



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six-month periods
ended June 30, 2023, and 2022



Management's Responsibilities over Financial Reporting

The Financial Statements of Aya Gold & Silver Inc. (the "Corporation" or "Aya") are the responsibility of the Corporation's management. The condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board and reflect management's best estimates and judgment based on information currently available.

The Board of Directors is responsible for ensuring management fulfills its responsibilities. The Audit Committee reviews the results of the condensed interim consolidated financial statements prior to their submission to the Board of Directors for approval.

Aya Gold & Silver Inc.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in thousands of US dollars - unaudited)

	June 30, 2023	December 31, 2022
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	49,568	39,360
Accounts receivable	3,988	2,344
Sales taxes receivable	10,625	8,347
Inventories (Note 3)	11,535	7,688
Prepaid expenses and security deposits	1,425	1,495
Options contracts (Note 17)	43	581
	77,184	59,815
Non-current		
Restricted cash (Note 17)	2,542	2,489
Deferred financing fees (Note 6)	2,953	-
Non-refundable deposits to suppliers (Note 4)	13,763	580
Property, plant, and equipment (Note 4)	99,018	60,233
Exploration and evaluation assets (Note 5)	49,758	33,687
TOTAL ASSETS	245,218	156,804
LIABILITIES		
Current		
Accounts payable and accrued liabilities	31,289	22,170
Balance of purchase price payable	1,518	1,436
Income tax payable	1,131	475
Current portion of lease liabilities (Note 7)	150	160
	34,088	24,241
Non-current		
Lease liabilities (Note 7)	477	127
Asset retirement obligations	1,033	1,021
Deferred income tax	1,171	1,106
TOTAL LIABILITIES	36,769	26,495
EQUITY		
Share capital (Note 8)	247,805	170,684
Equity reserves	13,125	8,589
Deficit	(57,066)	(53,551)
	203,864	125,722
Non-controlling interests	4,585	4,587
TOTAL EQUITY	208,449	130,309
TOTAL LIABILITIES AND EQUITY	245,218	156,804

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

On behalf of the Board,

Benoit La Salle /s/
President, CEO, Director

Yves Grou /s/
Director

Aya Gold & Silver Inc.

Condensed Interim Consolidated Statements of Comprehensive (Loss) Income

(Expressed in thousands of US dollars, except share and per share amounts - unaudited)

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Revenue from silver sales (Note 12)	9,621	8,574	20,065	17,736
Cost of sales (Note 13)	6,876	5,811	15,236	12,946
Gross margin	2,745	2,763	4,829	4,790
Expenses				
General and administrative (Note 14)	1,909	1,315	3,395	2,697
Share-based payments (Note 9 & Note 10)	872	942	1,554	1,839
	2,781	2,257	4,949	4,536
Operating (loss) income	(36)	506	(120)	254
Net finance income (expense) (Note 14)	839	971	2,784	(229)
Net income before income taxes	803	1,477	2,664	25
Income tax expense	1,328	752	2,128	1,263
Net (loss) income	(525)	725	536	(1,238)
Net (loss) income attributable to				
Equity holders of Aya Gold & Silver Inc.	(533)	268	538	(1,889)
Non-controlling interests	8	457	(2)	651
Net (loss) income	(525)	725	536	(1,238)
Other comprehensive income (loss)				
Items that will subsequently be reclassified to net income:				
Foreign currency translation adjustment	5,618	(4,863)	4,290	(3,418)
Comprehensive income (loss)	5,093	(4,138)	4,826	(4,656)
Basic (loss) income per common share (Note 19)	(0.00)	0.01	0.00	(0.01)
Diluted (loss) income per common share (Note 19)	(0.00)	0.01	0.00	(0.01)
Weighted average number of shares - basic (Note 19)	114,942,997	105,104,368	114,818,284	105,073,680
Weighted average number of shares - diluted (Note 19)	114,942,997	108,687,890	122,731,771	105,073,680

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

Aya Gold & Silver Inc.

Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in thousands of US dollars, except for shares - unaudited)

	Share Capital		Equity Reserves			Deficit attributable to equity holders of Aya Gold & Silver Inc.	Non-controlling interests	Total equity
	Number of issued and outstanding shares	Share capital	Contributed surplus ^(a)	Accumulated other comprehensive income (loss) ^(b)	Equity Reserves			
		\$	\$	\$	\$	\$	\$	\$
Balance as at December 31, 2022	105,020,190	170,684	20,760	(12,171)	8,589	(53,551)	4,587	130,309
Exercise of warrants and options (Note 8)	1,298,094	4,420	(1,308)	-	(1,308)	-	-	3,112
Share-based payments (Note 10)	-	-	1,554	-	1,554	-	-	1,554
Share issuance for asset acquisition (Note 5)	622,728	3,936	-	-	-	-	-	3,936
Share issuance (Note 8)	11,151,550	68,765	-	-	-	-	-	68,765
Share issue costs	-	-	-	-	-	(4,053)	-	(4,053)
	118,092,562	247,805	21,006	(12,171)	8,835	(57,604)	4,587	203,623
Net income (loss)	-	-	-	-	-	538	(2)	536
Other comprehensive income	-	-	-	4,290	4,290	-	-	4,290
Comprehensive loss	-	-	-	4,290	4,290	538	(2)	4,826
Balance as at June 30, 2023	118,092,562	247,805	21,006	(7,881)	13,125	(57,066)	4,585	208,449
Balance as at December 31, 2021	104,879,153	169,628	18,012	(2,452)	15,561	(52,234)	7,047	140,002
Exercise of warrants and options	85,350	791	(343)	-	(343)	-	-	448
Share-based payments (Note 10)	-	-	1,839	-	1,839	-	-	1,839
	104,964,503	170,419	19,508	(2,452)	17,057	(52,234)	7,047	142,289
Net (loss) income	-	-	-	-	-	(1,889)	651	(1,238)
Other comprehensive loss	-	-	-	(3,418)	(3,418)	-	-	(3,418)
Comprehensive (loss) income	-	-	-	(3,418)	(3,418)	(1,889)	651	(4,656)
Balance as at June 30, 2022	104,964,503	170,419	19,508	(5,870)	13,639	(54,123)	7,698	137,633

(a) Contributed surplus reserve records the cumulative amounts of compensation expense recognized under IFRS 2 Share-Based Payments with respect to share purchase options granted, shares purchase warrants, restricted share units and deferred share units issued but not yet exercised.

