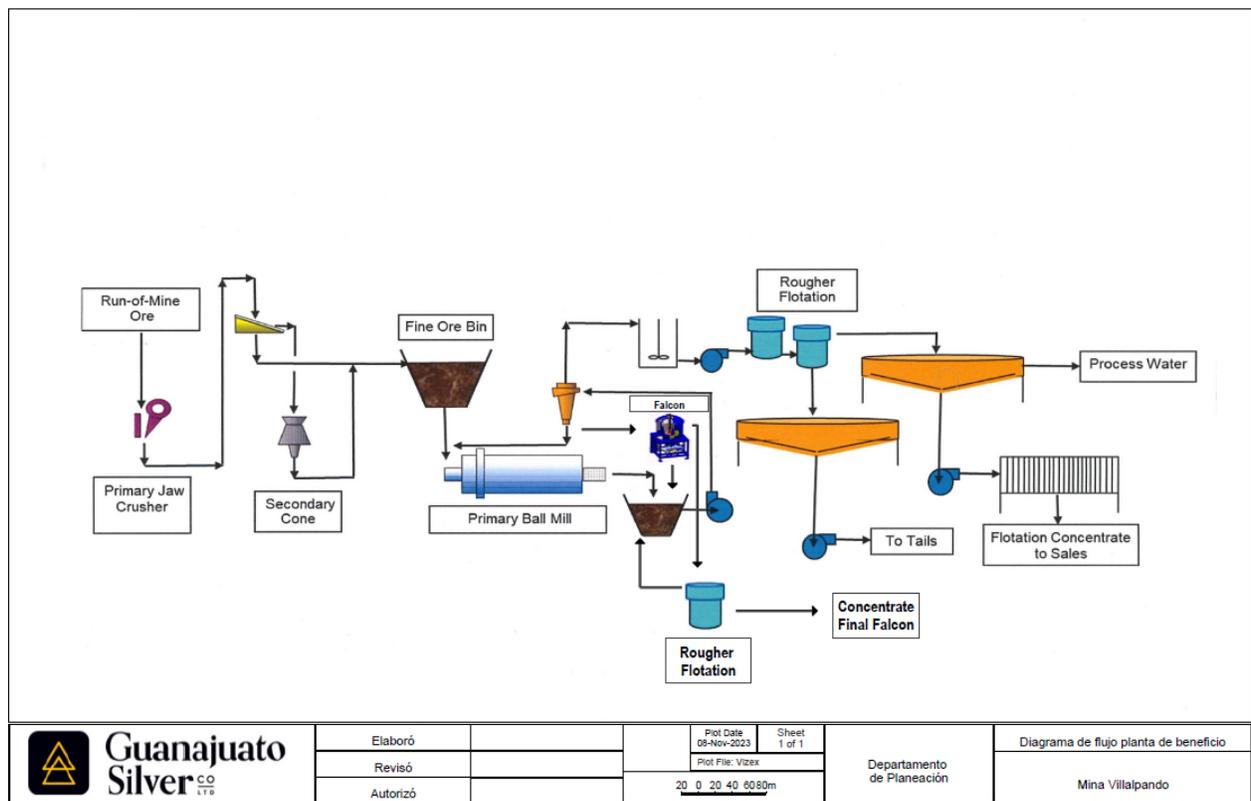
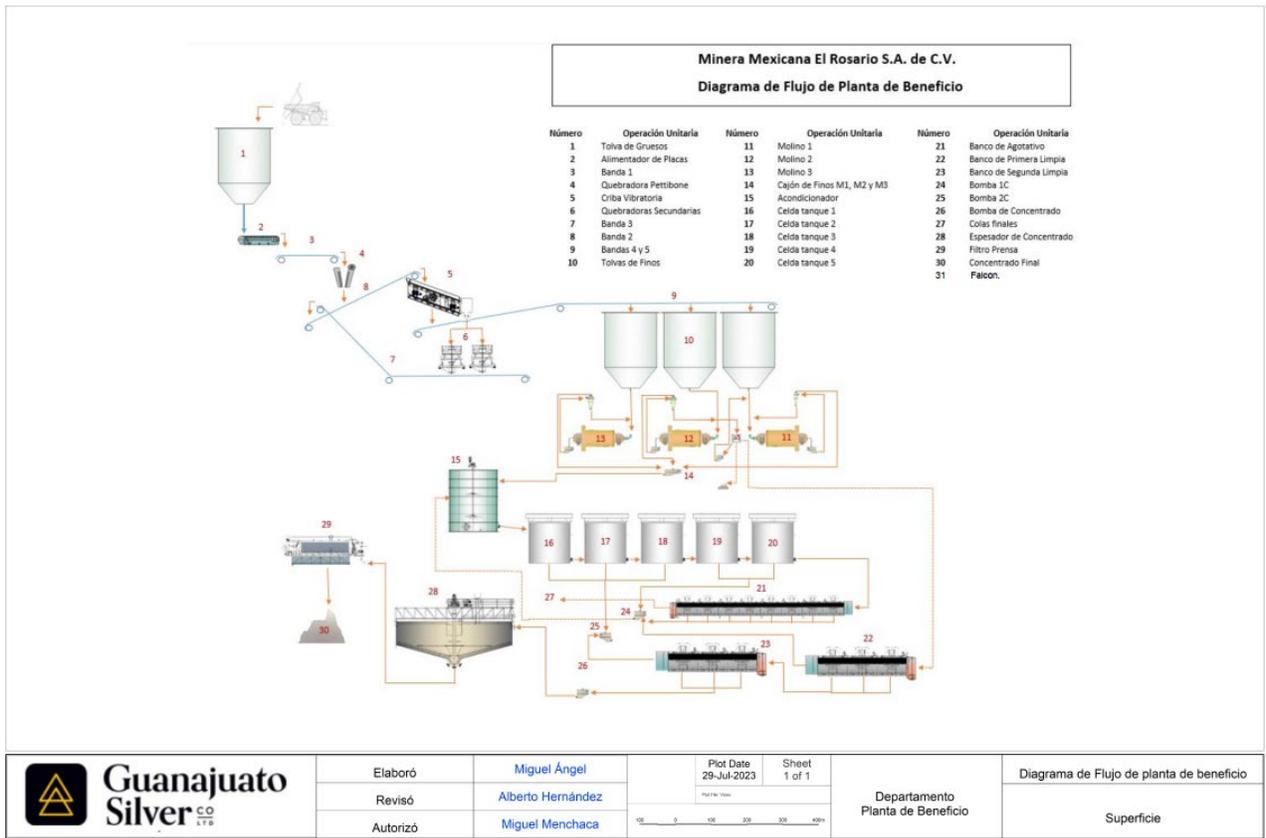
## Company Update and Current and Contemplated Production, Exploration and Development

### *Mine Development*

#### El Cubo

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

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



The Company's re-electrification of the Villalpando mine continues, after much of the copper electrical wiring had gone missing when the mine was on care and maintenance between November 2019 and when the Company acquired it in April 2021. Electrification is a crucial aspect of mine operations, as it enables the use of electric-powered equipment,

which is generally more efficient and environmentally friendly than diesel-powered equipment. The electrification process will allow the Company to eliminate the use of most diesel generators in the mine. This is a significant development as diesel generators can contribute to air pollution and their use can lead to health hazards for workers. By eliminating the use of diesel generators, combined with the installation of the new exhaust fan, the Company has taken important steps towards improving the air quality of the mine and ensuring the health and safety of GSilver's workers.

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

The Company has taken additional significant steps to optimize its mining operations and reduce costs including the decision to employ its own workers and fleet of equipment rather than using contract mining at El Cubo (see "Production" below). The transition began in December 2022 with the expiration of the MGA Agreement with MGA on December 31, 2022 (see Item 4.1 "GENERAL DEVELOPMENT OF THE BUSINESS – Three Year History, - Financial Year Ended December 31, 2021" for details of the MGA Agreement) and was completed in January 2023. Bringing mining operations in-house is expected to improve operational efficiency and reduce expenses associated with the contract mining; thereby, leading to significant expected cost savings of approximately 5% - 10% in 2023. The Company has also replaced rented compressors used in the mine with Company owned compressors, reducing the recurring rental expenses and improving long-term cost efficiency. These measures are expected to enhance the Company's path to profitability and streamline its mining operations.

The El Cubo operation is now milling at the rate of approximately 22,000 tonnes per month; this rate represents approximately half of the total capacity at the mill. The Company is implementing a number of operational upgrades designed to minimize dilution and maximize higher grade vein material, such as:

- Utilizing more targeted mining practices, such as using mine explosives within tighter limits of the various vein structures.
- Reducing the processing of mineralized back-fill due to the high volatility in grades found within this material; henceforth, the Company will mine and process only virgin vein material from the Villalpando and Santa Cecilia areas of El Cubo.
- Continuing to expand the number of production stopes; over the past quarter, development work has been conducted at El Cubo with the objective that the number of production stopes increase from 12 to 20.
- Completing dewatering that will allow access to higher-grade areas located deeper within the Villalpando mine area.

### El Pinguico

El Pinguico contains the past-producing high-grade El Pinguico-El Carmen historic silver-gold mine and has two main access adits: the El Carmen Adit and the Sangria del Carmen Adit. The Company also owns or controls 302 hectares of surface land and holds all necessary land use and surface land access agreements to carry out its planned exploration and operational activities at El Pinguico.

Access to the El Pinguico mine is through two portals on Levels 4 and 7, as well as the entrance of the El Pinguico shaft where a one-ton hoist is installed on a metal head frame and a large winch. A diesel generator powers the winch, which is used to transport crews to and from the various adit levels, as well as to help remove debris and mineralised material from the bottom of the shaft. The Company's operators have cleaned and renovated Levels 4, 5 and 6 and gained access to the Level 7. In 2022, the Company initiated an internal scoping study to build modern ramp access to Level 7, with parallel drift and draw points in order to extract the underground stockpile material at El Pinguico; however, the Company has since put this study on hold to focus on ramping up production of higher grade material from El Cubo's Villalpando and Santa Cecilia vein systems at less cost than developing new ramp access for mining El Pinguico's underground stockpile and/or in-situ material. See "*Mineral Resource and Mineral Reserve Estimates - El Pinguico Mineral Resource Estimate*" above for details of the estimated mineral resources contained within the underground stockpile at El Pinguico.

### Capital Expenditures

Overall, the Company has budgeted \$1.7 million towards capital expenditures to improve production efficiencies and mine health and safety at El Cubo and El Pinguico for the fiscal year ending December 31, 2023.

### *Production*

Total production from El Cubo (including El Pinguico) for the year ended December 31, 2022, was 1,629,237 AgEq ounces comprised of 743,000 ounces of silver and 10,528 ounces of gold with silver grades averaging 72 g/t and gold grades averaging 0.98 g/t in the year. Metallurgical recoveries for 2022 averaged 85.5% for silver and 86.1% for gold.

### *Exploration*

#### El Cubo

The Company's exploration efforts at El Cubo continue to be focused on drilling expansion of the main Villalpando and Santa Cecilia vein systems and exploration of numerous NE striking, transversal veins. These transverse veins are well known in the region, are usually narrow but are often high grade and with proportionately higher gold grades.

In 2021, the Company completed a total of 5,200 meters of planned underground drilling at Villalpando primarily to increase the confidence level of the inferred and indicated resources outlined in the 2023 PEA Report and provide better grade control data for mining in the Villalpando mine area.

During the first half of 2022, the Company drilled an additional 19 holes at Villalpando totalling 2,314 meters. The Company drilled the Villalpando and Tuberos Veins within the Villalpando mine area and the results of these drillholes are aligned with the vein grades and widths encountered on the production stopes.

Stope development and drilling in the Villalpando area of El Cubo in 2022, along with detailed computer modeling and reinterpretation of previous operators' drill results, also revealed a new vein structure that has been christened the "San Luis" vein. The San Luis vein runs perpendicular to the primary regional north-west Villalpando and Dolores mineralized vein structures, and like other transverse veins at El Cubo, the San Luis vein is anticipated to often carry proportionally higher gold content. The San Luis vein can be accessed from several existing adits and ramps, with production having already commenced. It is envisioned that San Luis may develop into a gold-rich vein system and grow in importance in the same way that the Santa Cecilia area has become the largest source of high-grade material at El Cubo. The San Luis drill results are as follows:

<b>Drillhole</b>	<b>From (m)</b>	<b>To (m)</b>	<b>True width</b>	<b>Au</b>	<b>Ag</b>	<b>AgEq</b>
SL22-003	275.9	278.2	0.85	3.54	398	681
and	286.0	289.7	1.29	0.79	102	166
including	288.7	289.7	0.38	2.15	216	389
SL22-004	285.5	286.5	0.90	0.82	112	178
and	294.7	295.1	0.37	0.80	91	155
SL22-005	249.5	251.4	0.92	2.15	278	450
and	360.0	361.0	0.46	0.48	154	193
SL22-006	355.3	358.5	1.28	1.70	205	341
and	363.3	365.7	0.93	0.38	70	100
Historical drilling from 2018-2019 that contacted the San Luis vein <sup>(1)</sup>						
CUDG-1118	97.3	87.6	0.35	1.10	234	322
CUDG-1120	20.3	20.6	0.30	0.39	216	247

(1) Source: Behre Dolbear & Company (USA) Inc. – 2023 PEA Report.

In the first six months of 2022, the Company also completed 22 drillholes at Santa Cecilia totalling 5,274 meters. However, additional exploration drilling was reduced in the second half of 2022 as the Company focused its efforts on integrating and ramping up production from its recently acquired San Ignacio and Valenciana mines and restarting the Cata Processing Plant.

Exploration at El Cubo in 2023 will be focused on replacing and expanding resources with a view to extending the mine's longevity. Priorities include exploring several veins such as San Luis, Villalpando, Dolores and San Nicolas with approximately 45% being infill drilling and 55% distributed between brownfield and greenfield exploration.

### Mastrantos IV tailings facility

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

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

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

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

Additionally, based on actual results from the commissioning and in order to improve those results, the Company has added grinding of the tailing’s material to the beginning of the circuit in order to break up solidified material and improve the flow of the material through the tables. The Company continues to commission the tables in this real-world environment. Bulk testing of the Mastrantos IV tailings commenced in the first quarter of 2023 and the Company plans to add grinding of the tailings material to the beginning of the circuit in order to break up solidified material and improve the flow of the material through the tables. See Item 5.2 “RISK FACTORS – *Production Decision Made without Identified Mineral Reserves*”.

### El Pinguico

In October 2020, the Company purchased a portable drill rig, an Explorer – 75E core drill, for use underground at El Pinguico. See Item 4.1 “GENERAL DEVELOPMENT OF THE BUSINESS – *Three Year History – Financial Year Ended December 31, 2020*”. After drilling three “test” holes outside the mine in the patio of the portal of adit Level 4 to ‘break-in’ the drill and test its capabilities the drill was then moved inside the El Pinguico mine. A total of 21 drill holes totalling approximately 3,819 meters were drilled in 2021 primarily to test the El Pinguico and San Jose vein systems. While the 2021 drill program started well with significant intercepts encountered at both the San Jose vein and the better known and understood El Pinguico vein, progress was hampered later in the year by extremely slow assay results from commercial laboratories used by the Company and mechanical breakdowns of the drill rig. An effort to intercept additional vein structures NE of the El Pinguico and San Jose veins in drill holes P21-011 and P21-012 met with limited success, while an attempt to intercept the southern extension of the El Pinguico vein returned no significant results from drill holes P21-017 and P21-018.

In the first six months of 2022, with its rig fully repaired and functional, the Company drilled an additional 4 drillholes totalling 867.90 drilled meters into the El Pinguico vein system with a view to further delineating and defining resources. Results from this drilling were less favourable than those obtained from the Santa Cecilia drillholes at El Cubo and accordingly the Company determined to focus its remaining drilling efforts in 2022 at Santa Cecilia and prospective areas for exploration in the Company’s newly acquired San Ignacio and Valenciana mines rather than El Pinguico.

Earlier in 2022, the Company’s geologists determined that drilling the Veta Madre target from surface, on the southern portion of the El Pinguico Project, would allow drilling to intersect the Veta Madre target at a relatively shallow depth. In May 2022, the Company made its first attempt to intercept Veta Madre with drill hole VTM22-001. The hole was collared near the Level 7 (Sangria) portal and drilled at approximately 60% inclination. From this location the Veta Madre target was interpreted to be 540m drill hole depth. The hole reached to within 30 metres of the intended target

but the hole lost circulation within a significant fault. Several attempts were made to cement and re-enter the hole but it was eventually abandoned. Where the hole was lost, the drill core showed a marked increase in argillitic alteration.

### **San Ignacio, Guanajuato, Mexico**

The following scientific and technical disclosure regarding San Ignacio and all figures and tables included under this Item 5.4 “DESCRIPTION OF THE BUSINESS - *Mineral Projects – San Ignacio, Guanajuato, Mexico*” have been extracted or derived from the 2023 San Ignacio Report dated November 2, 2023 (effective September 21, 2023), save and except for and as updated by the section “*Company Update and Current and Contemplated Production, Exploration and Development*” below or as otherwise noted. A complete copy of the 2023 San Ignacio Report is available for review under the Company’s profile on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

#### **Property Description and Location**

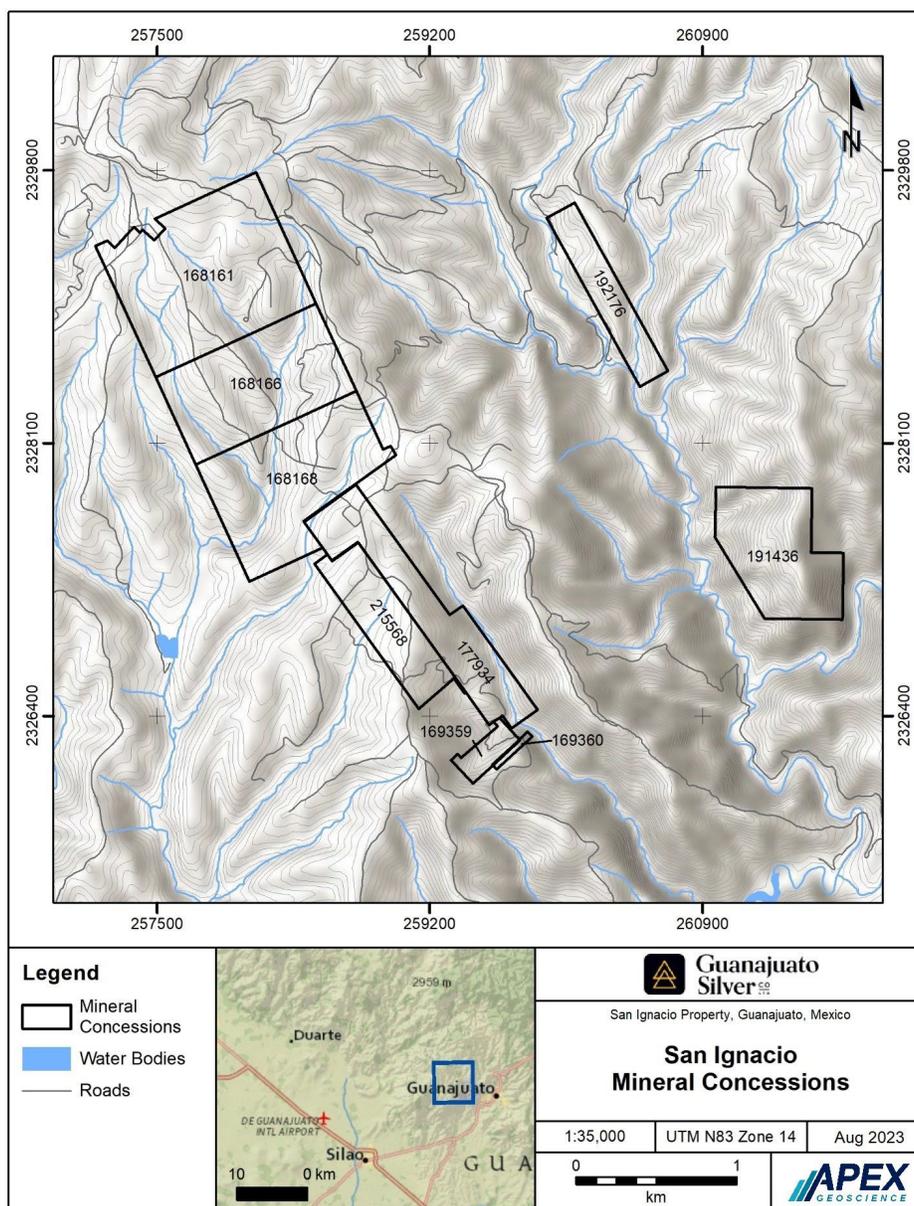
The San Ignacio Property is located approximately 8 km northwest of the city of Guanajuato in Guanajuato State, Mexico, within the historical Guanajuato Mining District. It is approximately 35 km east-southeast of the city of León and 290 km northwest of Mexico City. The San Ignacio Property comprises 7 contiguous and 2 non-contiguous mining concessions that cover approximately 398.18 hectares (ha). See Figure 4.1 below.

The concessions are held 100% by MMR, a wholly owned subsidiary of the Company, have varying expiry dates ranging from March 1, 2031 to March 4, 2052 and are free and clear of any liens or encumbrances except for applicable governmental taxes and royalties (see Item 5.1 “DESCRIPTION OF THE BUSINESS – *General - Foreign Operations*”). The mining concessions are not subject to any royalties.

Surface rights sufficient for underground mining operations at San Ignacio are maintained by the Company. The Company, through MMR, owns a 100% interest in certain surface rights at the San Ignacio Property, totalling 19.4 hectares, covering the waste rock dump, surface infrastructure, main access road, and the San Ignacio ramp entrance. The Company also holds surface rights to a smaller block surrounding the historical San Ignacio shaft. Surface access is negotiated with various individual owners.

There are no known environmental liabilities associated with the San Ignacio mining concessions, other than the provisions recognized in the Company’s Consolidated Financial Statements, for the estimated present value of future reclamation, rehabilitation, and monitoring of the San Ignacio Mine. This value comprises the costs associated with mining infrastructure and waste stockpile at the San Ignacio operation. As of December 31, 2022, the cost for closure of the San Ignacio site is estimated to be USD\$662,521.

#### **Figure 4.1 - San Ignacio Mineral Concession Groups**



## Accessibility, Climate, Local Resources, Infrastructure and Physiography

### Accessibility

San Ignacio is located approximately 8 km northwest of the city of Guanajuato and is accessed via a 35-minute (20 km) drive from the outskirts of the city, mostly by paved road through the towns of Santa Ana and El Arenal. Several small towns and villages are located within the San Ignacio concessions, including Mexiamora, San Pedro Gilmonene, Santo Niño, and San Ignacio de Purísima. Numerous maintained and unmaintained gravel roads provide access to most areas of San Ignacio.

### Climate

The San Ignacio area is characterized by a temperate, semi-humid climate. It is generally dry for most of the year, with a wet season from June to September, during which time rainfall averages approximately 600 millimetres. Weather records from the city of Guanajuato indicate that the average January maximum and minimum temperatures are 23 and 7 degrees Celsius (°C), respectively. July average maximum and minimum temperatures are 27 and 14°C (National

Oceanic and Atmospheric Administration, 2022). Exploration and mining work can be conducted year-round, uninterrupted by weather.

### *Local Resources*

The Guanajuato Mining District has a lengthy history of mining; skilled labour, technical services, drilling contractors, mining and exploration supplies, and many other goods and services are available from the nearby cities of Guanajuato, León, Silao, and San Felipe. Modern mining completed at the San Ignacio operation by Great Panther and GSilver was conducted primarily by contractors sourced from nearby communities. According to 2020 census data, the municipality of Guanajuato hosts a population of approximately 194,500 and the León metropolitan area hosts a population of approximately 2,140,354. Both cities offer extensive infrastructure and support for the mining industry. The Bajío International Airport, officially known as the Aeropuerto Internacional de Guanajuato (Guanajuato International Airport) is located in the city of Silao, 20 km southeast of León and approximately 17 km southwest of the Property.

### *Infrastructure*

The surface and underground infrastructure at San Ignacio includes the following:

- Underground workings from surface to approximately 250 m below surface, including ramps, shafts, vents, and multiple levels.
- Connection to the national electrical power grid and substation facilities.
- Conventional and mechanized underground mining equipment.
- Mine maintenance shop and associated office and stores.
- Diesel storage facility.
- Access road and mine waste dumps.

Surface rights sufficient for underground mining operations are maintained by the Company. Grid power is available, and some buildings and storage sheds exist on site at the old San Ignacio shaft. New surface facilities near the ramp include roads, a mechanical shop, an electrical sub-station, diesel storage, waste dumps and security facilities.

Electrical Power for San Ignacio is provided by the Federal Electricity Commission (CFE Comisión Federal de Electricidad) which is owned by the Mexican Government. Water for the operations comes from storage in historical underground workings.

San Ignacio mineralized material is processed at the Company-owned Cata facility, located in the city of Guanajuato. In addition to the processing plant, the Cata facility includes an analytical laboratory, core storage and logging facilities, and geological and administrative offices, which are used to support activities at San Ignacio, the VMC, and the Company's other exploration projects in the Guanajuato region.

Access to San Ignacio is sufficient for year-round operations, and all facilities and infrastructure required to continue exploration and mining operations are in place and appear to be in good working condition. Sources of power, water, and personnel are adequate for continued mining operations.

### *Physiography*

San Ignacio is located within the Sierra de Guanajuato physiographic sub-province of the Central Mexican Plateau. The area is characterized by rolling hills with small, incised drainages that provide windows through thin soil cover to bedrock exposures. Elevations range from approximately 2,200 m to 2,400 m above mean sea level. A portion of the San Ignacio Property hosts cultivated land used by local farmers for agriculture.

## **History**

### *Historical Exploration*

The Guanajuato Mining District has a lengthy history of mining and exploration dating back to 1548, when silver mineralization was discovered in the La Luz area by Spanish colonists. Since then, greater than 1 billion ounces of silver have been mined in the district.

The Sociedad Cooperativa Minera Metalurgica Santa Fe de Guanajuato (“the Cooperative”) operated several mines in the district throughout the latter half of the 20th century into the 2000s. During this time the Cooperative amassed the San Ignacio property located within the La Luz mining camp. The Cooperative initiated diamond drilling at San Ignacio in 1979 with drilling from underground workings at the San Ignacio shaft. Holes from surface were drilled sporadically during the period from 1982 until 1990 and focused on a vein system parallel to, and to the east, of the current target area of interest at San Ignacio.

Exploration at San Ignacio by Great Panther from 2010 to 2021 consisted of surface and underground geological and structure mapping, channel and rock chip sampling, and diamond drilling, as well as underground development including geological mapping, sampling, and mining. From 2010 to 2021, Great Panther completed 604 drillholes, totalling 115,581.70 m, at San Ignacio. The Great Panther drill programs led to the delineation of nine veins in the northern portion of San Ignacio, between grid line 100N and 1150N, and nine veins in the southern part of the property (San Pedro area) between 100N and 1100S and led to the calculation of several historical MREs. Historical exploration results are reported as silver (Ag), gold (Au), and/or silver equivalent (AgEq). Historical AgEq values for exploration are calculated using metal prices set at US\$1,800/oz Au and US\$22.50/oz Ag, with 87% recovery for both, yielding a Ag to Au ratio of 80:1. This ratio is in keeping with GSilver’s current exploration practices and is maintained herein.

#### *Historical Mineral Resource Estimate (2021)*

On February 28, 2022, Great Panther reported a MRE for San Ignacio (Table 1.1). This MRE was supported by a technical report titled, “NI 43-101 Mineral Resource Update Technical Report on the Guanajuato Mine Complex, Guanajuato and San Ignacio Operations, Guanajuato State, Mexico”, prepared for Great Panther by Brown and Nourpour (2022), with an effective date of July 31, 2021. The authors of the 2023 San Ignacio Report are referring to the 2021 Great Panther MRE as a “historical resource” and the reader is cautioned not to treat it, or any part of it, as a current resource.

The authors of the 2023 San Ignacio Report have not done sufficient work to classify the historical estimate discussed in this section as current mineral reserves or mineral resources. The authors have referred to this estimate as “historical resources” and the reader is cautioned not to treat it, or any part of it, as current mineral resources. The historical resources summarized below were included simply to demonstrate the mineral potential, and to provide the reader with a complete history of the San Ignacio Property. The authors have reviewed the information in this section, as well as that within the cited references, and have determined that it is suitable for disclosure.

A current MRE on San Ignacio has been prepared and is disclosed in the section “*Mineral Resource Estimate*” below.

