MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022

REPORT DATE: April 19, 2024

INTRODUCTION

This Management Discussion and Analysis (the "MDA") provides relevant information on the operations of GR Silver Mining Ltd. (the "Company" or "GR Silver") to the Report Date and the financial condition of the Company for the year ended December 31, 2023 and 2022.

All monetary amounts in this MDA and in the consolidated financial statements are expressed in Canadian dollars, unless otherwise stated. Financial results are being reported in accordance with IFRS Accounting Standards ("IFRS").

The common shares of the Company trade on the TSX Venture Exchange under the ticker symbol "GRSL" and on the OTCQX under the ticker symbol "GRSLF". The Company is a reporting issuer in provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue or misleading statements nor do they omit stating material facts required to be stated in light of the circumstances under which they were made, with respect to the period covered by these filings, and the consolidated financial statements together with other financial information included in these filings. The Board of Directors approves the consolidated financial statements and MDA and ensures that management has discharged its financial responsibilities.

The MDA should be read in conjunction with the Company's consolidated audited financial statements and notes thereto for the year ended December 31, 2023 and 2022.

Forward-Looking Statements

This document contains forward-looking statements, please see section "*Forward-Looking Statements*".

Qualified Person and Quality Control/Quality Assurance

Marcio Fonseca, M.Sc., D.I.C, P.Geo., the Company's President and Chief Operating Officer and a director and a qualified person as defined by NI 43-101, has supervised the preparation of the scientific and technical information that forms the basis for the mineral property disclosure in this MDA and has approved the disclosure herein. Mr. Fonseca is not independent of the Company, as he is an officer and director of the Company.

The Company has implemented QA/QC procedures which include insertion of blank, duplicate, and standard samples in all sample lots sent to SGS de México, S.A. de C.V. laboratory facilities in Durango, Mexico, for sample preparation and assaying. For every sample with results above Ag >100 ppm (over limits), these samples are submitted directly by SGS de Mexico to SGS Canada Inc. at Burnaby, BC. The analytical methods are Four Acid Digest and Inductively Coupled Plasma Optical Emission Spectrometry with Lead Fusion Fire Assay with gravimetric finish for silver above over limits. For gold assays the analytical methods are Lead Fusion and Atomic Absorption Spectrometry Lead Fusion Fire Assay and gravimetric finish for gold above over limits (>10 ppm).

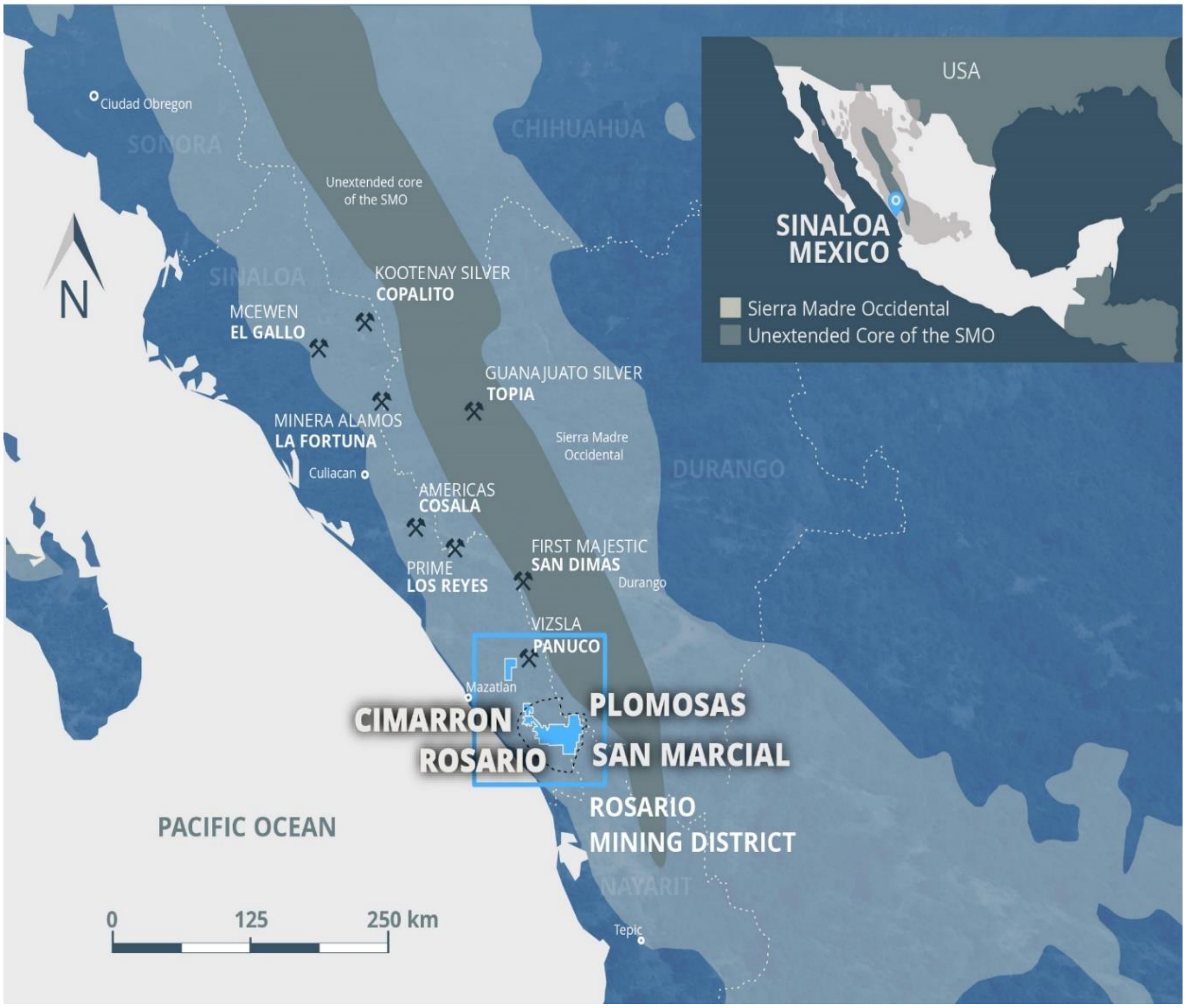
DESCRIPTION OF BUSINESS

The Company is in the business of mineral exploration in Mexico. Consistent with the Company's business plan, a land consolidation phase has been completed and the focus shifted to the San Marcial Property and the Plomosas Property, which are collectively known as the "Plomosas Project". Together these properties comprise a continuous land package, with numerous mineralized zones, past producing mine sites and old workings, located approximately 90 to 100 kilometres east-southeast of Mazatlán, Sinaloa, Mexico (Figure 1). The Plomosas Project is in a prolific mining area, the Rosario Mining District, with nearby historical precious metal producers. The Company has now identified multiple epithermal veins and hydrothermal breccias on the Plomosas Project, which hosts a mineral resource estimate as outlined below (see Table 1).

The main business activities include the evaluation and exploration of mineral exploration properties to define economic mineral deposits aiming for potential development. The Company is currently focused on resource expansion at the San Marcial Area, as well as exploring new discoveries elsewhere on the Plomosas Project. The carrying values of the Company's exploration and evaluation assets are dependent upon the continued exploration of the property, and the discovery of economically recoverable reserves and future profitable production or proceeds from the disposition of these assets. These carrying values do not necessarily reflect their present or future values.

The Company is a British Columbia corporation. The Company's registered and records office is 600 – 890 West Pender Street, Vancouver, B.C. V6C 1J9.