(b) Accumulated other comprehensive income (loss) reserve records the gains and losses arising from the translation of the Corporation's Financial Statements to the reporting currency.

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

Aya Gold & Silver Inc.

Condensed Interim Consolidated Statement of Cash Flow

(Expressed in thousands of US dollars - unaudited)

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2023	2022	2023	2022
Cash flows provided by (used in)	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net (loss) income	(525)	725	536	(1,238)
Adjustments for non-cash items				
Share-based payments (Note 10)	872	942	1,554	1,839
Depreciation of property, plant, and equipment (Note 4)	2,570	1,396	4,350	2,962
Accretion expense (Note 14)	2	63	30	126
Unrealized (gain) loss on foreign exchange	(239)	740	(1,818)	1,725
Change in fair value of options contracts	74	(102)	(42)	132
	2,754	3,764	4,610	5,546
Changes in working capital items (Note 18)	920	(2,664)	3,128	(5,237)
	3,674	1,100	7,738	309
INVESTING ACTIVITIES				
Net change in restricted cash	65	(67)	53	(15)
Deferred financing costs (Note 6)	(2,044)	-	(2,952)	-
Deposits to suppliers for capital expenditures	(10,420)	-	(12,929)	-
Acquisition of property, plant and equipment (Note 4)	(27,480)	(6,163)	(38,787)	(13,204)
Asset acquisition (Note 5)	(800)	-	(800)	-
Additions to exploration and evaluation assets (Note 5)	(4,840)	(1,543)	(9,815)	(2,612)
	(45,519)	(7,773)	(65,230)	(15,831)
FINANCING ACTIVITIES				
Repayment of lease liabilities (Note 7)	(58)	(63)	(173)	(129)
Proceeds from exercise of warrants	606	13	989	49
Proceeds from exercise of options	1,072	399	1,072	399
Proceeds from share issuance	-	-	68,765	-
Share issue costs	-	-	(4,053)	-
	1,620	349	66,600	319
Effect of exchange rate changes on cash in foreign currencies	1,297	(2,312)	1,100	(1,014)
Net change in cash	(38,928)	(8,636)	10,208	(16,217)
Cash, beginning of period	88,496	74,085	39,360	81,666
Cash, end of period	49,568	65,449	49,568	65,449

Supplemental cash flow information ([Note 18](#))

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

Aya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2023 (Expressed in thousands of US dollars - unaudited)

1. GENERAL INFORMATION

Aya Gold & Silver Inc. (the "Corporation or "Aya") is a Canadian based precious metals mining corporation which focuses on the exploration, development, production and acquisition of precious metals mining projects. The Corporation is concentrated on producing silver and exploration activities at its flagship project, the Zgounder property through its 100% ownership of Zgounder Millennium Silver Mine S.A ("ZMSM"). The Corporation also owns 85% of the Boumadine polymetallic project and is the sole owner of the permits related to the Amizmiz, Azegour, Zgounder Regional and Imiter bis properties. On June 28, 2023, the Corporation acquired the Tirzzit Project ("Tirzzit"), a collection of seven permits located 25 kilometers from the Zgounder property. All of these properties are located in the Kingdom of Morocco. The Corporation also owns through Algold Resources Ltd. ("Algold"), 75% of the Tijirit project located in Mauritania. Aya's registered office is located at 1320 boulevard Graham, suite 132, Mont-Royal, Quebec, Canada, H3P 3C8.

Aya is incorporated under the Canada Business Corporations Act; its financial year-end is December 31 and trades on the Toronto Stock Exchange under the symbol "AYA" and on the OTCQX under the symbol "AYASF". All projects other than the Zgounder project are at the exploration and evaluation stage.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The condensed interim consolidated financial statements of the Corporation for the three and six-month periods ended June 30, 2023 and 2022 have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"). IFRS includes IFRSs, International Accounting Standards ("IAS"), and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022, which have been prepared in accordance with IFRS.

The Board of directors approved and authorized for issue these condensed interim consolidated financial statements, on August 10, 2023.

Basis of measurement

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for:

- (i) Option contracts, which are accounted for at fair value;
- (ii) Share-based payment arrangements, which are measured at fair value on grant date;
- (iii) Asset retirement obligations, which are measured at the discounted estimated cost of future remediation;
- (iv) Lease liabilities, which are initially measured at the present value of minimum lease payments; and
- (v) Non-controlling interest which is initially measured at the proportionate share of the acquiree's identifiable net assets as at the date of acquisition.

Significant accounting judgments and estimates

The preparation of these condensed interim consolidated financial statements requires management to make judgements and estimates that affect the application of accounting policies and reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates. Estimates and underlying assumptions are

Aya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2023 (Expressed in thousands of US dollars - unaudited)

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. In preparing these condensed interim consolidated financial statements, the significant judgments made by management applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those described in the Corporation's audited consolidated financial statements for the year ended December 31, 2022.

Significant accounting policies

These condensed interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the audited annual consolidated financial statements for the year ended December 31, 2022 except for the following policy that has been adopted in the three and six-month period ended June 30, 2023:

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as part of the cost of that asset until the asset is substantially complete and ready for its intended use. All other borrowing costs are expensed as incurred.

Consolidation, functional and presentation currency

These condensed interim consolidated financial statements include the accounts of Aya and its subsidiaries. Subsidiaries are entities over which the Corporation has control. The Corporation controls an entity when it has power over the entity, when it is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns. These condensed interim consolidated financial statements include the accounts of Aya, and its subsidiaries as follows:

Subsidiary	Registered	Ownership, voting Right	Principal activity	Functional Currency
Aya Gold & Silver Morocco S.A. ("AGSM")	Morocco	100%	Exploration	Moroccan dirham
Zgounder Millennium Silver Mining S.A. ("ZMSM")	Morocco	100%	Production	Moroccan dirham
Boumadine Global Mining S.A. ("BGM")	Morocco	85%	Exploration	Moroccan dirham
Atlas Gold & Silver S.A.R.L. ("AGS")	Morocco	100%	Exploration	Moroccan dirham
Kanosak (Barbados) Limited ("KANOSAK")	Barbados	100%	Exploration	Canadian dollar
Algold Resources Ltd. ("Algold")	Canada	100%	Exploration	Canadian dollar
Algold Mauritania SARL ("ALGOLD SARL")	Mauritania	100%	Exploration	Mauritanian Ouguiya
Société Tijirit Recherche et Exploration SARL ("TIREX")	Mauritania	75%	Exploration	Mauritanian Ouguiya
Morocco Exploration and Development Inc. ("MED")	Cayman Islands	100%	Exploration	United States dollar
Precious Metal Finance and Services Inc. ("PMFS")	Cayman Islands	100%	Services	United States dollar