**Table 1.1. Summary of Great Panther Historical Mineral Resource Estimate 2021, San Ignacio (Effective Date July 31, 2021; Brown and Nourpour, 2022)**

<b>Class</b>	<b>Tonnes</b>	<b>Ag (g/t)</b>	<b>Ag (oz)</b>	<b>Au (g/t)</b>	<b>Au (oz)</b>	<b>Ag eq (g/t)</b>	<b>Ag eq (oz)</b>	<b>Au eq (g/t)</b>	<b>Au eq (oz)</b>
Total	202,682	148	967,124	2.8	18,267	387	2,523,07	4.56	29,683
Total	65,146	134	281,611	2.79	5,839	372	779,653	4.38	9,172
Total M&I	267,828	145	1,248,73	2.8	24,106	384	3,302,72	4.51	38,856
Total Inferred	445,217	178	2,551,71	2.65	38,002	404	5,781,94	4.75	68,023

*Notes:*

1. *Cut-offs were based on the marginal operating costs per mining area being USD\$127.40/tonne for San Ignacio.*
2. *Block model grades converted to USD\$ value using plant recoveries of 87.15% Ag, 86.70% Au, and net smelter terms negotiated for concentrates.*
3. *Rock Density for San Ignacio is 2.64t/m<sup>3</sup>.*
4. *Totals may not agree due to rounding.*
5. *Grades in metric units.*
6. *Contained silver and gold in troy ounces.*
7. *Minimum true width 0.5m.*
8. *Metal Prices USD\$20.00/oz silver, and USD\$1,650.00/oz gold.*
9. *Ag eq oz were calculated using 85:1 Ag: Au ratio.*

10. *Inferred Mineral Resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It cannot be assumed that all or part of the Inferred Mineral Resources will ever be upgraded to a higher category.*
11. *Mineral Resources that are not Mineral Reserves have no demonstrated economic viability. The potential quantity and grade is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the target being delineated as a Mineral Resource.*

### Historical Production

Twelve known historical workings exist at San Ignacio, including major shafts at San Ignacio, Purisima, Pili and San Jose de Gracia. No production figures for these workings are available to the authors of the 2023 San Ignacio Report, except for those relating to the mining by the Cooperative from the San Ignacio shaft. Cooperative records from 1977 to 2001 indicate that 617,455 tonnes at an average grade of 113 g/t Ag and 1.01 g/t Au were extracted from the San Ignacio shaft along the Purisima vein structure, at an average rate of 85 tpd.

Great Panther commenced production at San Ignacio in 2013. San Ignacio is an underground operation, and the production process consists of conventional mining incorporating cut and fill and resue methods. Most of the mineralized material from the San Ignacio is treated at the Cata processing plant. The Cata processing plant utilizes five stages, including: crushing, milling, flotation, thickening and filtering, as well as concentrate dewatering circuits to generate sulphide concentrates containing silver and gold, which are sent offsite for smelting and refining.

A summary of Great Panther's production from San Ignacio and the VMC from 2013 to 2021 is presented in Table 1.2. The blending of mineralized material from San Ignacio and the VMC commenced in 2016; therefore, the 2016-2021 reported figures in Table 1.2 reflect total production from both operations. The reader is cautioned that the Company's VMC Guanajuato operation is situated off-property.

The increase in production shown in the years 2014 to 2017 reflects the increase in production from San Ignacio. In 2018, production declined at Guanajuato and was increasingly dominated by San Ignacio. In 2019 and 2020, production was almost entirely from San Ignacio, with Guanajuato placed on care and maintenance from January to July 2019, with limited production once operations resumed. On the account of the directive of the Mexican Federal Government, both mining operations were suspended from April 2 to June 3, 2020, to mitigate the spread of the COVID-19 virus. Guanajuato and the Cata processing plant were placed on care and maintenance effective late November 2021 and San Ignacio was placed on care and maintenance effective early January 2022 while awaiting permits to extend the tailings facility.

**Table 1.2 Production Summary and Metal Produced, San Ignacio and Guanajuato (Off-Property) Operations**

Year <sup>1</sup>	Tonnes Mill/Mine Guanajuato	Tonnes Mill/Mine San Ignacio	Tonnes (milled)	Production Ag (oz)	Production Au (oz)
2013	220,463	1,082	221,545	1,079,980	15,063
2014	213,658	54,154	267,812	1,239,009	15,906
2015	180,691	129,253	309,944	1,708,061	21,126
2016	136,349	183,694	320,043	1,473,229	21,626
2017	131,335	185,475	316,810	1,386,964	21,501
2018	88,364	212,650	301,014	1,096,757	19,073
2019	7,610	179,886	187,610	590,781	11,588
2020	33,248	119,560	151,001	520,903	6,779
2021	37,975	111,354	149,329	485,315	6,659
<b>Totals</b>	<b>1,049,693</b>	<b>1,177,108</b>	<b>2,225,108</b>	<b>9,580,999</b>	<b>132,662</b>

Notes:

1. *2013-2015 reported figures reflect tonnes milled; 2016-2021 reported figures reflect tonnes mined which has a small discrepancy to tonnes milled.*

Mineralized material from the San Ignacio operation was blended with mineralized material from GSilver's VMC Guanajuato operation prior to processing at the Cata plant, and with mineralized material from GSilver's El Cubo operation prior to processing at the Villalpando plant. The total tonnage values for each operation were determined using

haul truck tonnage weights compared against a control file. The silver and gold grades were estimated using monthly mine grade control data as the primary reference, with grades refined based on monthly plant production grades. Recoveries are based on total plant production from all operations. Metal production values are pro-rated for each operation using the tonnage and grade data.

Great Panther commenced production at San Ignacio without having completed final feasibility studies and the Company has not undertaken one since acquiring MMR. Accordingly, both Great Panther's and the Company's production decisions were not based on any feasibility studies of mineral reserves demonstrating economic and technical viability of San Ignacio. As a result, there may be increased uncertainty and risks of achieving any particular level of recovery of minerals from San Ignacio, or the costs of such recovery, which could have a material impact on the ability to generate revenues and cash flows to fund operations from and achieve or maintain profitable operations at *San Ignacio*.

## **Geological Setting**

San Ignacio lies within the Guanajuato Mining District in the southern part of the Mesa Central physiographic province.

The Mesa Central is an elevated plateau of Cenozoic volcanic and volcanoclastic rocks in central Mexico. The Mesa Central is bound to the north and the east by the Sierra Madre Oriental, to the west by the Sierra Madre Occidental and to the south by the Trans-Mexican Volcanic Belt. The Mesa Central comprises a Paleocene to Pliocene sequence of dacite-rhyolite, andesite and basalt, aged 66 Ma to present, with related intrusive bodies and intercalated local basin fill deposits of coarse sandstones and conglomerates. This Cenozoic volcanic-sedimentary sequence overlies a package of deformed and weakly metamorphosed Mesozoic submarine mafic volcanic and turbidite rocks.

Within the Mesa Central, the San Ignacio Property is situated within the Sierra de Guanajuato, a northwest-trending anticlinal structure measuring approximately 100 km long and 20 km wide. The strata within the belt are transected by northwest, north, east-to-west, and northeast trending regional scale faults. The northwest trending structures predominantly control the position of mineralization. Normal fault movement along northeast trending faults resulted in the downward displacement of certain blocks and the preservation of strata that was eroded in other areas. The northwest faults and structural intersections along these faults are therefore important locators of mineral camps within the belt.

The Guanajuato Mining District is underlain by Mesozoic marine sediments and predominantly mafic submarine lava flows, (252 Ma – 66 Ma), of the Luz and Esperanza Formations, which are weakly metamorphosed and intensely deformed. This basal sequence is cut by a variety of intrusive bodies ranging in composition from pyroxenite to granite with tonalitic and dioritic intrusive being the most volumetrically significant. The three main north-west trending precious metal-bearing vein systems in the region include the Veta Madre, La Luz and Sierra systems.

San Ignacio is underlain by a monotonous package of basalt and andesite volcanic rocks belonging to the lower Cretaceous La Luz andesite. The basalt generally has subtle to well-developed pillow structures that are locally flattened. In a few localities, inter-pillow hyaloclastite is present and is characterized by a fine breccia composed of devitrified glass shards in a fine groundmass. Andesite is generally massive to locally feldspar-phyric and was likely formed by the accumulation of a series of extrusive flows and ash falls.

## **Mineralization**

Mineralization at San Ignacio is closely associated with the structural history of the region.

The most important phase of mineralization in the Guanajuato district consists of epithermal Ag-Au veins contained within northwest-trending, Cenozoic-age faults. The La Luz structure consists of numerous mineralized fractures in a north-westerly trending orientation, which extends for a known strike of approximately 8 km long.

Mineralization at San Ignacio is contained within tabular veins, vein stockwork and breccias. The eighteen veins with structural continuity inferred from surface mapping and diamond drilling from surface, and now with extensive underground development, have been defined up to 2,200 m along strike and 150 m down dip. The five Melladito and Intermediate veins are very steeply dipping, the five Nombre de Dios veins are shallowly dipping (45-50° west) and are likely off-shoots of the Intermediate veins, and the eight Purisima veins are shallowly dipping at 45-50° to the west. The veins are accompanied by hydrothermal alteration, consisting of argillic, phyllic, silicic and propylitic facies.

The primary commodities of San Ignacio are silver and gold with approximately equal contributions, by value, of each. Mineralization consists of fine-grained disseminations of acanthite and pyrargyrite (silver minerals), electrum (gold-silver mineral), with accessory pyrite, as well as very minor sphalerite and chalcopyrite. Mineral textures in this zone are typically fracture filling, drusy and coliform masses.

Average grades of the eighteen San Ignacio veins range from 58 to 237 g/t Ag and 1.65 to 3.84 g/t Au.

#### *Melladito Veins*

The Melladito vein dips steeply to the east, with a true width ranging from 0.25 to 19.5 m. The vein has been delineated to a maximum of 1,450 m along strike and to a depth of 350 m. The structure is open at depth and along strike; however, the strongest mineralization has been observed in a core zone 550 m in strike length and from surface to 150 m down dip.

The Melladito Bo vein is a sigmoidal loop on the footwall side of the Melladito vein between 200 to 500N. It dips steeply to the east and has an average width of 2.5 m. Silver-gold grades in the thicker sections are often on the footwall side.

The Melladito South vein, dips steeply to the east and has an average width of 1 to 2 m. It is noted from 0S to ~650S where it traces off the property and plunges below the Purisima vein.

#### *Intermediate Veins*

The Intermediate vein is steeply dipping and narrow with a true width ranging from 0.25 to 8.5 m. It has been delineated for 400 m along strike and 350 m below surface. It is a splay of the Melladito vein and merges into the Melladito vein at approximately 475N. Further south, the structure continues as the Melladito vein.

The Intermediate 2 vein is positioned east of the Intermediate vein. It is a near vertically dipping relatively narrow (approximately 1.0 m in width) vein.

#### *Nombre de Dios Veins*

The Nombre de Dios vein is narrow, ranging from 0.25 to 4 m in width, and shallowly dipping at 45 to 60° to the southwest. It has been delineated for 600 m along strike and 180 m down dip. The vein is open to the south. At depth, the Nombre de Dios vein appears to intersect the Intermediate and Melladito veins and is therefore limited in its potential down dip extent. To the north, it terminates at line 850N where it may continue in Nombre de Dios 2N with a 40 m offset to the east.

The Nombre de Dios 2S runs parallel to the Nombre de Dios and Nombre de Dios 1.5 structures. It has been delineated for 300 m from 150 to 450N. The vein dips 70° to the southwest. The average width of this vein is 1.5 m.

The Nombre de Dios 2N is narrow, ranging in width from 0.25 to 4 m, and shallowly dipping at 45° to the southwest. It has been delineated for 400 m along strike and 100 m down dip. The vein is open to the north. To the south, it terminates at line 850N where it may continue in Nombre de Dios 1 with a 40 m offset to the west.

The Nombre de Dios 1.5 is a parallel vein located between the Nombre de Dios and Nombre de Dios 2S veins. It has been delineated for 400 m from 150 to 550N. The vein dips 60° to the southwest. The average width of this vein is 1 m.

The Nombre de Dios 3 vein is a small segment which is near vertical dipping. It could be a fault offset of the Intermediate 2 vein.

#### *Purisima Veins*

The Purisima vein dips at 45 to 50° to the southwest, and ranges in width from 0.5 to 3 m. It strikes to the north-northwest, north of the old San Ignacio mine shaft, but at the shaft the vein swings to a northwest orientation, then merges with the Melladito South vein at 400S where it bends back to a north-northwest orientation.

The Purisima Bo is a footwall splay to Purisima dipping at 75° to the southwest. It includes a 10 m wide bulge in the northern part, but generally averages 1 to 2 m in thickness. Both the Purisima and Purisima Bo were sites of mining from the 17th to early 20th centuries (the historical San Pedro and Mexiamora shafts).

The Purisima Int vein occurs between the Purisima Bo and Purisima vein, in a complex area where the Purisima veins merge with the Melladito vein system.

The Purisima HW vein is ~20 m above the Purisima vein. Most of the Purisima HW vein, typically 0.5 to 2 m thick, seems to be mostly in-situ; however, some historical mining has occurred along the structure. Recent development by Great Panther has noted the Purisima HW veins (Purisima W5 and Purisima Bo 2) to be steeper dipping splays of the Purisima structure.

The Santo Niño vein is the northern continuation of the Purisima structure in the old Santo Niño shaft area. The Santo Niño vein is approximately 20 m into the footwall of the Purisima vein in the old San Ignacio shaft area. Some mining has occurred along the Santo Niño vein, where width is typically 0.5 to 1.5 m.

### **Deposit Types**

The primary deposit type of interest at the San Ignacio Property is low sulphidation epithermal silver-gold mineralization.

Epithermal systems are hydrothermal deposits formed near surface (<1km below the water table) from low temperature fluids (100-320°C) that originate from meteoric, magmatic or a combination of these sources. Epithermal systems may form in association with hot springs, and at depths in the order of several hundred's meters below the paleosurface. Hydrothermal processes are driven by remnant heat from volcanic activity, which in the case of Guanajuato occurred in the middle to late Tertiary. Circulating thermal waters, rising through fissures, eventually reach the "boiling level" where the hydrostatic pressure is low enough to allow boiling to occur. This can impart a limit to the vertical extent of the mineralization as the boiling and deposition of minerals is confined to a relatively narrow band of thermal and hydrostatic conditions. However, in many cases repeated healing and reopening of host structures can occur, which causes cyclical vertical movement of the boiling zone, resulting in mineralization that spans a much broader range of elevations. This appears to have occurred at Guanajuato.

The mineral deposits in the region are classic fissure-hosted low sulphidation epithermal gold-silver-bearing quartz veins and stockwork. Low sulphidation epithermal mineralization are vein type deposits that form at shallow from dominantly meteoric fluids with neutral to near neutral pH and low temperature. Banded veins, drusy veins, crustiform veins, and lattice textures are common. Low sulphidation deposits typically have Au-Ag mineralization, occasionally with banded adularia, sericite, rhodonite and rhodocrosite. Alteration in these systems is often sericite-illite proximal to mineralization grading to illite-smectite and to chlorite ± epidote ± calcite alteration on the outer margins of the system. Mineralization in low sulphidation systems generally consists of Au ± Ag with minor Zn, Pb, Cu, Mo, As, Ab and Hg.

Mineralization of significance at the San Ignacio Property consists of fine-grained disseminations of acanthite, electrum, aguilarite and naumannite with accessory pyrite, and relatively minor sphalerite, galena and chalcopyrite. Gangue minerals include quartz, calcite, adularia and sericite. The veins are accompanied by hydrothermal alteration consisting of argillic, phyllic, silicic and propylitic facies. Mineral textures in this zone are typically fracture-filling, drusy and coliform masses.

Epithermal type precious metal deposits in the La Luz vein system and in the San Ignacio Property area are strongly vertically controlled and pinch to centimeter scale at surface, associated with weak shear zones, minor argillic alteration and weakly anomalous precious metal values. The mineralized vertical interval typically is 100 to 150 m; however, it can range from 50 m to well beyond 250 m.

San Ignacio includes low sulphidation epithermal system deposits characterized by a quartz-calcite vein/breccia system; silver (acanthite and pyrargyrite), gold (electrum); very low sulphide (pyrite) content; shear controlled; and vertical extension of 200 m.

### **Exploration**

From August 2022 to May 2023, the Company collected a total of 5,681 underground channel samples from 2,498 sample locations at San Ignacio. Channel sampling was completed in accessible stopes and development headings. Most

of the samples were collected from the NDD veins (n=3,402) and the Melladito veins (n=1,584), with additional samples collected from the Purisima and Intermedia veins. The results of the recent underground channel sampling are presented in Figures 9.1 to 9.3.

Exploration results in this section are reported as silver equivalent (AgEq\*), with AgEq\* calculated using metal prices set at US\$1,800/oz Au and US\$22.50/oz Ag, with 87% recovery for both, yielding a Ag to Au ratio of 80:1. This remains consistent with the ratio that is utilized internally and in public disclosure of exploration results by the Company and is maintained herein.

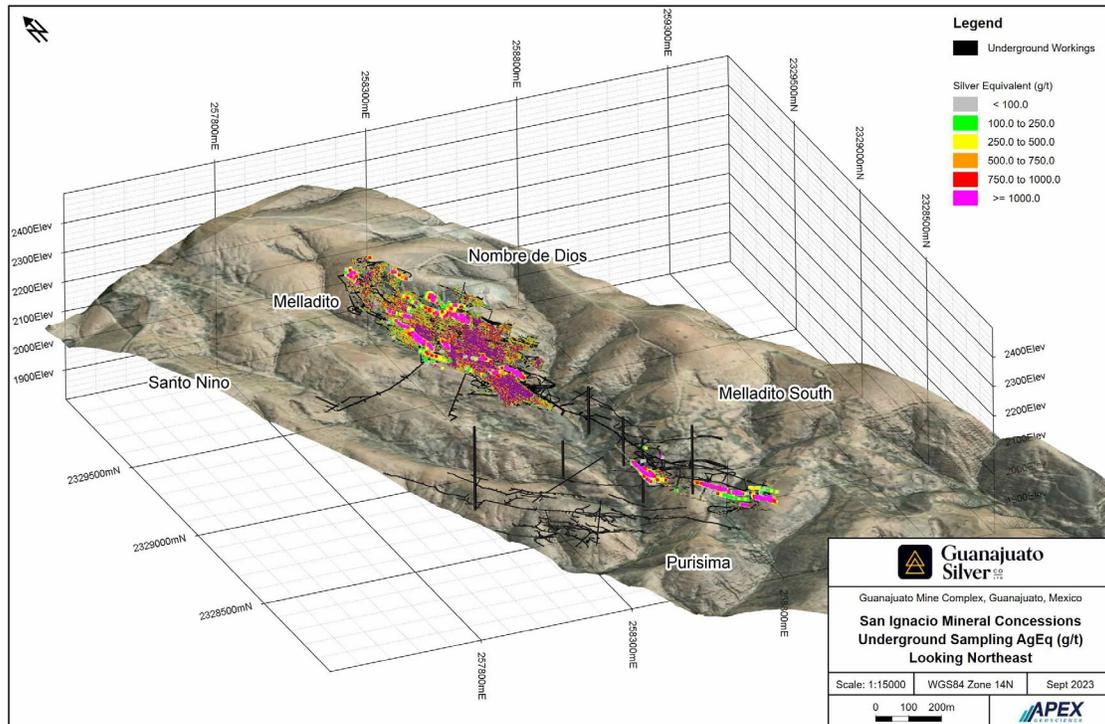
Over half of the samples (51.2%; n=2,910) returned greater than 100 g/t AgEq\* up to a maximum value of 89,439 g/t AgEq\*, 15.7 per cent (%) of the samples (n=892) returned greater than 500 g/t AgEq\* ranging from 500 g/t AgEq\* to 89,439 g/t AgEq\*, and 4.9% of the samples (n=282) returned greater than 1,000 g/t AgEq\*, ranging from 1001 g/t AgEq\* to 89,439 g/t AgEq\*. Maximum values of each vein returned in the 2022-2023 underground channel sampling include:

- 89,439 g/t AgEq\* over a sample length of 0.7 m returned from sample 547447 collected from NDD on mine level 2283 and 13,628 g/t AgEq\* over a sample length of 1 m returned from sample 548088 collected from NDD 3 on mine level 2215.
- 7,380 g/t AgEq\* over a sample length of 0.5 m returned from sample 544469 collected from the Melladito vein on mine level 2145 and 5,803 g/t AgEq\* over a sample length of 0.7 m returned from sample 541443 collected from the Melladito vein on mine level 2143.
- 4,291 g/t AgEq\* over a sample length of 0.3 m returned from sample 548837 and 2,987 g/t AgEq\* over a sample length of 0.4 m from sample 548843, both collected from the Purisima vein on mine level 2140.
- 1,885 g/t AgEq\* over a sample length of 0.7 m returned from sample 548928 and 1,664 g/t AgEq\* over a sample length of 0.5 m from sample 549167, both collected from the Intermedia vein on mine level 2208.

The underground sampling completed by the Company provided high-resolution geochemical data along significant strike lengths of the primary vein structures at San Ignacio, aiding in the delineation of unmined resources and confidence in the continuity of mineralization. This data led directly to increases in both scale and confidence in the San Ignacio mineral resources in the current MRE.

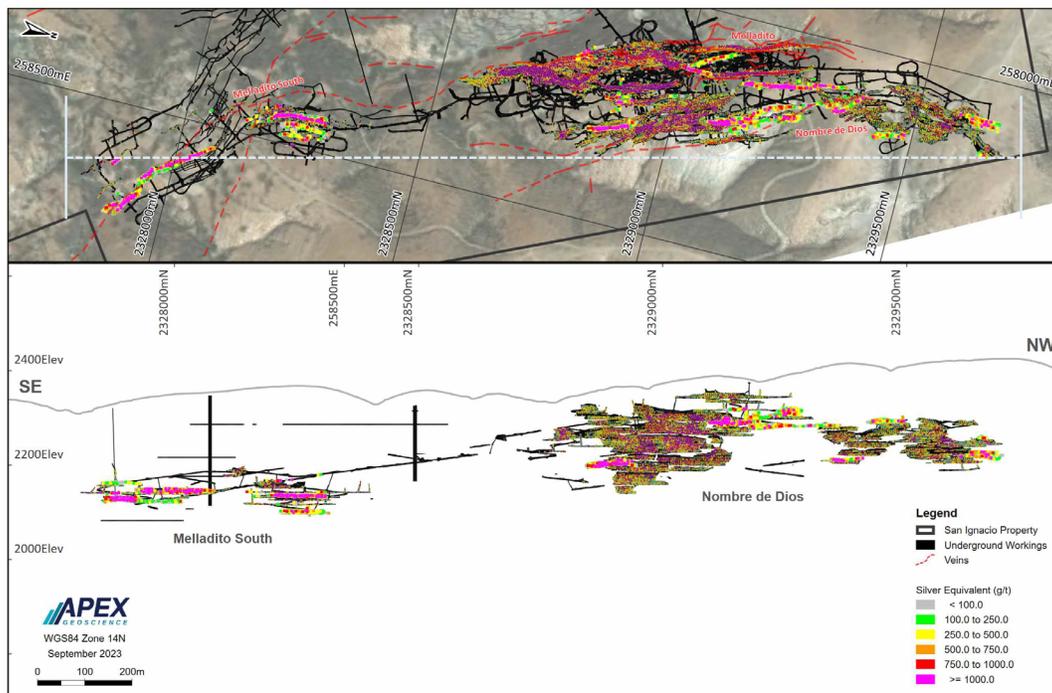
**\*AgEq values are calculated using metal prices set at US\$1,800/oz Au and US\$22.50/oz Ag, with 87% recovery for both, yielding a Ag to Au ratio of 80:1**

**Figure 9.1 GSilver Underground Sampling Results San Ignacio (AgEq\*), Looking Northeast**



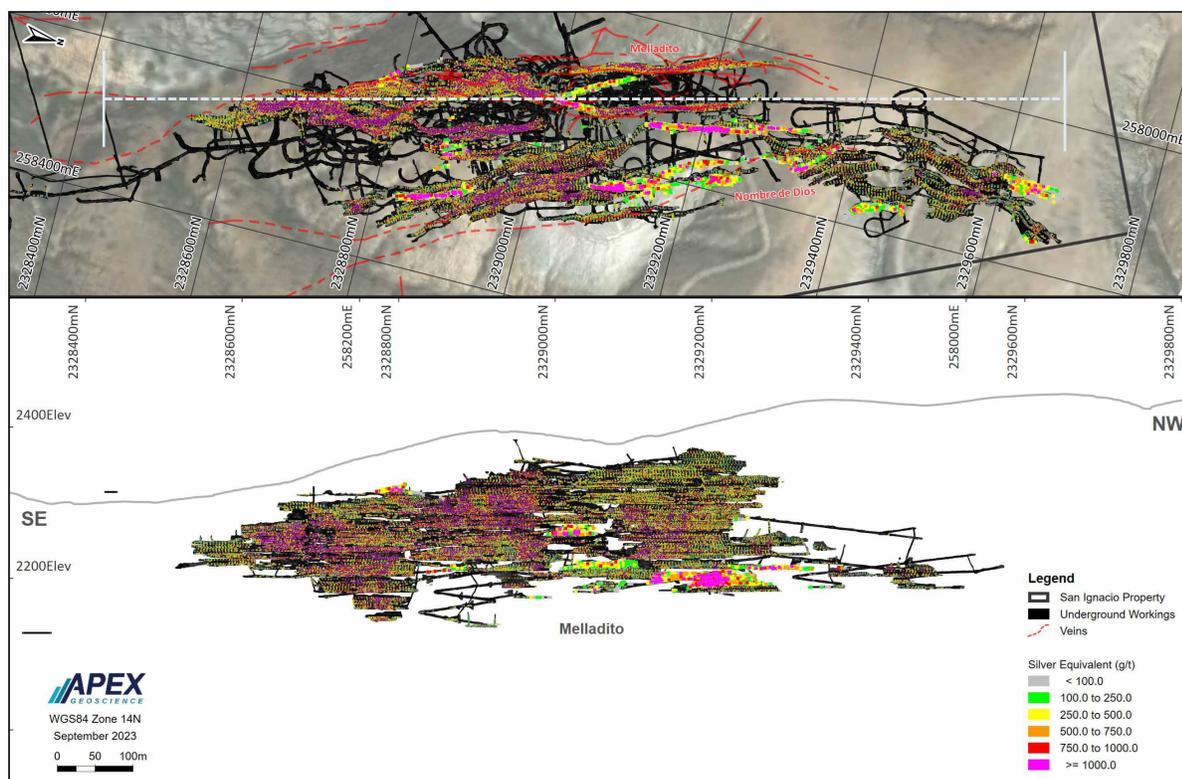
\* AgEq values are calculated using metal prices set at US\$1,800/oz Au and US\$22.50/oz Ag, with 87% recovery for both, yielding a Ag to Au ratio of 80:1

**Figure 9.2 GSilver Underground Sampling Results Melladito South and NDD (AgEq\*)**



\* AgEq values are calculated using metal prices set at US\$1,800/oz Au and US\$22.50/oz Ag, with 87% recovery for both, yielding a Ag to Au ratio of 80:1

**Figure 9.3 GSilver Underground Sampling Results Melladito (AgEq\*)**



\* AgEq values are calculated using metal prices set at US\$1,800/oz Au and US\$22.50/oz Ag, with 87% recovery for both, yielding a Ag to Au ratio of 80:1

## Drilling

As of the effective date of the 2023 San Ignacio Report, the Company has completed 36 diamond drillholes (DDH), totalling 5,092.7 m, at San Ignacio. The drilling was conducted from November 2022 to June 2023. The drillholes were completed at several veins and at several mine levels with varying orientations, and azimuths ranging from 7 to 356° and inclinations ranging from -1 to -90° and +10 to +61°. The depths of the holes ranged from 43.5 to 295 m and averaged 141.5 m. Collar information for GSilver’s 2022-2023 drill programs is presented in Table 10.2.

Initially, the primary focus of the drilling at San Ignacio was to target the Melladito vein system and extend mineralization in the southern and northern areas of the mine. The latter half of the drill program focused on the extension of mineralization from the Melladito, Purisima, and the Nombre de Dios vein systems. The drilling confirmed the continuity of the mineralization at depth within the Melladito vein and confirmed the mineralization extension at depth of the Purisima vein.

The Company’s recent drilling at San Ignacio was used in the MRE detailed below in “*Mineral Resource Estimate*”. Significant results of the Company’s drilling at San Ignacio are presented in Table 10.3. Drilling results in this section are reported as silver equivalent (AgEq\*), with AgEq\* calculated using metal prices set at US\$1,800/oz Au and US\$22.50/oz Ag, with 87% recovery for both, yielding a Ag to Au ratio of 80:1. This remains consistent with the ratio that is utilized internally and in public disclosure of exploration results by the Company and is maintained herein.

The 2022 and 2023 drilling was conducted by KAV Drilling Mexico of Guanajuato, on behalf of the Company. The core drilling was HQ in diameter. Drillhole collar surveys were completed using total station instruments and uploaded directly to a database for merging with the downhole logging data. Downhole surveys were generally performed at 10 m, 50 m and every 50 m thereafter using a Reflex survey instrument with the survey data manually input into the database.