Figure 1 – Location Plomosas Project – Sinaloa - Mexico



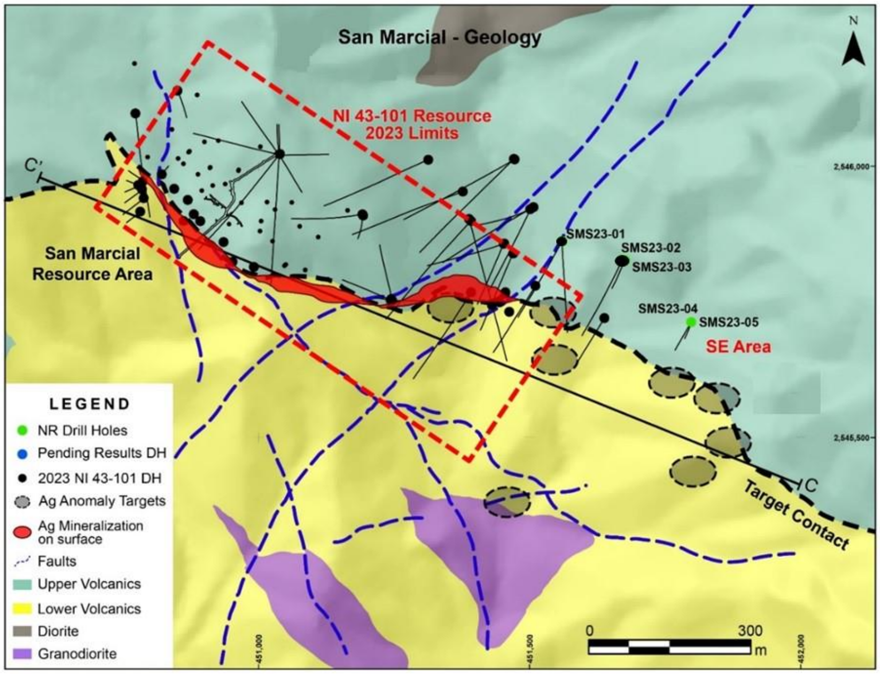
HIGHLIGHTS

Property and Resource Highlights

In Q3 2023, the Company continued a step-out drilling program outside of the existing Mineral Resource in the San Marcial Area. Drill Hole SMS23-05 (325.0 metres) was completed confirming the expansion of the footprint of the shallow wide silver mineralization in the SE Discovery Area by 250 metres outside of the recently published NI 43-101 Mineral Resource Estimate boundary ("Mineral Resource") (Figure 2).

In Q4 2023, the Company embarked on exploratory data review and exploration target assessment in the vicinities of the NI 43-101 Resource Area ("Resource Area"). Four areas were selected as priorities for data review and target assessment, based on similarities of host rock and alterations identified in the discovery hole SMS-22-10 (SE Area Discovery), the presence of parallel breccias to the Southwest of the Resource Area, geochemical anomalies surrounding the intrusive granodiorite, the northwest extension of the Target Contact, (Figure 3) and a review of the Nava area, (Figure 4). Results to date are encouraging of further follow-up based on the definition of attractive structures hosting key host rocks and silver anomalies.

Figure 2: San Marcial SE Area Step Out Drilling Program - Location of 2023 Drill Holes (Including SMS23-05 Step Out Drill Hole)



From the original 300 m strike length of the SE Area Discovery that was incorporated into the Mineral Resource, the Company has drilled and identified an additional 250 m of wide shallow silver mineralization along the prospective Target Contact. The advancement in the understanding of the geological controls of silver mineralization, post successful drilling and discovery of the SE Area, provided essential exploration tools to achieve the increase in the footprint of the mineralization along the strike. This has also provided important guidance for definition of potential high-grade silver mineralization hosted along structural corridors in the SE Area (Figure 5).

Refinement of the geological model has created a significant opportunity to expand the initial resource from the SE Discovery Area defined initially on only 300 metres of original silver mineralization strike length. The success of the step-out drilling program is also encouraging the Company to continue drilling in the future below the original San Marcial Area, based on the updated knowledge on silver mineralization geological controls supporting down-plunge extensions below the Mineral Resource from SMS23-02.

Figure 3: Location of new exploration areas in the vicinity of the Resource Area, featuring parallel breccias and geochemical anomalies near intrusives and the NE extension Target Contact.

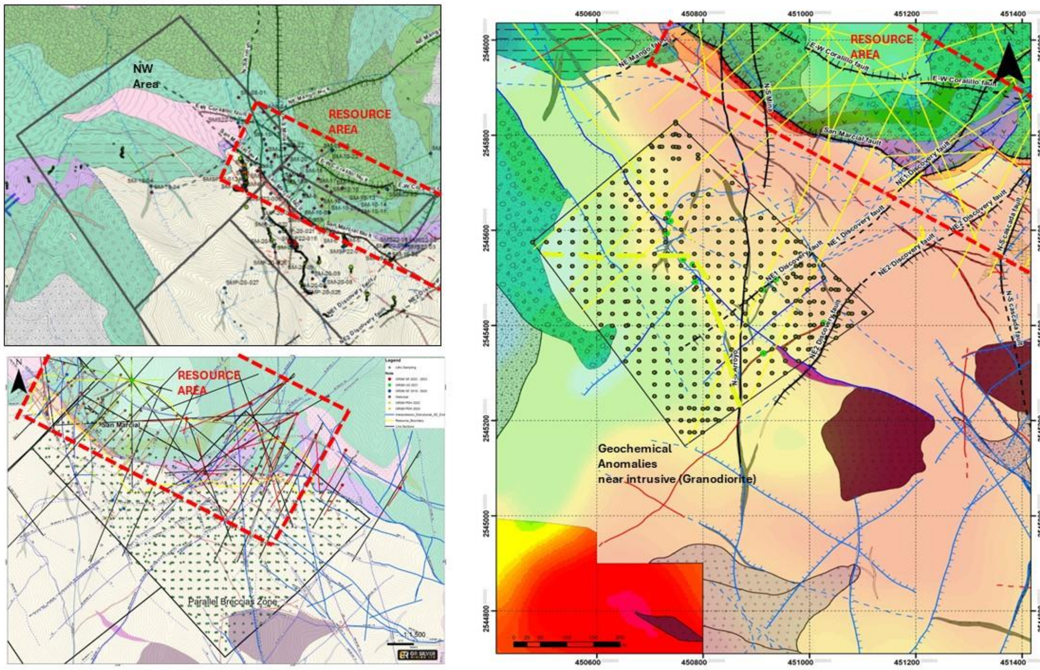


Figure 4: Location of new exploration areas in the vicinity of the Resource Area, Nava, and the SE extension Target Contact.

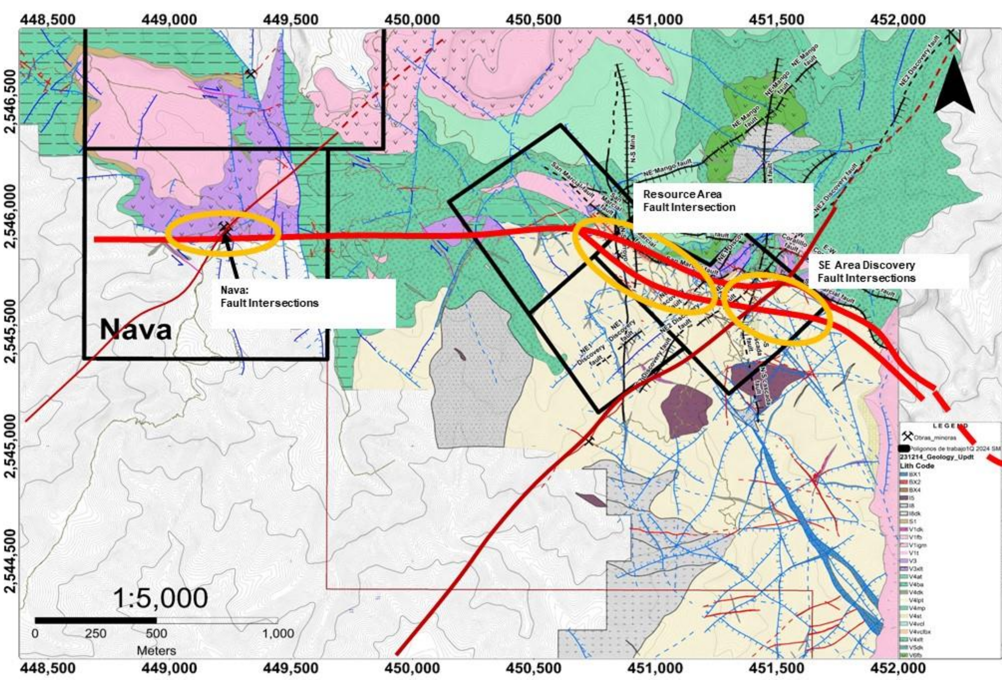
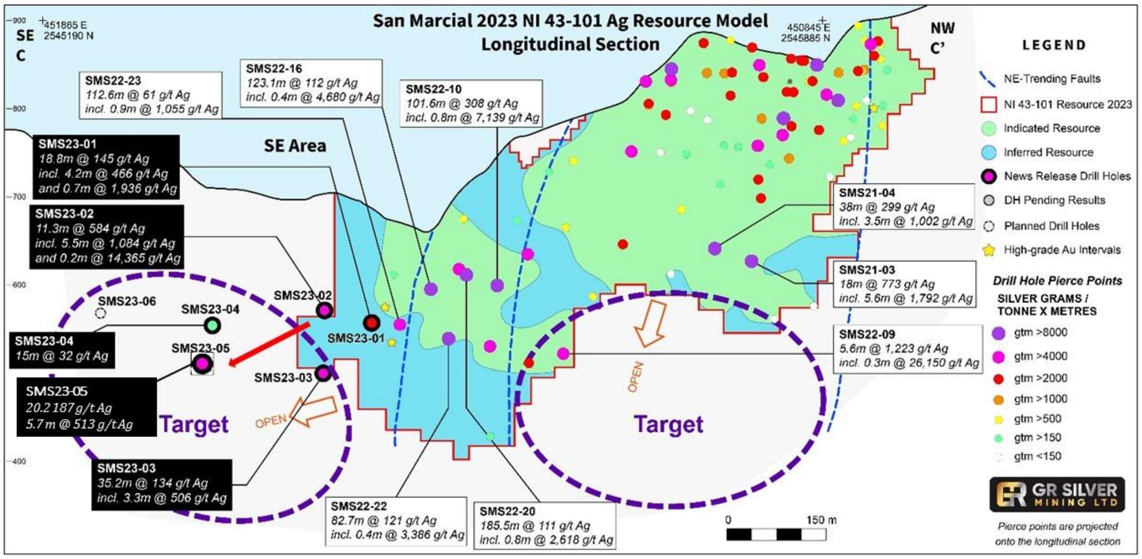