Subsidiaries are fully consolidated from the date on which control is transferred to Aya and are de-consolidated from the date that control ceases. All intercompany transactions, balances, income and expenses are eliminated upon consolidation. Where the Corporation's interest in a subsidiary is less than 100%, the Corporation recognizes non-controlling interests. The functional currency of Aya is the Canadian dollar. The functional currency of the Corporation and its subsidiaries has remained unchanged during the reporting period. The Corporation's reporting currency is the US dollar.

Aya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2023 (Expressed in thousands of US dollars - unaudited)

3. INVENTORIES

	June 30, 2023	December 31, 2022
	\$	\$
Mining supplies	7,280	4,451
Silver bars	801	276
Silver in concentrate	875	1,160
Silver in circuit	30	27
Ore stockpile	2,549	1,774
	11,535	7,688

For the three and six-month periods ended June 30, 2023, the Corporation recognized \$6,290 and \$13,492 respectively of inventory costs in the cost of sales (\$4,712 and \$10,386 for the three and six-month periods ended June 30, 2022 respectively).

4. PROPERTY, PLANT, AND EQUIPMENT

The majority of properties, plant and equipment are located in Morocco and are related to the Zgounder mine. As at June 30, 2023, the Corporation determined that there were no material events or changes in circumstances indicating that the carrying amount of property, plant and equipment related to the Zgounder mine may not be recoverable. As such, no impairment test was performed.

	Drilling and mining equipment	Mining and processing equipment	Mining assets in production	Assets under construction	Right-of- use assets	Total
	\$	\$	\$		\$	\$
Cost						
Balance at January 1, 2022	833	13,616	18,221	11,158	875	44,703
Additions	2,363	1,692	7,077	23,097	124	34,353
Lease termination	-	-	-	-	(6)	(6)
Transfers	98	126	422	(646)	-	-
Asset retirement obligation	-	(161)	-	-	-	(161)
Foreign exchange	(312)	(1,509)	(1,781)	(2,547)	(81)	(6,230)
Balance at December 31, 2022	2,982	13,764	23,939	31,062	912	72,659
Transfers	15	2,198	13,011	(15,224)	-	-
Additions	147	507	1,089	37,137	559	39,439
Lease terminations	-	-	-	-	(93)	(93)
Asset retirement obligation	-	(5)	-	-	-	(5)
Foreign exchange	165	891	1,404	2,171	67	4,698
Balance at June 30, 2023	3,309	17,355	39,443	55,146	1,445	116,698

Aya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2023 (Expressed in thousands of US dollars - unaudited)

4. PROPERTY, PLANT, AND EQUIPMENT (continued)

	Drilling and mining equipment	Mining and processing equipment	Mining assets in production	Assets under construction	Right-of- use assets	Total
	\$	\$	\$		\$	\$
Accumulated depreciation						
Balance at January 1, 2022	128	2,884	3,411	-	419	6,842
Depreciation	40	2,499	3,553	-	250	6,342
Foreign exchange	(23)	(377)	(427)	-	69	(758)
Balance at December 31, 2022	145	5,006	6,537	-	738	12,426
Depreciation	70	1,515	2,624	-	141	4,350
Foreign exchange	61	331	362	-	150	904
Balance at June 30, 2023	276	6,852	9,523	-	1,029	17,680
Carrying amounts						
At December 31, 2022	2,837	8,758	17,402	31,062	174	60,233
At June 30, 2023	3,033	10,503	29,920	55,146	416	99,018

Assets under construction are located in Morocco and represent expenditures for the construction and development of assets which the Corporation intends to put into production.

On November 30, 2022 the Corporation's subsidiary entered into the Engineering Procurement and Construction ("EPC") agreement with Duro Fuelguera S.A. ("DF") to construct a 2,000 tonne per day process plant at Zgounder. The EPC agreement has a fixed price components of EUR 32.6 million, \$19.6 million and MAD 265 million for an equivalent of approximately \$82 million based on closing rates as at June 30, 2023. As at June 30, 2023, the Corporation recorded \$28 million in relation to DF agreement (December 31, 2022 - \$9 million) which was recorded as assets under construction.

As at June 30, 2023, the Corporation has committed to incur approximately \$132 million, including \$54 million to DF, for costs related to assets under construction. In addition, the Corporation has made \$11.5 million of deposits to suppliers in connection with the expansion of the Zgounder Silver Mine.

5. EXPLORATION AND EVALUATION ASSETS

During the six-month period ended June 30, 2023 and the year ended December 31, 2022, changes in exploration and evaluation assets were as follows:

	June 30, 2023	December 31, 2022
	\$	\$
Rights on mining properties		
Balance, beginning of the period	19,920	21,390
Additions	4,736	-
Foreign exchange	866	(1,470)
Balance, end of the period	25,522	19,920

Aya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2023 (Expressed in thousands of US dollars - unaudited)

5. EXPLORATION AND EVALUATION ASSETS (continued)

	June 30, 2023	December 31, 2022
	\$	\$
Exploration and evaluation assets		
Balance, beginning of the period	13,767	4,267
Additions		
Drilling, Sampling, Geology, and others	9,815	9,801
Foreign exchange	654	(301)
Balance, end of the period	24,236	13,767
Total	49,758	33,687

All exploration and evaluation assets are located in Morocco and relate to the Boumadine, Imiter, Azegour, Tirzzit and Zgounder Regional projects except for the Tijirit project located in Mauritania.