**Table 10.1. Significant Results of GSilver’s 2022-2023 San Ignacio Drill Programs**

Hole ID	Vein	From (m)	To (m)	Width (m)	True Width (m)	Au (g/t)	Ag (g/t)	AgEq* (g/t)
UGSI22-002	Melladito	67.80	68.40	0.60	0.56	1.65	12	144
UGSI22-004	Melladito (Branch)	61.95	62.60	0.65	0.62	1.92	11	165
UGSI22-004	Melladito	68.30	70.80	2.50	1.82	3.11	14	263
UGSI22-004	Including	68.30	68.80	0.50	0.36	3.32	12	278
UGSI22-004	Including	68.80	69.55	0.75	0.55	2.37	12	202
UGSI22-004	Including	69.55	70.30	0.75	0.55	3.32	21	287
UGSI22-004	Including	70.30	70.80	0.50	0.36	3.70	7	304
UGSI22-005	Melladito (Branch)	38.50	39.85	1.35	1.31	0.74	87	146
UGSI22-006	Melladito	93.75	100.20	6.45	4.92	5.11	810	1,219
UGSI22-006	Including	93.75	94.30	0.55	0.42	25.84	4,914	6,981
UGSI22-006	Including	94.30	94.85	0.55	0.42	28.23	1,693	3,951
UGSI22-006	Including	94.85	96.35	1.50	1.14	0.70	84	140
UGSI22-006	Including	96.35	97.40	1.05	0.81	0.37	123	153
UGSI22-006	Including	97.40	98.50	1.10	0.84	0.54	434	478
UGSI22-006	Including	98.50	99.50	1.00	0.77	0.71	610	667
UGSI22-006	Including	99.50	100.20	0.70	0.53	0.71	354	411
UGSI22-008	Melladito (Branch)	57.15	58.05	0.90	0.89	1.58	2	129
UGSI22-009	Melladito (Branch)	70.20	71.10	0.90	0.46	1.01	76	158
UGSI22-014	Melladito (Branch)	66.75	67.85	1.10	0.63	1.91	5	158
UGSI23-002	Hanging Wall Vein	25.30	26.00	0.70	0.57	1.28	26	129
UGSI23-003	Wall vein	35.25	35.60	0.35	0.17	4.03	52	374
UGSI23-005	Melladito	87.50	89.00	1.50	1.50	0.85	8	76
UGSI23-006	Melladito	109.25	111.75	2.50	2.48	1.08	6	9.3
UGSI23-008	HW Purisima	1.00	3.70	2.70	1.90	1.95	501	657
UGSI23-008	Including	1.00	2.00	1.00	0.70	3.42	744	1018
UGSI23-008	Purisima	16.55	16.90	0.35	0.22	2.01	2	163
UGSI23-008	Melladito	151.55	152.00	0.45	0.35	0.23	94	113
UGSI23-009	HW Purisima	0.00	3.00	3.00	1.93	1.26	415	516
UGSI23-009	Including	1.85	2.20	0.35	0.22	4.14	2020	2351
UGSI23-009	Melladito (Branch)	123.35	124.30	0.95	0.77	0.25	113	133
UGSI23-009	Including	123.80	124.30	0.50	0.40	0.46	215	252
UGSI23-010	HW Purisima	4.35	5.25	0.90	0.45	1.78	557	699
UGSI23-010	Purisima	17.80	21.30	3.50	2.14	1.68	8	142
UGSI23-010	Including	20.30	21.30	1.00	0.64	2.57	9	215
UGSI23-010	Melladito	109.80	113.20	3.40	1.74	1.72	122	260
UGSI23-010	Including	111.80	113.20	1.40	0.60	2.94	151	386
UGSI23-010	Melladito	124.00	131.90	7.90	4.89	0.32	334	359
UGSI23-010	Including	128.55	129.30	0.75	0.37	1.25	1947	2047
UGSI23-010	Including	131.00	131.90	0.90	0.52	0.44	383	418
UGSI23-011	HW Purisima	0.00	3.40	3.40	2.22	0.78	112	175
UGSI23-011	Including	3.90	4.15	0.25	0.24	1.00	254	334
UGSI23-011	HW2 Purisima	6.00	6.55	0.55	0.48	3.26	260	520
UGSI23-011	Purisima	26.25	27.90	1.65	1.06	1.11	1	89
UGSI23-011	Including	27.35	27.90	0.55	0.35	1.79	0	143

Hole ID	Vein	From (m)	To (m)	Width (m)	True Width (m)	Au (g/t)	Ag (g/t)	AgEq* (g/t)
UGSI23-012	Purisima	60.00	61.10	1.10	0.55	0.32	85	111
UGSI23-012	HW Purisima	70.90	72.95	2.05	1.50	0.06	89	94
UGSI23-012	Including	70.90	71.60	0.70	0.40	0.09	221	228
UGSI23-012	HW2 Purisima	115.65	116.30	0.65	0.50	0.48	60	98
UGSI23-013	Melladito	70.50	72.15	1.65	0.95	1.33	14	120
UGSI23-013	Including	70.00	70.50	0.50	0.32	1.77	9	150
UGSI23-015	NDD3 (Loop)	92.50	93.65	1.15	0.58	2.77	4	226
UGSI23-015	NDD3	106.55	107.15	0.60	0.25	4.05	2	326
UGSI23-017	NDD3	56.90	59.40	2.50	1.90	2.25	63	243
UGSI23-019	NDD1 Loop	43.20	43.60	0.40	0.27	0.11	85	94
UGSI23-019	NDD1	44.55	45.75	1.20	0.80	1.07	67	152
UGSI23-019	NDD1.5	58.60	59.50	0.90	0.61	0.51	99	139
UGSI23-019	NDD2	94.20	94.90	0.70	0.54	2.22	13	191
UGSI23-019	NDD3	135.50	136.65	1.15	0.71	2.32	4	189
UGSI23-020	NDD1	33.60	34.45	0.85	0.72	0.35	204	232
UGSI23-020	NDD1.5	40.10	40.30	0.20	0.17	0.04	2	5
UGSI23-020	NDD2	77.65	78.55	0.90	0.82	1.01	38	119
UGSI23-021	Mell Comp Gral	103.10	110.85	7.75	4.11	1.26	35	136
UGSI23-021	NDD2	136.45	137.30	0.85	0.85	0.23	3	21
UGSI23-021	NDD3	185.20	187.45	2.25	1.62	2.55	5	209
UGSI23-021	Loop NDD3	192.05	194.10	2.05	1.37	4.20	6	342
UGSI23-021	HW Vein	199.20	200.40	1.20	0.69	2.93	5	239
UGSI23-022	Melladito	125.50	128.55	3.05	1.29	1.51	180	301
UGSI23-022	NDD2	141.00	142.00	1.00	0.98	0.60	2	50
UGSI23-022	NDD3	175.10	177.10	2.00	1.29	3.41	6	279
UGSI23-022	NDD3 (Loop)	185.15	185.35	0.20	0.12	3.44	8	283

\* AgEq values are calculated using metal prices set at US\$1,800/oz Au and US\$22.50/oz Ag, with 87% recovery for both, yielding a Ag to Au ratio of 80:1

### Sampling, Analyses and Security of Samples

This section summarizes the sampling preparation, analyses, security, and quality control and quality assurance protocols and procedures employed by Great Panther between 2010 and 2021, and by the Company from 2022 to the effective date of the 2023 San Ignacio Report, at the San Ignacio Property. The Great Panther and Company underground channel sampling and drillhole data are utilized in the MRE and discussed in the sections below.

The authors of the 2023 San Ignacio Report are unaware of any sampling preparation, analyses, security, and quality control and quality assurance information regarding historical exploration programs completed prior to the Great Panther work. Drilling and sampling data completed prior to the Great Panther work is poorly documented and not utilized in the MRE. Therefore, it is not discussed further below. However, these results may have been used to guide modern exploration targeting.

#### *Great Panther Historical Channel Sampling and Drilling*

Channel sampling was completed in accessible stopes and development headings. The mine geologist marked out the sample position and completed a detailed drawing of the face prior to sampling. The sampling was completed by Great Panther technicians using a rock hammer and chisel to break rock chips along a line across the structure.

The quality of the channel samples was reported to have been more variable than the drill samples. The rock was observed to be highly variable in hardness and competence and was therefore difficult to achieve volumetrically consistent representation along the entire sample length. Sample bias may result where higher grades happen to correlate

with zones of differing hardness characteristics. It has been noted that the increased variance may also be due to the use of the mat rolling technique used to reduce the channel sample mass.

Prior to mid-2016, all San Ignacio channel and drillhole sampling and geological data was entered into a DataShed database using LogChief software. Post 2016, Great Panther utilized an internal in-house software that loaded data directly into a Microsoft SQL database, with all of the San Ignacio data stored digitally in this database. In 2012, Great Panther initiated the recording of continuous channel sampling in the form of a pseudo-drillhole to allow the compositing of samples. All channel sampling by Great Panther personnel was carried out in this manner with the data recorded in the database.

Great Panther's protocol for Quality Assurance and Quality Control (QA-QC) sample insertion was one duplicate in every 19 samples and one blank and one standard for every 40 samples.

All phases of the sampling, transport, and analysis were carried out by authorized Great Partner personnel. Channel samples were sent for analysis to the Cata laboratory, located within the Cata facility in the city of Guanajuato. The Cata facility is fully fenced with 24-hour on-site security.

From 2010 to 2021, Great Panther completed 604 drillholes, totalling 115,581.70 m, at San Ignacio. The diamond drilling was completed by BD Drilling, Servicios Drilling, Rock Drill of Aguascalientes, Mexico, Maza Drilling, Versa Perforaciones SA de CV and KAV Drilling.

The drill core was transported twice a day from the drill site via pick up truck to the core storage and logging facility located at the gated Cata plant site. At the logging facility the core boxes were laid out by field technicians. The technicians fitted the core pieces together and cleaned the core surface in preparation for logging by the geologist. Depth markers were checked for proper labelling, and the boxes were labelled with the drill core intervals. The technicians completed measurements of core recovery and rock quality designation (RQD) and recorded the data onto paper logs.

Prior to mid-2016, all San Ignacio channel and drillhole sampling and geological data was entered into a DataShed database using LogChief software. Post 2016, Great Panther utilized an internal in-house software that loaded data directly into a Microsoft SQL database, with all of the San Ignacio data stored digitally in this database.

The drill core samples were prepared by technicians working under the direction of Great Panther's mine and exploration geologists. HQ and NQ diameter core were cut in half longitudinally using a diamond bladed saw. AQ and BQ diameter core was sample whole. The sample lengths were determined using mineralogical or lithological characteristics and marked on the core boxes by the geologists.

For exploration drilling, the minimum and maximum sample lengths were 0.5 and 1.5 m, respectively. For production drilling, in areas of little or no obvious mineralization, maximum sample lengths measured from 1.5 to 2.0 m. In mineralized or silicified zones, the maximum sample length was reduced to 0.6 m, while the minimum length was 0.3 m. There are several instances where drill samples with lengths greater than 2.0 m occur in the database, this is due to broken and/or small-diameter core.

Once the sample length was determined, a technician recorded the sample intervals in a numbered and perforated ticket book. The numbered part of each ticket was stapled to the core tray at the appropriate sample interval and the butt portion of the ticket book was marked with the drillhole number and sample interval information. For each sample interval, the core (or half core) was placed along with a numbered ticket inside a pre-numbered clear plastic sample bag. The bag was then tied with string and delivered with other samples from the same hole to the onsite Cata laboratory. Sample numbers and intervals were written on the ticket books for future data capture.

The first nine diamond core holes at San Ignacio were completed under the management of the Guanajuato geology department. Mine geologists logged and sampled the core. Following an internal audit by Great Panther, which identified deficiencies in core handling and sampling procedures, the responsibility for diamond drilling and exploration at San Ignacio changed to Great Panther's exploration department. The exploration staff re-logged and re-sampled all nine drillholes. The remaining surface drillholes were completed under the management and direction of the exploration department.

Chain of custody was established upon sample collection with the use of unique sample IDs, documentation of samples per shipment to the lab, as well as sign-off forms for receipt of samples by the laboratory. Great Panther's protocol for

Quality Assurance and Quality Control sample insertion was one duplicate in every 19 samples and one blank and one standard for every 40 samples.

Bulk density (specific gravity, or “SG”) determinations were conducted on samples measuring approximately 10 cm in length. The sample lengths were selected by a field technician from whole or half-core (NQ or HQ). The test work was completed on-site by field technicians and followed the water submersion method on air-dried samples. Non-friable, non-porous core samples were weighed in air and then weighed while suspended from the scale in a basket, which was submerged in water. The raw information was recorded on paper logs. The samples were returned to the core box once the determinations were completed. No formal quality control quality assurance was completed during the bulk density determinations.

### *GSilver Channel Sampling and Drilling*

From August 2022 to May 2023, GSilver collected a total of 5,681 underground channel samples from 2,498 sample locations at San Ignacio. GSilver sampling personnel collected the channel samples from development drifts and production stopes and extracted the rock chip samples using a hammer and chisel, along a line across the structure.

Prior to sampling, each sample line was marked by a mine geologist and each individual sample was marked with purple spray paint, differentiating lithological changes, fault zones, mineralized structures, and other geological characteristics. Samples were collected using a hammer and chisel moving from the footwall to the hanging wall side of the structure. A maximum sample length of 1.5 m was observed. Nominal sample widths of 0.10 m and depths of 0.02 to 0.03 m were maintained. Sample weights generally ranged from 0.50 to 5.0 kg.

The rock chips were captured on a 1.5 by 1.5 m canvas sheet. The sheet was cleaned between samples to mitigate the risk of contamination. The sample was then crushed to approximately ¼ inch size fraction on a square steel plate and homogenized. The sample was divided into four equal parts by dividing the square plate into four equal triangles. The two opposite parts were selected, and the rest of the sample was discarded.

The selected sample parts were placed in 40 by 30 cm poly sample bags inscribed with the unique sample identification (ID) number. Each sample was labelled with the sample ID, date, mine, site (drift, stope, shaft, etc.), and the name of the sampler. The sample ID was marked in the field along the sample line using spray paint and the sample width was recorded in a field notebook.

Each sample was located using a topographic control point in the field and was marked on a topographic map along with the sample number. A sampling report was prepared and included the following data: mine, name of sampler, date, dispatch number, line ID, sample ID, sample width, sample type, vein code, location taken (roof, wall, etc.), underground level, site, topographic point reference, and distance to topographic point reference. GSilver personnel recorded this information in the San Ignacio underground sample Microsoft SQL database, along with sample coordinates, azimuth, and inclination.

GSilver’s QA-QC procedures for the 2022 to mid-2023 underground channel sampling programs included the insertion of certified reference materials (standards), blanks, and duplicates into the sample sequence. The rate of QA-QC material insertion was approximately 1 per 20 samples.

The samples were subsequently delivered to the Cata laboratory for analysis.

As of the effective date of the 2023 San Ignacio Report, the Company has drilled 36 NQ sized diamond drillholes (DDH), totalling 5,092.7 m, at San Ignacio, from November 2022 to June 2023. The drilling was completed by Kav Drilling Mexico from the city of Guanajuato.

San Ignacio drill core was logged and sampled at the Cata core storage and logging facility in Guanajuato. Upon receiving drill core sampling personnel first cleaned the core and verified the sequence and hole depth in accordance with the block system used by the drill contractor, whereby a block labelled with the hole depth was inserted into the box after each drill run. The sampler marked the core boxes with depth ranges and recovery and rock quality designation (RQD) was measured for each core interval between blocks. Recovery and RQD measurements were captured manually and delivered to the geologist at the end of the shift, or upon completion of RQD for the drillhole.

GSilver drill log data were input directly to the project database by the logging geologist. Prior to describing the core, the geologist recorded the drillhole collar and survey information (coordinates, azimuth, inclination, date, drill rig,

diameter, etc.). The core was then marked with yellow, red, and blue wax pencil to indicate contacts and/or lithological changes (rock type, faults, alterations, breccias, veins etc.). Yellow was used to mark rock type and alteration, blue was used for structures such as faults and fractures, and red was used for veins and hydrothermal breccias. Once the core was marked, the geologist logged observations comprising rock type, colour, hardness, alteration, mineralization, veining, weathering, and structural features, utilizing standardized codes. Descriptions and notes were also allowed in the database.

The geologist marked out samples based on the areas of interest identified during the core logging. Sample breaks generally corresponded to geological changes and were marked with red arrows indicating the beginning and end of each sample. Tags inscribed with the unique sample number and hole depth range were stapled to the box at the beginning of each sample. The maximum nominal sample length was 1.5 m, and the minimum nominal sample length was 0.3 m. Shoulder samples of 5 to 10 m were included above and below each mineralized structure.

Core segments with a length between 10 and 20 cm, and weighing at least 500 g, were selected for SG measurements. Non-porous samples representative of the geology and mineralization of the interval were selected. Measurements were collected for all vein and mineralized breccia samples, as well as wallrock at the top and bottom of the interval. SG values were determined using the water submersion method on air-dried samples. QA-QC measures included ensuring clean water was used for submerged measurements, re-measuring samples that returned values outside of the expected range, and utilizing standard weights to calibrate the digital balance.

Prior to cutting, core was photographed, ensuring that sample numbers and ranges were visible. The core boxes were then moved to the cutting area in the Cata core facility. Marked sample intervals were cut in half with a diamond saw. One half of the core was left in the core box, the other half was placed in pre-labeled plastic bags along with a sample tag bearing the unique sample number. The sample bags were sealed for transport to the laboratory with the requisite report to be signed upon receipt by the laboratory. All logging and sampling information was recorded in the San Ignacio drillhole Microsoft SQL database.

GSilver's QA-QC procedures for the 2022 to mid-2023 drill core sampling programs included the insertion of certified reference materials (standards), blanks, and field duplicates into the sample sequence. The rate of QA-QC material insertion was approximately 1 per 20 samples.

The samples were subsequently delivered to the Cata laboratory for analysis.

#### *Analytical Procedures*

The underground channel and drill core samples collected by Great Panther were analysed at the Cata laboratory within the Cata facility. The Cata laboratory is equipped to perform analyses via aqua regia digest, fire assay, gravimetric, and atomic absorption spectroscopy (AAS).

The analytical process for the historical samples involved initial receipt of samples by Cata laboratory staff from the company personnel followed by oven-drying of samples. Dry samples were then run through a crusher (10 mesh) and subsequently a 200 g split was run through a disc mill for pulverizing to 98% passing 200 mesh. Samples were analysed by aqua regia with an AAS finish, and any that reported greater than 10 g/t Au or 300 g/t Ag were re-analysed by fire assay with a gravimetric finish. The laboratory can also perform determinations for arsenic (As), copper (Cu), lead (Pb), zinc (Zn) and antimony (Sb) via AAS; however, these elements were not typically analysed for core samples. Assay certificates were sent directly from the laboratory to the Great Panther geology department via e-mail.

All of GSilver's channel and drill core samples were submitted to the Cata laboratory (MVS-GTO) for analysis. GSilver has managed the Cata laboratory as of the acquisition date of the Property, and the equipment and procedures remain unchanged.

The analytical process for the samples involved initial receipt of samples by Cata laboratory staff from the Company personnel followed by oven-drying of samples. Dry samples were then run through a crusher (10 mesh) and subsequently a 200 g split was run through a disc mill for pulverizing to 98% passing 200 mesh. Samples were analysed by Aqua Regia with an AAS finish, and any that reported greater than 10 g/t Au or 300 g/t Ag were re-analysed by fire assay with a gravimetric finish. Gold and silver detection limits are 0.005 g/t Au and 5 g/t Ag. The Cata laboratory is also configured perform determinations for As, Cu, Pb, Zn and Sb via AAS; however, these elements were not typically analysed for core samples. Assay certificates were sent directly from the laboratory to the GSilver geology department via e-mail.

The Cata laboratory was constructed by SGS Group (SGS), under the supervision of Great Panther, and was managed and operated by the SGS from 2006 to 2018 (coded as SGS-GTO in the San Ignacio database). During this period, the Cata laboratory was ISO accredited under the SGS Group. The Cata laboratory reverted to Great Panther management at the beginning of 2019, and therefore, lost its SGS accreditation (coded as MVS-GTO in the San Ignacio database). However, according to Brown and Nourpour (2022), the Cata laboratory staff and SGS procedures were maintained. The Cata laboratory is not independent of Great Panther or the Company.

All pulps are stored in an on-site warehouse in a safe and well-organized manner, in sealed containers with proper labels, including the project name, lot number and sample IDs contained in each lot. The rejects are stored in closed containers and properly labelled with container number and the number of samples contained within the container. They are kept in storage for the necessary time indicated by industry standards.

*Quality Assurance – Quality Control*

A routine QA-QC program, including instrument calibration and a database of results of the testing, was implemented by SGS for the Cata laboratory (SGS-GTO) until the end of 2018. Under Great Panther, and recently under GSilver management, the Cata laboratory (MVS-GTO) has continued the QA-QC program.

In addition to the internal laboratory QA-QC monitoring, the analytical portion of the QA-QC program employed by both Great Panther and GSilver aimed to provide a means by which the accuracy and precision of the assaying that is performed on its drilling and underground channel samples can be measured to ensure the highest possible data quality. The QA-QC procedures included the insertion of certified reference materials (CRMs or standards), blanks, and quarter-core duplicates into the sample sequence, as well as arranging regular umpire checks with a third-party certified laboratory.

GSilver’s QA-QC procedures for the 2022 to mid-2023 channel and drill core sampling programs included the insertion of certified reference materials (CRMs or standards), blanks, and field duplicates into the sample sequence. The rate of QA-QC material insertion rates is presented in Table 11.1. All samples were analyzed at the Company’s Cata laboratory (MVS-GTO). Regular umpire checks were undertaken for reject and pulp material using a third-party, ISO accredited laboratory. Umpire checks were completed either by SGS Durango (SGS-DGO) or Corporación Química Platinum S.A. de C.V.

**Table 11.1 GSilver QA-QC Material Insertion Rates**

Sample Type	Frequency	Responsibility
Coarse blank	1/20	Logging Geologists / Grade Control
Fine blank (pulp)	1/20 only for Pulps	
Duplicate Reject	Random 5%	QA-QC Analyst
Duplicate Pulp		
Low-grade CRMs	Alternating 1/20	Logging Geologists / Grade Control
Medium-grade CRMs		
High- grade CRMs		

*Adequacy of Sample Collection, Preparation, Security and Analytical Procedures*

In the opinion of the authors of the 2023 San Ignacio Report, there were no significant issues with respect to the sample collection methodology, sample security, sample preparation or sample analyses in the San Ignacio exploration programs completed by Great Panther historically or by GSilver in 2022 to mid-2023.

The QA-QC measures including the insertion rates and performance of blanks, standards, and duplicates for the GSilver indicate the following:

- No significant contamination issue was observed in the blank performances for the Au and Ag analysis of both the drill and underground samples.
- Duplicate results from the underground samples showed a fair correlation for gold. This is likely due, at least in part, to sample bias resulting from nuggety gold observed within various mineralized zones.
- Standard GTS16 returned an overall failure rate of 16.2% for Ag and 8.7% for Au in drill samples. No failure was observed in underground samples for both Ag and Au analysis. As for the drill samples, the failures were on the high side and require further investigation.
- Standard GTS17 showed no failure rate for both Ag and Au analysis in the drilling and underground samples. A systematic negative bias in Ag analysis is observed in both drill and underground samples, which requires investigation.
- Standard GTS19 is only used for the underground samples and returned no (0%) failures for both Ag and Au. However, a positive bias on the high side is observed for the Ag analysis, which requires investigation.

GSilver should reconsider using standards GTS16 and GTS17 as these materials include the following disclaimer: “reference material is characterized by limited laboratory testing and is not certified according to best practice principles of ISO 17034. Caution should be used when applying this material to evaluate a laboratory performance.”

The authors of the 2023 San Ignacio Report recommend that in addition to the commercially produced CRMs, the Company use custom developed matrix-matched CRMs that are produced from particular styles of mineralization in the deposits, with the Round Robin prepared by different laboratories. The custom CRMs should be inserted with similar grades of dispatch samples, based on mineralization observed in the sample and recorded in the drill log or sample description. The CRMs should be inserted randomly in a dispatch by automatic dispatch creation tools in the database system rather than fixed interval, manual insertion.

Regarding bulk density determinations on GSilver drill core, the authors of the 2023 San Ignacio Report note that no formal QA-QC program was in place to provide confidence in the precision or accuracy of the results of the testing. However, the results are within the range of expected density values for the material tested and the SG determination procedures are consistent with industry standard practices. The authors recommend that any future bulk density determinations select duplicate samples at a standard frequency and send them to an independent laboratory for testing. In addition, the scale should be monitored regularly using a standard weight.

The authors of the 2023 San Ignacio note that although the Cata laboratory is non-independent, and managed by GSilver, the umpire checks undertaken at the independent and certified SGS-Durango laboratory is sufficient to verify the performance of the Cata laboratory and the reproducibility of the Ag-Au analyses.

In conclusion, the data within GSilver’s databases are considered suitable for use in the further evaluation of the San Ignacio Property and for its intended use in the 2023 San Ignacio Report, including the mineral resource estimation. Ongoing evaluation of the QA-QC data should be conducted to proactively identify opportunities for improvement in sampling, preparation, and analytical protocols.

#### *Data Verification*

The calculation of the MRE detailed below in “*Mineral Resource Estimate*” utilized data extracted from the GSilver SQL database to a Microsoft Access relational database on 11 July 2023. The drillhole database contained 640 unique drillhole collar records with a total core length of over 120,674 m, and the underground sample database contained 35,288 channel samples. Overall, both databases were deemed to be well organized.

GSilver provided two separate Microsoft Access databases for drillhole data and underground sampling data. The authors of 2023 San Ignacio Report were also provided with a three-dimensional (3D) topographic surface, as well as 3D wireframes representing the existing mine workings in Micromine (.tridb) and AutoCAD (.dxf) formats. The authors imported the underground and drillhole data into Micromine Origin & Beyond 2023.5, along with the 3D topography, mine workings, and historical resource wireframes and block models. A visual examination of the data in 3D did not demonstrate any obvious spatial issues.

Approximately one-third of the assays returned from exploration drilling completed post-2021, and included in the Drillholes San Ignacio.accdb database, were reviewed and compared to laboratory certificates from the Cata and SGS Durango laboratories.

During the initial stage of data verification, some negligible discrepancies were identified in the third decimal place of assay results returned from exploration drilling conducted between March and May 2021. It transpired that only the Cata laboratory certificates were provided to APEX. Umpire checks performed by SGS Durango supersede the Cata results in the database. APEX personnel requested the finalized umpire check laboratory certificates, the assay results in the database were re-compared with the SGS laboratory certificates, and the results were verified.

Assays returned from underground samples completed post-2021, totalling 5,873 samples and included in the Drillholes San Ignacio.accdb database, were reviewed and compared to laboratory certificates from the Cata and SGS Durango laboratories (Table 12.2). A total of 26 errors, including 12 from samples within the MRE estimation domains, were identified, accounting for only 0.4% of the data checked. These errors have since been corrected.

Mr. Christopher W. Livingstone, P.Geo., Senior Geologist of APEX and a Qualified Person, conducted a site inspection for verification purposes from August 13 to 14, 2023. Mr. Livingstone previously visited the Property from April 7 to 8, 2022.

The August 2023 site inspection comprised an inspection of recent San Ignacio diamond drill core at the Cata core logging facility, the collection of two quarter drill core samples, and a review of the San Ignacio 3D data compilation. Mr. Livingstone was unable to visit the underground workings at San Ignacio during the 2023 visit due to a serious accident, resulting in a temporary closure of the mine site. The April 2022 site inspection comprised a tour of the Property, including entering several underground workings at the San Ignacio operation, collar verification from recent drilling, the collection of two verification samples, and a review of recent drill core to verify reported geology and mineralization. Mr. Livingstone also toured the Cata offices, core shack, processing plant, and analytical laboratory.

Based on the site inspection, verification sampling, and data review, the authors of the 2023 San Ignacio Report have no reason to doubt the reported geology, exploration, and production results. The authors have reviewed the adequacy of the exploration information and the San Ignacio Property's physical, visual, and geological characteristics. No significant issues or inconsistencies were discovered that would call into question the validity of the data. In the authors' opinion, the San Ignacio data is adequate and suitable for use in the 2023 San Ignacio Report, including the MRE.

### **Mineral Processing and Metallurgical Testing**

The authors of the 2023 San Ignacio Report are not aware of any third-party laboratory-based mineral processing and metallurgical testing completed by GSilver or Great Panther.

Historically, Great Panther conducted metallurgical test work aimed at improving the operation of the Cata processing plant. In 2011, Great Panther added a new flotation section, with the installation of five new fully automated Outotec cells which replaced the old sections of rougher cells. In 2012, a small regrind mill was installed with improvements in metallurgical recoveries. In 2012 and 2013 the primary crushing units were upgraded with a new Metso HP300 crusher, and new vibrating twin screens. Lastly, in 2013, a new state of the art filter press was installed to reduce water content in the concentrate.

In 2015, Great Panther completed internal test work to optimize the consumption of reagents and the overall milling process to obtain maximum recovery and to comply with the concentration of required grades. The metallurgical samples were collected throughout active areas of the mine and are representative of the mineralization present at Guanajuato and San Ignacio. There are no deleterious elements or processing factors that significantly affect the extraction of silver and gold into the concentrate.

Mineralized material from San Ignacio is treated at the Cata processing plant. The processing plant utilizes five stages, including: crushing, milling, flotation, thickening and filtering, as well as concentrate dewatering circuits to generate sulphide concentrates containing silver and gold, which are sent off site for smelting and refining.

The Cata mill was put on care and maintenance status by Great Panther in November 2021 due to lack of tailings capacity. GSilver recommissioned the mill in December 2022, and the processing plant recommenced operations in January 2023. The plant comprises three ball mills and a two-stage crushing system. The Cata mill processes mineralized material from both San Ignacio and the VMC Guanajuato operation, and the full capacity of the mill is 36,000 tonnes per month (1,200 tonnes per day). Recent infrastructure upgrades to the mill includes a new Falcon concentrator and the implementation of hydraulic backfilling of tailings, which has led to the acceleration of plant operations.

Mineralized material from the San Ignacio operation was blended with mineralized material from GSilver’s VMC Guanajuato operation prior to processing at the Cata plant, and with mineralized material from GSilver’s El Cubo operation prior to processing at the Villalpando plant. The total tonnage values for each operation were determined using haul truck tonnage weights compared against a control file. The silver and gold grades were estimated using monthly mine grade control data as the primary reference, with grades refined based on monthly plant production grades. Recoveries are based on total plant production from all operations. Metal production values are pro-rated for each operation using the tonnage and grade data.