Figure 5: Longitudinal Section - Step out drilling program outside San Marcial Resource Area – potential exploratory high-grade targets

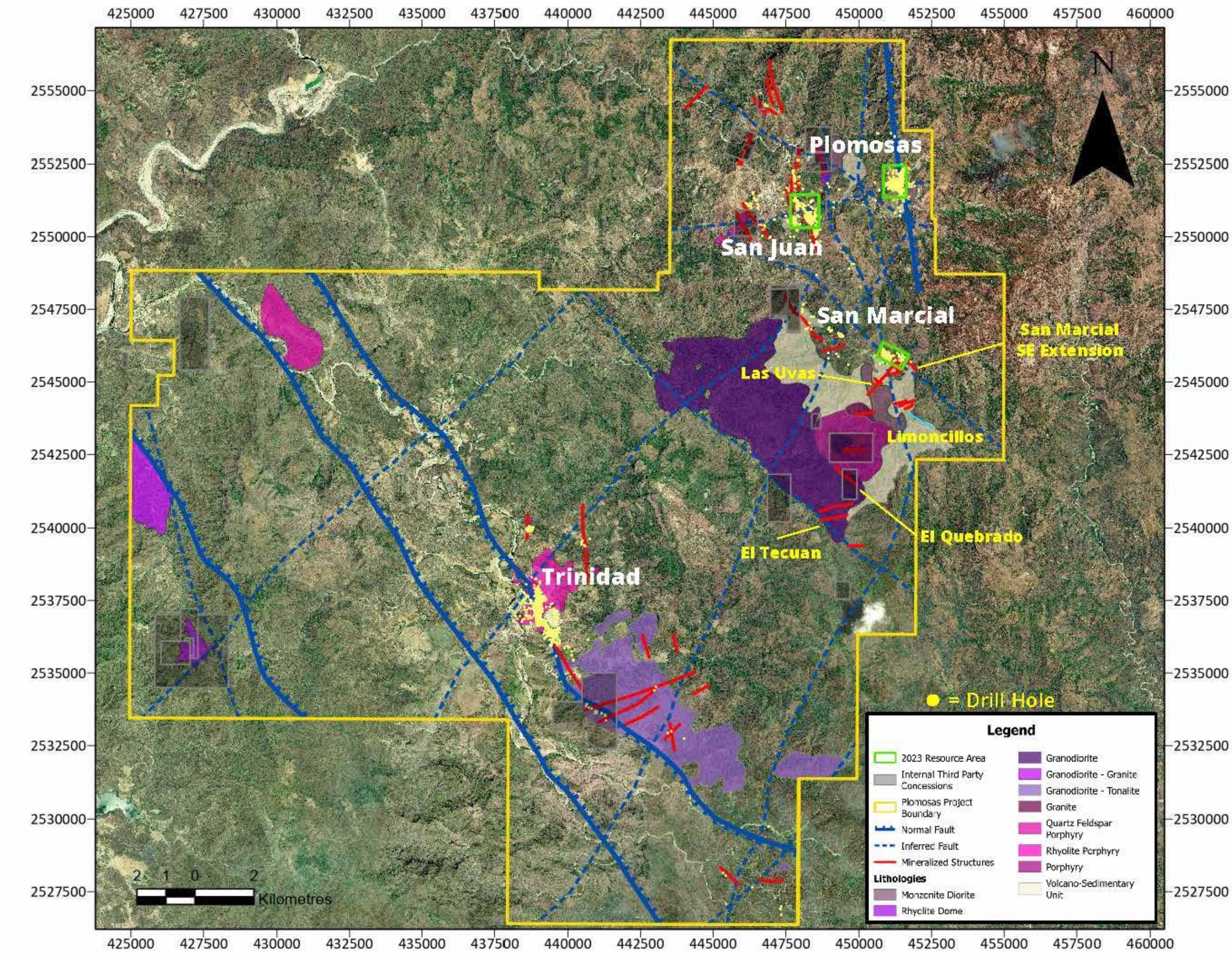


Highlights from the SMS23-05 step-out drilling at San Marcial (down-hole thickness):

SMS23-05: 20.2 m at 187 g/t Ag, including 5.7 m at 513 g/t Ag and 0.8 m at 2041 g/t Ag. The Target Contact (Figure 2) continued to be the focus of the Company's surface exploration program, particularly in areas coincident with Ag anomalies from surface geochemical sampling and the Company's 2021 ground geophysical survey. In this period, the Company initiated a review of all exploratory data recently collected in new mineralized zones to the south of the San Marcial Area, aiming to continue future project resource expansion. The recently initiated surface exploration program covering most of the area to the south of the Mineral Resource continued to identify new silver and gold anomalies in areas named Las Uvas, Limoncillos, Tebaira, (Tecuan and El Quebrado). These represent promising un-drilled targets with evidence of silver and gold mineralization close to the surface (Figure 6).

For a full analysis and discussion of the program results, see "Exploration Q3/2023" below and the news release dated August 15, 2023.

Figure 6 – Location of new silver and gold anomalies south of the Mineral Resource, namely Las Uvas, Limoncillos, Tebaira, and Tecuan.



Plomosas Project NI 43-101 Mineral Resource Estimate

On March 20, 2023, the Company released details of its Plomosas Project NI 43-101 Mineral Resource Estimate, updating resources for the San Marcial, Plomosas Mine and San Juan-La Colorada Areas. On May 3, 2023, the Company filed on SEDAR an independent technical report ("the Report") prepared in accordance with National Instrument 43-101 – Standards of Disclosure of Mineral Projects ("NI 43-101") by Dr. Gilles Arseneau, P.Geo. of ARSENEAU Consulting Services Inc ("ACS"), supporting the updated resource estimate for the Plomosas Project, previously reported in the Company's news release dated March 20, 2023. This Report was filed in accordance with Section 4.2, Sub Section (5)(b) reconciling differences in the silver equivalent ("AgEq") estimation related to the San Marcial Area.

The combined **Mineral Resource Estimate consisted of 85 Moz AgEq (Indicated) and 49 Moz AgEq (Inferred)**. Details of the combined Plomosas Project Mineral Resource Estimate are shown in Table 1, and the Mineral Resource Estimate is broken down by area in Table 2. Parameters for the estimate are shown in Table 3.