The following schedule represents the Corporation's exploration and evaluation expenses:

	June 30, 2023						
	Zgounder						
	Boumadine	Regional	Tirzzit	Azegour	Imiter	Tijirit	Total
	\$	\$	\$	\$	\$	\$	\$
Opening Balance	7,607	2,391	-	32	1,524	22,133	33,687
Additions to mining rights	-	-	4,736	-	-	-	4,736
Drilling, sampling, geology, and others	4,882	974	-	7	1	3,951	9,815
Foreign exchange	508	168	172	1	87	584	1,520
Closing Balance	12,997	3,533	4,908	40	1,612	26,668	49,758

	December 31, 2022						
	Zgounder						
	Boumadine	Regional	Tirzzit	Azegour	Imiter	Tijirit	Total
	\$	\$	\$	\$	\$	\$	\$
Opening Balance	5,434	-	-	27	718	19,478	25,657
Drilling, sampling, geology, and others	2,612	2,330	-	5	981	3,873	9,801
Foreign exchange	(439)	61	-	-	(175)	(1,218)	(1,771)
Closing Balance	7,607	2,391	-	32	1,524	22,133	33,687

Aya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2023 (Expressed in thousands of US dollars - unaudited)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Acquisition of the Tirzzit

On June 28, 2023, the Corporation acquired Tirzzit, a collection of seven permits located 25 kilometers from the Zgounder Silver Mine in the Kingdom of Morocco. As consideration for the assets acquired, the Corporation issued 622,728 of its shares at C\$8.36 (having a value of \$3,936) and paid \$800 in cash for a total consideration of \$4.7 million.

Management concluded that Tirzzit does not meet the definition of a business, and consequently the transaction was accounted for as an asset acquisition. The assets acquired include seven permits within a property of 67.7 square kilometers ("km"), comprising five exploration permits and two mining licenses, one of which hosts a high-grade historical copper mine.

The transaction remains subject to administrative procedures in the Kingdom of Morocco.

Tijirit project

The Corporation completed the fieldwork necessary for the feasibility study in Q2-2023 and is completing the feasibility study. The Tijirit permit is valid for a period of 24 months starting in October 12, 2022 following the restart of fieldwork at the site. The following milestones must be reached during that period:

- (i) Feasibility study needs to be completed within a period of 14 months from the renewal date;
- (ii) Begin the commissioning of a production facility at 24 months of the renewal date.

6. DEBT

On January 19, 2023, the Corporation entered into a credit agreement for a secured project financing facility with the European Bank for Reconstruction and Development ("EBRD") (the "Facility") to provide financing for the construction of the 2,000 tonne per day process plant (see note 4) for the Zgounder Silver Mine of up to \$100,000.

The Facility consists of a \$92,000 loan provided by the EBRD and an \$8,000 tranche (pari-passu with the EBRD) by the Climate Investment Funds ("CTF"), managed by the EBRD. Amounts borrowed under the Facility incur interest at a rate of SOFR plus 5%. Interest is paid twice every year on July 19 and January 19.

Interest rate on the CTF \$8,000 tranche is equal to the all-in rate at the time of signing reduced following achievement of three milestones:

- Milestone 1: Task Force on Climate-related Financial Disclosures ("TCFD") report disclosed by end of 2023 will result in a 25% rate reduction;
- Milestone 2: Completion of certain capital expenditure set out in the TCFD report and in the development plan by end of 2024 will result in a 50% rate reduction;
- Milestone 3: Reaching "advanced" maturity on the TCFD's Climate Governance and Strategy recommendation will result in reduction of interest to an all-in rate of 1.00%.

The funds are available for a period of 24 months and a commitment fee representing 30% of the 5% margin for undrawn amounts during the availability period must be paid to EBRD. During the three and six-month period ended June 30, 2023 a commitment fee of \$379 and \$675 respectively was recorded under property plant and equipment as borrowing costs.

During the three and six-month period ended June 30, 2023, the Corporation paid \$750 and \$2,500 respectively in underwriting and front-end commission and \$453 in loan related fees. These fees were recorded as deferred financing fees.

As at June 30, 2023, no amount was drawn under the Facility.

Aya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2023 (Expressed in thousands of US dollars - unaudited)

7. LEASE LIABILITIES

The Corporation leases office space, land, mining vehicles and dwellings for employees. These leases are for a period of one to eight years. Certain leases include an option to renew after the end of the contract term and/or provide for payments that are indexed to local inflation rates.

The movement in lease liabilities during the six-month period ended June 30, 2023 and the year ended December 31, 2022 is comprised of the following:

	June 30, 2023	December 31, 2022
	\$	\$
Balance, beginning of the period	287	426
Additions	559	124
Terminations	(93)	(6)
Accretion	15	14
Repayments	(173)	(245)
Foreign exchange	32	(26)
Balance, end of the period	627	287
Current portion	150	160
Long-term portion	477	127

The undiscounted minimum lease payments on lease liabilities for the forthcoming years are as follows:

	\$
2023	79
2024	157
2025	138
2026	127
2027 and above	205
Total minimum payments	706
Less interest	(79)
Total minimum capital payments	627

The Corporation's weighted average incremental borrowing rate is 5.98%.

Aya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2023 (Expressed in thousands of US dollars - unaudited)

8. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value.

Common Shares

As at June 30, 2023, the Corporation had 118,092,562 issued and outstanding common shares (December 31, 2022 - 105,020,190).

Transactions during the six-month period ended June 30, 2023:

- On January 25, 2023 the Corporation closed its bought deal financing and issued 11,151,550 common shares for total consideration of C\$92,000 (\$68,765).
- On June 28, 2023 the Corporation acquired the Tirzzit assets and issued 622,728 common shares at a value of C\$8.36 per share for a total consideration of C\$5,206 (\$3,936). See note 5.
- A total of 50,000 share purchase options were exercised for a strike price of C\$2.00 for total proceeds of C\$100 (\$74) and an ascribed value reclassification of C\$35 (\$25) from contributed surplus to share capital.
- A total of 50,000 share purchase options were exercised for a strike price of C\$1.43 for total proceeds of C\$72 (\$54) and an ascribed value reclassification of C\$59 (\$44) from contributed surplus to share capital.
- A total of 800,000 share purchase options were exercised for a strike price of C\$3.30 for total proceeds of C\$2,640 (\$1,996) and an ascribed value reclassification of C\$1,320 (\$998) from contributed surplus to share capital.
- A total of 398,094 share purchase warrants were exercised for a strike price of C\$3.30 for total proceeds of C\$1,314 (\$988) and an ascribed value reclassification of C\$321 (\$241) from contributed surplus to share capital.