From August 2022 to September 2023, a total of 122,137 dry metric tonnes (DMT) of material extracted from San Ignacio were processed at Cata and Villalpando mills, producing 250,726 silver ounces and 4,696.5 gold ounces. Head grades and recoveries over this period averaged 76.29 g/t Ag with an 83.7% recovery for silver and 1.40 g/t Au with an 85.2% recovery for gold. A summary of GSilver’s San Ignacio production is shown in Table 13.2.

**Table 13.1 Summary of San Ignacio Production (August 2022 to September 2023)**

Year	Month	Tonnage <sup>1</sup> (DMT)	Head Grades <sup>2</sup>		Recoveries <sup>3</sup>		Ounces Produced <sup>4</sup>	
			Au (g/t)	Ag (g/t)	Rec Au	Rec Ag	Oz Au prod	Oz Ag prod
2022	August	2,689	1.33	118	90.4%	89.7%	103.8	9,115
	September	6,761	1.23	54.02	90.0%	89.3%	240.8	10,493
	October	7,092	1.24	56.28	87.8%	87.0%	248.6	11,164
	November	8,289	1.15	60.62	88.1%	84.9%	269.7	13,721
	December	9,596	1.15	71.31	82.7%	82.0%	292.1	18,048
2023	January	9,649	1.28	78.59	84.4%	83.6%	334.5	20,382
	February	11,360	1.65	87.43	82.7%	82.3%	498.3	26,268
	March	13,112	1.23	78.22	80.4%	80.9%	418.1	26,685
	April	12,167	1.34	87.35	84.1%	80.1%	439.3	27,358
	May	11,661	1.63	95.56	89.5%	88.2%	545.3	31,610
	June	10,904	1.60	57.22	86.0%	83.0%	482.5	16,612
	July	9,046	1.50	69.33	84.7%	83.8%	370.2	16,897
	August	6,679	1.69	89.17	84.6%	82.9%	307.4	15,870
	September	3,131	1.69	79.67	85.6%	81.1%	145.8	6,504
<b>Totals</b>		<b>122,137</b>	<b>1.40</b>	<b>76.29</b>	<b>85.2%</b>	<b>83.7%</b>	<b>4,696.5</b>	<b>250,726</b>

*Notes:*

1. Tonnage values for San Ignacio were determined using haul truck tonnage weights compared against a control file.
2. Silver and gold grades were estimated using monthly grade control data as the primary reference, with grades refined based on monthly plant production grades.
3. Recoveries are based on total plant production from all operations.
4. Metal production values are pro-rated for the San Ignacio operation using the tonnage and grade data.

Mine development at San Ignacio during 2022 and 2023 comprised a total of 491 m and 1,719 m, respectively, advancing mining faces, ramps, and underground other workings.

**Mineral Resource Estimate**

The 2023 San Ignacio MRE discussed in this 2023 San Ignacio Report was classified in accordance with guidelines established by the CIM “Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines” dated November 29, 2019, and CIM “Definition Standards for Mineral Resources and Mineral Reserves” dated May 14, 2014.

The 2023 San Ignacio MRE used samples collected from surface and underground drillholes and underground channels. It utilized a drillhole database with 640 unique drillholes totalling 120,674 m, drilled between 2010 and 2023. This database included collar locations, surveys, assays, and geological details. Additionally, the MRE used an underground channel sample database with 86,083 samples collected from 2016 to 2023, containing channel locations, surveys, and assays. Both databases were considered during domain interpretation and metal estimation. The 2023 MRE was based on newly constructed domain models and used drilling and underground channel sampling databases updated to July 11, 2023.

Mineral Resource modelling was conducted in the San Ignacio local mine grid. The Mineral Resource block model utilized a selective mining unit parent block size of 2.5 m (X) by 2.5 m (Y) by 2.5 m (Z) with a minimum subblock size of 0.5 m (X) by 0.5 m (Y) by 0.5 m (Z). Sub-blocks were utilized for stope optimization and resource reporting. The gold and silver grades were estimated for each block using Ordinary Kriging, considering capped drillhole and underground composites, with locally varying anisotropy to ensure grade continuity in various directions is reproduced in the block model. Sub-blocks retained the grade of the parent block. The MRE was reported as undiluted within a series of underground mining shapes. The 2023 San Ignacio MRE used a silver equivalent grade (AgEq) based on metal prices of \$1,850/oz for gold (Au) and \$22/oz for silver (Ag). Both metals assume an 87% recovery rate. Therefore, all AgEq calculations in the current MRE employ a Ag to Au ratio of 84.1:1. This ratio was determined based on current Reasonable Prospects for Eventual Economic Extraction (RPEEE) parameters.

The San Ignacio MRE was depleted by removing modern and historical mined-out material. Modern mined-out material was removed by eliminating blocks inside of the 3D workings models provided to APEX by GSilver. To estimate the extent of the historical stopes, blocks within a 40 by 30 by 5 m search ellipsoid around current logging data logged as backfill or stope were considered previously mined and removed.

Remnant material also exists between and around the modern and historical workings. Modern Remnant material exists between modern stopes and workings left after mining activities. This material is still under evaluation for potential resources and was not included in the 2023 San Ignacio MRE. Historical Remnant material was identified by flagging blocks within a 60 by 45 by 30 m search ellipsoid around current logging data logged as backfill or stope. The location and quantity of this material are a source of uncertainty, so it was not included in the 2023 San Ignacio MRE.

The In Situ material exists above, below, and along strike to current operations and outside the modelled historical stopes and was the only material included in the 2023 San Ignacio MRE.

For Measured Resources, blocks required a minimum of three drillholes within a search ellipse measuring 25 m by 25 m by 15 m, based primarily on the first variogram structure. For Indicated Resources, blocks required a minimum of three drillholes within a search ellipse measuring 45 m by 35 m by 15 m. For Inferred Resources, blocks required at least one drillhole within a search ellipse of 80 m by 50 m by 15 m, based primarily on the second variogram structure. As a final step, the classification of resources within 10 m of channel composites was upgraded by one level of confidence (i.e., inferred to indicated or indicated to measured). Because the channel samples were collected underground, where geologists could observe and verify the geological continuity of the mineralized material, the confidence in the interpretation was increased significantly. This final classification step had a minor influence on the reported In Situ resources, as the channel samples influence is primarily limited to the Modern Remnant potential resource area.

The 2023 San Ignacio MRE comprises Measured and Indicated Mineral Resources of 7.621 million (“M”) troy ounces (“oz”) AgEq\*\* at 300 g/t AgEq\*\* within 0.79M tonnes (t), and Inferred Resources of 22.167M oz AgEq\*\* at 318 g/t AgEq\*\* within 2.166M t. These figures represent increases in contained metals of approximately 4.318M oz AgEq\*\* in the Measured and Indicated category (130% increase) and 16.385M oz AgEq\*\* in the Inferred category (283% increase) versus the previously reported historical resource estimate (Brown and Nourpour, 2022). The 2023 MRE for the San Ignacio mine is presented in Table 14.20.

**Table 14.1 2023 San Ignacio Mineral Resource Estimate – Effective Date September 21, 2023**

Classification	Tonnes	Average Grade (g/t)			Contained Metal (troy ounces)		
		Ag	Au	AgEq <sup>8</sup>	Ag	Au	AgEq <sup>8</sup>
Measured	171,000	105	2.16	287	578,000	12,000	1,575,000
Indicated	619,000	128	2.08	304	2,557,000	41,000	6,046,000

Measured & Indicated	790,000	123	2.10	300	3,136,000	53,000	7,621,000
Inferred	2,166,000	127	2.27	318	8,877,000	158,000	22,167,000

Notes:

1. The 2023 San Ignacio Mineral Resources were estimated and classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") "Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines" dated November 29, 2019, and the CIM "Definition Standards for Mineral Resources and Mineral Reserves" dated May 10, 2014.
2. The 2023 MRE was prepared by Warren Black, M.Sc., P.Geo., Tyler Acorn, M.Sc., and Kevin Hon, B.Sc., P.Geo. of APEX Geoscience Ltd under the supervision of the Qualified Person ("QP"), Michael Dufresne, M.Sc., P.Geo., President of APEX Geoscience Ltd.
3. Mineral resources which are not mineral reserves do not have demonstrated economic viability. No mineral reserves have been calculated for San Ignacio. There is no guarantee that any part of mineral resources discussed herein will be converted to a mineral reserve in the future.
4. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, market, or other relevant factors discussed in Section 14.12.
5. The quantity and grade of the reported Inferred Resources are uncertain in nature and there has not been sufficient work to define these Inferred Resources as Indicated or Measured Resources. It is reasonably expected that most of the Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
6. All figures are rounded to reflect the relative accuracy of the estimates. Totals may not sum due to rounding.
7. Specific gravity of 2.64 is used for 2023 MRE.
8. Metal prices are set at US\$1,850/oz Au and US\$22/oz Ag, with 87% recovery for both. This yields an Au:Ag ratio of 84.1:1 for the calculation of AgEq.
9. Costs are US\$40.0/t for mining, US\$16.0/t for processing, and US\$18/t for G&A, leading to a 120 g/t AgEq reporting cutoff grade.
10. Underground resources are confined to potentially minable shapes defined by a slope optimizer. The resulting stopes have a minimum horizontal width of 1 m and length and height dimensions of 20 m by 20 m, which can be sub-stopped to 10 m by 10 m. They must also contain a minimum grade of 120 g/t AgEq.

\*\* AgEq values are calculated using metal prices set at US\$1,850/oz Au and US\$22/oz Ag, with 87% recovery for both, yielding a Ag to Au ratio of 84.1:1

Modelling structurally controlled precious metal deposits has inherent risk. This style of deposit is very complex regarding geological and mineralization continuity along with potential nugget effects. Broader zones with a high density of veins, breccia zones, or structural features favourable to mineralization provide much less uncertainty as they are easier to map and predict. Connecting drill hole intercepts of thin mineralized discrete veins or vein zones into continuous interpretations is a more significant source of uncertainty. De-risking the geological continuity for this deposit style requires rigorous interpretation and high-quality oriented structural data from drilling. The current mineralized grade estimation domain interpretations are well-founded and supported by modern drilling and underground mapping. There are some areas with wider-spaced drilling that, with additional drilling, may cause changes in the mineralized grade estimation domain interpretations. Moreover, as additional drilling is completed, updating the mineralization model on an ongoing basis and working to remove internal dilution as much as possible will increase confidence in the mineralized grade domain interpretation.

The 3D wireframes for underground workings supplied by GSilver have a few-meter discrepancy with the surface drillholes. This inaccuracy has led to the inclusion of waste material in drillhole assays flagged within these domains, consequently lowering the grade of the intersections. However, the impact is mitigated by using underground channel samples, which provide substantial support in the affected areas. Additionally, this issue is primarily confined to zones dominated by Modern Remnant material and poses less of a concern in In Situ unmined material which is the basis for the MRE reported in this Section. Future work could evaluate if this could be mitigated.

Uncertainty exists regarding the precise locations of historical mining operations. While resource drilling will help identify the locations of mining voids and backfill material, rigorous mapping will still be necessary in future work to establish a robust model of these historically mined-out areas.

Infill drilling is essential for confirming the grade continuity in areas with Inferred resources. Lacking this step, these zones introduce elevated uncertainties in both mining operations and resource planning.

The uncertainty around the mineability of Modern Remnant material is significant enough to exclude it from this MRE update. Future work should focus on identifying areas that can be mined effectively to allow for this material to be included in subsequent MRE assessments.

Underground channel sample intervals are typically small and require 1 m compositing, contrasting with drillhole sampling intervals that extend up to 1.5 m. Future assessments should evaluate if these two datasets can be composited at different lengths and determine if the difference in support is material to the robustness of the estimate.

The authors of the 2023 San Ignacio Report are unaware of any other significant material risks to the MRE besides the risks inherent to mineral exploration and development. Potential risk factors include changes in metal prices, increases in operating costs, fluctuations in labour costs and availability, availability of investment capital, infrastructure failures, changes in government regulations, community engagement and socio-economic community relations, civil disobedience and protest, permitting and legal challenges, and general environmental concerns. The mining industry in Mexico is also prone to incursions by illegal miners, or “lupios”, who gain access to mines or exploration areas to steal mineralized material. These incursions pose a safety, security and financial risk and can potentially compromise underground structures, equipment, and operations.

In the author’s opinion there are no significant risks or uncertainties, other than mentioned above, that might materially affect the results of this Mineral Resource Estimate, and there appears to be no apparent impediments to developing the MRE at the San Ignacio Property.

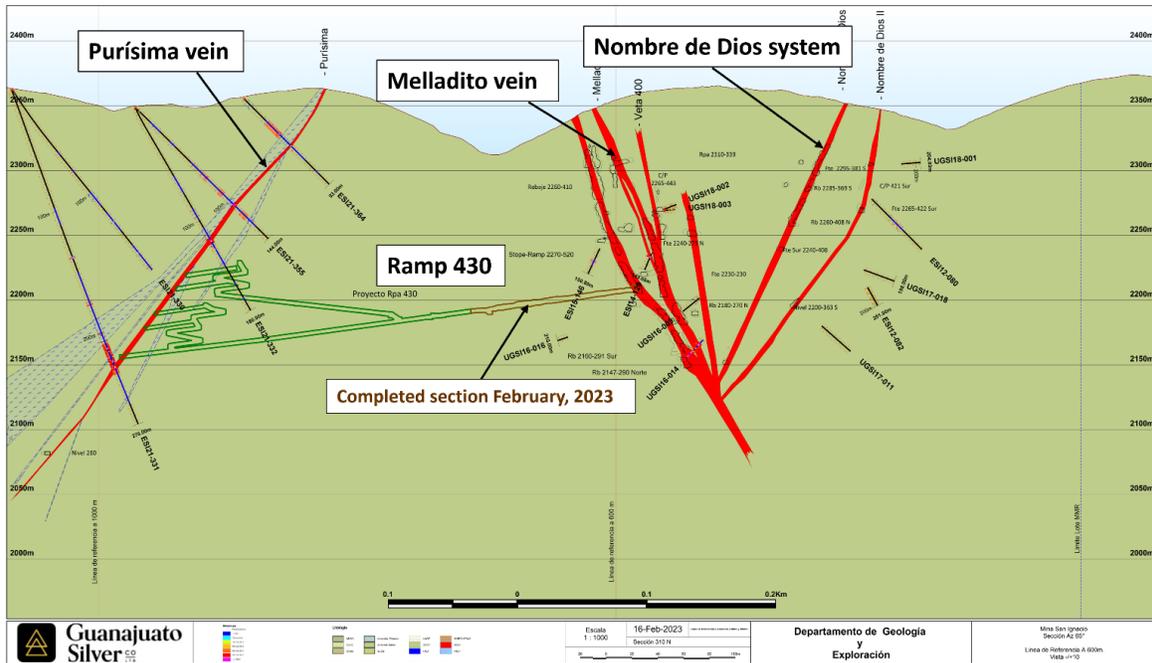
### **Company Update and Current and Contemplated Production, Exploration and Development**

The Company completed its acquisition of MMR including San Ignacio from Great Panther on August 4, 2022. Great Panther had operated San Ignacio since 2013 prior to placing it on care and maintenance in early 2022, due to a lack of tailings capacity as discussed above.

Within one week of acquiring San Ignacio, the Company began shipping previously mined material by truck from San Ignacio to the El Cubo Mill for processing and mining new material from a high-grade epithermal quartz vein system named ‘La Luz’, located parallel to and approximately 5 km west of the Veta Madre system. Mineralized material from San Ignacio had previously been successfully processed at the El Cubo Mill in January 2022 pursuant to a purchase agreement between the Company and Great Panther. See Item 4.1 “GENERAL DEVELOPMENT OF THE BUSINESS – *Three Year History – Financial Year Ended December 31, 2022*” above. Historically, mineralized material from San Ignacio was transported approximately 20 km to the Cata Processing Plant at Valenciana.

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

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



Overall, the Company believes that the strategic decision to pause Ramp 430 development in Q2 2023 and focus on the Melladito and Nombre de Dios vein systems will enable it to optimize its production levels and maximize its cash flows, while the ongoing ramp development and other initiatives will set the stage for future growth and success. In addition to the ramp development, the Company has also implemented longhole stoping at San Ignacio and as with CMC, this method of mining will be applied in stopes over 1.5 meters in width, improving the efficiency and effectiveness of the Company’s mining operations.

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

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

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

The Company, in conjunction with the Secretaria De Trabajo (the Federal Ministry of Labour), have been working to improve safety and security conditions at the mine in response to the unfortunate fatality that occurred in August 2023. After curtailing some mineral extraction activities for a period of 15 days, the mine is again fully operational. Improvements to the ventilation system have been installed, which will allow for development and exploitation of the Melladito vein and other associated high-grade veinlets in Q4, 2023.

### Capital Expenditures

Overall, the Company has budgeted \$1.2 million towards capital expenditures to improve production efficiencies and mine health and safety at San Ignacio for the fiscal year ending December 31, 2023.

## **Valenciana Mine Complex, Guanajuato, Mexico**

The following scientific and technical disclosure regarding the Valenciana Mine Complex and all figures and tables included under this Item 5.4 “DESCRIPTION OF THE BUSINESS - *Mineral Projects – Valenciana Mine Complex, Guanajuato, Mexico*” have been extracted or derived from the 2022 Valenciana Report dated July 8, 2022 (effective April 30, 2022), save and except for and as updated by the section “*Company Update and Current and Contemplated Production, Exploration and Development*” below or as otherwise noted. A complete copy of the 2022 Valenciana Report is available for review under the Company’s profile on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

### **Property Description and Location**

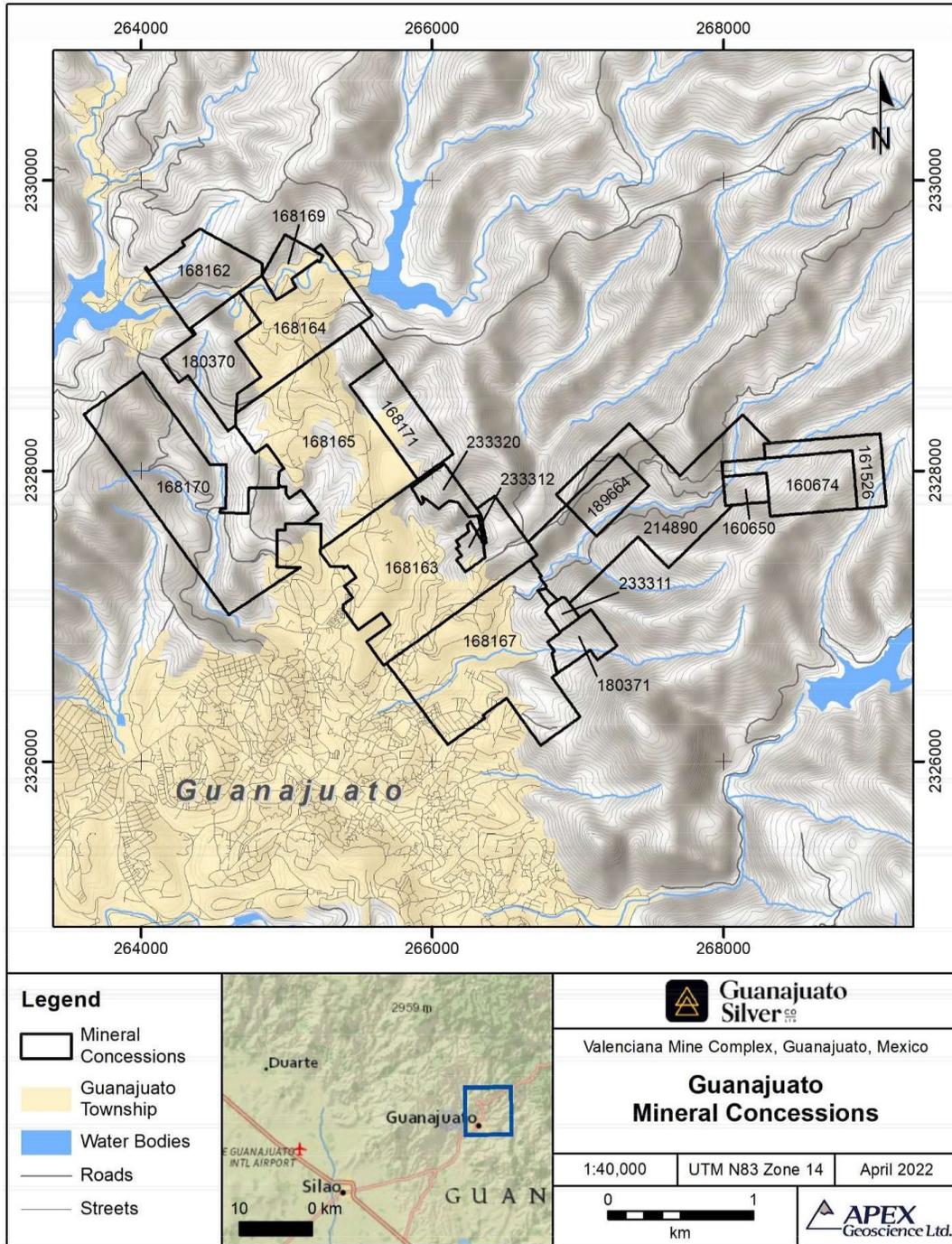
The VMC is situated within and to the north and northeast of the city of Guanajuato, approximately 380 km to the northwest of Mexico City and includes the Guanajuato (“**Guanajuato**”) operations, the Cata Processing Plant and associated infrastructure and comprises 19 contiguous mineral concessions that cover approximately 679.76 hectares. See Figure 4.2 below. References to the “*Guanajuato*” operations below as derived from the 2022 Valenciana Report (often referred to as “*Valenciana*” and/or the “*Valenciana Mine Complex*” elsewhere in this AIF) consists of a series of previously independent, now interconnected, mines that include Promontorio, Santa Margarita, Rayas, Los Pozos, Cata, Valenciana and Guanajuatito. See Figure 6.8 below.

The concessions are held 100% by MMR, a wholly owned subsidiary of the Company, have varying expiry dates ranging from September 10, 2024 to April 2, 2059 and are free and clear of any liens or encumbrances except for applicable governmental taxes and royalties (see Item 5.1 “DESCRIPTION OF THE BUSINESS – *General - Foreign Operations*”) and concessions “Reducción Salaverna”, title 219875; “Reducción Salaverna Norte I”, title 217140; “Clavellina”, title 211241 and “Nuevo Guerrero”, title 186242, which are subject to a 2% NSR.

The Valenciana tailings disposal area is contained within the boundaries of the VMC where the Company holds surface rights. Additional surface rights owned by the Company are limited to blocks of ground over the present underground development. Surface access is negotiated with various individual owners.

All necessary permits are in place to conduct planned exploration at Guanajuato and monitoring activities to monitor and control possible environmental impacts related to VMC activities have been established to complement select permits. The VMC was placed on care and maintenance by Great Panther in November 2021 pending receipt of permits to extend the tailings facility, or to find other alternatives to maximize the value of the VMC. See “*Company Update and Current and Contemplated Production, Exploration and Development*” below for details of the Company’s current mining operations at VMC and the implementation of an underground hydraulic fill system to deposit tailings material into select voids and open stopes created over VMC’s 450 years of underground mining. Save for future reclamation and remediation obligations at VMC including the Cata Processing Plant, tailings storage facilities and related infrastructure, there are no known environmental liabilities associated with the VMC mineral concessions.

**Figure 4.2 - Mineral Concessions Guanajuato**



**Accessibility, Climate, Local Resources, Infrastructure and Physiography**

*Accessibility*

Guanajuato is accessible via Guanajuato city streets in the northern and northeast portion of the city. Panoramica street leads to the Guanajuato operation.

*Climate*

The climate of the VMC area is generally dry for most of the year, with a wet season from June to September, during which time rainfall averages 600 millimetres. Weather records from the city of Guanajuato indicate that the average

January maximum and minimum temperatures are 23 and 7 degrees Celsius (°C), respectively. July average maximum and minimum temperatures are 27 and 14°C (National Oceanic and Atmospheric Administration, 2022). Exploration and mining work can be conducted year-round, uninterrupted by weather.

### *Local Resources*

The VMC area has a lengthy history of mining; skilled labour and goods and services are available from the nearby cities of Guanajuato, León and San Felipe. Mining completed at the Guanajuato operations by Great Panther from 2006 to 2021 was conducted by contractors, primarily sourced from nearby communities. The municipality of Guanajuato hosts a population of approximately 184,239, according to 2015 census data, and is located approximately 50 km from the Guanajuato International Airport (Del Bajío international airport at León), Mexico. León hosts a population of approximately 2,140,094, according to 2020 census data, and is a full-service community.

### *Infrastructure*

The surface and underground infrastructure at Guanajuato includes the following:

- Extensive underground workings from surface to approximately 600 m below surface, including multiple shafts and adits from surface, as well as internal shafts and ramps.
- Two main shafts: the Rayas, for men and materials, and the Cata shaft, for rock hoisting.
- Mine, geology, processing and administrative offices in several locations.
- A shaft and ramp from surface as well as internal ramps and drives linking to adjacent mines.
- A nominal 1,000 tpd flotation concentrator with surface bins, crushing facilities, grinding mills, flotation cells, and concentrate dewatering circuit.
- Access roads to the mines.
- Historical tailings storage facility.
- Cata analytical laboratory.
- A tailings storage facility.
- Connection to the national grid for the supply of electric power.
- Conventional and mechanized underground mining equipment.
- Water and compressed air reticulation systems.
- Utility water is available for the mine and plant.
- Communications systems (internet based).

Energy, water, and waste disposal services are well established at Guanajuato. The infrastructure at VMC also includes ancillary infrastructure for senior management, technical services, assay laboratory, warehousing, finance and other administrative services, and are located adjacent to the Cata Processing Plant. There are other smaller mine buildings located at San Vicente.

Electrical Power for VMC is provided by the Federal Electricity Commission (CFE Comision Federal de Electricidad) which is owned by the Mexican Government. Water for the operations comes from storage in historical underground workings.

Access to VMC is sufficient for year-round operations, and all facilities and infrastructure required to continue exploration and mining operations are in place and appear to be in good working condition. Sources of power, water, and personnel are adequate for continued mining operations.

### *Physiography*

The VMC is situated in the Central Plateau of Mexico in the Sierra Guanajuato Mountains. The topography of Guanajuato is moderately rugged, with elevations ranging from 1,600 to 2,400 m above sea level. Hillsides are deeply incised by drainage and slopes are moderately to extremely steep. Vegetation consists of grasses, small trees, shrubs, and cacti. Larger trees grow in the valley bottoms.

### **History**

The Guanajuato Mining District has a lengthy history of mining and exploration dating back to 1548, when silver mineralization was discovered in the La Luz area by Spanish colonists. In 1550, an outcrop of the Veta Madre was found

on what is now the Rayas mineral claim. Mining in the district took place on a relatively small scale until the early 1700s, when the application of explosives for tunnelling resulted in a significant increase in mining productivity.

The discovery and development of the Valenciana mine (within the present Valenciana Mine Complex) occurred in the latter portion of the 18<sup>th</sup> century, and at the time, the Valenciana mine accounted for a third of global annual silver production.

Since the 1548, greater than 1 billion ounces of silver have been mined in the Guanajuato Mining District (Brown and Nourpour, 2022).

The Sociedad Cooperativa Minera Metalurgica Santa Fe de Guanajuato (the “**Cooperative**”) operated several mines in the district throughout the latter half of the 20th century into the 2000s, including Guanajuato. The Cooperative conducted limited surface and underground diamond drilling at Guanajuato, with the last drill program completed in 2000. The historical drilling intersected silver-gold mineralization at depth under the existing workings at Guanajuato.

Great Panther acquired VMC from the Cooperative in 2005.

#### *Historical Exploration by Great Panther*

Exploration at VMC by Great Panther from 2005 to 2021 has consisted of geological mapping, underground channel sampling and diamond drilling, as well as underground development including geological mapping, sampling and mining. From 2005 to 2021, Great Panther completed 1,593 drillholes, totalling 208,167.40 m, at Guanajuato. The drilling intersected significant precious metal mineralization at Guanajuato and led to the calculation of several historical mineral resource estimates.

#### *Historical Mineral Resource Estimate (2021)*

The most recent historical mineral resource estimate was calculated by Brown and Nourpour (2022), with an effective date of July 31, 2021, and is presented in Table 1.1 below. The authors of the 2022 Valenciana Report are referring to Great Panther’s 2021 estimate as a “historical resource” and the reader is cautioned not to treat it, or any part of it, as a current resource. However, based on the assumptions, parameters and methods in Brown and Nourpour (2022), as well as literature and data review, and the site visit conducted for the 2022 Valenciana Report, the authors consider Great Panther’s 2021 historical mineral resource estimate to be relevant and reliable and provides an indication of the extent of mineralization identified by previous operators at VMC. To verify such historical estimate as a current mineral resource, a Qualified Person would need to complete database validation, undertake a full review of estimation parameters and procedures, and complete an updated mineral resource estimate and NI 43-101 technical report incorporating additional production (mining depletion), drilling and underground sampling completed at VMC since July 31, 2021.