Table 1 Plomosas Project, Mineral Resource Statement, ACS March 15, 2023 by Resource Category

Mineral Resource Class	Type	Tonnage (Mt)	Average Grade						Contained Metal					
			Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Cu (%)	AgEq (g/t)	Ag (Moz)	Au (Koz)	Pb (Kt)	Zn (Kt)	Cu (Kt)	AgEq (Moz)
Indicated	OP	11	138	0.07	0.3	0.4	0.01	169	47	22.9	31	43	1	58
Inferred	OP	3	105	0.13	0.4	0.5	0.02	152	9	10.8	11	13	1	13
Indicated	UG	4	62	0.48	0.8	1.2	0.07	204	8	61.6	33	47	3	26
Inferred	UG	6	66	0.49	0.8	1.2	0.04	180	13	97.4	53	78	2	36
Total Indicated		**15**	**117**	**0.18**	**0.4**	**0.6**	**0.03**	**179**	**55**	**84.5**	**64**	**90**	**4**	**85**
Total Inferred		**9**	**78**	**0.38**	**0.7**	**1.0**	**0.03**	**171**	**22**	**108.2**	**64**	**91**	**3**	**49**

Table 2 Plomosas Project, Mineral Resource Statement, ACS March 15, 2023 by Area

Area	Mineral Resource Class	Type	Tonnes (Mt)	Average Grade						Contained Metal					
				Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Cu (%)	AgEq (g/t)	Ag (Moz)	Au (Koz)	Pb (Kt)	Zn (Kt)	Cu (Kt)	AgEq (Moz)
San Marcial	Indicated	OP	9	146	0.04	0.2	0.3	0	161	42	10.2	16	28	0	47
	Inferred	OP	2	127	0.03	0.1	0.2	0	136	6	1.4	1	3	0	7
San Marcial	Indicated	UG	1	176	0.06	0.3	0.6	0	206	4	1.5	2	4	0	5
	Inferred	UG	1	164	0.03	0.2	0.4	0	182	8	1.6	3	5	0	9
Plomosas	Indicated	OP	2	93	0.24	1.0	0.9	0.07	193	5	11.9	16	14	1	10
	Inferred	OP	1	66	0.28	1.0	1.0	0.06	174	2	7.8	9	9	1	5
Plomosas	Indicated	UG	3	35	0.57	0.9	1.3	0.08	204	4	58.0	30	42	3	21
	Inferred	UG	2	38	0.57	0.9	1.1	0.06	175	3	39.4	20	23	1	12
San Juan/La Colorada	Indicated	OP	0.1	161	0.29	0.3	0.6	0.02	211	0.4	0.8	0	1	0	1
	Inferred	OP	0.2	103	0.24	0.5	0.8	0.02	159	0.7	1.6	1	2	0	1
	Indicated	UG	0.1	90	0.61	1.1	0.8	0.04	199	0.3	2.1	1	1	0	1
	Inferred	UG	2.6	34	0.69	1.2	1.9	0.04	182	2.8	56.4	31	49	1	15
Total Indicated			**15**	**117**	**0.18**	**0.4**	**0.6**	**0.03**	**179**	**55**	84.5	64	90	**4**	**85**
Total Inferred			**9**	**78**	**0.38**	**0.7**	**1.0**	**0.03**	**171**	**22**	108.2	64	91	**3**	**49**

Numbers are rounded
** AgEq is calculated from the metal prices and recoveries using the equation AgEq = ((Au grade*Au price*Au Recovery) + (Ag grade*Ag Price*Ag Recovery) + (Pb grade*Pb Price*Pb Recovery) + (Cu grade*Cu Price*Cu Recovery) + (Zn grade*Zn Price*Zn Recovery)) / (Ag Price*Ag Recovery)*
(1) Mineral Resources which are not Mineral Reserves, do not have demonstrated economic viability
(2) The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues
(3) The Inferred Mineral Resource in this estimate has a lower level of confidence than that applied to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inf erred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration
(4) The Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council

Table 3 Summary parameters adopted for resource estimation and mineral resource reporting - Plomosas Project (2023)

Plomosas Project					
Metal Prices				Gold US$/oz	$1,750
				Silver US$/oz	$22.00
				Lead US$/lb	$1.10
				Zinc US$/lb	$1.30
				Copper US$/lb	$4.20
Area			San Marcial	Plomosas Mine	San Juan
Metallurgical Recoveries***	Gold		0	86%	79%
	Silver		94%	74%	71%
	Lead		59%	69%	58%
	Zinc		80%	75%	47%
Preliminary Cost Assumptions Mineral Resource Reporting****	Open Pit (“OP”)		30 US$/t	30 US$/t	30 US$/t
	Underground (“UG”)		60 US$/t	60 US$/t	60 US$/t

*** Based on preliminary metallurgical testwork completed in 2021 with samples from both areas investigating potential production of precious metal-rich concentrate
**** Preliminary cost assumptions adopted in the Whittle assessment and MSO are based on similar type deposits in Mexico where underground and open pit operations are in progress for a throughput capacity of 1,000 tpd

The Resource Estimate filed on May 3, 2023 was completed by ACS and Mr. S. T. Crowie (Sr. Metallurgist with JDS Energy & Mining Inc.), both of Vancouver, British Columbia, Canada, and integrates resources for the San Marcial, Plomosas Mine and San Juan-La Colorada Areas within the Plomosas Project.

A total of 70 GR Silver drill holes (10,500 metres) were added to the 52 holes used in the previous resource estimate, totalling 122 holes (~19,000 metres) for the San Marcial Area including the SE Discovery Area. At the Plomosas Mine Area, a total of 223 drill holes (16,380 metres) were drilled in specific areas of the existing underground historical mine as part of the infill drilling program. A total of 424 drill holes (60,020 metres) comprises the Plomosas Mine Area database supporting the Resource Estimate.

The Plomosas Project Resource Estimate adopts the key parameter of having a reasonable prospect of economic extraction, utilizing a combination of open pit and underground assumptions. Capping was applied to the original assay values prior to compositing in the mineral resource estimation process.

Highlights of the Resource Estimate (Table 1) including comparison to the previous mineral resource estimates[1] are:

- 72% increase in indicated mineral resources from 32 Moz to 55 Moz Ag
- 21% increase in inferred mineral resources from 18.6 Moz to 22.5Moz Ag
- 83 % increase in in indicated mineral resources from 46.4 Moz to 85 Moz AgEq
- 48 % increase in in indicated mineral resources from 33.0 Moz to 49 Moz AgEq

San Marcial Area

- Indicated mineral resources of 10 Mt at 166 g/t AgEq
- Inferred mineral resources of 3 Mt at 151 g/t AgEq
- 88% of the value of the San Marcial Resource Estimate is comprised of silver
- San Marcial resources are potentially amenable to underground mine development with the

[1] San Marcial 2019 resource (see News Releases dated February 7, 2019 and June 12, 2020); Plomosas Mine and San Juan 2021 resource (see News Release dated August 23, 2021)

opportunity for “low-cost bulk mineable underground methods due to the wide geometry of the mineralized zone, and resource growth opportunity.

- True width of the modelled San Marcial mineralization averages 22 metres, while the SE Area discovery averages 53 metres in thickness.