During the period in which the warrants and options were exercised, the Corporation's minimum market share price was C\$8.36 (\$6.32) while the maximum was C\$10.72 (\$7.87).

9. SHARE PURCHASE WARRANTS

The outstanding share purchase warrants as at June 30, 2023 and December 31, 2022 and the respective changes during the period are summarized as follows:

	Six-month period ended		Year ended	
	June 30, 2023		December 31, 2022	
	Number	C\$ ⁽¹⁾	Number	C\$ ⁽¹⁾
Balance, beginning of the period	4,609,448	3.30	4,628,198	3.30
Exercised	(398,094)	3.30	(18,750)	3.30
Balance exercisable, end of the period	4,211,354	3.30	4,609,448	3.30

(1) Weighted average exercise price in Canadian dollars.

Aya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2023 (Expressed in thousands of US dollars - unaudited)

9. SHARE PURCHASE WARRANTS (continued)

The number of outstanding share purchase warrants that could be exercised for an equal number of common shares is as follows:

Expiry Date	Number	Six-month period ended June 30, 2023
		Exercise Price C\$(¹)
September 3, 2023	4,211,354	3.30
Balance exercisable, end of the period	4,211,354	3.30

(1) Weighted average exercise price in Canadian dollar.

10. SHARE-BASED PAYMENTS

Share purchase options

The Corporation's incentive share purchase option plan (the "Plan") which provides that the Board of Directors of the Corporation may, from time to time, in its discretion, and in accordance with the TSX policies, grant to directors, officers, employees and consultants to the Corporation, non-transferable share purchase options to purchase common shares of the Corporation, provided that the number of common shares issuable under the Plan, combined with the number of common shares issuable under all share compensation arrangements, shall not exceed 10% of the outstanding common shares as at the date of any grant of options. The vesting period for the share purchase options is determined at the discretion of the Corporation's Board of Directors at the time the share purchase options are granted.

The outstanding share purchase options and their exercise price in Canadian dollars as at June 30, 2023 and as at December 31, 2022 and the respective changes during the period are summarized as follows:

	Six-month period ended June 30, 2023		Year ended December 31, 2022	
	Number	C\$	Number	C\$
Balance, beginning of the period	6,041,401	2.23	6,151,334	2.29
Exercised	(900,000)	3.12	(109,933)	5.93
Balance, end of the period	5,141,401	2.07	6,041,401	2.23
Exercisable	5,141,401	2.07	5,780,396	2.04

The following table reflects the share purchase options that could be exercisable for an equal number of common shares:

	June 30, 2023		
	Number outstanding	Number exercisable	Exercise price C\$
July 1, 2030	4,448,334	4,448,334	1.43
March 3, 2031	359,667	359,667	4.75
May 12, 2031	333,400	333,400	7.69
	5,141,401	5,141,401	

A share-based payment expense of \$37 and \$144 was recognized during the three and six-month periods ended June 30, 2023 respectively (\$385 and \$925 during the three and six-month period ended June 30, 2022 respectively).

Aya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2023 (Expressed in thousands of US dollars - unaudited)

10. SHARE-BASED PAYMENTS (continued)

Restricted share units ("RSU")

The RSU Plan provides for a maximum number of common shares available and reserved for issuance to 10% of the Corporation's issued and outstanding common shares, less any shares reserved for issuance under the Plan and the DSU Plan. The RSUs are time-based awards and all the amount of RSUs granted will vest upon the continuous employment of the Participants on the third anniversaries of the RSU grant, starting from the date of the grant or such other period not exceeding three years determined by the Board of Directors.

Pursuant to the terms of the RSU Plan, Participants will receive, upon vesting of the RSUs, common shares of the Corporation issued from treasury. The outstanding RSUs as at June 30, 2023 and December 31, 2022 are as follows:

	Six-month period ended		Year ended	
	June 30, 2023		December 31, 2022	
	Number	C\$(²)	Number	C\$(²)
Balance, beginning of the period	591,017	8.73	131,819	8.22
Granted	406,758	8.40	475,230	8.87
Canceled	(8,731)	8.30	(16,032)	8.63
Balance, end of the period	989,044	8.60	591,017	8.73
Vested	-	-	-	-

(2) Weighted average fair value in Canadian dollars at grant date.

A share-based compensation payment of \$582 and \$907 was recognized during the three and six-month periods ended June 30, 2023 respectively (\$335 and \$407 during the three and six-month periods ended June 30, 2022).

Deferred share units ("DSU")

The DSU Plan provides for a maximum number of common shares available and reserved for issuance to 10% of the Corporation's issued and outstanding common shares, less any shares reserved for issuance under the Plan and the RSU Plan. The DSUs are time-based awards and all the amount of DSUs granted will vest on termination of service.

Pursuant to the terms of the DSU Plan, Directors will receive, after the termination date, common shares of the Corporation issued from treasury. The outstanding DSUs as at June 30, 2023 and December 31, 2022 are as follows:

	Six-month period ended		Year ended	
	June 30, 2023		December 31, 2022	
	Number	C\$(³)	Number	C\$(³)
Balance, beginning of the period	209,765	8.10	60,273	7.94
Granted	71,689	9.42	161,846	8.16
Settled	-	-	(12,354)	8.06
Balance, end of the period	281,454	8.44	209,765	8.10
Vested	33,788	8.47	-	-

(3) Weighted average fair value in Canadian dollars at grant date.

A share-based compensation payment of \$253 of \$503 was recognized during the three and six-month periods ended June 30, 2023 (\$222 and \$507 during the three and six-month period ended June 30, 2022).

Aya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2023 (Expressed in thousands of US dollars - unaudited)

11. SEGMENTED INFORMATION

All of the Corporation's operations are within the mining industry, and its major products are precious metals ingots and concentrate which are refined or smelted into pure silver and sold to global metal brokers. A reporting segment is defined as a component of the Corporation that:

- engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's executive management; and
- for which discrete financial information is available.

For the three and six-month period ended June 30, 2023, the Corporation's reporting segments include the production segment, with its Zgounder silver project in Morocco, as a significant reporting segment. All other properties are segmented in the "non-producing properties" category (i.e. referred to as Exploration, evaluation and development segment) for the period ended June 30, 2023 and December 31, 2022. The Corporate segment is a non-operating segment comprising corporate and administrative functions that provide support and governance to the Corporation's production and exploration, evaluation and development segments and consists primarily of the Corporation's corporate assets including cash and cash equivalents, intercompany eliminations, and corporate expenses which are not allocated to operating segments.