**Table 1.1. Great Panther Historical Mineral Resource Estimate 2021, Guanajuato (Effective Date July 31, 2021; Brown and Nourpour, 2022)**

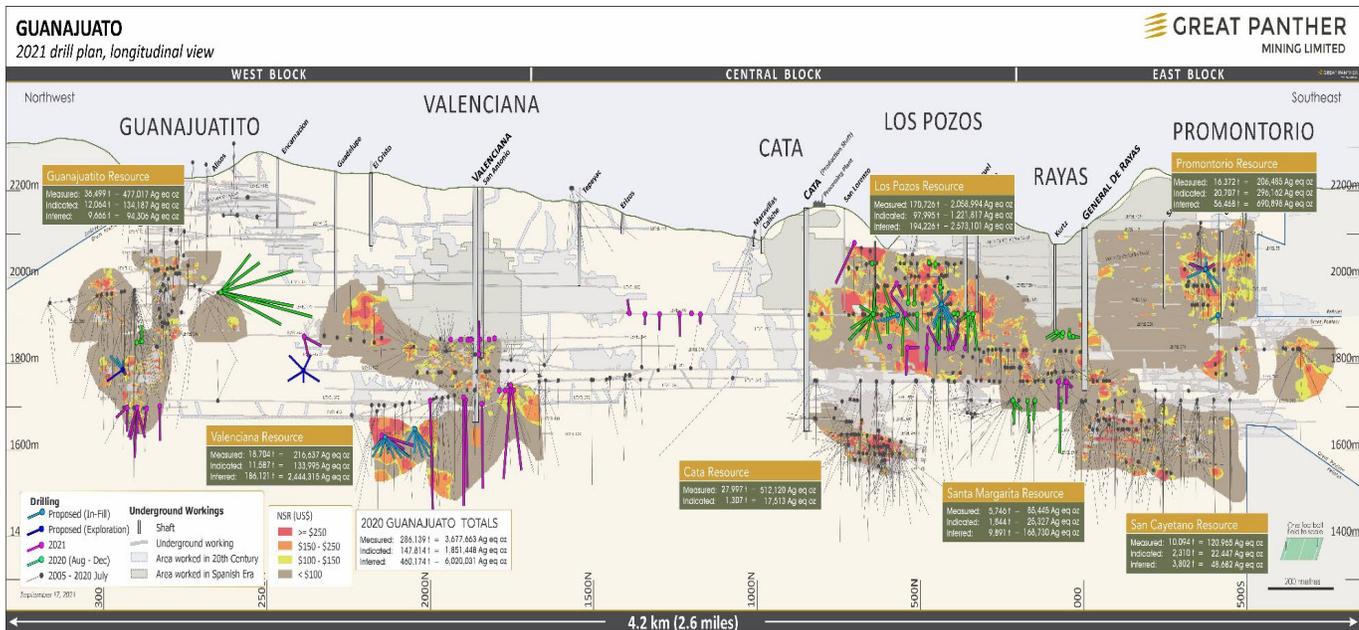
Class	Tonnes	Ag(g/t)	Ag(oz)	Au(g/t)	Au(oz)	Ag eq	Ag eq	Au eq	Au eq
Total Measured	166,262	255	1,362,426	1.81	9,681	409	2,185,272	4.81	25,709
Total Indicated	85,404	240	658,767	1.68	4,600	382	1,049,757	4.5	12,350
Total M&I	251,666	250	2,021,193	1.76	14,280	400	3,235,029	4.7	38,059
Total Inferred	220,760	225	1,597,357	1.95	13,873	391	2,776,596	4.6	32,666

*Notes:*

1. Cut offs were based on the marginal operating costs per mining area being USD\$135.70/tonne for Cata, USD\$135.70/tonne for Santa Margarita, USD\$96.50/tonne for Los Pozos, USD\$124.90/tonne for Guanajuatito, USD\$148.50/tonne for Promontorio, and USD\$113.10/tonne for Valenciana.
2. Block model grades converted to USD\$ value using plant recoveries of 87.15% Ag, 86.70% Au, and net smelter terms negotiated for concentrates.
3. Rock Density for Cata is 2.66t/m<sup>3</sup>, 2.65t/m<sup>3</sup> Santa Margarita, Los Pozos 2.68t/m<sup>3</sup>, Guanajuato 2.69t/m<sup>3</sup>, Promontorio and Valenciana 2.67t/m<sup>3</sup>.
4. Totals may not agree due to rounding.
5. Grades in metric units.

6. Contained silver and gold in troy ounces.
7. Minimum true width 0.5m.
8. Metal Prices USD\$20.00/oz silver, and USD\$1,650.00/oz gold.
9. Ag eq oz were calculated using 85:1 Ag:Au ratio.
10. Inferred Mineral Resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It cannot be assumed that all or part of the Inferred Mineral Resources will ever be upgraded to a higher category.
11. Mineral Resources that are not Mineral Reserves have no demonstrated economic viability. The potential quantity and grade is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the target being delineated as a Mineral Resource.

An overview of Great Panther’s drilling and historical mineral resource estimates at Guanajuato is presented in Figure 6.8 below.



**Figure 6.8 Guanajuato Overview of Great Panther Drilling and Historical Mineral Resource Estimates\* (dated September 17, 2021).**

\* Note: The authors of the 2022 Valenciana Report are referring to Great Panther’s mineral resource estimates as “historical resources” and the reader is cautioned not to treat them, or any part of them, as a current resource. To verify the historical mineral resource estimate as a current mineral resource, a Qualified Person would need to complete database validation, undertake a full review of estimation parameters and procedures, and complete an updated mineral resource estimate and NI 43-101 technical report incorporating additional production, drilling and underground sampling completed at Guanajuato since July 31, 2021.

### Historical Production (2006 to 2021)

Mining of the Veta Madre trend, the principal host structure of the VMC, has occurred since the 16<sup>th</sup> century. Limited information is available regarding production at Guanajuato prior to Great Panther’s ownership.

Great Panther commenced production at the Guanajuato operation in 2006. Guanajuato is an underground operation.

The Guanajuato operation consists of previously independent, now interconnected, mines that include Promontorio, Santa Margarita, Rayas, Los Pozos, Cata, Valenciana and Guanajuatito. The mining method at Guanajuato is predominately cut and fill stopeing, with some pillar recovery in old workings and a few zones of mineralized extensions. Mining was generally more selective using jacklegs; however, whenever possible mechanical cut and fill was used. Two main shafts provide access to the active mine areas and several older shafts provide ventilation support. The Rayas shaft was used for the transportation of personnel and supplies. The Cata shaft was used to transport the mineralized material for milling. The access of personnel, supplies and mineralized material is via the Rayas ramps, San Vicente and Guanajuatito (Great Panther Mining Ltd., 2022). Total production at Guanajuato from October 2006 to July 31, 2021, was 3,240,890 tonnes (Brown and Nourpour, 2022).

Mineralized material from the Guanajuato operations was treated at the Cata Processing Plant. The plant utilized five stages, including: crushing, milling, flotation, thickening and filtering, as well as concentrate dewatering circuits to generate sulphide concentrates containing silver and gold, which are sent offsite for smelting and refining. Blending of the Guanajuato and San Ignacio material began in July 2016 and the processing (milling) of the blended material continued until Guanajuato was placed on care and maintenance by Great Panther in November 2021. The San Ignacio operation was placed on care and maintenance effective early January 2022 while awaiting permits to extend the tailings facility or find other alternatives to maximize the value of VMC.

A summary of Great Panther's production at VMC from 2006 to 2021 is presented in Table 1.2.

**Table 1.2. Production Summary of the VMC**

Year	Tonnes Mill/Mine Guanajuato	Tonnes Mill/Mine San Ignacio	Tonnes (milled) <sup>(1)</sup>	Ag (oz)	Au (oz)
2006	86,111	-	86,111	105,480	988
2007	203,968	-	203,968	521,225	3,794
2008	155,079	-	155,079	848,083	5,488
2009	138,517	-	138,517	1,019,751	6,748
2010	144,112	-	144,112	1,019,856	6,619
2011	169,213	-	169,213	959,490	7,515
2012	174,022	-	174,022	1,004,331	10,350
2013	220,463	1,082	221,545	1,079,980	15,063
2014	213,658	54,154	267,812	1,239,009	15,906
2015	180,691	129,253	309,944	1,708,061	21,126
2016 <sup>(2)</sup>			320,043	1,473,229	21,626
2017			316,810	1,386,964	21,501
2018			301,014	1,096,757	19,073
2019			187,610	590,781	11,588
2020			151,001	520,903	6,779
2021			149,329	485,315	6,659
<b>Totals</b>			<b>3,296,130</b>	<b>15,059,215</b>	<b>180,823</b>

Source: Great Panther Annual reports for 2006 to 2021 inclusive

1. 2006-2015 reported figures reflect tonnes milled; 2016-2021 reported figures reflect tonnes mined which has a small discrepancy to tonnes milled.
2. Blending of the Guanajuato and San Ignacio mineralized material began in July 2016, therefore, the 2016-2021 reported figures reflect total production from both operations.

The reader is cautioned that there are no current estimates of mineral resources or reserves for VMC. Mineral reserves were estimated for Guanajuato (Rennie and Bergen, 2011) in the Cata, Los Pozos, and Santa Margarita zones but they have been depleted. Great Panther commenced production at Guanajuato without having completed final feasibility studies and the Company has not undertaken one since acquiring MMR. Accordingly, both Great Panther's and the Company's production decisions were not based on any feasibility studies of mineral reserves demonstrating economic and technical viability of VMC. As a result, there may be increased uncertainty and risks of achieving any particular level of recovery of minerals from VMC, or the costs of such recovery, which could have a material impact on the ability to generate revenues and cash flows to fund operations from and achieve or maintain profitable operations at VMC.

### Geological Setting

The VMC lies within the Guanajuato Mining District in the southern part of the Mesa Central physiographic province.

The Guanajuato Mining District is underlain by Mesozoic marine sediments and predominantly mafic submarine lava flows of the Luz and Esperanza Formations, which are weakly metamorphosed and intensely deformed. This basal

sequence is cut by a variety of intrusive bodies ranging in composition from pyroxenite to granite, with tonalitic and dioritic intrusive being the most volumetrically significant. The three main north-west trending precious metal-bearing vein systems in the VMC region include the Veta Madre, La Luz and Sierra systems.

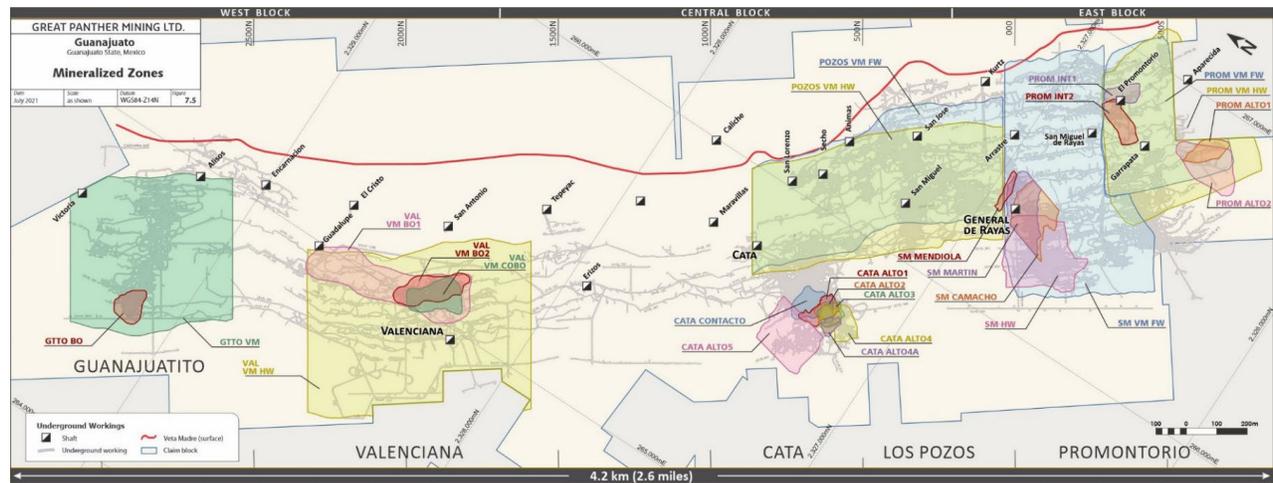
The Guanajuato area is underlain by a series of Tertiary volcanic rocks that lie unconformably on top of the La Luz Basalt. The lower Guanajuato Conglomerate is widespread and is of mid-Eocene to early Oligocene age. Later volcanic rocks were deposited unconformably on the Guanajuato conglomerate in a caldera setting at the intersection of regional northeast and northwest mid-Oligocene extensional fracture systems. The local geology of Guanajuato includes the juxtaposition of Oligocene age sedimentary and volcanic rocks onto Mesozoic age sedimentary and intrusive rocks along the Veta Madre.

### Mineralization

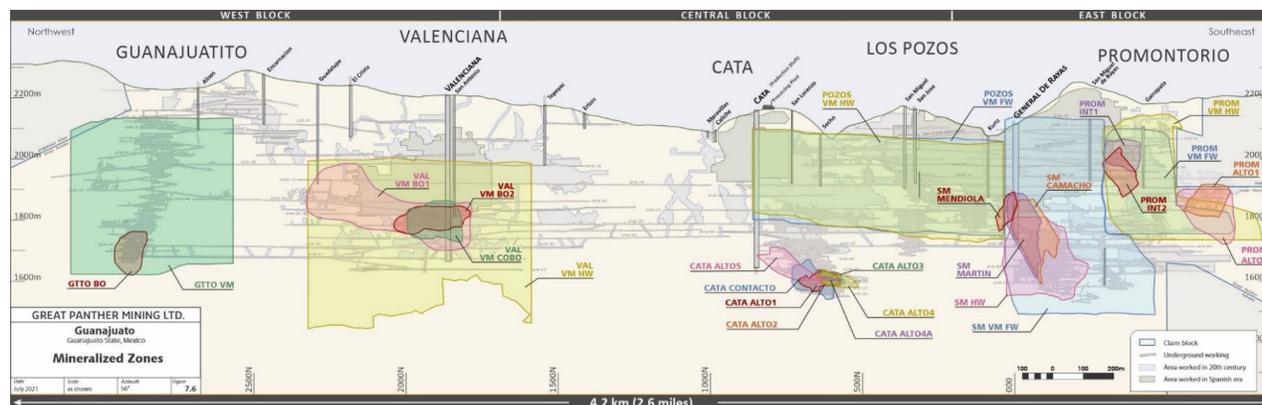
Mineralization at VMC is closely associated with the structural history of the region.

The Veta Madre quartz-adularia vein/breccia system is closely associated with the Veta Madre fault and an associated diorite dyke (thickness varying from discontinuous lenses at Guanajuatito to a 50-100 m thick body in the Cata, Los Pozos and Santa Margarita areas), oriented 325-degrees with a 45-degree southwest dip. The Veta Madre forms along the dyke contacts, and in the footwall Esperanza Formation. Plan and longitudinal map depictions of the Guanajuato mineralized zones along the Veta Madre are shown in Figures 7.6 and 7.7 below.

**Figure 7.6 - Plan View of Guanajuato Mineralized Zones (Brown and Nourpour, 2022)**



**Figure 7.7 - Longitudinal View of Guanajuato Mineralized Zones (Brown and Nourpour, 2022)**



The mineralizing event is thought to have taken place during the early Oligocene, a period of intense felsic volcanic activity in the area and comprised three stages: i) the first stage of mineralization consists of trace silver and gold with accessory quartz and adularia; ii) the second stage comprises an early silver-rich phase associated with adularia, as well as a later low-silver variant, which is typified by calcite and quartz; and iii) the final “post-mineralization” stage is precious metal poor, with accessory calcite, dolomite, and fluorite. Zone thickness ranges from centimeter-scale to tens of meters.

The vertical extent of the deposits at Guanajuato spans over 600 m ranging from above 2,100 m in elevation to below 1,700 m in elevation. Fluid inclusion data (Moncada et al., 2011) from over 850 samples gathered through the mine and in deep drilling from the Santa Margarita area, indicated boiling zones from the 2,100 m to 1,500 m (deepest drilling at the VMC) elevations with previous work and structural observations suggesting up to 8 stages of crosscutting brecciation. The variable range of Ag: Au ratios indicate that the mineralization along the Veta Madre is associated with multi-phase structural activity and fluid flow.

The best mineralization is often found related to bends in the Veta Madre orientation (Barclay, 2007; Rhys, 2013) such as at San Vicente in the Rayas area, and at Cata and Santa Margarita. These structural bends may be due to changes in rock type competencies, and varying thickness of the diorite dyke. There is potential to find further mineralization both laterally, and in parallel breccia structures to known precious metal mineralization zones.

The primary commodities of significance are silver and, to a lesser extent, gold. Base metals do not normally occur in significant concentrations. Average silver grades of the mineralized material are typically in the 100 to 500 g/t Ag range, but locally can be over 1,000 g/t Ag. Gold grades are generally in the 0.5 to 2 g/t Au range, except for Santa Margarita where average grades are in the range of 5 to 7 g/t Au. Relative gold and silver contents at Santa Margarita are quite different from Cata, Los Pozos and Guanajuatito. The average silver to gold ratio in Cata is roughly 225:1, at Pozos 250:1, at Guanajuatito 275:1 while at Santa Margarita 3.5:1. Within the mine, drill core and channel samples are not normally analysed for base metals therefore an average grade for Cu, Pb or Zn is not available.

### Deposit Types

The primary deposit type of interest at VMC is low sulphidation epithermal silver-gold mineralization. Epithermal systems are hydrothermal deposits formed near surface (<1km below the water table) from low temperature fluids (100-320°C) that originate from meteoric, magmatic or a combination of these sources.

The mineral deposits in the Guanajuato area are classic fissure-hosted low sulphidation epithermal gold-silver-bearing quartz veins and stockwork. Low sulphidation epithermal mineralization are vein type deposits that form at shallow from dominantly meteoric fluids with neutral to near neutral pH and low temperature and typically have Au-Ag mineralization, occasionally with banded adularia, sericite, rhodonite and rhodocrosite. Alteration in these systems is often sericite-illite proximal to mineralization grading to illite-smectite and to chlorite ± epidote ± calcite alteration on the outer margins of the system. Mineralization in low sulphidation systems generally consists of Au ± Ag with minor Zn, Pb, Cu, Mo, As, Ab and Hg.

Mineralization of significance at VMC consists of fine-grained disseminations of acanthite, electrum, aguilarite and naumannite with accessory pyrite, and relatively minor sphalerite, galena and chalcopyrite. Gangue minerals include

quartz, calcite, adularia and sericite. The veins are accompanied by hydrothermal alteration consisting of argillic, phyllic, silicic and propylitic facies. Mineral textures in this zone are typically fracture-filling, drusy and coliform masses.

Epithermal type precious metal deposits in the Veta Madre vein system and specifically in the Guanajuato operation area are strongly vertically controlled. The mineralization at Guanajuato is more related to fault filling silica breccias than specific veins. Historically, mineralization was between 2,100 and 1,800 m above sea level, with specific steep plunging shoots going down to 1,600 m above sea level. The Company is focusing exploration attention on the upper portion of the system, specifically on parallel structures both in the hanging and footwall of the Veta Madre.

The low sulphidation epithermal system deposit characteristics encountered in the Rayas, Cata, Valenciana, Guanajuatito, Pozos, Promontorio, and Santa Margarita zones in the Guanajuato operation include a quartz-adularia vein/breccia system; native silver; electrum; sulphides and silver-sulphides; sulphosalts; quartz and calcite; accessory pyrite, galena, sphalerite and chalcopyrite; shear controlled; and vertical extension of over 700 m.

### **Exploration and Drilling**

As of the effective date of the 2022 Valenciana Report, being April 30, 2022, GSilver had not carried out any exploration work or drilling at VMC. See “*History*” above for a summary of historical exploration work and drilling completed at VMC and “*Company Update and Current and Contemplated Production, Exploration and Development*” below for a discussion of the Company’s exploration and drilling activities at VMC since acquiring MMR in August 2022 and plans for future exploration and drilling.

### **Sampling, Analyses and Security of Samples**

This section summarizes the sampling preparation, analyses, security, and quality control and quality assurance protocols and procedures employed by Great Panther at VMC. There is limited information available regarding exploration programs completed prior to the Great Panther work. Quality control and quality assurance (QA-QC) data summarized below includes the period from August 2020 to December 2021. Many of the veins and targets that were sampled and to which the older QA-QC data applies have been mined out or were deemed sub-economic for mining. This data should be reviewed in more detail prior to undertaking any future mineral resource estimates, particularly for those areas where the material has not been mined out.

#### *Historical Channel Sampling and Drilling*

Channel sampling was completed in accessible stopes and development headings by Great Panther technicians using a rock hammer and chisel and consisted of chips broken along a line across the structure. All phases of the sampling, transport, and analysis were carried out by authorized Great Panther personnel with samples sent for analysis to Great Panther’s onsite Cata laboratory, located within the Cata Processing Plant in the city of Guanajuato. The Cata Processing Plant is fully fenced with 24-hour on-site security.

From 2005 to 2021, Great Panther completed several extensive underground and surface drill programs at VMC. A total of 1,593 historical diamond drillholes, totalling 208,167.40 m, are reported to have been completed by Great Panther at Guanajuato by various third party drilling contractors. The management, monitoring, surveying and logging of Great Panther’s 2010 to 2021 series of exploration and production holes were carried out under the supervision of the Great Panther mine geological and/or exploration staff. Drill core was transported twice a day from the drill site via pick up truck to the core storage and logging facility located at the gated Cata Processing Plant. The drill core samples were prepared by technicians working under the direction of Great Panther’s mine and exploration geologists. HQ and NQ diameter core were cut in half longitudinally using a diamond bladed saw. AQ and BQ diameter core was sample whole. The sample lengths were determined using mineralogical or lithological characteristics and marked on the core boxes by the geologists.

Chain of custody was established upon sample collection with the use of unique sample IDs, documentation of samples per shipment to the lab, as well as sign-off forms for receipt of samples by the laboratory. All phases of the sampling, transport, and analysis were carried out by authorized Great Panther personnel. The Cata laboratory and geology department and exploration core sheds are located within the Cata Processing Plant in the city of Guanajuato.

### *Analytical Procedures*

The VMC channel and drill core samples were analysed at Great Panther's Cata laboratory within the Cata Processing Plant. The Cata laboratory was constructed by SGS Group ("SGS"), under the supervision of Great Panther, and was managed and operated by the SGS Group from 2006 to 2018. During this period, the Cata laboratory was ISO accredited under the SGS Group. The Cata laboratory reverted to Great Panther management at the beginning of 2019, and therefore, lost its SGS accreditation. However, according to Brown and Nourpour (2022), the Cata laboratory staff and SGS procedures were maintained. The laboratory is equipped to perform Aqua Regia digest, fire assay, gravimetric and atomic absorption spectroscopy (AAS).

The analytical process involved initial receipt of samples by Cata laboratory staff from Great Panther personnel followed by oven-drying of samples. Dry samples were then run through a crusher (10 mesh) and subsequently a 200g split was run through a disc mill for pulverizing to 98% passing 200 mesh. Samples are analysed by Aqua Regia with an AAS finish, and any that report greater than 10 g/t Au or 300 g/t Ag are re-analysed by fire assay with a gravimetric finish. The laboratory can also perform determinations for arsenic (As), copper (Cu), lead (Pb), zinc (Zn) and antimony (Sb) via AAS; however, these elements are not typically analysed for core samples. Assay certificates were received directly from the laboratory to Great Panther via e-mail.

### *Quality Assurance – Quality Control*

A routine QA-QC program, including instrument calibration and a database of results of the testing, was implemented by the SGS Group (Cata laboratory) until the end of 2018. Under Great Panther management, the Cata laboratory has continued the QA-QC program.

In addition to internal laboratory QA-QC monitoring, Great Panther's QA-QC procedures included the insertion of certified standard reference material (standards), quarter-core duplicates or blanks into the sample sequence, as well as arranging regular umpire checks with a third-party certified laboratory.

With the Cata laboratory reverting to Great Panther management, an enhanced umpire assay regime was commenced in early 2019 with VMC core sample pulps submitted for re-assay to an independent, certified laboratory operated by SGS in Durango, Mexico ("SGS-Durango"). The umpire assay regime included re-assay of core samples and Great Panther inserted standard reference materials and duplicates. SGS Durango is ISO/IEC 17025 accredited.

### *Adequacy of Sample Collection, Preparation, Security and Analytical Procedures*

In the opinion of the authors of the 2022 Valenciana Report, there were no significant issues with respect to the sample collection methodology, sample security, sample preparation or sample analyses in the exploration programs completed by Great Panther at the VMC from August 2020 to December 2021.

The QA-QC measures including the insertion rates and performance of blanks, standards, and duplicates for the Great Panther drill programs indicate that observed failure rates are within expected ranges and the umpire checks at the independent and certified SGS-Durango laboratory verifies the performance of the Cata laboratory and the reproducibility of the Ag-Au analyses.

## Data Verification

Underground sampling and drilling data were provided to the authors in Microsoft Access databases. The authors were also provided with a three-dimensional (3D) topographic surface, as well as 3D wireframes representing the existing mine workings in Micromine (.tridb) and AutoCAD (.dxf) formats. Wireframes and block models used to calculate the historical resource estimate reported by Brown and Nourpour (2022) were also provided.

The authors imported the underground and drillhole data into Micromine 2021, along with the 3D topography, mine workings, and historical resource wireframes and block models. A visual examination of the data in 3D did not demonstrate any obvious spatial issues. Mineralized underground samples and drill intercepts are spatially coincident with past and present mine production levels, historical resource blocks, and/or vein models. Surface drillhole locations are consistent with areas of disturbance in satellite imagery.

Copies of underground channel sample and drill core assay certificates from the Cata laboratory were reviewed and compared against the Guanajuato underground dataset. A total of 830 underground samples and 814 drill samples were reviewed by the Authors. No errors were identified in the underground data. One error was identified in the drill data.

Mr. Christopher W. Livingstone, P.Geo., Senior Geologist of APEX and a Qualified Person, conducted a site inspection of VMC for verification purposes on April 7-8, 2022. The site inspection comprised a tour of VMC, including entering several underground workings at the Guanajuato and a review of recent drill core to verify reported geology and mineralization. Mr. Livingstone also toured the Cata offices, core shack, processing plant, and analytical laboratory. During the site visit Mr. Livingstone collected 3 underground samples from the Los Pozos and Valenciana areas of the Guanajuato operation, 2 core samples from the Guanajuato operation, and three pulps from the Cata laboratory. Results from Mr. Livingstone's samples verify the presence of significant, high-grade Ag, with variable Au mineralization both in active mine areas and in exploration drilling at Guanajuato. Rock types, alteration, and mineralization observed underground, in drill core, and at surface while touring the Property are consistent with the reported geology and historical exploration results. The mining infrastructure observed is consistent with reported historical production. In addition, a review of VMC's underground channel and drillhole database was found to be reasonably free of any material or systematic errors.

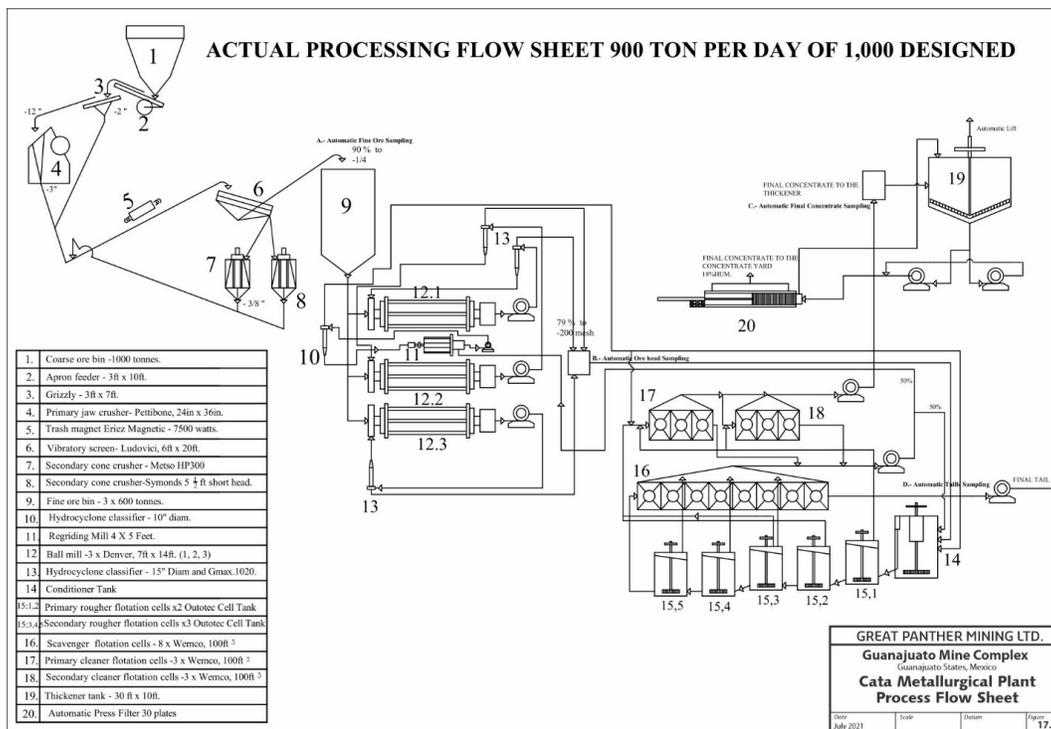
Based on the property inspection, verification sampling, and data review, the authors of the Valenciana Report have no reason to doubt the reported geology, exploration, and production results. No significant issues or inconsistencies were discovered that would call into question the validity of the data and, in the opinion of the authors, the VMC data is adequate and suitable for use in the 2022 Valenciana Report.