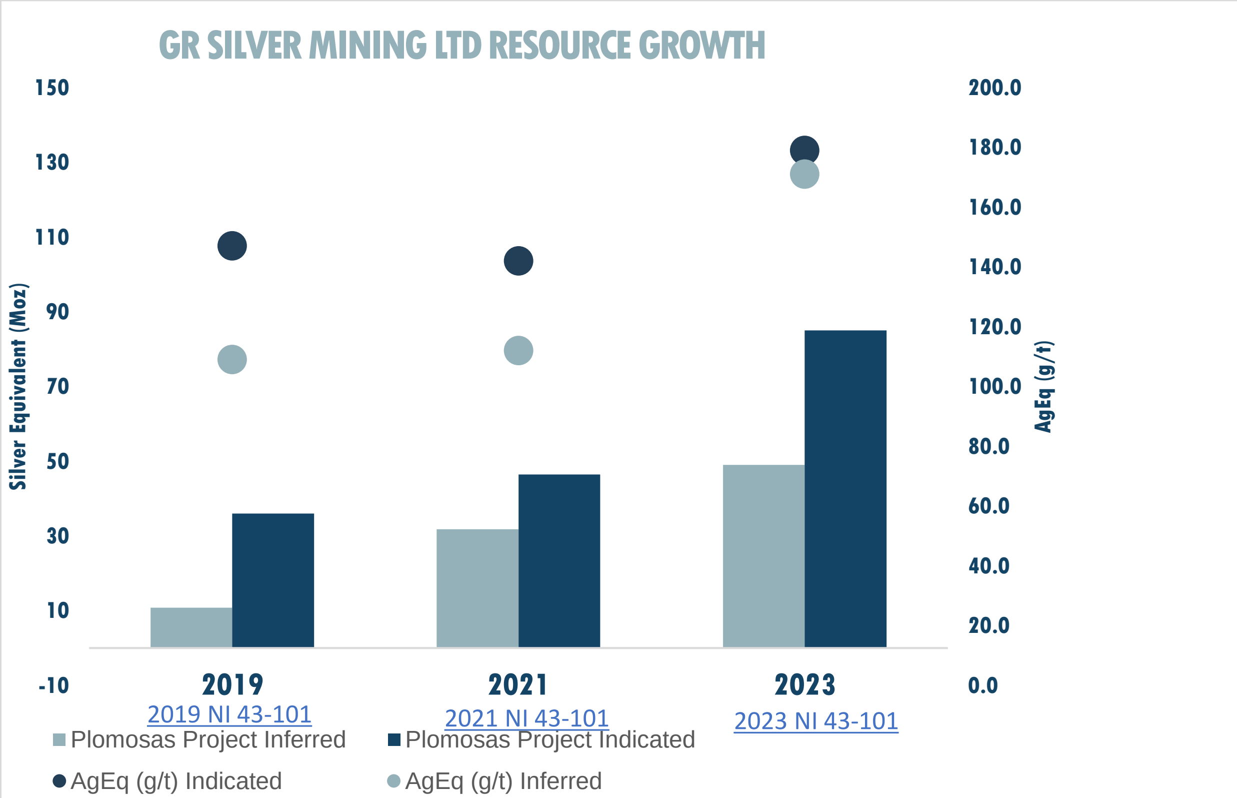
Plomosas Mine Area

- 2022 infill drilling resulted in an increase of 137% in the indicated mineral resource tonnage
- 260% increase in indicated mineral resources from 9 Moz to 31 Moz AgEq and AgEq grade increased by 30% and 52%, respectively, in indicated and inferred mineral resources in relation to the previous resource estimate
- Ag ounces represent 20% of total indicated mineral resources at the Plomosas Mine Area
- Ag ounces represent 26% of total inferred mineral resources at the Plomosas Mine Area
- True width of modelled mineralization at the Plomosas Mine Area averages 20 metres, supporting potential for low-cost bulk mineable open pit and/or underground mining methods
- 46% of the value of the Resource Estimate at the Plomosas Mine Area is comprised of precious metals

Key Statistics

- GR Silver Mining has successfully expanded resources at a low cost of exploration and acquisition (US$0.25/oz) at the Plomosas Project (Figure 7)
- Since previous resource estimates in 2019 and 2021, the Company has achieved an estimated exploration cost of US$0.23/oz AgEq discovered
- Indicated Ag ounces have increased 189% since the Company’s inception
- Inferred Ag ounces have increased 220% since the Company’s inception
- Indicated AgEq ounces have increased 236% since the Company’s inception
- Inferred AgEq ounces have increased 408% since the Company’s inception
- The proportion of total indicated resources (oz Ag), now represents 63% of total resources at the Plomosas Project (Table 1 and 2).

Figure 7 Resource growth at the Plomosas Project

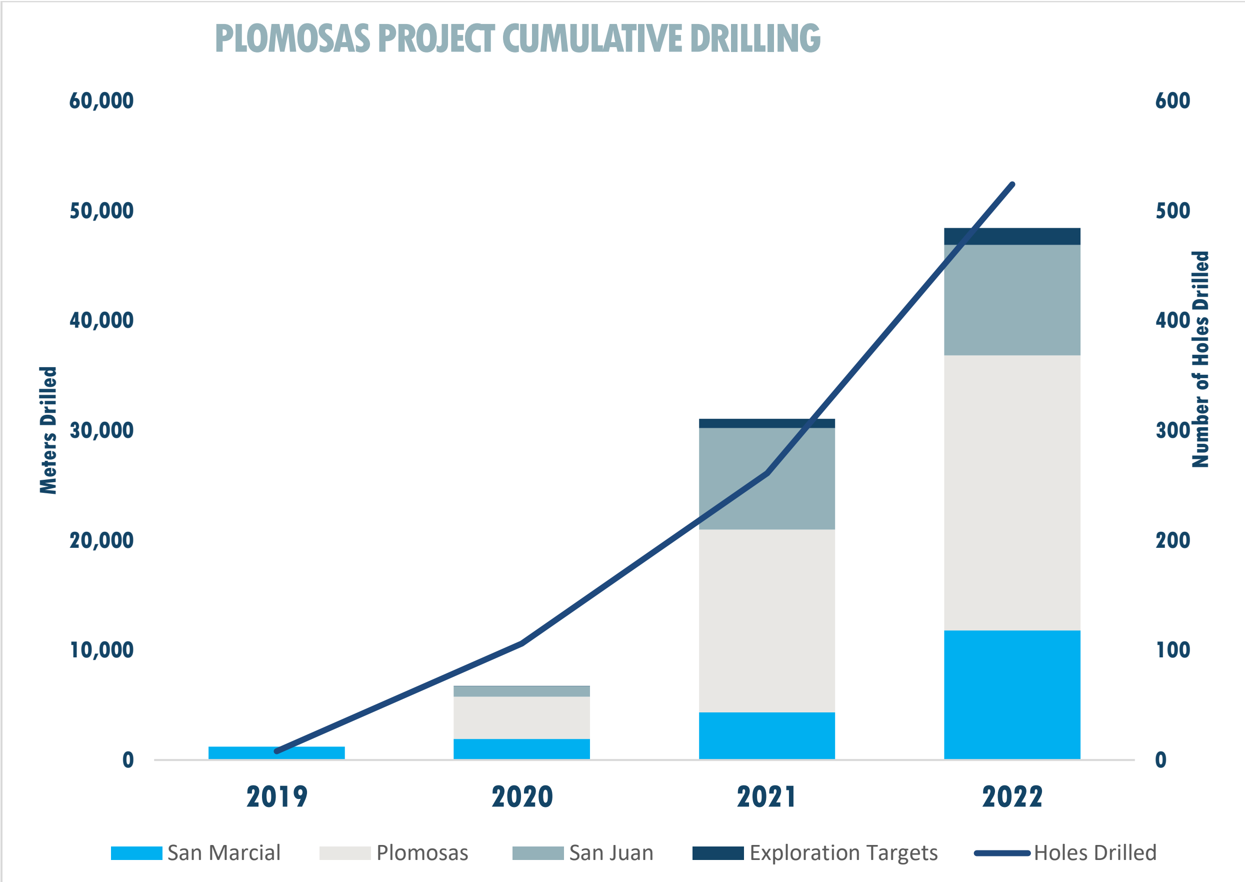


GR Silver has been actively and efficiently drilling the Plomosas Project since the consolidation of all three areas - San Marcial, Plomosas Mine and San Juan-La Colorada. GR Silver owns five drill rigs, which allow flexibility and cost efficiency in its drilling programs. Third party drilling contractors are sourced as needed. The following Figure 8 illustrates the cumulative metres of drilling already completed by GR Silver in the Plomosas Project.

GR Silver carried out drilling programs on the Plomosas Project from 2019 to 2022. GR Silver owns five of its own rigs, used during the latter stages of this period, which were operated by contract and GR Silver employees. GR Silver also contracted third-party drilling companies that drilled the Plomosas and San Marcial Properties during that period. GR Silver also re-drilled some of the IMMSA historical holes replacing a total of 133 historical holes from the database in the Plomosas Mine Area and it also removed 32 IMMSA historical drill holes from San Juan-La Colorada Area.