Management evaluates segment performance based on mine operating earnings. Therefore, other income and expense items are not allocated to the segments. Significant information relating to the Corporation's reportable operating segments is summarized in the tables below.

	June 30, 2023		
	Total non-current assets	Total assets	Total liabilities
	\$	\$	\$
Production (Zgounder Silver Mine - Morocco)	115,734	140,031	29,590
Exploration, evaluation, and development (Morocco)	23,090	25,893	1,463
Exploration, evaluation, and development (Mauritania)	26,668	26,668	1,797
Corporate	2,542	52,626	3,919
Total per consolidated statement of financial position	168,034	245,218	36,769

	December 31, 2022		
	Total non-current assets	Total assets	Total liabilities
	\$	\$	\$
Production (Zgounder Silver Mine - Morocco)	60,937	87,383	17,332
Exploration, evaluation, and development (Morocco)	11,554	13,457	1,728
Exploration, evaluation, and development (Mauritania)	22,133	22,360	894
Corporate	2,365	33,604	6,541
Total per consolidated statement of financial position	96,989	156,804	26,495

Aya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2023 (Expressed in thousands of US dollars - unaudited)

11. SEGMENTED INFORMATION (continued)

Three months ended June 30, 2023 and 2022		Revenue	Cost of sales	G&A expenses	Operating income (loss)
Production (Zgounder Silver Mine)	2023	9,621	6,876	493	2,252
	2022	8,574	5,811	15	2,748
Exploration, evaluation, and development	2023	-	-	276	(276)
	2022	-	-	-	-
Corporate	2023	-	-	2,012	(2,012)
	2022	-	-	2,242	(2,242)
Consolidated	2023	9,621	6,876	2,781	(36)
	2022	8,574	5,811	2,257	506

Six months ended June 30, 2023 and 2022		Revenue	Cost of sales	G&A expenses	Operating income (loss)
Production (Zgounder Silver Mine)	2023	20,065	15,236	512	4,317
	2022	17,736	12,946	60	4,730
Exploration, evaluation, and development	2023	-	-	276	(276)
	2022	-	-	-	-
Corporate	2023	-	-	4,161	(4,161)
	2022	-	-	4,476	(4,476)
Consolidated	2023	20,065	15,236	4,949	(120)
	2022	17,736	12,946	4,536	254

12. ADDITIONAL INFORMATION ON THE NATURE OF REVENUE FROM SILVER SALES

The following is a breakdown of the nature of revenue included in silver sales for the three and six-month periods ended June 30, 2023 and 2022:

Revenue from sales	Three-month period ended June 30,		Six-month period ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Ingots	3,937	4,002	7,412	8,858
Silver concentrate	6,365	5,172	14,134	10,070
Less: treatment, smelting, and refining costs	(681)	(600)	(1,481)	(1,192)
	9,621	8,574	20,065	17,736

The Corporation's sales are with two clients (2022 – two clients) located in Switzerland.

Aya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2023 (Expressed in thousands of US dollars - unaudited)

13. ADDITIONAL INFORMATION ON THE NATURE OF COST OF SALES

The following is a breakdown of the nature of cost of sales for the three and six-month periods ended June 30, 2023 and 2022:

Cost of sales	Three-month period ended		Six-month period ended	
	June 30,		June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Consumables, supplies, services, and other expenses	3,861	3,855	10,033	9,344
Freight outbound	130	98	243	209
Royalties	297	256	610	490
Depreciation (Note 4)	2,588	1,602	4,350	2,903
	6,876	5,811	15,236	12,946

14. ADDITIONAL INFORMATION ON THE NATURE OF COMPREHENSIVE (LOSS) INCOME COMPONENTS

The following is a breakdown of the nature of expenses included in general and administrative expenses and finance expense for the three and six-month periods ended June 30, 2023 and 2022:

General and administrative expenses	Three-month period ended		Six-month period ended	
	June 30,		June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Salaries and benefits	797	224	1080	581
Consulting fees	513	464	1082	920
Investor relations	162	246	386	455
Office	252	155	409	322
Professional fees	140	184	314	350
Reporting issuer costs	45	42	124	69
	1,909	1,315	3,395	2,697

Finance income (expense)	Three-month period ended		Six-month period ended	
	June 30,		June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Fair value adjustments on options contracts	(74)	125	41	(85)
Interest income	620	59	1,165	180
Gain (loss) on foreign exchange	295	850	1,608	(198)
Accretion expense	(2)	(63)	(30)	(126)
	839	971	2,784	(229)

Aya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2023 (Expressed in thousands of US dollars - unaudited)

14. ADDITIONAL INFORMATION ON THE NATURE OF COMPREHENSIVE (LOSS) INCOME COMPONENTS (continued)

	Three-month period ended		Six-month period ended	
	June 30,		June 30,	
Expenses recognized for employee benefits	2023	2022	2023	2022
	\$	\$	\$	\$
Salaries and bonuses	2,604	2,014	4,927	4,040
Fringe benefits costs	232	244	619	533
Post-employment benefits and short-term employee benefits	100	49	211	103
Post-employment benefits from government plans	199	45	273	94
Share-based payments (Note 10)	872	942	1,554	1,839
	4,007	3,294	7,584	6,609

15. CAPITAL MANAGEMENT

The Corporation defines capital as equity. When managing capital, the Corporation's objectives are to:

- Ensure sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions;
- Ensure the externally imposed capital requirements relating to debt obligations are being met;
- Increase the value of the Corporation's assets; and
- Achieve optimal returns to shareholders.

The Corporation will achieve these objectives by effectively operating its assets efficiently, identifying the right exploration and evaluation projects, adding value to these projects and ultimately taking them to production or obtaining sufficient proceeds from their disposal. Management adjusts the capital structure as necessary to support the operation, acquisition, exploration, evaluation and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Corporation's management team to sustain the future development of the business. As at June 30, 2023, managed capital is \$203,864 (\$125,722 as at December 31, 2022) representing total equity before non-controlling interest. Management reviews its capital management approach on an ongoing basis and believes that this approach is appropriate given the relative size of the Corporation. There were no changes in the Corporation's approach to capital management during the three and six-month period ended June 30, 2023.