## Mining Operations

Mineralized material from the Guanajuato operations was treated at the Cata Processing Plant. Guanajuato and the Cata Processing Plant were placed on care and maintenance effective November 2021 while awaiting permits to extend the tailings facility or find other alternatives to maximize the value of VMC (Great Panther Mining Ltd., 2022b). See "*Company Update and Current and Contemplated Production, Exploration and Development*" below for a discussion of the Company's restart of mining operations at Guanajuato and the Cata Processing Plant since acquiring MMR on August 4, 2022.

The Cata Processing Plant utilized five stages, including: crushing, milling, flotation, thickening and filtering, as well as concentrate dewatering circuits to generate sulphide concentrates containing silver and gold, which are sent offsite for smelting and refining. The processing flow sheet of the Cata Processing Plant is illustrated in Figure 13.1.

### **Figure13.1 - Processing Flow Sheet of the Cata Processing Plant (Brown and Nourpour, 2022)**



In 2021, 148,329 tonnes of material were processed at the Cata Processing Plant. The average grade for the VMC was 117 g/t Ag and 1.60 g/t Au, with metal recoveries of 86.9% Ag and 86.6% Au (Great Panther Mining Ltd., 2022c). The plant operated at a reduced rate of approximately 20 days per month (4-to-5-day batches) since the beginning of 2019, with an overall average production rate of approximately 679 tonnes per day (tpd) of combined feed from Guanajuato and San Ignacio from August 1, 2020, to July 31, 2021 (Brown and Nourpour, 2022).

At the Cata Processing Plant, silver and gold are recovered as components of a sulphide concentrate containing pyrite, electrum, and silver sulphide minerals. Blending of the Guanajuato and San Ignacio mineralized material began in July 2016 and the processing (milling) of the blended material continued until Guanajuato was placed on care and maintenance in November 2021.

In addition to the operation of the plant, Great Panther has undertaken some metallurgical test work aimed at improving the operation of the plant. In 2011, Great Panther added a new flotation section, with the installation of five new fully automated Outotec cells which replaced the old sections of rougher cells. In 2012, a small regrind mill was installed with improvements in metallurgical recoveries. In 2012 and 2013 the primary crushing units were upgraded with a new Metso HP300 crusher, and new vibrating twin screens. Lastly, in 2013, a new state of the art filter press was installed to reduce water content in the concentrate.

In 2015, Great Panther completed internal test-work to optimize the consumption of reagents and the overall milling process to obtain maximum recovery and to comply with the concentration of required grades. The metallurgical samples were collected throughout active areas of the mine and are representative of the mineralization present at Guanajuato. There are no deleterious elements or processing factors that significantly affect the extraction of silver and gold into the concentrate.

### Mineral Resource Estimates

GSilver has yet to conduct mineral resource modelling or estimations and there are no current mineral resources outlined at VMC. Historical mineral resource estimates by Great Panther are summarized under the heading “*History - Historical Mineral Resource Estimate (2021)*” above.

## **Company Update and Current and Contemplated Production, Exploration and Development**

The Company completed its acquisition of MMR including Valenciana (i.e. Guanajuato) from Great Panther on August 4, 2022. Great Panther had operated Valenciana since December 2005 prior to placing it on care and maintenance in late 2021, due to a lack of tailings capacity as discussed above.

In October 2022, the Company re-commenced mining operations at Valenciana using cut and fill mining of high-grade epithermal veins initially focused on the Los Pozos mine area where several mineralized blocks had been previously defined. Los Pozos is one of several mines that extend over 4.2km of the Veta Madre regional fault system at Valenciana and sits between the Cata and the Rayas shafts (see Figure 6.8 above). Mineralized material from Valenciana was initially transported by truck to the Company's El Cubo Mill for processing instead of the Cata Processing Plant which was placed on care and maintenance by Great Panther in November 2021 due to lack of tailings capacity. Cata, which is located approximately the mid-point of the 4.2 kilometer strike length that spans mineralization at Valenciana, and sits immediately adjacent to the Company's administrative offices, assay lab, and one of two primary access shafts, consists of three ball mills and a two-crusher system with a nameplate capacity of 36,000 tonnes per month.

After acquiring MMR in August 2022, the Company determined that there was remaining capacity in the existing tailings dam at Valenciana under MMR's current permits of approximately 45,000 to 70,000 tonnes. The Company has reviewed and evaluated the original permit submissions and correspondence with Comisión Nacional del Agua and, if economic, will be preparing a new submission to implement dry stacking at Valenciana for the expansion of the Company's tailings capacity, expected to be submitted to SEMERNAT by the beginning of 2024.

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

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

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

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

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

The Company continues to demonstrate marked progress at the Valenciana Mines Complex. Since commercial restart at VMC in January 2023, steady production improvements, aided by the refurbishment of both the Cata shaft and a new underground locomotive system, have enabled the Company to achieve production at the Cata Mill averaging over

20,000 tonnes per month from material sourced from Valenciana and San Ignacio. The Company is now working to access the more northern areas of the mine, such as the Guanajuatito zone, where higher-grade material has been identified; furthermore, the recovery of higher-grade mineralized material from old pillars has and will continue to contribute to monthly throughputs.

Capital Expenditures

Overall, the Company has budgeted \$1 million towards capital expenditures to improve production efficiencies and mine health and safety at VMC for the fiscal year ending December 31, 2023.

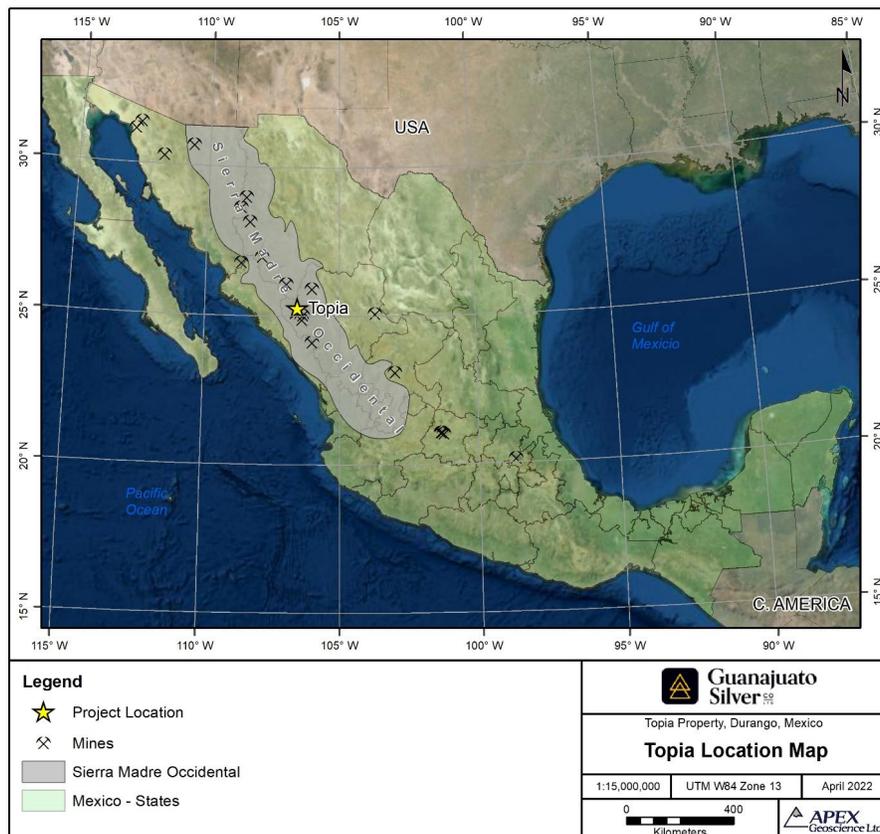
**Topia Property, Durango, Mexico**

The following scientific and technical disclosure regarding the Topia Property and all figures and tables included under this Item 5.4 “DESCRIPTION OF THE BUSINESS - Mineral Projects – Topia Property, Durango, Mexico” have been extracted or derived from the 2022 Topia Report dated July 4, 2022 (effective May 6, 2022), save and except for and as updated by the section “Company Update Current and Contemplated Production, Exploration and Development” below or as otherwise noted. A complete copy of the 2022 Topia Report is available for review under the Company’s profile on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

**Property Description and Location**

The Topia Property is situated in and surrounding the town of Topia, Durango State, Mexico, located approximately 235 km northwest of the city of Durango, and 100 km northeast of Culiacan, Sinaloa. See Figure 4.1 below.

**Figure 4.1 - Topia Property Location Map**



The Topia Property comprises 56 contiguous mining concessions plus 7 outlier concessions, covering a combined area of approximately 6,807 hectares in the Sierra Madre Mountains in the state of Durango, Mexico. The concessions are held 100% by MMR, are valid and in force for varying terms expiring from June 3, 2011 to November 29, 2072 and free and clear of any liens or encumbrances save for applicable governmental taxes and royalties. See Item 5.1 “DESCRIPTION OF THE BUSINESS – *General - Foreign Operations*” above.

### *Permitting*

Environmental protection regulations in Mexico are similar to other jurisdictions in North America. Permits are required for exploration and new mining operations; specifically, to operate a processing plant, for the hydraulic discharge of tailings, and for changes to grandfathered projects. All necessary environmental and mine permits are in place to conduct currently planned exploration, development, and mining operations at the Topia mine.

In July 2006, MMR received a Single Environmental License (Licencia Ambiental Única No. LAU10/019-2006) from SEMARNAT. The license is a direct regulatory instrument for industrial facilities under federal jurisdiction in the prevention and control of pollution of the atmosphere and sets conditions for integral operation in accordance with current environmental legislation. LAU10/019-2006 remains in effect. Once a year, and in accordance with SEMARNAT legislation, MMR is required to submit an Annual Operation Certificate (Cédula de Operación Anual), which is the instrument of data collection and reporting on emissions and transfers of pollutants to air, water, and soil and management of hazardous materials.

In December 2017, SERMNAT granted MMR authorization for construction and operation of a Phase II tailings storage facility (TSF) at Topia (SERMNAT Document Official No. SG/130.2.1.1/2914/17, SG/130.2.2/002616/17). Phase II is not a conventional tailings dam, but instead a dry stack operation. Phase I of the TSF, a conventional tailings facility, was closed and recontoured during 2018. MMR received registration of their mining waste management plan for the Phase I dam in July 2018 (Registro del Plan de Manejo de Residuos Mineros No. 10-PMM-I-0181-2018).

An updated survey of the Phase II TSF was completed in November 2021, revealing that the permitted area was not consistent with the original design. Great Panther subsequently adjusted the design to the correct permitted area, which resulted in no change to the storage capacity. In January 2022, Great Panther via MMR submitted an Environmental Impact Assessment (EIA) to obtain permits to extend the Phase II TSF to provide an additional 2 years of tailings storage. The application is pending. Phase II has current capacity until the end of 2023 (Great Panther Mining Limited, 2022a).

MMR received the required permits for a Phase III dry stack TSF in June 2020 (SERMNAT Document Official No. SG/130.2.1.1/1854/21). Phase III is located on top of the old Peñoles TSF, with the stacked tails forming part of the remediation required for the historical facility. The Phase III TSF will be available upon completion of retaining walls and erosion controls (Great Panther Mining Limited, 2022a). At the beginning of 2023, a geotechnical study from the Engineer of Record at the Phase III dry stack TSF provided a final closure design. The budget for remediation is in the range of \$2,600,000 Mexican pesos (approximately US\$150,000). The authorization is valid until June 2024 and can be extended if required as soon as evidence of progress according to the closure plan is provided.

The tailings storage facility is operated in accordance with federal laws, and Topia mine staff work closely with PROFEPA, the enforcement arm of SERMNAT. Topia mine personnel also carry out regular monitoring and reclamation work on the site.

All exploration activities follow NOM-120-SEMARNAT-2020, which establishes the specifications of environmental protection for mining exploration activities. SERMNAT granted MMR its most recent exploration authorization (SERMNAT Document Official No. SG/130.2.1.1/1854/21) in December 2021, for a term of 4 years.

### *Surface Rights*

MMR has surface rights for the land on which the Topia processing plant sits and agreements for the properties covering the operating mines and tailings facilities (Great Panther Mining Limited, 2022a).

### *Environmental Liabilities*

There are no known environmental liabilities associated with the Topia concessions, other than future reclamation and remediation associated with the future closure of Topia. As of December 31, 2021, the cost for closure is estimated at

\$7,882,000 (Great Panther Mining Limited, 2022b). See Item 5.1 “DESCRIPTION OF THE BUSINESS – *Environmental Protection*” for details of the Company’s estimated reclamation obligations for all of its operating mines including the El Cubo-Villalpando Complex, San Ignacio, Valenciana and Topia as at December 31, 2022.

### *Significant Factors*

The authors of the Topia Report are not aware of any other environmental liabilities, significant factors or risks that would affect access, title, or the ability to perform work at the Topia Property

## **Accessibility, Climate, Local Resources, Infrastructure and Physiography**

### *Accessibility*

Topia is a relatively small town in the Sierra Madre Mountains. Ground access is provided via 350 km of paved and gravel road from the city of Durango. Travel is north from Durango via Highway 23 to Santiago Papasquiaro, and west to Topia via Highway 36 and is reported to be eight hours. Small aircraft can be chartered from Culiacan and Durango to access Topia.

### *Climate*

The climate is generally dry for most of the year, with a wet season from July to September, during which time rainfall averages 665 mm. The annual mean temperature is 17.7°C, but winters can be cool with frosts and light snow, particularly at higher elevations. Exploration and mining work can be conducted year-round.

### *Local Resources*

The population of Topia is approximately 3,500 people, although many have worked in the mines and there is a good local source of labour. The town is serviced by road, air service, power grid, telephone, and high-speed satellite internet. There are restaurants, hotels, and medical services but no bank or ATMs. All minor supplies (fuel, food, retail) can be purchased in Topia, but equipment, parts and major repair must be sourced from Durango. Water is available from numerous springs, streams, and adits.

### *Infrastructure*

The Topia access road is sufficient for 30 tonne articulated concentrate trucks. Topia has a runway sufficient for small single or twin-engine aircraft which can be used to access either Durango or Culiacan (in Sinaloa state). The town is connected to the national power grid, which is used to power mine and mill operations. The surface and underground infrastructure at the Topia Mine includes the following:

- Multiple adits (mines) from surface accessing underground infrastructure including drifts, sub-levels, ramps, and raises.
- Access by roads to the mines, mill, and tailings facility.
- Mine ventilation, dewatering, and compressed air facilities.
- Conventional and mechanized underground mining equipment.
- A nominal 260 tpd flotation concentrator with surface bins, crushing facilities, grinding mills, flotation cells, and a concentrate dewatering circuit.
- Tails thickener and filter press plant, the tailings storage facility, mine workings and associated facilities, coarse ore bin, main ventilation fan, workshops, warehouses, administration buildings, and dry facilities.
- Facilities providing basic infrastructure to the mine, including electric power from the national power grid, heat, water supply from artesian springs, and sewage treatment.
- An on-site laboratory which processes ~75-80 samples / day for gold, silver, lead, zinc, copper, and iron.
- Tailings disposal areas support current operations until May 2024, with permitting for a further 2 years in progress. Great Panther has identified several sites suitable for additional tailings storage facilities to support future production. Studies on the suitability of these areas are being undertaken. There are no active waste disposal sites as 100% of the waste rock is used to fill old and current mined blocks.

Access is sufficient for year-round operations, and all facilities and infrastructure required to continue exploration and mining operations are in place and appear to be in good working condition. Sources of power, water, and personnel are adequate for continued mining operations.

In the opinion of the authors of the 2022 Topia Report, the Topia Property is of sufficient size to accommodate any potential additional exploration and mine infrastructure requirements, including potential tailings storage areas, waste disposal areas and processing sites.

### *Physiography*

The Topia Property lies within the Sierra Madre Occidental, in a remote region of rugged terrain. Hillsides are quite steep with elevations ranging from 600 m above sea level to over 2,000 m above sea level.

Vegetation consists of thickly inter-grown bush, comprising mesquite, prickly pear, nopal, and agave, giving way to pine and oak forest at higher elevations.

Land use in the area is predominantly mining, forestry and agriculture.

### **History**

Mining in the Topia district dates back to 1538, and the first Spanish mineral concessions were granted in the early 1600's. By 1870, Topia entered an era of prosperity with the exploitation of the near surface deposits until the Mexican Revolution in 1910. Production from Topia between the late 19<sup>th</sup> century and 1910 was reportedly between \$10 million and \$20 million. This is estimated to have been the equivalent of between 15 and 30 million ounces of silver and between 25 and 50 thousand ounces of gold. (Loucks et al., 1988).

Compania Minera Peñoles, S.A. (“**Peñoles**”) acquired the mines in the district in 1944 and completed the construction of a flotation plant in 1951. Peñoles operated at Topia from 1951 to 1989 when the operations were reportedly shut down due to low metal prices and labour difficulties. Topia was subsequently acquired by Compania Minera de Canelas y Topia S.A. de C.V. (“**MCT**”) which continued operations intermittently throughout the 1990s. (Cavey and Gunning, 2003).

Great Panther acquired the Topia Property in 2005, after completing a surface diamond drilling program to test the strike, dip, and grade continuity of veins to assess the exploration potential at Topia. During 2005 and 2006, Great Panther carried out refurbishment and sampling of underground workings at Topia, confirming earlier work by Peñoles. Since 2005, Great Panther has collected approximately 52,000 underground channel samples and completed approximately 72,650 metres of drilling, both surface and underground.

At Topia, surface and underground drilling demonstrate continuity of veins, and channel sampling across the vein on development faces, generally every 3 m, provides grade and thickness variability data. Underground drilling focused primarily on short term production-oriented issues in the mining areas at Topia. This includes interpretation and delineation of fault offsets and vein splays, as well as gathering data on the grade and width of veins prior to exploitation. The nature of underground development at Topia, along vein strike, limits the ability to drill test dip and strike continuity of the veins ahead of the mining fronts underground. Surface diamond drilling is critical to establish continuity of the veins, which can be hundreds to thousands of metres; however, steep topography and limited access hinders the ability to drill from surface.

### *Historical Mineral Resource Estimates*

The most recent historical mineral resource estimate for Topia was calculated by Brown and Nourpour (2022), with an effective date of March 31, 2021, and is presented in Table 1.1 below. The authors of the 2022 Topia Report are referring to such estimate as a “historical resource” and the reader is cautioned not to treat it, or any part of it, as a current resource. However, based on the assumptions, parameters and methods in Brown and Nourpour (2022), as well as literature and data review, and the recent site visit conducted for the 2022 Topia Report, the authors consider such estimate to be relevant and reliable and provides an indication of the extent of mineralization identified by previous operators at the Topia Property. To verify the historical mineral resource estimate as a current mineral resource, a Qualified Person would need to complete database validation, undertake a full review of estimation parameters and procedures, and complete an updated mineral resource estimate and a NI 43-101 technical report incorporating additional production, drilling and underground sampling completed at Topia since March 31, 2021.

**Table 1.1 - Great Panther Historical Mineral Resource Estimate for Topia (Brown and Nourpour, 2022)**

Classification	Tonnage (kt)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)
Total Measured	176.0	630	1.92	4.63	4.80
Total Indicated	155.8	587	1.75	4.15	4.16
Total M & I	331.8	609	1.84	4.40	4.50
Total Inferred	274.6	592	1.44	3.35	3.63

*Notes:*

- CIM Definitions were followed for historical mineral resources.*
- Area-Specific vein bulk densities as follows: Argentina - 3.04t/m<sup>3</sup>; 1522 - 3.15t/m<sup>3</sup>; Durangueno - 3.15t/m<sup>3</sup>; El Rosario - 2.92t/m<sup>3</sup>; Hormiguera - 2.61t/m<sup>3</sup>; La Prieta - 2.86t/m<sup>3</sup>; Recompensa - 3.32t/m<sup>3</sup>; Animas - 3.02t/m<sup>3</sup>; San Miguel - 2.56t/m<sup>3</sup>; San Juan - 3.39t/m<sup>3</sup>; Laura (Hipolito) - 2.85t/m<sup>3</sup>; and Unión del Pueblo - 2.61t/m<sup>3</sup>.*
- Historical measured, indicated, and inferred mineral resources were reported at a cut-off Net Smelter Return (NSR) in US\$, include 1522 Mine \$280/t, Argentina Mine \$257/t, Durangueno Mine \$202/t, Recompensa Mine \$245/t, Hormiguera Mine \$230/t, El Rosario Mine \$345/t, La Prieta \$254/t, Animas \$287/t, San Miguel \$241/t, San Juan \$233/t, Laura (Hipolito) \$252/t, and Unión del Pueblo \$241/t.*
- Total estimates may not agree due to rounding.*
- A minimum mining width of 0.30 metres was used.*
- Historical mineral resources were estimated using metal prices of US\$1,650/oz Au, US\$20.00/oz Ag, US\$0.85/lb Pb, and US\$1.20/lb Zn; and metallurgical recoveries of 92.4% for Ag, 55.4% for Au, 94.3% for Pb, and 90.5% for Zn.*
- 2021 historical mineral resource AgEq oz were calculated using 85:1 Ag:Au ratio, and ratios of 1:0.041 and 1:0.049 for the price/ounce of silver to price/pound of lead and zinc, respectively. The ratios are reflective of average metal prices for 2021.*
- Historical mineral resource estimation has an effective date of March 31, 2021. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The potential quantity and grade is conceptual in nature, there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource. Inferred mineral resources have a high degree of uncertainty as to their economic and technical feasibility. It cannot be assumed that all or any part of an inferred mineral resource can be upgraded to measured or indicated mineral resources.*
- There are no known legal, political, environmental, or other risks that could materially affect the potential development of the mineral resources.*
- A Qualified Person has not done sufficient work to classify Great Panther's historical mineral resource estimates as current mineral resources. Guanajuato Silver is not treating the Great Panther Historical MRE as current mineral resources.*

*Historical Production*

Peñoles completed construction of a flotation plant at Topia in 1951, which they operated until 1989. In addition to Peñoles' own mine output, they toll processed an additional 5% of material from nearby small miners' operations. Total production during this time was recorded as 1.3 million tonnes (Mt) with approximate metal sales of 0.6 t Au, 504 tonnes Ag, 50,000 tonnes Pb, 46,000 tonnes Zn, and 1,000 tonnes Cu. After acquiring Topia from Peñoles, MCT operated intermittently throughout the 1990s by selective mining and toll processing, processing a total of approximately 65,000 tonnes of material.

During the second half of 2005, after purchasing the Topia Property, Great Panther re-furbished and re-commissioned the mill and gradually increased the throughput at the plant to 220 tpd. Mill capacity is 260 tpd. The mill employs conventional crushing, grinding, and flotation to produce lead and zinc sulphide concentrates. Total production by Great Panther from the Topia mine to December 31, 2021, includes 840,947 tonnes of material milled for 9,057,394 oz Ag, 11,678 oz Au, 18,432 tonnes Pb, and 24,821 tonnes Zn (see Table 1.2 below). The average head grade processed by the mill from 2006 to 2021 was 369 g/t Ag, 0.67 g/t Au, 2.36% Pb, and 3.21% Zn from 840,947 tonnes of mill feed. Average metal recoveries during the same period were 90.8% Ag, 64.5% Au, 93.1% Pb, and 91.8% Zn. The average grade of lead concentrate from 2008 to 2021 was 7,972 g/t Ag, 8.51 g/t Au, and 52.83% Pb while the average grade of zinc concentrate was 509 g/t Ag, 1.52 g/t Au, and 51.01% Zn.

**Table 1.2 -1 Topia Annual Metal Production 2005-2021**

<b>Year</b>	<b>Tonnes<sup>1</sup></b>	<b>Silver (oz)</b>	<b>Gold (oz)</b>	<b>Lead (tonnes)</b>	<b>Zinc (tonnes)</b>
2006 <sup>2</sup>	22,445	208,004	406	627	742
2007	33,605	279,441	643	735	847
2008	35,318	366,199	812	876	1,074
2009	30,045	437,079	403	871	1,057
2010	38,281	515,101	597	1,092	1,358
2011	46,968	535,881	500	941	1,315
2012	56,098	555,710	573	962	1,477
2013	62,063	631,235	651	1,116	1,673
2014	67,387	667,636	555	1,154	1,675
2015	65,387	677,967	614	1,198	1,850
2016	55,836	574,031	612	1,033	1,496
2017	53,745	595,721	999	1,291	1,757
2018	73,605	761,107	1,087	1,958	2,361
2019	79,257	938,581	1,344	1,960	2,576
2020	57,881	597,194	835	1,233	1,714
2021	63,518	716,507	1,047	1,385	1,849
<b>Total</b>	<b>840,947</b>	<b>9,057,394</b>	<b>11,678</b>	<b>18,432</b>	<b>24,821</b>

Notes: 1. Includes purchased tonnes milled. Excludes custom milled tonnes.  
2. Production re-started by Great Panther in December 2005.

The reader is cautioned that there are no current estimates of mineral resources or mineral reserves for the Topia Property. Great Panther commenced production at Topia without having completed final feasibility studies and the Company has not undertaken one since acquiring MMR. Thus, both Great Panther's and the Company's production decisions were not based on any feasibility studies of mineral reserves demonstrating economic and technical viability of the Topia Property. As a result, there may be increased risk and uncertainty of achieving any particular level of recovery of minerals from Topia or the costs of such recovery, which risks could have a material impact on the ability to generate revenues and cash flows to fund operations from and achieve or maintain profitable operations at Topia.

### **Geological Setting**

The Topia Mining District lies on the western flank of the Sierra Madre Occidental, a north-northwest trending belt of Cenozoic-age rocks extending from the US border south toward the Trans-Mexican Volcanic Belt of central Mexico. The Topia area is underlain by a kilometer-thick package of late Cretaceous to early Tertiary andesite lavas and pyroclastic rocks which are, in turn, overlain by younger rhyolitic flows and pyroclastic rocks.

The volcanic sequence is transected by numerous faults, some of which host the mineralized veins in the district. There are two sets of faults: one which strikes 320° to 340° and dips northeast, the other striking 50° to 70° and dipping steeply southeast to vertically. The northeast-trending faults are the principal host structures for precious and base metal mineralization. The north-northwest-striking faults are observed to disrupt the vein-bearing structures and are sometimes host to post-mineralization diabase and rhyolite dikes. These dikes are thought to be feeders to the overlying rhyolitic units.

### **Mineralization**

Mineralization at Topia is hosted by a series of steeply-dipping, dominantly northeast-trending, parallel polymetallic veins that have historically been mined for gold, silver, lead, and zinc. Mineralization within the veins consists mainly of massive galena, sphalerite, with lesser pyrite, arsenopyrite, and tetrahedrite in a gangue of quartz, barite, and calcite. The vein constituents often include minor adularia and sericite, and the wider fault zones contain significant proportions of clay as both gouge and alteration products. The veins range in thickness from a few centimeters to two meters. They are very continuous along strike, with the main veins extending more than 4 km. The main host rock is andesite of the

lower volcanic series, which is usually competent, making for generally good ground conditions within the various mines.

### *Deposit Types*

The primary deposit type of interest at Topia is adularia-sericite-type, silver-rich, polymetallic epithermal veins. Silver-gold-lead-zinc mineralization is found in fissure-filling veins along sub-parallel faults cutting andesitic flows, breccias, and pyroclastic rocks. Deposits are usually characterized by multiple veins in areas measuring 10 to 15 km<sup>2</sup> with individual veins generally less than 2 m in thickness but up to 3 to 4 km in length.

Epithermal systems form near surface, usually in association with hot springs, and at depths on the order of a few hundred metres. These deposits are commonly formed during the later stages of igneous events and are derived from hydrothermal activity generated from intrusive bodies. Mineralization at Topia is reported to occur within a zone spanning 100 m to 200 m in elevation, which is consistent with the epithermal model. The silver to gold ratio in these deposits is generally more than 300:1 and production from these deposits averages about 400 g/t silver.

### **Exploration and Drilling**

See also “*History*” above for a description of historical exploration work and drilling completed at Topia by previous owners. See also “*Company Update and Current and Contemplated Production, Exploration and Development*” below for a discussion of the Company’s mining, exploration and drilling activities at Topia since acquiring MMR on August 4, 2022.

### **Sampling, Analysis and Security of Samples**

This section summarizes the sample preparation, analyses, security, and quality control and quality assurance protocols and procedures employed by Great Panther at the Topia Property.

#### *Sample Preparation*

Topia geologists define lengths of underground channels to be sampled and the intervals of samples within those zones. Channel samples are collected either across the back or at waist height across the drift face using a hammer and moil. The veins at Topia tend to be very steeply dipping to vertical, so these samples are considered to be close to representing the true width of the structure. Channel samples are prepared at the Topia mine laboratory, operated by Great Panther via MMR. Samples are dried, crushed in two stages, riffle split, and pulverized to 92% passing 100 mesh. A nominal 25 g to 30 g split is taken from each pulp for analysis by atomic absorption (AA). The remaining pulp or reject material is kept in storage.

Diamond drill core samples are marked out and tagged by Topia geologists. Mineralized structures and the material adjacent to them are always sampled. For sets of veins with less than 5 m separation, the material between veins is sampled entirely.

Specific gravity data are collected by analyzing dried core samples, with a minimum weight of 500 g, selected by a geologist. A set of three samples are measured: one from the vein, one from the hanging wall, and one from the footwall. Great Panther personnel took density measurements of the core specimens using a water immersion method.

For HQ or NQ diameter core, primarily from surface exploration drilling, samples are sawn in half longitudinally using a diamond bladed saw. For each sample, one half core is submitted for analysis and the other half remains in the box. For BQ or AQ diameter core, primarily from underground drilling, whole core is sent for analysis. Duplicates are produced by riffle splitting after crushing.