Since first drilling by GR Silver in 2019, the Company has completed 522 drill holes on the Plomosas Project, for a total of approximately 48,000 metres (Figure 8). Of this total, 108 holes were drilled on the San Marcial Property for a total of approximately 12,000 metres. At the Plomosas Mine and immediate surrounds, the Company has completed 283 holes for a total of approximately 25,000 metres. At San Juan-La Colorada, up until the end of Q1/2023, GR Silver had drilled 60 holes for a total of approximately 5,285 metres. A total of 71 holes have been drilled on other exploration targets within GR Silver's Rosario Mining District, up until the end of 2022, for a total of approximately 6,215 metres.

Figure 8 Drilling Programs Completed at the Plomosas Project by GR Silver Mining Ltd.



PLOMOSAS PROJECT

History and Background

GR Silver has, over several years, assembled a portfolio of mining concessions, which are wholly owned but subject to various royalties, in the Rosario Mining District, Sinaloa State, Mexico. The three key properties which comprise the Plomosas Project, cover 432 square kilometres, encompass two past producing mines and three camps, and feature excellent road access and power to multiple locations. Plomosas Project concessions and their applicable royalties are detailed in Tables 4, 12 and 13, respectively, with locations indicated in Figure 7.

From 1976 to 2000, IMMSA drilled 485 holes totalling 85,989 m in the Plomosas Project. From these, 221 holes totalling 42,607 m were drilled in the immediate area of the Plomosas Mine Area – 37,240 m from surface and 5,367 m from underground platforms. There were 166 holes drilled at the San Juan-La Colorada Area totalling 26,990 m. 98 drill holes were completed by IMMSA in other regional exploration targets. Gold-Ore carried out drilling from 2000 to 2002, drilling six holes in 2000 for 602 m and 17 holes in 2002 totalling 2,528 m targeting the San Marcial Area in the NW portion of the Mineral Resource. Aurcana drilled seven holes in the Plomosas Mine Area between 2007 and 2008; three from underground and four from surface platforms, for a total of 1,872 m. Silvermex drilled between 2008 and 2010, completing 29 holes for 5,826 m targeted at the NW portion of the San Marcial mineralization.

In March 2020, GR Silver completed the acquisition of 100% of Minera La Rastra S.A. de C.V. ("MLR"), the company holding the Plomosas Property and other concessions, from First Majestic Silver Corp. The Plomosas Property includes the past-producing Plomosas Mine - a shallow underground mine from which Grupo Mexico historically produced 67,600 t of lead concentrate and 31,400 t of zinc concentrate, with silver - gold credits, between 1986 and 2000. This mine was closed in 2001 due to then prevailing low commodity prices. As a result of the mine's continuous care and maintenance since that time, 7.4 km of underground tunnels and developments have remained in good condition, providing immediate access for exploration and potential future mining activities. MLR also owns 349 hectares of land covering most of the underground mine and vicinity at the Plomosas Mine. As the Plomosas Mine is a past producer, valid surface rights agreements, as well as some other essential permits, remain in place for current and future use by the Company.

Table 4 Plomosas Project Mining Concessions

AREA	No.	MINING CONCESSIONS	OWNERSHIP#	TITLE	SURFACE AREA (ha)
San Marcial Property	**1**	**Mina San Marcial**	**Minera San Marcial**	**180998**	**119.0000**
	2	**Ampliacion San Marcial**	**Minera San Marcial**	**211650**	**1131.0000**
Plomosas Property	**3**	**Plomosas**	**Minera La Rastra**	**168698**	**12.0000**
	4	**Segunda Ampl. de Plomosas**	**Minera La Rastra**	**168699**	**100.0000**
	5	**Continuacion de Plomosas**	**Minera La Rastra**	**168700**	**12.0000**
	6	**La Rastra 2**	**Minera La Rastra**	**183443**	**25.4275**
	7	**San Juan**	**Minera La Rastra**	**188174**	**24.5725**
	8	**La Estrella**	**Minera La Rastra**	**202188**	**261.6800**
	9	**Plomosas 3**	**Minera La Rastra**	**209251**	**23.2700**
	10	**Plomosas 2**	**Minera La Rastra**	**210152**	**83.5000**
	11	**La Rastra**	**Minera La Rastra**	**214304**	**5396.0027**
	12	**Plomosas 4**	**Minera La Rastra**	**225024**	**420.9633**
	13	**Los Arcos**	**Minera La Rastra**	**226222**	**214.1300**
La Trinidad Property	14	Reduccion la Nueva Trinidad*	Oro Gold de Mexico	244239	35,173.5088
	15	Nancy	Oro Gold de Mexico	226638	100.0000
	16	San Carlos	Oro Gold de Mexico	237870	79.5781
	17	San Carlos I	Oro Gold de Mexico	241108	10.4219

** June 2021 reduction subject to Government approval # Wholly-owned subsidiaries of GR Silver Mining Ltd.*
BLUE : Core concessions integrating the Plomosas Project

In addition, the Plomosas Property includes mineralization at the San Juan-La Colorada Area, located approximately three kilometres west of the Plomosas Mine, and near the eastern margin of a small, third-party held concession currently being mined for gold. Artisanal workings are present, as well as shallow underground workings developed on a breccia, known as the San Juan Breccia.

In March 2021, the Company concluded the acquisition of 100% of Marlin Gold Mining Ltd. ("Marlin") from Mako Mining Corp. ("Mako"). Marlin owns 100% of Oro Gold de Mexico, S.A. de C.V., a Mexican company, that includes the past producing La Trinidad open pit gold mine ("La Trinidad"), that ceased operating in 2019 after producing over 164,000 oz of gold[2,3,4], and additional highly prospective

2 Refer to Marlin NI 43-101 News Release dated February 1, 2013

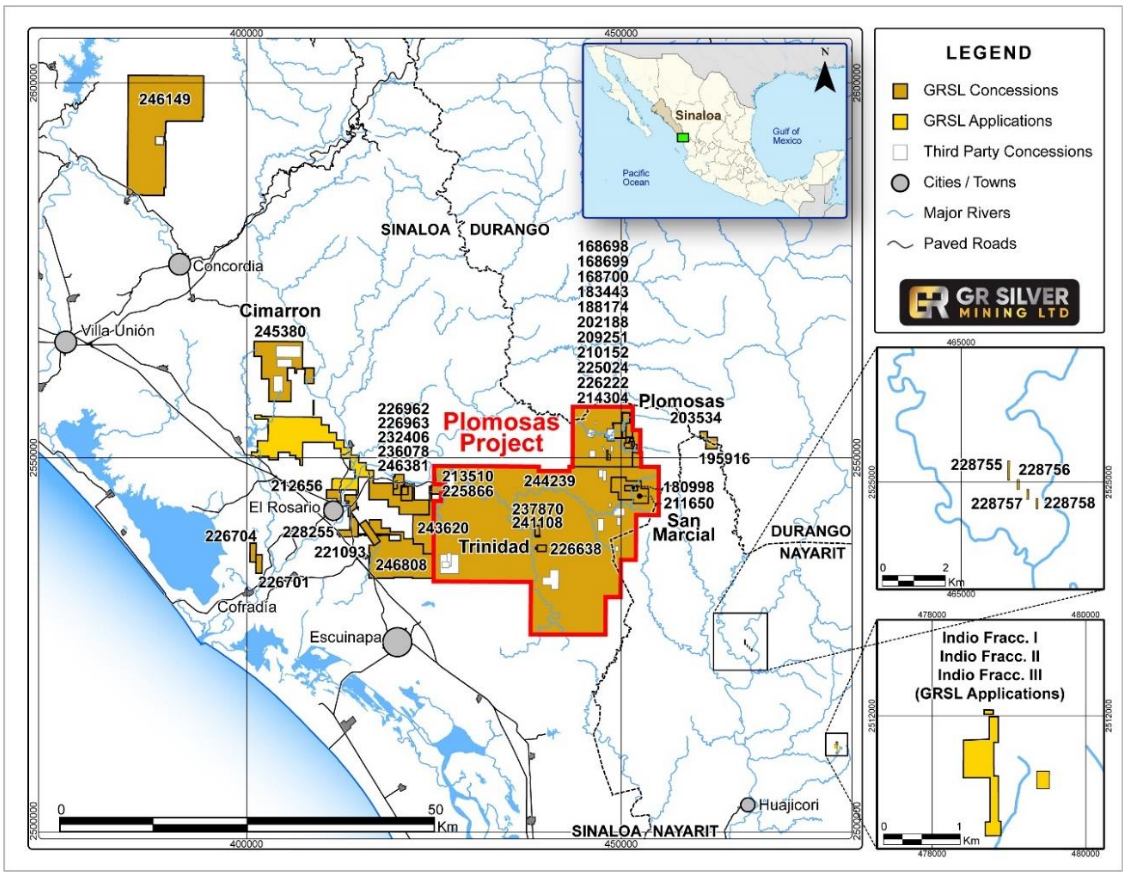
3 Refer to Marlin MD&A Releases dated 30 April 2015, 29 April 2016, 1 May 2017, 30 April 2018, 29 August 2018