16. FINANCIAL RISK MANAGEMENT

The Corporation is exposed to various financial risks resulting from both its operations and its investment activities. There were no changes to the financial objectives, policies and processes during the three and six-month periods ended June 30, 2023 and 2022. The Corporation's main financial risk exposure and its financial risk management policies are as follows:

Credit risk

Credit risk refers to the risk of an unexpected loss if a party to its financial instrument fails to meet its contractual obligations. The Corporation's financial assets exposed to credit risk are primarily composed of cash and cash equivalents, accounts receivable, options contracts, and long-term restricted cash. The Corporation's cash is mostly held with reputable Canadian or Moroccan banks.

Credit risk arises from the possibility that the clients which the Corporation sells its product to may experience financial difficulties and be unable to fulfil their obligations. The Corporation requires that it is paid the majority of what it is owed

Aya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2023 (Expressed in thousands of US dollars - unaudited)

16. FINANCIAL RISK MANAGEMENT (continued)

on transfer of property and deals with creditworthy counterparties to mitigate the risk of financial loss from default. The Corporation monitors the credit risk of customers through credit rating reviews and constant communication with customers. The Corporation establishes an allowance for doubtful accounts taking into account the credit risk of specific customers, historical trends and other information. As at June 30, 2023 and December 31, 2022, the Corporation sells its ingots and silver concentrated ore to a limited number of large customers and has never experienced a credit loss. Consequently, credit risk is considered to be limited. In management's opinion, the maximum credit risk exposure for all of the Corporation's current financial assets is the carrying value of those assets.

Commodity price risk

The Corporation's profitability is exposed to commercial risks notably those linked to the price of silver. The Corporation does not have financial instruments to hedge exposures to silver price fluctuations.

Liquidity risk

Liquidity risk refers to the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's liquidity and operating results may be adversely affected if the Corporation's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Corporation. Over the years, the Corporation generates cash flow from its financing activities and from the sales realized at the Zgounder mine.

The following are the contractual maturities of financial liabilities and other liabilities, including interest where applicable as at June 30, 2023:

	Carrying Amount	Contractual cash flows	0-12 months	12-24 months	More than 24 months
	\$	\$	\$	\$	\$
Accounts payable & accrued liabilities	31,289	31,289	31,289	-	-
Balance of purchase price payable	1,518	1,518	1,518	-	-
Lease liabilities	627	706	182	148	376
	33,434	33,513	32,989	148	376

The following are the contractual maturities of financial liabilities and other liabilities as at December 31, 2022:

	Carrying Amount	Contractual cash flows	0-12 months	12-24 months	More than 24 months
	\$	\$	\$	\$	\$
Accounts payable & accrued liabilities	22,170	22,170	22,170	-	-
Balance of purchase price payable	1,436	1,436	1,436	-	-
Lease liabilities	287	307	171	62	74
	23,893	23,913	23,777	62	74

Currency risk

In the normal course of operations, the Corporation is exposed to currency risk due to business transactions in foreign countries denominated in a currency other than the functional currency of each entity in the group, being the Canadian dollar for all the entities within the consolidated group except for AGSM, ZMSM, BGM and AGS, for which the functional currency is the Moroccan dirham, and for TIREX and ALGOLD S.A.R.L., for which the functional currency is the Mauritanian Ouguiya. Transactions related to the Corporation's exploration and evaluation activities are mainly denominated in Moroccan dirhams and Mauritanian ouguiyas. Foreign currency denominated financial assets and liabilities which expose the Corporation to currency risk are presented below.

Aya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2023 (Expressed in thousands of US dollars - unaudited)

16. FINANCIAL RISK MANAGEMENT (continued)

The Corporation enters into put option contracts to mitigate the risk of fluctuations in the exchange rate of its holdings of US dollars. Changes in the fair value of the contracts and the corresponding gains or losses are recorded quarterly and are included in the fair value adjustment on option contracts on the consolidated statement of comprehensive income (loss). The Corporation's management strategy is to reduce the risk of fluctuations associated with foreign exchange rate changes. The foreign currency option contracts are held to maturity and are either exercised for a net profit or loss; or expire at no obligation to the Corporation.

The fair value of option contracts, which represents the amount that would be received/(paid) by the Corporation if the contracts were terminated at June 30, 2023 was \$43 (\$581 as at December 31, 2022). As at June 30, 2023, the Corporation had cash collateral balances related to option contracts being held of \$2,541 (\$2,489 as at December 31, 2022). They are reflected as part of restricted cash in escrow in the condensed interim consolidated statement of financial position.

Balances are dominated in US dollars, the presentation currency of the Corporation:

June 30, 2023	USD	EUR	MAD	Total
	\$	\$		\$
Cash and cash equivalents	31,373	289	-	31,662
Accounts receivable	2,947	-	-	2,947
Accounts payable and accrued liabilities	(709)	(1,019)	-	(1,728)
Balance of purchase price payable	-	-	(1,518)	(1,518)
	33,611	(730)	(1,518)	31,363

December 31, 2022	USD	EUR	MAD	Total
	\$	\$		\$
Cash and cash equivalents	28,103	1,040	-	29,143
Accounts receivable	2,313	-	-	2,313
Accounts payable and accrued liabilities	(701)	(75)	(193)	(969)
Balance of purchase price payable	-	-	(1,436)	(1,436)
	29,715	965	(1,629)	29,051

The impact on net earnings and equity of a 10% increase or decrease in foreign currencies on the Corporation's financial instruments based on balances on June 30, 2023 would be approximately \$2,269 (\$2,910 as December 31, 2022).