Drill core samples are prepared at the Topia mine laboratory. The sawn split core samples are dried, crushed in two stages, riffle split, and pulverized to 92% passing 100 mesh. A nominal 25 g to 30 g split is taken from each pulp for analysis by AA. The remaining pulp or reject material is kept in storage.

## *Analyses*

Prepared channel and drill core samples are analyzed at the Topia mine laboratory. A nominal 5 g to 30 g (generally around 25 g) sample split is digested in aqua regia and analyzed by AA for lead, zinc, iron, and where necessary copper. Gold is analyzed by fire assay with AA finish. Samples returning greater than 20 g/t Au are re-analyzed by fire assay with a gravimetric finish. Silver is analyzed by fire assay with a gravimetric finish. Samples returning less than 10 g/t Ag are re-analyzed by fire assay with AA finish. The Topia mine laboratory is not independent nor certified; however, an independent audit by Stanley (2019) found that the laboratory is well managed and assay quality is generally good.

A representative batch of underground channel sample pulps (~25 samples) are sent monthly to the independent, certified SGS Durango laboratory for confirmation analysis. SGS Durango received ISO/IEC 17025 accreditation in 2009. All drill core pulps and QA/QC samples are re-analyzed at an independent laboratory, being SGS Durango since 2019.

At the SGS Durango laboratory, samples are crushed and pulverized to 98% passing 200 mesh. A nominal 25g to 30g sample split is digested in aqua regia and assayed by AA for copper, lead, zinc, arsenic, and antimony. Gold and silver are analyzed by fire assay with AA finish. Samples with gold values exceeding 10 g/t Au or silver values exceeding 300 g/t Ag are re-analyzed by fire assay with a gravimetric finish.

## *Security of Samples*

All phases of the sampling, transport, and analysis are carried out by authorized Great Panther and MMR personnel or contractors. The Topia Mine laboratory and core handling facility are enclosed within the mill compound, which is constantly supervised and reasonably secure.

## *Quality Assurance and Quality Control*

The Topia mine laboratory is not certified; however, the quality of preparation and analyses is monitored through a program of QA/QC samples and interlaboratory check analyses. QA/QC procedures at the Topia mine laboratory since implementing changes in 2018 include the regular insertion of blanks, duplicates, and standards into the daily sample batches consistent with industry standards. Umpire analysis was carried out on all drill core and representative underground sample data using an independent, certified laboratory operated by SGS in Durango, Mexico.

Field QA/QC procedures for the Topia channel and drill core samples includes inserting blanks, standards, and duplicates into the samples stream at regular intervals, as well as umpire comparison of Topia mine laboratory results with re-analyzed sample pulp results received from the SGS Durango laboratory. The bulk of the channel samples are prepared and analyzed at the Topia mine laboratory. The bulk of the core samples are analyzed at both the Topia mine laboratory and at the SGS Durango laboratory.

## *Adequacy of Sample Preparation, Analyses and Security*

Results of the insertion of blanks into the underground and drill core sample streams at Topia produced an extremely high failure rate. In addition, results of the insertion of certified standards into the sample streams at the Topia mine laboratory and SGS Durango produced high to very high failure rates for all elements analyzed.

Duplicate sample results in underground channel samples showed an excellent correlation for all elements, indicating good repeatability of analysis at the Topia mine laboratory. Drill core duplicates showed an excellent correlation for silver, with lower reproducibility for gold, lead, and zinc. However, the small number of samples and narrow range of grades limits the statistical usefulness of the core duplicate data and may not be representative of the entire low to high grade population of assay data. Umpire analysis of Topia underground and drill core samples by SGS Durango provided good coefficients of correlation, showing that overall, the Great Panther Topia mine laboratory produces accurate analysis.

While blank and standard failures are a cause for concern, it is the opinion of the authors of the 2022 Topia Report that the sample preparation, analyses, security, and quality control and quality assurance protocols and procedures are generally adequate and consistent with common industry standards. However, investigation and remedial action on specific issues identified by the authors should be undertaken prior to any future mineral resource estimates.

## Data Verification

Underground sample data were provided to the authors of the 2022 Topia Report in Microsoft Excel files and drill data were provided in Microsoft Access database format. The authors were also provided with a three-dimensional (3D) topographic surface, as well as 3D wireframes representing the existing mine workings in Micromine (.trdb) and AutoCAD (.dxf) formats. Wireframes and block models used to calculate the historical resources reported by Brown and Nourpour (2022) were also provided.

The authors imported the underground and drillhole data into Micromine 2021, along with the 3D topography, mine workings, and historical resource wireframes and block models. A visual examination of the data in 3D did not demonstrate any obvious spatial issues. Mineralized underground samples and drill intercepts are spatially coincident with past and present mine production levels, historical resource blocks, and/or vein models. Surface drill hole locations are consistent with areas of disturbance in satellite imagery.

Copies of underground channel sample and drill core assay certificates from the Topia Mine laboratory and SGS Durango were reviewed and compared against the Topia datasets. A total of 806 underground samples were reviewed by the authors and found to contain one error and one omission. A total of 825 drill samples were reviewed by the authors and found to contain no errors.

Christopher W. Livingstone, P.Ge., Senior Geologist of APEX and a Qualified Person, conducted a site inspection of the Topia Property for verification purposes on April 5, 2022. The site inspection comprised a tour of the Topia Property including entering several active underground workings, and a review of recent drill core to verify reported geology and mineralization. Mr. Livingstone also toured the Topia mine analytical laboratory and core processing facility and collected a total of 8 independent verification samples. Results from Mr. Livingstone's samples verify the presence of significant, high-grade Ag, Pb, and Zn mineralization, with lower-grade Au mineralization both in active mine areas and in exploration drilling at Topia. Rock types, alteration, and mineralization observed underground, in drill core, and at surface while touring the Property are consistent with the reported geology and historical exploration results. The mining infrastructure observed is consistent with reported historical production. In addition, a review of the Topia underground dataset and drill hole database was found to be reasonably free of any material or systematic errors.

Based on the Topia Property inspection, verification sampling, and data review, the authors of the 2022 Topia Report have no reason to doubt the reported geology and exploration results. The authors also reviewed the adequacy of the exploration information and the Topia Property's physical, visual, and geological characteristics. No significant issues or inconsistencies were discovered that would call into question the validity of the data. In the authors' opinion, the Topia data is adequate and suitable for use in the 2022 Topia Report.

## Mining Operations

Mined material from the mines at the Topia Property are processed at the Topia plant located on the north side of town. The mill employs conventional crushing, grinding and flotation to produce lead and zinc sulphide concentrates. The average head grade processed by the mill from 2006 to 2021 was 369 g/t Ag, 0.67 g/t Au, 2.36% Pb, and 3.21% Zn from 840,947 tonnes of mill feed. Average metal recoveries during the same period were 90.8% Ag, 64.5% Au, 93.1% Pb, and 91.8% Zn. The average grade of lead concentrate from 2008 to 2021 was 7,972 g/t Ag, 8.51 g/t Au, and 52.83% Pb while the average grade of zinc concentrate was 509 g/t Ag, 1.52 g/t Au, and 51.01% Zn. Historical production at Topia is summarized further under "*History – Historical Production*" above.

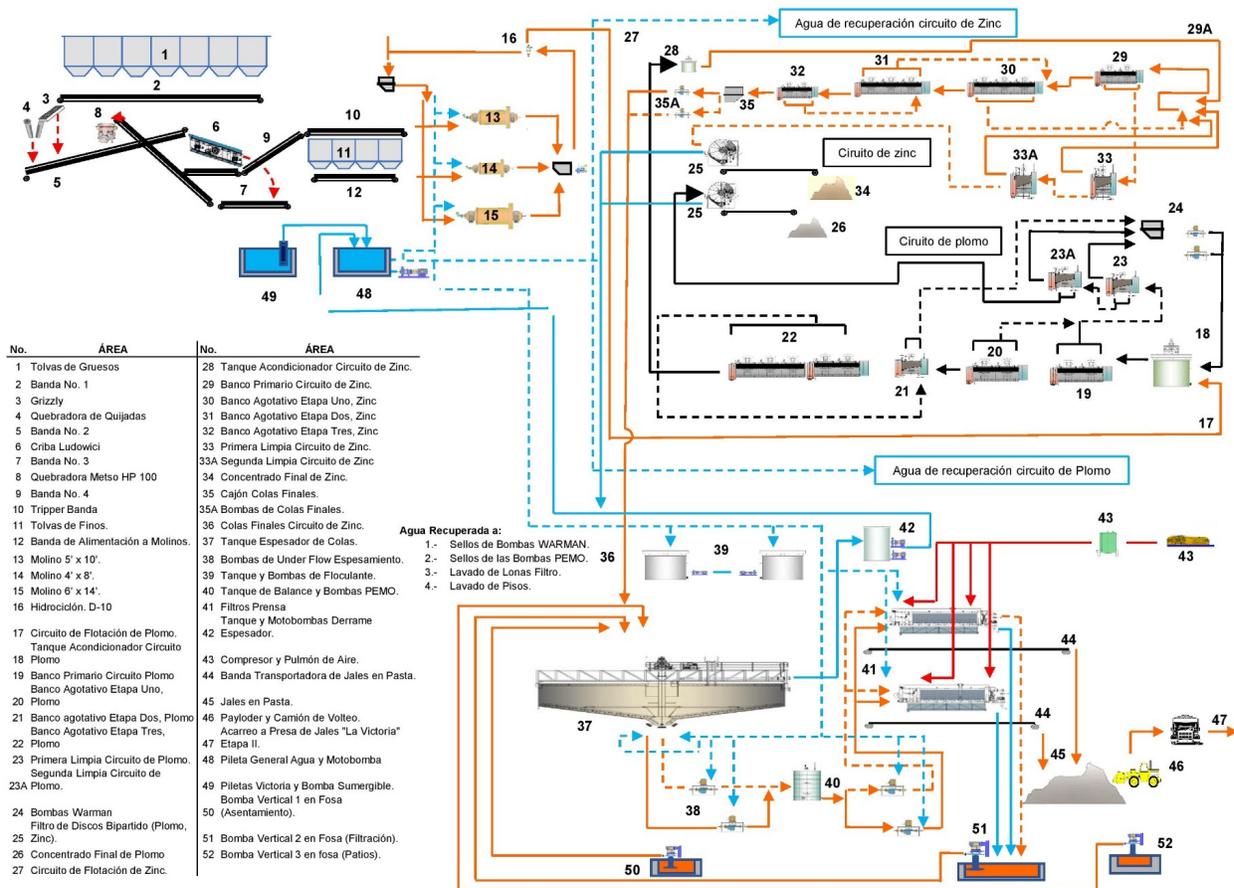
The processing plant utilizes four stages: crushing, milling, flotation, and drying. Coarse material is placed in one of six bins, providing a means of segregation of material types for batch processing or blending. Material is passed through a grizzly to 15 inch by 24 inch jaw crusher and then over a 6 ft by 12 ft vibration screen. Particles  $> \frac{3}{4}$  inch from the screen are sent to a secondary cone crusher, and then conveyed to a 200 t capacity fine ore bin.

Segregation of sulphide particles is achieved with a grinding circuit comprising three ball mills and two 10 inch diameter cyclones. Fine material is fed to one of either a 6 ft by 14 ft or 5 ft by 10 ft ball mill. When the larger unit is in use, the product is passed through the cyclones, with the oversize fed back into the ball mill. If the smaller mill is used, the oversize from the cyclones goes to a 4 ft by 8 ft ball mill which operates in a closed circuit with the cyclones. Final grind size is 65% passing 74 $\mu$ .

The materials stream passes to a lead flotation circuit comprising primary and secondary rougher and cleaner flotation cells, followed by a similarly configured zinc circuit. Concentrates are dried to 10% moisture content by means of disc filters and shipped via truck to the port of Manzanillo for sale to a concentrate buyer.

The performance of the mill demonstrates that the gold, silver, lead, and zinc in the material at Topia can be recovered by conventional processes. The process flow sheet for the Topia plant is presented in Figure 13.1 below.

**Figure 13.1 - Process Flow Sheet Topia Metallurgical Plant**



### Mineral Resource Estimates

There are no current mineral resources for the Topia Property.

See also “Company Update and Current and Contemplated Production, Exploration and Development” below for a discussion of, inter alia, the mining operations, development and exploration work carried out by the Company at Topia since acquiring MMR on August 4, 2022.

## Company Update and Current and Contemplated Production, Exploration and Development

Great Panther operated the Topia mine continuously from December 2005 to August 2022 when it was sold to the Company. Since acquiring the Topia Property, the Company has continued to produce both a zinc concentrate and separate lead, silver and gold concentrate uninterrupted through its integration process. Currently, the Company produces approximately 3,000 wet metric tonnes of zinc concentrate and 2,500 wet metric tonnes of a lead, silver and gold concentrate per year at Topia for offtake and sale to MK Metal (zinc) pursuant to the 2022 MK Metal Zinc Offtake Agreement and a second offtake purchaser (lead, silver and gold). See Item 4.1 “GENERAL DESCRIPTION OF THE BUSINESS – Three Year History – Financial Year Ended December 31, 2022”.

During the three months ended December 31, 2022, the Company produced 300,049 AgEq ounces at Topia consisting of 154,552 ounces of silver, 345 ounces of gold, 811,492 pounds of lead and 1,261,554 pounds of zinc. Total mineralized material processed amounted to 18,516 tonnes. Silver grades in the fourth quarter averaged 283.00 g/t, gold grades averaged 0.91 g/t, lead grades averaged 2.25% and zinc grades averaged 3.56%.

The mineralized systems currently being mined at Topia are extraordinarily high grade yet are associated with higher extraction costs because of the narrow nature of the vein structures. With the goal of improving profitability at Topia, the Company intends to dramatically transform its operations through the exclusive use of local mine contractors. With this new business model, GSilver will curtail most of its mining activities and focus almost entirely on acquiring and processing mineralized material from these contractors. Additional cost-saving measures are in the process of being implemented, including staff reductions, as the Company moves to position the Topia mine for long-term sustainability and profitability.

Since acquiring the Topia mine in August 2022, the Company has been actively conducting an exploration program aimed at delineating resources and extending the mine's lifespan. Recent drill results, outlined below, have concentrated on the La Prieta, Rosario, and Dos Amigos veins located in the central part of the district, forming part of the infill and resource delineation drill program. By the end of 2022, drilling had provided a better understanding of the deposit's control and trend in these veins, revealing that the mineralization's lateral extension will continue to the west. Similar findings have been observed on other veins, making lateral exploration along the mineral horizon the Company's primary focus for 2023.

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

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

The Company's planned exploration programs at Topia in 2023 will target the Higuera, Argentina, Santa Cruz, Dos Amigos, Unión del Pueblo, and La Prieta veins with infill and brownfield drilling being split evenly.

The Company's 2023 drill results for the Topia mine from the La Prieta, Dos Amigos and Union del Pueblo veins are in the table below:

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

(1) All silver equivalent (AgEq) values are calculated based on the following long-term ratios to the silver price: 80:1 for gold, 0.04:1 for lead, and 0.05:1 for zinc.

The Company's 2023 drill results for the Topia mine from the Argentina, Rosario, Santa Cruz, and the San Gregorio veins are in the table below:

HOLE ID	VEIN	FROM	TO	WIDTH	TRUE WIDTH	Au	Ag	Pb	Zn	AgEq
		(m)	(m)	(m)	(m)	g/t	g/t	%	%	g/t
UT23-468	ARGENTINA	80.05	80.41	0.36	0.36	0.19	202	2.3	0.8	317
UT23-470	ARGENTINA	84.71	85.16	0.45	0.35	0.09	132	0.2	1.1	182
UT23-471	ARGENTINA	76.30	77.15	0.85	0.80	0.10	547	1.1	1.8	644
UT23-473	ROSARIO	55.58	56.48	0.90	0.80	0.05	51	0.1	0.5	77
UT23-474	SANTA CRUZ	56.80	57.00	0.20	0.18	0.06	490	0.7	0.2	521
UT23-476	SAN GREGORIO	69.35	69.55	0.20	0.15	0.16	1180	5.1	23.9	2150
UT23-476	and	77.50	79.80	2.30	1.91	0.19	161	0.3	10.6	551
UT23-476	and	82.30	82.60	0.30	0.25	0.33	124	0.4	7.2	409
UT23-477	SANTA CRUZ	AssayPendings								

(1) All silver equivalent (AgEq) values are calculated based on the following long-term ratios to the silver price: 80:1 for gold, 0.04:1 for lead, and 0.05:1 for zinc.

### Capital Expenditures

Overall, the Company has budgeted \$0.9 million towards capital expenditures to improve production efficiencies and mine health and safety at Topia for the fiscal year ending December 31, 2023.

### Company Sampling and QA/QC – 2021, 2022 and 2023

Drill core from the Company's drilling programs at El Cubo in 2021 and 2022 and San Ignacio, Valenciana and Topia in 2022 and 2023 was first reviewed by a Company geologist, who identified and marked intervals for sampling. The marked sample intervals were then cut in half with a diamond saw; half of the core was left in the core box and the other half was removed, placed in plastic bags, sealed and labeled. Intervals and unique sample numbers are recorded on the drill logs and the samples are sequenced with standards and blanks inserted according to a predefined QA/QC procedure. The samples are maintained under security on site until they are shipped to the analytical lab. The analytical work reported on herein was performed by Corporacion Quimica Platinum S.A de C.V., Silao, Guanajuato, Mexico. To validate our assay results and our preparation procedures, GSilver sends additional random samples representing approximately 20% of all analytical samples to Bureau Veritas in Hermosillo, Sonora, Mexico. Bureau Veritas is an ISO/IEC (International Organization for Standardization/International Electrotechnical Commission) geo-analytical laboratory and is independent of GSilver and its "qualified person". In order to further validate our assay results and our preparation procedures GSilver sent additional random samples representing approximately 10% of all analytical samples to SGS Mexico, S.A de C.V, Durango, Mexico. SGS is also an ISO/IEC geo-analytical laboratory and is independent of GSilver and its "qualified person". Core samples were subject to crushing at a minimum of 70 per cent passing two millimeters, followed by pulverizing of a 250-gram split to 85 per cent passing 75 microns. Gold determination was via standard atomic absorption (AA) finish 30-gram fire assay (FA) analysis, in addition to silver and 34-element using fire assay and gravimetry termination. Following industry-standard procedures, blank and standard

samples were inserted into the sample sequence and sent to the laboratory for analysis. Data verification of the analytical results included a statistical analysis of the standards and blanks that must pass certain parameters for acceptance to ensure accurate and verifiable results. GSilver detected no significant QA/QC issues during review of the data and is not aware of any sampling, recovery or other factors that could materially affect the accuracy or reliability of the drilling data referred to herein.

**Other Non-Material Properties**

*Mexican Silver Belt Concessions, Central Mexico*

In addition to its producing mines in Guanajuato, the Company owns seven mining concessions totalling approximately 800 hectares situated within the high-grade “Mexican Silver Belt” and in close proximity to the city of Guanajuato, Mexico. The seven concessions consist of the Patito I and II mineral concessions located approximately 1.5 km southwest and 3.0 km due south of the El Pinguico Project, the Analy I and II concessions located 100 km east of the city of Guanajuato, the El Ruso and Ysabela mineral concessions located within the state of Guanajuato, some 200 km east of Guanajuato City, and the Camila mineral concession located near the northern boundary between the states of Guanajuato and Querétaro in central Mexico. The Patito I and Patito II concessions are held by OMPSA and the remaining five concessions are held by Canmex. The seven concessions are subject to a 2.5% NSR, of which 1.25% (one-half) may be repurchased by the Company for \$500,000.

*El Horcon Property, Jalisco State, Mexico*

As part of its acquisition of MMR, the Company also acquired a total of 15 contiguous and one isolated mining concessions comprising a total of 3,520.71 hectares situated north of the city of Leon (Guanajuato State), in the state of Jalisco, Mexico, approximately 470 km northwest of Mexico City. The 16 concessions expire between 2051 and 2056 and the principal metals of interest are gold, silver, lead, and zinc. Mineralization occurs along structures, the largest of which is the Veta Madre with a strike length of 5 km.

The above properties are currently in the exploration stage and are not considered by the Company to be material for the purposes of this AIF.

**ITEM 6: DIVIDENDS AND DISTRIBUTIONS**

All of the Common Shares of the Company are entitled to an equal share in any dividends declared and paid by the Company. There are no restrictions in the Company’s articles which would prevent the Company from paying dividends as long as there are no reasonable grounds for believing that the Company is insolvent or the payment of the dividend would render the Company insolvent.

However, the Company has not paid any dividends since incorporation and intends to retain all future earnings, if any, and other cash resources for the future operation and development of its business. Accordingly, the Company does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Company’s Board after taking into account many factors including the Company’s operating results, financial condition and current and anticipated cash needs.

**ITEM 7: DESCRIPTION OF SHARE STRUCTURE**

The authorized share structure of the Company consists of an unlimited number of Common Shares without par value and an unlimited number of Preferred shares without par value. The following shares of the Company were issued and outstanding as of the dates set out below:

Type of Security	Amount Authorized or to be Authorized	Outstanding as at December 31, 2022
Common Shares	Unlimited	318,628,147
Preferred shares	Unlimited	Nil

## ***Common Shares***

The Company's issued Common Shares are fully paid and not subject to any future call or assessment. In addition, all Common Shares rank equally as to voting rights, participation in a distribution of the assets of the Company on a liquidation, dissolution or winding-up of the Company and the entitlement to dividends. The holders of the Common Shares are entitled to receive notice of all meetings of shareholders and to attend and vote the shares at the meetings. Each Common Share carries with it the right to one vote. The Common Shares have no pre-emptive, conversion, exchange, redemption, retraction, purchase for cancellation or surrender provisions and there are no sinking fund provisions in relation to the Common Shares.

In the event of the liquidation, dissolution or winding-up of the Company or other distribution of its assets, the holders of the Common Shares will be entitled to receive, subject to the rights of holders of Preferred shares, on a pro rata basis, all of the assets remaining after the Company has paid out its liabilities. Distribution in the form of dividends, if any, will be set by the Board. See Item 6 "DIVIDENDS AND DISTRIBUTIONS" above for particulars of the Company's dividend policy.

Provisions as to the modification, amendment or variation of the rights attached to the capital of the Company are contained in the Company's Articles and the BCBCA. Generally speaking, substantive changes to the Company's share structure require the approval of the shareholders by either an ordinary (50% +1 of the votes cast) or special (at least 66 2/3% of the votes cast) resolution. However, in certain cases, the directors may, subject to the BCBCA, alter the Company's authorized and issued share structure to, inter alia, create one or more classes of shares or, if none of the shares of a class are allotted or issued, eliminate that class of shares; increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class of shares; subdivide or consolidate all or any of its unissued, or fully paid issued, shares; or alter the identifying name of any of its shares.

## ***Preferred Shares***

Preferred Shares may be issued in one or more series and, with respect to the payment of dividends and the distribution of assets in the event that the Company is liquidated, dissolved or wound-up, rank prior to the Common Shares. Preferred Shares of each series rank on parity with the Preferred Shares of every other series. The Board has the authority to issue Preferred Shares in series and determine the price, number, designation, rights, privileges, restrictions and conditions, including dividend rights, redemption rights, conversion rights and voting rights, of each series without any further vote or action by shareholders. The holders of Preferred Shares do not have pre-emptive rights to subscribe for any issue of securities of the Company. Currently, the Company has no issued and outstanding Preferred Shares or plans to issue any such shares.

## **ITEM 8: MARKET FOR SECURITIES**

### **8.1 Trading Price and Volume**

The Common Shares of the Company currently trade on the TSXV in Canada under the symbol "GSVR" and are quoted on the OTCQX market in the United States under the symbol "GSVRF". On October 25, 2022, the Common Shares were admitted for trading on the Apex Segment of the Aquis Stock Exchange in London, U.K. under the symbol "GSVR".

The following table sets out the high and low sale prices and the volume of trading of the Common Shares on the TSXV on a monthly basis since the commencement of the Company's fiscal year ended December 31, 2022.

<b>Period</b>	<b>TSXV</b>		
	<b>C\$ High</b>	<b>C\$ Low</b>	<b>Volume</b>
December 2022	0.4950	0.3600	13,124,365
November 2022	0.5300	0.3750	10,079,230
October 2022	0.4550	0.3650	8,511,744
September 2022	0.3900	0.3200	5,283,530
August 2022	0.4550	0.3150	7,092,014
July 2022	0.3850	0.2700	6,720,887

June 2022	0.4300	0.3150	5,232,115
May 2022	0.5200	0.3300	6,703,110
April 2022	0.6400	0.4850	4,450,505
March 2022	0.7200	0.5400	9,331,265
February 2022	0.6300	0.4200	4,934,045
January 2022	0.5200	0.4250	4,831,270

## 8.2 Prior Sales

The following table summarizes the issuance of securities convertible into or exercisable for Common Shares by the Company during the fiscal year ended December 31, 2022:

Share Purchase Warrants				
Date of Issue	Type of Transaction	Number of Warrants	Exercise Price (C\$)	Expiry Date
August 4, 2022	Private Placement	41,885,388 warrants <sup>(1)</sup>	\$0.50	August 4, 2025
		1,524,520 agent's/advisory warrants <sup>(1)</sup>	\$0.33	August 4, 2025
August 29, 2022	Bonus Warrants	2,500,000 bonus warrants <sup>(2)</sup>	\$0.50	August 29, 2024
December 22, 2022	Private Placement (first tranche)	7,976,098 warrants <sup>(3)</sup>	\$0.60	December 22, 2024
		514,591 finder's warrants <sup>(3)</sup>	\$0.60	December 22, 2024
Stock Options				
Date of Grant	Number of Stock Options	Exercise Price (C\$)	Expiry Date	
March 22, 2022	700,000	\$0.61	September 22, 2023 to March 22, 2027	
April 4, 2022	200,000	\$0.61	April 4, 2027	
April 18, 2022	200,000	\$0.62	April 18, 2027	
July 18, 2022	5,975,000	\$0.33	July 18, 2027	
September 27, 2022	100,000	\$0.33	September 27, 2027	

(1) These warrants were issued in connection with the Company's 2022 SR Financing. See Item 4.1 "GENERAL DEVELOPMENT OF THE BUSINESS – Three Year History – Financial Year Ended December 31, 2022" above.

(2) These warrants were issued in connection with the Company's 2022 OP Facility. See Item 4.1 "GENERAL DEVELOPMENT OF THE BUSINESS – Three Year History – Financial Year Ended December 31, 2022" above.

(3) These warrants were issued in connection with the Company's 2022 Life Financing. See Item 4.1 "GENERAL DEVELOPMENT OF THE BUSINESS – Three Year History – Financial Year Ended December 31, 2022" above.

## ITEM 9: ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As of December 31, 2022, there were no Common Shares of the Company held in escrow; though, a total of 12,893,600 Common Shares issued to Great Panther as partial consideration for the Company's acquisition of MMR were subject to contractual hold periods as follows:

Number of Common Shares	Percentage of Class as of December 31, 2022	Expiry Date of Hold Period
6,446,800	2.02%	April 4, 2023 (contractual)
6,446,800	2.02%	August 4, 2023 (contractual)

However, on or about December 16, 2022, Great Panther made a voluntary assignment into bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) and Alvarez & Marsal Canada Inc. was appointed licensed insolvency trustee of Great Panther’s estate. As part of the sale of the Great Panther Consideration Shares by Great Panther’s insolvency trustee to, among others, a US based institutional investor, the Company agreed to release the contractual hold periods against these shares on and about March 8, 2023. See Item 4.1 “GENERAL DEVELOPMENT OF THE BUSINESS – Three Year History – Developments Subsequent to Financial Year Ended December 31, 2022” above.

As of the date of this AIF, to the knowledge of the directors and officers of the Company, no securities of the Company are subject to escrow or any contractual restriction on transfer.

## ITEM 10: DIRECTORS AND OFFICERS

### 10.1 Name, Occupation and Security Holding

The following are the names and provinces/states and countries of residence of the directors and executive officers of the Company, the positions and offices they currently hold with the Company and their principal occupations within the five preceding years. Each director will hold office until the next annual general meeting of the Company unless his office is earlier vacated in accordance with the provisions of the BCBCA or the Articles of the Company.