4 Refer to Mako MD&A Releases dated 28 August 2019, 29 April 2020

concessions in the Rosario Mining District. The La Trinidad open pit area is currently undergoing reclamation under a "Closure Plan" that remains the responsibility of Mako. The Closure Plan period expiry was November 8, 2022, however, a five-year extension was received by the Company from SEMARNAT (Secretary of the Environment and Natural Resources), the Mexican environmental authority, on March 16, 2023, with a new expiry date of November 8, 2027.

On May 6, 2021, following a successful three-year period of exploration and resource expansion under an option agreement, GR Silver acquired Compañia Minera San Marcial S.A. de C.V., which owns the San Marcial Property.

Figure 9 GR Silver's Plomosas Project (Red Outline) and Non-Core Mining Concessions portfolio in the Rosario Mining District, Sinaloa, Mexico



The Company has now integrated the historical databases for the Plomosas Project, obtained through the aforementioned acquisitions, into a single regional database. The Company's Plomosas Project lies in one of the most prolific geological settings for the discovery of high-grade silver-gold epithermal mineralized systems in Mexico, along the western edge of the Sierra Madre Occidental. A number of world class deposits have been discovered in this setting, including the San Dimas deposit, just 125 kilometres north of the Plomosas Project, and the El Rosario Mine which historically produced millions of ounces of precious metals.

Following successful drilling in 2022, the Company completed an updated mineral resource estimate on March 20, 2023, covering the San Marcial, Plomosas Mine and San Juan-La Colorada Areas. The Report was filed on May 3, 2023, including updates on the estimation of AgEq for the San Marcial Area.

In addition to the Plomosas Project, the Company holds over 300 square kilometres of highly prospective "non-core" mining concessions, which include the Cimarron gold deposit (Figure 1 and 7), as well as mining concessions and applications close to the El Rosario Mine, namely Rosario, El Habal, La Union 2, El Habal Sur, Yauco, San Isidro and El Placer II (Table 10 and 11). The Company is evaluating possible monetization of these non-core concessions.

History

Mining at the **Plomosas Mine** took place from 1986 to 2000. A total of 2.5 Mt of ore were processed through a 600 tpd crushing-milling flotation circuit (Table 5). During the 14 years of operation, lead and zinc concentrates were the main products, with reported high-grade silver and gold credits. The historical reports indicate annual average grades for each commodity within the following ranges: zinc (1.85% to 2.66%), lead (1.19% to 3.37%), silver (79 g/t to 338 g/t) and gold (0.76 g/t to 1.74 g/t). The room and pillar underground operation selectively mined to only 260 metres depth of a polymetallic hydrothermal breccia hosted in a shallow-dipping regional fault. Extensive historical and current drilling data show additional continuity down dip and along strike as well as new mineralized zones on the footwall and hanging wall of the main zone.

Table 5 Plomosas Mine – Production History 1986-2000

Plomasas Historic Production Table 1986-2000

Historic Production. During mining operations, in the Plomosas–La Cruz mine, they extracted lead and zinc minerals with variable silver, gold and copper content, as well as lead and zinc concentrates as shown in the table below.

		Production Years														
Concept	Unit	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
ORE MILLED	tonne	95,133	164,974	164,239	147,611	194,279	202,976	193,729	188,227	172,983	178,282	185,026	189,611	180,884	187,471	94,381
MILL FEED																
Au	g/t	0	0	0	0	0	0	0.64	1.74	1.61	1.06	0.94	0.63	0.75	0.56	1.17
Ag	g/t	338	334	309	220	204	197	195	177	111	97	116.9	79.77	88.73	96.87	103
Pb	%	2.62	1.19	1.4	1.83	2.47	3.08	3.13	3.37	2.25	2.25	2.15	1.79	1.88	1.96	1.67
Cu	%	0.18	0.11	0.13	0	0.12	0	0.16	0.22	0.15	0.13	0.11	0.16	0.16	0.13	0.19
Zn	%	1.58	0.97	1	1.22	1.4	1.83	2.66	2.28	2.28	2.17	1.85	2.02	2.42	2.08	2.57
METAL CONTENT																
Au	g	0	0	0	0	0	0	124	327	279	189	174	120	135	105	110
Ag	g	32,155	55,101	50,750	32,474	39,633	39,986	37,777	33,316	19,201	17,293	21,608	15,130	16,050	18,161	9,674
Pb	t	2,492	1,963	2,299	2,701	4,799	6,252	6,064	6,343	4,359	4,011	3,976	3,404	3,399	3,670	1,572
Cu	t	171	181	214	-	233	-	310	414	259	232	205	312	291	247	177
Zn	t	1,503	1,600	1,642	1,801	2,720	3,714	4,262	5,007	3,944	3,869	3,425	3,836	4,385	3,907	2,429
RECOVERY																
Au in Pb, Cu, Zn Concentrate		0-0-0	0-0-0	0-0-0	0-0-0	0-0-0	0-0-0	48-0-8	0	48-0-9	36-0-14	40-0-12	36-0-15	40-0-18	55-0-44	0
Ag in Pb, Cu, Zn Concentrate		52-0-0	67-0-0	40-0-0	61-0-0	67-0-0	69-0-0	56-0-9	56-0-3	46-0-12	40-0-16	40-0-32	34-0-19	38-0-29	49-0-18	0
Pb in Pb Concentrate		49.5	62	34.5	70	79	67	58	59	56	54	56	57	58	64	0
Cu in Cu Concentrate		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Zn in Zn Concentrate		0	0	0	0	0	0	21	15	36	44	50	51	51	52	0
CONCENTRATE PRODUCTION	t															
Pb		2,856	3,269	4,308	4,995	8,886	9,865	6,915	2,407	3,983	3,484	3,650	3,371	3,280	4,138	2,240
Bulk		381	56	56	0	0	0	0	0	0	0	0	0	0	0	0
Zn		0	0	0	0	0	0	2,190	1,629	3,155	3,884	4,116	4,566	5,053	4,300	2,466

Numbers are rounded

*Source: Internal IMMSA reports

The drilling data also indicate high-grade silver and gold mineralization in unmined hanging wall and footwall zones around the mineralized hydrothermal breccia. The Company confirmed the multicommodity nature of the mineralization and high-grade silver and gold zones through its re-examination of the extensive drilling database, its re-logging and re-sampling work, and its delineation of new mineralized zones outside of the historically mined area as a result of its 15,944-metre surface and underground drilling program during 2020 and early 2021 (see News Release dated July 7, 2021).

Geology

The Plomosas Project is located in the southwestern edge of the Sierra Madre Occidental (SMO), which formed as the result of Cretaceous–Cenozoic magmatic and tectonic episodes related to the subduction of the Farallon Plate beneath North America, and to the opening of the Gulf of California. The local geology at the Project can be subdivided into two distinct underlying rock types: the first distinct rock type comprises bimodal volcanic rock units, dominated by andesitic pyroclastic units, tuffs, and extrusive flows. The bimodal volcanic rock units are underlain by a basal volcaniclastic sedimentary rock unit that is possibly of older Jurassic age.