17. FINANCIAL INSTRUMENTS

The classification of financial instruments is summarized as follows, as at June 30, 2023 and December 31, 2022:

Financial Assets	Classification	June 30, 2023	December 31, 2022
		\$	\$
Cash and cash equivalents	Financial assets at amortized cost	49,568	39,360
Accounts receivable	Financial assets at amortized cost	3,988	2,344
Restricted cash	Financial assets at amortized cost	2,542	2,489
		56,098	44,193

Aya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2023 (Expressed in thousands of US dollars - unaudited)

17. FINANCIAL INSTRUMENTS (continued)

Financial Liabilities	Classification	June 30, 2023	December 31, 2022
		\$	\$
Accounts payable and accrued liabilities	Financial liabilities at amortized cost	31,289	22,170
Balance of purchase price payable	Financial liabilities at amortized cost	1,518	1,436
		32,807	23,606

Financial Assets (Liabilities)	Classification	June 30, 2023	December 31, 2022
		\$	\$
Option contracts	Fair value through profit & loss	43	581
		43	581

Fair value of financial instruments

Current financial instruments that are not measured at fair value are represented by cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and balance of purchase price acquisition of the Boumadine property. Their carrying values are considered to be a reasonable approximation of their fair value because of their short-term maturity and/or of the contractual terms of these instruments. Fair value of restricted cash is very similar to the amortized cost due to the nature of the underlying asset.

Foreign currency options contracts

Foreign currency options contracts are recognized on the Corporation's consolidated statement of financial position when the Corporation becomes party to the contractual provisions of the instrument. The instrument is derecognized from the consolidated statement of financial position when the contractual rights or obligations arising from that instrument expire or are extinguished. Forward currency contracts are recognized at fair value through profit and loss. The variation of fair value is in the consolidated statement of comprehensive income (loss). The premium at inception is accounted for against the fair value of the instrument at each reporting date.

Fair value hierarchy

The following table classifies financial assets and liabilities that are recognized on the consolidated statement of financial position at fair value in a hierarchy that is based on significance of the inputs used in making the measurements. The levels in the hierarchy are:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

Aya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2023 (Expressed in thousands of US dollars - unaudited)

17. FINANCIAL INSTRUMENTS (continued)

As at June 30, 2023, the following represents the classification of fair value instruments:

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Option contracts	-	43	-	43

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Option contracts	-	581	-	581

The Corporation's foreign currency option contracts are not traded in active markets. The fair value of these instruments has been determined using observable forward exchange rates. The effects of non-observable inputs are not significant for foreign contract positions.

18. SUPPLEMENTAL CASH FLOW INFORMATION

	Three-month periods ended		Six-month periods ended	
	June 30,		June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Accounts receivable	595	(1,389)	(592)	(2,682)
Sales tax receivable	(1,331)	(1,202)	(2,277)	(1,968)
Inventories	(3,712)	(1,005)	(3,847)	(332)
Prepaid expenses and security deposits	(382)	23	70	(560)
Accounts payable and accruals	5,457	1,243	9,118	3,550
Income tax payable	293	(334)	656	(3,245)
	920	(2,664)	3,128	(5,237)
Non-cash transactions				
Additions of new right-of-use assets	-	-	559	-
Exercise of stock options included in accounts receivable	(1,051)	-	(1,051)	-

19. EARNINGS (LOSS) PER COMMON SHARE

Basic earnings or loss per share is the net earnings or loss available to common shareholders divided by the weighted average number of common shares outstanding during the period. Diluted net earnings or loss per share adjusts basic net earnings per share for the effects of potential dilutive common shares such as options, RSUs, DSUs and warrants if dilutive. The calculations for basic and diluted earnings per share for the three and six-month periods ended June 30, 2023 and 2022 are as follows:

Aya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2023 (Expressed in thousands of US dollars - unaudited)

19. EARNINGS (LOSS) PER COMMON SHARE (continued)

	Three-month periods ended		Six-month periods ended	
	June 30,		June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Net (loss) earnings	(525)	725	536	(1,238)
Weighted average number of shares – basic	114,942,997	105,104,368	114,818,284	105,073,680
Impact of dilutive securities				
Warrants	-	1,972,088	2,676,190	-
Stock options, RSUs and DSUs	-	1,611,434	5,237,297	-
Weighted average number of shares – diluted	114,942,997	108,687,890	122,731,771	105,073,680
Earnings per share – basic	(0.00)	0.01	0.00	(0.01)
Earnings per share – diluted	(0.00)	0.01	0.00	(0.01)

20. RELATED PARTY TRANSACTIONS

During the three and six-month periods ended June 30, 2023 and 2022, the following related party transactions occurred in the normal course of operations:

- Management and consulting fees to SRG Guinee S.A.R.L., a wholly owned subsidiary of SRG Mining Inc, a public company of which the Corporation's Chief Executive Officer is also the Director and Executive Chairman of the Board, of \$11 and \$22 for the three-month and six-month periods ended June 30, 2023 respectively (\$10 and \$32 for the three-month and six-month periods ended June 30, 2022 respectively) and exploration and evaluation fees amounting to \$nil for the three-month and six-month periods ended June 30, 2023 respectively (\$14 and \$27 for the three-month and six-month periods ended June 30, 2022 respectively).
- Management and consulting fees to Groupe Conseils Grou, La Salle Inc., a company owned by the President and Chief Executive Officer of \$378 and \$233 for the three-month and six-month periods ended June 30, 2023 respectively (\$186 and \$373 for the three-month and six-month periods ended June 30, 2022 respectively). As at June 30, 2023, \$197 (December 31, 2022 - \$406) was due to that company;

Remuneration of key management personnel of the Corporation

Key management include members of the Board of Directors and executive officers of the Corporation. During the three and six-month periods ended June 30, 2023, and 2022, the remuneration awarded to key management personnel (including the amounts above) was as follows:

	Three-month periods ended		Six-month periods ended	
	June 30,		June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Salaries and benefits	173	272	377	576
Management consulting and professional fees	307	259	523	519
Director fees	-	11	-	24
Share based payments	621	633	1,096	1,108
	1,101	1,175	1,996	2,227

Aya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2023 (Expressed in thousands of US dollars - unaudited)

20. RELATED PARTY TRANSACTIONS (continued)

Net Profit Interest

In 2013, the Corporation agreed to a net-profit interest ("NPI"), agreement with Global Works, Assistance and Trading S.A.R.L. ("Glowat"), a related party to the previous CEO and director of the Corporation, equal to 5% of the gross revenues generated from the operations of the Zgounder Silver Mine, less mining and milling costs. On June 28, 2023, the Corporation paid US\$1.6 million that was due to Glowat under the NPI and the parties terminated the NPI agreement. As part of the settlement, all court procedures in Canada and Morocco between the Corporation, the former CEO and Glowat have been withdrawn.