Name, Province/State and Country of Residence and Position with Company	Principal Occupation during preceding 5 years	Date of first appointment as a Director of the Company
<b>James Anderson</b> <sup>(3)</sup> B.C., Canada <i>Chairman, CEO and Director</i>	Chairman and Chief Executive Officer, Guanajuato Silver Company Ltd., March 2019 to present; Director, Orestone Mining Corp., May 2019 to present; previously Chief Executive Officer, NuLegacy Gold Corporation (TSXV); July 2012 to April 2019	January 7, 2019
<b>Ramon Davila</b> <sup>(1)</sup> Durango, Mexico <i>President, Co-Chief Operating Officer and Director</i>	President, Guanajuato Silver Company Ltd., March 2022 to present; Mining Industry Consultant, June 2020 to March 2022; former Minister of Economic Development for the State of Durango, Mexican Government; September 2016 to June 2020; former Chief Operating Officer, First Majestic Silver Corp., 2004 to 2013 (director from 2004 to 2015)	May 12, 2021
<b>William T. Gehlen</b> <sup>(1)(2)(3)</sup> B.C., Canada <i>Director</i>	Manager of Geology, JR Resources Corp (private company), Jan. 2021 to present; Manager of Corporate Development, Gold Standard Ventures Corp. (TSX, NYSE American), April 2018 to Dec. 2020; Manager of Resource Development in the Americas, OceanaGold Corp. (TSX), 2013 to 2018; former VP Exploration, Pacific Rim Mining Corp., 1997 to 2013. Certified Professional Geologist with the AIPG (CPG-10626).	March 31, 2020

Name, Province/State and Country of Residence and Position with Company	Principal Occupation during preceding 5 years	Date of first appointment as a Director of the Company
<b>Daniel Oliver, Jr.</b> <sup>(1)(2)</sup> New York, U.S.A. <i>Director</i>	Managing Member of Mymikan Gold Fund LLC (research/gold fund), New York, NY, since 2009; President of the Committee for Monetary Research & Education.	October 2, 2019
<b>Richard Silas</b> <sup>(2)</sup> B.C., Canada <i>Vice-President, Corporate Development, Secretary and Director</i>	Vice-President, Corporate Development and Corporate Secretary, Guanajuato Silver Company Ltd., May 2021 to present; Corporate Secretary, Barksdale Resources Corp. (TSXV) August 2016 to February 2021 (previously President and director of Barksdale from June 2015 to April 2019); CEO, CFO and director of Sanibel Ventures Corp. (NEX), October 2017 to present; Director and Corporate Secretary, Northern Lion Gold Corp. (TSXV), September 2019 to present; Principal of Universal Solutions Inc., private company providing management and administration services to TSX Venture Exchange issuers, 1997 to present.	October 18, 2019
<b>Hernan Dorado Smith</b> <sup>(3)</sup> Ontario, Canada <i>Chief Strategy Officer and Director</i>	Mining engineer since 2003; Member of the Mining and Metallurgical Society of America (MMSA); Chief Strategy Officer, Guanajuato Silver Company Ltd., April 2023 to present (formerly Chief Operating Officer, May 2021 to April 2023); LATAM Mining Manager, OMYA, August 2019 to May 2021; Chief Mining Engineer and Construction Superintendent at Rainy River Mine (Northwestern Ontario), New Gold Inc., December 2016 to August 2019.	April 26, 2017
<b>Lisa Dea</b> B.C., Canada <i>Chief Financial Officer</i>	Chartered Professional Accountant, 1997 to present; Chief Financial Officer, Guanajuato Silver Company Ltd., April 2021 to present; Chief Financial Officer, Latitude Health Sciences Inc., August 2019 to April 2020; Chief Financial Officer, Harvest One Cannabis Inc., June 2017 to March 2019; Chief Financial Officer, Kabuni Ltd., September 2016 to June 2017; Chief Financial Officer, Captiva Verde Industries Ltd., January 2016 to September 2016; Chief Financial Officer, Greenbriar Capital Corp., February 2014 to September 2016.	N/A
<b>Reynaldo Rivera Abundis</b> Durango, Mexico <i>Vice-President, Exploration</i>	Geological Engineer; since 1974; Member of Australasian Institute of Mining and Metallurgy (AusIMM - Registration Number 220979), 2004 to present; Vice-President, Exploration, Guanajuato Silver Company Ltd., Sept. 2022 to present; Director of Exploration, Goldcorp Inc. (Mexico), 2005 to 2015; Consulting Geologist for the Bacis Mining Group, 2016 to 2017; Independent Consultant in Mineral Exploration, 2018 to August 2022	N/A

(1) Member of audit committee. Ramon Davila is the Chair of the audit committee.

(2) Member of corporate governance and compensation committee. Daniel Oliver, Jr. is the Chair of the corporate governance and compensation committee.

(3) Member of health and safety committee. William T. Gehlen is the Chair of the health and safety committee.

The Company does not have an executive committee. Pursuant to the provisions of the BCBCA and applicable securities legislation, the Company is required to have an audit committee whose members are Ramon Davila (Chair), Daniel Oliver, Jr. and William T. Gehlen. See Item 17.2 “ADDITIONAL INFORMATION - *Audit Committee*” below.

The Company has also appointed a corporate governance and compensation committee and a health and safety committee whose members are as follows:

Name of Committee	Members of Committee
Corporate Governance and Compensation Committee	Daniel Oliver, Jr. (Chair) William T. Gehlen Richard Silas
Health and Safety Committee	William T. Gehlen (Chair) James Anderson Hernan Dorado Smith

As of November 20, 2023, the directors and executive officers of the Company, as a group, beneficially owned, controlled or directed, directly or indirectly, approximately 28,260,185 Common Shares representing 7.99% of the total issued and outstanding Common Shares of the Company. The number of Common Shares owned, directed or controlled by the directors and executive officers of the Company is not within the knowledge of the Company and has been furnished by the respective individuals, or has been extracted from the register of shareholdings maintained by the Company’s transfer agent or from insider reports filed by the individuals and available through the Internet at [www.sedi.ca](http://www.sedi.ca).

## 10.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

### *Corporate Cease Trade Orders*

Except as disclosed below, no director or executive officer of the Company is, or within the ten years prior to the date of this AIF, has been, a director, chief executive officer or chief financial officer of any other issuer that was the subject of a cease trade or similar order, or an order that denied the other issuer access to any statutory exemptions, for a period of more than thirty consecutive days:

- (a) while that person was acting as a director, chief executive officer or chief financial officer; or
- (b) after that person ceased acting as a director, chief executive officer or chief financial officer which resulted from an event that occurred while that person was acting in that capacity.

Richard Silas is the Chief Executive Officer and a director of Sanibel Ventures Corp., a capital pool company that was suspended from trading by the TSXV on July 30, 2020 for failure to complete a qualifying transaction within 24 months of its listing in accordance with TSXV policy. Mr. Silas is also a former director of Spirit Bear Capital Corp., a capital pool company that was suspended from trading by the TSXV on May 15, 2014 for failure to complete a qualifying transaction within 24 months of its listing.

### *Corporate Bankruptcies*

No director, executive officer or securityholder holding a sufficient number of securities of the Company to affect materially the control of the Company, is, or within the ten years prior to the date of this AIF has been, a director or executive officer of any other issuer that, while that person was acting in that capacity, or within one year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### *Penalties or Sanctions*

Except as disclosed below, no director, executive officer or securityholder holding a sufficient number of securities to materially affect the control of the Company has, to the knowledge of the Company, been subject to any penalties or

sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely to be considered important to a reasonable investor in making an investment decision.

On April 29, 2013, Mr. Silas was fined \$8,000 by the Autorité des marchés financiers in Quebec for failure to file insider reports within the prescribed time periods in respect of changes in his control over securities of Northern Star Mining Corp., a reporting issuer whose common shares were previously listed for trading on a predecessor to the TSXV, in November 2008 and April 2010. Such fine has been paid in full.

#### *Personal Bankruptcies*

No director, executive officer or securityholder holding a sufficient number of securities of the Company to affect materially the control of the Company has, within the ten years prior to the date of this AIF, to the knowledge of the Company, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets.

### **10.3 Conflicts of Interest**

The directors and officers of the Company may, from time to time, serve as directors or officers of other issuers or organizations or may be involved with the business and operations of other issuers or organizations, in which case a conflict of interest may arise between their duties as a director or officer of the Company and their duties as a director or officer of such other issuers or organizations. In particular, certain of the directors and officers of the Company are involved in executive or director positions with other mineral exploration or mining companies whose operations may, from time to time, be in direct competition with those of the Company or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of the Company. See Item 10.1 “*Name, Occupation and Security Holding*” above for a description of certain other mineral exploration or mining companies in which the directors and officers of the Company are currently involved with.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors’ or officers’ conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with the BCBCA and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

Save and except as aforesaid or otherwise disclosed in this AIF, in the notes to the Financial Statements, or in the MD&A, to the Company’s knowledge, there are no known existing or potential conflicts of interest between the Company and any director or officer of the Company.

See also Item 5.2 “DESCRIPTION OF THE BUSINESS - *Risk Factors – Potential Conflicts of Interest*” and Item 13 “INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS”.

#### **ITEM 11: PROMOTERS**

Since January 1, 2020 no person or company has acted as a promoter of the Company.

#### **ITEM 12: LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

##### **12.1 Legal Proceedings**

The Company is not and was not a party to, and its property is not and was not the subject of, any legal proceedings involving a claim for damages exceeding 10% or more of the Company’s current assets during the fiscal year ended December 31, 2022 and no such proceedings are known by the Company to be contemplated.

##### **12.2 Regulatory Actions**

There were no penalties or sanctions imposed against, or settlement agreements with any court or securities regulatory authority relating to securities legislation entered into by, the Company or any other penalties or sanctions imposed by a court or regulatory body against the Company during the fiscal year ended December 31, 2022 that would likely be considered important to a reasonable investor in making an investment decision.

### ITEM 13: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed below or elsewhere in this AIF, in the notes to the Financial Statements, or in the MD&A, no director or executive officer of the Company, and no shareholder holding of record or beneficially, directly or indirectly, more than 10% of the Company’s outstanding Common Shares, and none of the respective associates or affiliates of any of the foregoing, had any material interest, direct or indirect, in any transaction with the Company or in any proposed transaction within the three most recently completed financial years or the current financial year of the Company that has materially affected or is reasonably expected to materially affect the Company, save and except as follows:

- Pursuant to a royalty purchase option agreement dated November 11, 2020, as amended, the Company holds the sole and exclusive option to purchase certain existing royalties over the Company’s El Pinguico Project from EMBSA for the aggregate sum of C\$1,675,000 cash and 3,750,000 units of the Company at a deemed price of C\$0.12 per unit (issued) as more particularly described under Item 4.1 “GENERAL DEVELOPMENT OF THE BUSINESS – *Three Year History – Financial Year Ended December 31, 2020*” and Item 5.4 “DESCRIPTION OF THE BUSINESS - *Mineral Projects – El Cubo-Villalpando Mine Complex, Guanajuato, Mexico*” above. EMBSA is a private Mexican company of which Hernan Dorado Smith, the Chief Strategy Officer and a director of the Company, is the Managing Director and a principal shareholder. Gerardo Sergio Dorado Cantu, OMPSA’s country manager, is also a principal shareholder of EMBSA. On December 7, 2022, the Company settled the C\$262,500 due to EMBSA on October 10, 2022 under the above agreement for a total of 656,250 Common Shares of the Company at a deemed price of C\$0.40 per share. In addition, on March 16, 2023, the Company purchased the 15% net profits royalty over the surface stockpile of previously mined material at El Pinguico held by EMBSA for \$70,000 cash.
- Within the three most recently completed financial years of the Company, certain insiders of the Company have participated, to the extent of 10% or more, in equity financings by the Company as follows:

Name and Position	Fiscal Year	Securities Acquired	Purchase Price Per Security	Aggregate Purchase Price	Percentage of Total Financing
Daniel Oliver, Jr. Director	2021	8,000,000 units <sup>(1)(3)</sup>	\$0.30	C\$2,400,000	14.16%
	2021	2,675,400 units <sup>(2)(4)</sup>	\$0.55	C\$1,471,470	15.46%
Endeavour Silver Corp. 10% shareholder	2021	5,750,000 units <sup>(2)</sup>	\$0.55	C\$3,162,500	33.23%

- Each unit consisted of one Common Share and one-half (1/2) of one share purchase warrant; each whole warrant entitling the holder to purchase one Common Share at a price of C\$0.45 for a period of three years.
  - Each unit consisted of one Common Share and one-half (1/2) of one share purchase warrant; each whole warrant entitling the holder to purchase one Common Share at a price of C\$0.75 for a period of two years.
  - Acquired indirectly through Myrmikan SPV I, LLC, of which Mr. Oliver is the managing member.
  - Acquired indirectly through Myrmikan SPV II, LLC, of which Mr. Oliver is the managing member.
- In November 2021, the Company announced it had arranged for early payment of the El Cubo Note in the principal amount of \$2,500,000 due to Endeavour on April 8, 2022. In consideration for the early payment, Endeavour reduced the principal amount of the El Cubo Note by \$25,000 and settled the Mexican value added tax payable on the purchase price for El Cubo totaling \$396,000 for a total of 901,224 Common Shares at a deemed price of C\$0.55 per share as more particularly described under Item 4.1 “GENERAL DEVELOPMENT OF THE BUSINESS – *Three Year History – Financial Year Ended December 31, 2021*” above. Pursuant to the Company’s asset purchase agreement dated March 16, 2021 with Endeavour (see Item 15 “MATERIAL CONTRACTS” below), Endeavour acquired a total of 21,331,058 Common Shares of the Company as part of the purchase price for El Cubo. By virtue of such shareholdings, the above settlement with Endeavour constituted a “related party transaction” as defined in MI 61-101.

4. In December 2022, the Company settled outstanding fees totalling C\$15,000 due to Ramon Davila under his employment agreement with the Company for 37,500 Common Shares at a deemed price of C\$0.40 per share as part of the Company's larger debt settlement of \$826,274 (C\$1,127,038) for a total of 2,817,595 Common Share as more particularly described under Item 4.1 "GENERAL DEVELOPMENT OF THE BUSINESS – *Three Year History – Financial Year Ended December 31, 2022*" above.

Each of the above transactions constituted a "related party transaction" within the meaning of MI 61-101. However, in each case, the Company relied on one of the following exemptions from the formal valuation and minority shareholder approval requirements of MI 61-10:

- (a) Sections 5.5(a) and 5.7(1)(a) – on the basis that neither the fair market value of the transaction nor the fair market value of the Common Shares issued to the related parties in the transaction exceeded 25% of the Company's then market capitalization; or
- (b) Section 5.5(b) and 5.7(1)(b) – at the time of the transaction (i) the Common Shares of the Company were not listed or quoted on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market, or a stock exchange outside of Canada and the United States other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc, and (ii) neither the fair market value of the Common Shares issued nor the consideration received for such Common Shares, insofar as the transaction involved related parties, exceeded C\$2,500,000.

#### **ITEM 14: TRANSFER AGENT AND REGISTRAR**

The registrar and transfer agent for the Common Shares of the Company is Odyssey Trust Company at its principal offices in Vancouver, B.C. and Calgary, Alberta.

#### **ITEM 15: MATERIAL CONTRACTS**

Other than contracts entered into in the ordinary course of business, the only material contracts entered into by the Company since the commencement of the Company's fiscal year ended December 31, 2022 or before such time that are still in effect are as follows:

1. Asset purchase agreement dated March 16, 2021 among OMPSA, as purchaser, CMDC, as vendor, GSilver and Endeavour with respect to the acquisition of the El Cubo Project. See Item 4.1 "GENERAL DEVELOPMENT OF THE BUSINESS – *Three Year History – Financial Year Ended December 31, 2021*".
2. Share purchase agreement dated June 29, 2022 between the Company, as purchaser, and Great Panther, as vendor, with respect to the Company's acquisition of 100% of the issued and outstanding shares of MMR. See Item 4.1 "GENERAL DEVELOPMENT OF THE BUSINESS – *Three Year History – Financial Year Ended December 31, 2022*".
3. Warrant indenture dated as of July 21, 2022 between the Company and Odyssey, as warrant agent, with respect to share purchase warrants issued in connection with the 2022 SR Financing. See Item 4.1 "GENERAL DEVELOPMENT OF THE BUSINESS – *Three Year History – Financial Year Ended December 31, 2022*".
4. Concentrate prepayment agreement dated August 22, 2022 between the Company and Ocean Partners with respect to, inter alia, the 2022 OP Facility. See Item 4.1 "GENERAL DEVELOPMENT OF THE BUSINESS – *Three Year History – Financial Year Ended December 31, 2022*".
5. Prepaid gold and silver purchase agreement dated March 16, 2023 between the Company and OCIM with respect to the 2023 OCIM Facility. See Item 4.1 "GENERAL DEVELOPMENT OF THE BUSINESS – *Three Year History – Developments Subsequent to Financial Year Ended December 31, 2022*".
6. Underwriting agreement dated August 10, 2023 between the Company and Cantor Fitzgerald Canada Corporation, as sole underwriter and bookrunner with respect to the August 2023 Financing. See Item 4.1

“GENERAL DEVELOPMENT OF THE BUSINESS – Three Year History – Developments Subsequent to Financial Year Ended December 31, 2022”.

7. Warrant indenture dated August 10, 2023 between the Company and Odyssey, as warrant agent, with respect to share purchase warrants issued in connection with the August 2023 Financing. See Item 4.1 “GENERAL DEVELOPMENT OF THE BUSINESS – Three Year History – Developments Subsequent to Financial Year Ended December 31, 2022”.

## ITEM 16: INTERESTS OF EXPERTS

### 16.1 Names of Experts

The following table lists the persons and companies who have prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under NI 51-102 by the Company during the fiscal year ended December 31, 2022 or subsequent thereto:

Name of Individual or Company	Document Prepared or Certified
KPMG LLP Chartered Professional Accountants	Independent Auditor's Report in respect of the audited consolidated financial statements of the Company as at December 31, 2022 and December 31, 2021 and for the years then ended
Michael B. Dufresne, M.Sc., P. Geo, P. Geol Christopher W. Livingstone, B. Sc., P. Geo Fallon T. Clarke, B. Sc., P. Geo	2023 San Ignacio Report dated November 2, 2023 (effective September 21, 2023)
Mark K. Jorgensen, MMSA #012020QP Reinis N. Sipols, P.E., MMSA #1440QP Joseph A. Kantor, MMSA #1309QP Robert E. Cameron, Ph.D., MMSA #01357QP	2023 PEA Report dated June 22, 2023 (effective date June 22, 2023)
Michael B. Dufresne, M.Sc., P. Geo, P. Geol Christopher W. Livingstone, B. Sc., P. Geo	2022 Topia Report dated July 4, 2022 (effective dated May 6, 2022)
Michael B. Dufresne, M.Sc., P. Geo, P. Geol Christopher W. Livingstone, B. Sc., P. Geo Fallon T. Clarke, B. Sc., P. Geo	2022 Valenciana Report dated July 8, 2022 (effective dated April 30, 2022)

The scientific and technical disclosure in this AIF regarding the El Cubo-Villalpando Mine Complex and all figures and tables included under Item 5.4 “DESCRIPTION OF THE BUSINESS - *Mineral Projects – El Cubo-Villalpando Mine Complex, Guanajuato, Mexico*” have been extracted or derived from the 2023 PEA Report dated June 22, 2023 (effective December 31, 2022) and prepared by Mark K. Jorgensen, MMSA #012020QP; Reinis N. Sipols, P.E., MMSA #1440QP; Joseph A. Kantor, MMSA #1309QP; and Robert E. Cameron, Ph.D., MMSA #01357QP, each a qualified person as defined in NI 43-101, save and except for and as updated by the section “DESCRIPTION OF THE BUSINESS - *Mineral Projects – El Cubo-Villalpando Mine Complex, Guanajuato, Mexico - Company Update and Current and Contemplated Production, Exploration and Development*” or as otherwise noted.

The scientific and technical disclosure in this AIF regarding the San Ignacio and all figures and tables included under Item 5.4 “DESCRIPTION OF THE BUSINESS - *Mineral Projects – San Ignacio, Guanajuato, Mexico*” have been extracted or derived from the 2023 San Ignacio Report dated November 2, 2023 (effective September 21, 2023) and prepared by Michael B. Dufresne, M.Sc., P. Geo, P. Geol; Christopher W. Livingstone, B. Sc., P. Geo; and Fallon T. Clarke, B. Sc., P. Geo, each a qualified person as defined in NI 43-101, save and except for and as updated by the section “DESCRIPTION OF THE BUSINESS - *Mineral Projects – San Ignacio, Guanajuato, Mexico - Company Update and Current and Contemplated Production, Exploration and Development*” or as otherwise noted.

The scientific and technical disclosure in this AIF regarding the Valenciana Mine Complex and all figures and tables included under Item 5.4 “DESCRIPTION OF THE BUSINESS - *Mineral Projects – Valenciana Mine Complex, Guanajuato, Mexico*” have been extracted or derived from the 2022 Valenciana Report dated July 8, 2022 (effective April 30, 2022) and prepared by Michael B. Dufresne, M.Sc., P. Geo, P. Geol; Christopher W. Livingstone, B. Sc., P.

Geo; and Fallon T. Clarke, B. Sc., P. Geo, each a qualified person as defined in NI 43-101, save and except for and as updated by the section “DESCRIPTION OF THE BUSINESS - *Mineral Projects – Valenciana Mine Complex, Guanajuato, Mexico - Company Update and Current and Contemplated Production, Exploration and Development*” or as otherwise noted.

The scientific and technical disclosure in this AIF regarding the Topia Property and all figures and tables included under Item 5.4 “DESCRIPTION OF THE BUSINESS - *Mineral Projects – Topia Property, Durango, Mexico*” have been extracted or derived from the 2022 Topia Report dated July 4, 2022 (effective May 6, 2022) prepared by Michael B. Dufresne, M.Sc., P. Geo, P. Geol; and Christopher W. Livingstone, each a qualified person as defined in NI 43-101, save and except for and as updated by the section “DESCRIPTION OF THE BUSINESS - *Mineral Projects – Topia Property, Durango, Mexico - Company Update Current and Contemplated Production, Exploration and Development*” or as otherwise noted.

The remainder of scientific and technical disclosure contained in this AIF has been reviewed and approved by Reynaldo Rivera, Vice-President, Exploration of GSilver. Mr. Rivera is a member of the Australasian Institute of Mining and Metallurgy (AusIMM - Registration Number 220979) and a Qualified Person within the meaning of NI 43-101.

## **16.2 Interests of Experts**

To the best knowledge of the Company, except for Mr. Rivera, none of the qualified persons referenced above, or any director, officer, employee or partner thereof, as applicable, received or has received a direct or indirect interest in the property of the Company or of any associate or affiliate of the Company. As at the date hereof, the aforementioned persons (except for Mr. Rivera), and the directors, officers, employees and partners, as applicable, of each of the aforementioned companies and partnerships beneficially own, directly or indirectly, in the aggregate, less than one percent of the securities of the Company. Except for Mr. Rivera, none of the qualified persons referenced above is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or any associate or affiliate of the Company. Mr. Rivera is the VP Exploration of the Company and he holds no shares of the Company.

The Company’s independent auditor is KPMG LLP, Chartered Professional Accountants, at its office located at 777 Dunsmuir Street, 11th floor, Vancouver, British Columbia, V7Y 1K3. KPMG LLP is independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

## **ITEM 17: ADDITIONAL INFORMATION**

### **17.1 Additional Information**

Additional information including directors’ and officer’s remuneration and indebtedness, principal holders of the Company’s securities, securities authorized for issuance under equity compensation plans, and corporate governance practices, is contained in the Company’s management information circular dated September 12, 2022 for the Company’s 2022 annual general meeting of shareholders held on October 27, 2022.

Additional financial information is also provided in the Company’s Financial Statements and related MD&A for its fiscal year ended December 31, 2022.

Additional information relating to the Company may be found on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

### **17.2 Audit Committee**

National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators (“NI 52-110”) requires the Company to disclose annually in its AIF certain information concerning the constitution of its audit committee and its relationship with its external auditor as set forth below.

### **1. The Audit Committee Charter**

The Company's audit committee is governed by an audit committee charter, the text of which is attached as Schedule "A" to this AIF.

### **2. Composition of Audit Committee**

The Company's audit committee is currently comprised of three directors, Ramon Davila (Chair), Daniel Oliver, Jr. and William Gehlen, of which Messrs. Oliver and Gehlen are considered "independent" as that term is defined in applicable securities legislation.

All three members of the Company's audit committee have the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements and are therefore considered "financially literate".

### **3. Relevant Education and Experience**

All of the audit committee members are business persons with experience in financial matters; each has an understanding of accounting principles used to prepare financial statements and varied experience as to general application of such accounting principles, as well as the internal controls and procedures necessary for financial reporting, garnered from working in their individual fields of endeavor.

Ramon Davila was Chief Operating Officer and a director of First Majestic Silver Corp. from 2004 to 2013 (director until 2015). In September 2016, Mr. Davila was appointed Minister of Economic Development for the State of Durango, Mexico and held such post until June 2020. Mr. Davila holds a degree in Mining and Metallurgical Engineering from the University of Guanajuato, Mexico as well as a Master of Science degree in Mineral Economics from the Colorado School of Mines.

Daniel Oliver, Jr. manages Myrmikan Gold Fund LLC of New York, NY, which actively invests in the precious metals mining sector. Mr. Oliver also serves as President of the Committee for Monetary Research & Education, an organization founded by prominent economists and businessmen in 1970 in opposition to the Bretton Woods monetary system. His articles have been published in Forbes.com, The Wall Street Journal, The Washington Times, Real Clear Markets, National Review Online, among others, and he speaks frequently at precious metals conferences. Mr. Oliver has a J.D. from Columbia Law School and an MBA from INSEAD.

William Gehlen has over 40 years experience in minerals exploration and holds a Master of Science (Geology) from the University of Idaho and a Bachelor of Science (Geology) from the University of Oregon and currently serves as Manager of Geology for JR Resources Corp (private company). From April 2018 to Dec 2020, Mr. Gehlen was Manager of Corporate Development for Gold Standard Ventures Corp. (TSX and NYSE American). From 2013 to 2018, Mr. Gehlen was Manager of Resource Development for OceanaGold Corp. (TSX) and prior to that he served as Vice-President of Exploration for Pacific Rim Mining Corp. where he managed all aspects of mineral exploration for Pacific Rim and was in charge of exploration at the El Dorado gold deposit in El Salvador, and the Diablillos silver-gold deposit in Argentina.

#### 4. Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year ended December 31, 2022, the Board has not failed to adopt a recommendation of the audit committee to nominate or compensate an external auditor.

#### 5. Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year ended December 31, 2022, the Company has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

#### 6. Pre-Approval Policies and Procedures

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the audit committee and, where applicable, the Board, on a case-by-case basis.

#### 7. External Audit Service Fees (By Category)

In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to KPMG LLP, the Company's auditor, for services rendered to the Company in 2022 and 2021, by category, are as follows:

<b>Financial Period Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
December 31, 2022	424,000	Nil	Nil	Nil
December 31, 2021	174,100	Nil	Nil	Nil

See Item 4.1 "GENERAL DEVELOPMENT OF THE BUSINESS – *Three Year History – Financial Year Ended December 31, 2021*" for details of the Company's change of auditor from Lancaster & David to KPMG LLP effective December 3, 2021.

#### 8. Exemption

The Company is relying on the exemption provided by section 6.1 of NI 52-110, which provides that the Company, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

## Schedule "A"

### GUANAJUATO SILVER COMPANY LTD. AUDIT COMMITTEE CHARTER

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#### Purpose

The overall purpose of the Audit Committee (the "**Audit Committee**") of Guanajuato Silver Company Ltd. (the "**Company**") is to ensure that the Company's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements and related financial disclosure of the Company, and to review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information. It is the intention of the Board that through the involvement of the Committee, the external audit will be conducted independently of the Company's management to ensure that the independent auditors serve the interests of Shareholders rather than the interests of management of the Company. The Committee will act as a liaison to provide better communication between the Board and the external auditors. The Committee will monitor the independence and performance of the Company's independent auditors.

#### Composition, Procedures and Organization

- The Committee shall consist of at least three members of the Board of Directors (the "Board").
- At least two members of the Committee shall be independent, and the Committee shall endeavor to appoint a majority of independent directors to the Committee, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Committee members' independent judgment. At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Company. For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.
- The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
- Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.
- The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
- The Committee shall have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
- Meetings of the Committee shall be conducted as follows:
  - (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;

- (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee; and
  - (c) management representatives may be invited to attend all meetings except private sessions with the external auditors.
- (8) The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Company as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

#### Role and Responsibilities

- (1) The overall duties and responsibilities of the Committee shall be as follows:
- (a) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly consolidated financial statements and related financial disclosure;
  - (b) to establish and maintain a direct line of communication with the Company's internal and external auditors and assess their performance;
  - (c) to ensure that the management of the Company has designed, implemented and is maintaining an effective system of internal financial controls; and
  - (d) to report regularly to the Board on the fulfilment of its duties and responsibilities.
- (2) The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
- (a) to recommend to the Board a firm of external auditors to be engaged by the Company, and to verify the independence of such external auditors;
  - (b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
  - (c) review the audit plan of the external auditors prior to the commencement of the audit;
  - (d) to review with the external auditors, upon completion of their audit:
    - A. contents of their report;
    - B. scope and quality of the audit work performed;
    - C. adequacy of the Company's financial and auditing personnel;
    - D. co-operation received from the Company's personnel during the audit;
    - E. internal resources used;
    - F. significant transactions outside of the normal business of the Company;
    - G. significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
    - H. the non-audit services provided by the external auditors;
  - (e) to discuss with the external auditors the quality and not just the acceptability of the Company's accounting principles; and
  - (f) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.

- (3) The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:
- (a) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
  - (b) review compliance under the Company's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;
  - (c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and
  - (d) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
- (4) The Committee is also charged with the responsibility to:
- (a) review the Company's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
  - (b) review and approve the financial sections of:
    - A. the annual report to Shareholders;
    - B. the annual information form, if required;
    - C. annual and interim MD&A;
    - D. prospectuses;
    - E. news releases discussing financial results of the Company; and
    - F. other public reports of a financial nature requiring approval by the Board, and report to the Board with respect thereto;
  - (c) review regulatory filings and decisions as they relate to the Company's consolidated financial statements;
  - (d) review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
  - (e) review and report on the integrity of the Company's consolidated financial statements;
  - (f) review the minutes of any audit committee meeting of subsidiary companies;
  - (g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
  - (h) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and
  - (i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders.

- (5) The Committee shall have the authority:
- (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties,
  - (b) to set and pay the compensation for any advisors employed by the Committee; and
  - (c) to communicate directly with the internal and external auditors.