Mineralization on the Plomosas Project can be described as intermediate- to low-sulphidation epithermal, which occurs at the San Marcial Area, the Plomosas Mine Area, the San Juan–La Colorada Area, and the La Trinidad Area. Several episodes of mineralization have been identified and are intricately connected to the tectonic and structural evolution of the SMO during the Tertiary.

The San Marcial Area displays indications of a low-sulphidation epithermal system, with four multi-phase mineralizing events, as identified by minerographic studies, rich in silver, lead, and zinc. In the San Marcial Property, a number of mineralization styles have been identified, including three main breccia types: a hematitic hydrothermal breccia—hematite + calcite + quartz; a siliceous hydrothermal breccia—chlorite + quartz + pyrite; and a tectonic breccia.

The San Marcial breccia-hosted deposit is strongly associated with a NW–SE-oriented structural trend, and possibly affected by other crosscutting structural features. While the San Marcial deposit is best considered a silver deposit, minor zinc and lead are closely associated with silver.

The SE Area discovery at San Marcial Area, in 2022, confirmed the extension of breccia mineralization along the NW–SE target contact zone, approximately 250 metres to the southeast of the original resource. The SE Area hosts hydrothermal breccia-style mineralization. The host rocks differ from those hosting silver mineralization on the NW portion of the San Marcial Mineral Resource, consisting of a wide chlorite-rich volcano-sedimentary unit which consists of brecciation and stockworks more than 100 metres thick in places and flooded by hematite-calcite-quartz. The mineralization is silver-rich with lesser Pb–Zn–Au. The Company is investigating the potential continuity of this mineralization further to the southeast along the target contact.

At the Plomosas Mine Area, a hydrothermal polymetallic breccia mineralization (Pb–Zn–Au–Ag) mainly occurs as massive to close-spaced disseminated sulphides, with veins, stockworks, and sulphide stringers hosted in brecciated sequences of rhyolite and andesite tuffs. The breccia is hosted in a mainly N–S-oriented shallow-angle fault, dipping west. Quartz and calcite are the main gangue minerals in the breccia. Sulphide mineral assemblages include galena, sphalerite, pyrite, chalcopyrite, and bornite. Silver-rich minerals such as acanthite and argentite are common. Late-stage Ag–Au-rich epithermal quartz veining in high-angle faults is commonly observed overprinting Pb–Zn–Ag mineralization in the hydrothermal breccias and enriching the mineral body with Ag–Au or defining precious metals-only mineralized zones.

At the San Juan–La Colorada Area, a large intermediate- to low-sulphidation epithermal gold–silver system is hosted predominantly by high-angle faults, whereas the Pb–Zn–Ag mineralization is preferentially in NW–SE-oriented, east-dipping, shallow-angle faults.

An extensive exploration database, including, stream sediment sampling, soil sampling, rock sampling, geophysics, and drilling, covering the La Trinidad Property as well as other regional targets, was acquired along with the concessions as part of the Marlin acquisition in 2021. At least ten different targets within the La Trinidad Property are still to be valuated by GR Silver. Recent activities to the south of the San Marcial Property have included litho-geochemical sampling, geological mapping, identification of old workings, and channel sampling on targets around La Tigra Norte, El Tecuan and Tebaira. Parts of this area show potential for possible porphyry copper style mineralization, as well as areas with potential for continuations of the San Marcial style mineralization.

Exploration Q3-Q4/2023

Exploration activities in Q3/2023 focused on a step-out drilling program outside of the Mineral Resource at the San Marcial Area (Figure 2) and surface exploration (data review of previous mapping and previous litho and geochemical sampling) to the south of the Mineral Resource (Figure 4).

The following updates the exploration activities completed in the third and fourth quarters of 2023.

The Company has completed the following work from July 1 to September 30, 2023, on the Plomosas Project (Table 6), including review of all exploratory data collected to date in the South of the Mineral Resource aiming to continue definition of new drilling targets.

Table 6 Work Completed - Plomosas Project

Work Completed	San Marcial Resource Area Expansion	San Marcial South Exploration (Las Uvas – Limoncillos)	Tebaira (El Tecuan – Quebrado)
Core Relogging (metres)	15440		
Core Relogging (holes)	101		
Geological mapping review (km^2)	0.25-0.2	1.4	2.4
Exploratory data analysis (Target generation – Areas)	4 (NE fault 3, SE End Extension, Mineralized Andesite on SMS23-03, Subparallel Breccia)	5 (Las Uvas NE, Las Uvas NW, Limoncillos, Limoncillos and Intrusive contact zone)	5 (El Tecuan, , El Quebrado, El Limon, La Tigra)
Update 3D Modelling	x	x	

The positive step-out drilling results, combined with the geological knowledge gathered by the Company in the recent mapping, surface exploration, drilling, and resource estimation studies, support continued step-out drilling targeting high-grade mineralization potentially amenable to underground mining.

From October 2023 to December 31, 2023, the Company concentrated the exploratory program reviewing existing database and incorporating new concepts derived from data assessment to generate new drilling targets. The relogging of extensive number of holes allowed not only better definition of the wide high-grade silver mineralization in the continuity of the Sand Marcial Resource Area, but also re definition of similar attractive host rocks in the following areas.

1. Confirming potential extension of mineralization in NW of the San Marcial resource area with presence of the San Marcial controlling fault.
2. Re assessment of the Nava target located approximately 1.5 km at West of San Marcial Resource area where some previous results up to 300 g/t Ag but are confirming the presence of highly prospective green volcano sedimentary, similar to host mineralization in the resource expansion in the San Marcial Resource Area.
3. Definition of new targets to the south of the San Marcial Resource Area, where outcrops of hydrothermal breccias of similar characteristics to the typical San Marcial breccia are recognized on the surface generating a 300 meters long halo of intense.
4. NW extension of the San Marcial Resource Area where review of geophysical data allied with most recent geological data collected is supporting new targets contacts to be investigated with drilling in 2024.

Table 7: Summary San Marcial SE Extension of Mineralization – Step-Out Drill Program– Results Highlights

Drill Hole	From (m)	To (m)	Apparent width (m)	Ag g/t	Au g/t	Pb %	Zn %
SMS23-01	142.4	161.2	18.8	145	0.04	0.1	0.2
including	155.2	159.4	4.2	466	0.08	0.1	0.3
including	156.4	157.1	0.7	1,936	0.25	0.4	0.9
SMS23-02	147.0	158.3	11.3	584	0.05	0.3	0.6
including	147.0	152.5	5.5	1,084	0.07	0.6	1.0
including	147.8	148.0	0.2	14,365	0.07	8.6	3.4

Drill Hole	From (m)	To (m)	Apparent width (m)	Ag g/t	Au g/t	Pb %	Zn %
SMS23-03	178.4	195.7	17.3	111	0.01	0.1	0.1
including	186.6	188.3	1.7	640	0.03	na	na
	198.3	204.6	6.3	132	0.02	na	0.1
	229.3	264.5	35.2	134	0.11	0.1	0.4
including	229.3	243.4	14.1	174	0.06	0.2	0.5
and	252.2	255.5	3.3	506	0.23	0.3	0.8
including	254.1	255.0	0.9	1,412	0.48	0.6	2.2
SMS23-04	170.6	185.6	15.0	32	0.03	0.1	0.1

Drill Hole	From (m)	To (m)	Apparent width (m)	Ag g/t	Au g/t	Pb %	Zn %
SMS23-05	261.7	281.8	20.2	187	0.05	0.3	0.7
including	271.5	277.2	5.7	513	0.05	0.4	0.8
including	271.5	272.3	0.8	2041	0.14	0.8	1.9

Numbers may be rounded. Results are uncut and undiluted. True width not estimated as the Company does not have sufficient data from the new mineralized zones to determine the true widths of the drill hole intervals with any confidence. "na" = no significant result.

Table 8: Drill Hole Details - 2023 Q2 and Q3/San Marcial Step Out Drill Program

Drill Hole	East (m)	North (m)	RL (m)	Dip (°)	Azimuth (°)	Depth (m)
SMS23-01*	451560	2545862	714	-50	180	289.9
SMS23-02*	451670	2545827	780	-65	202	306
SMS23-03*	451670	2545827	780	-80	202	351
SMS23-04*	451798	2545713	760	-75	210	231
SMS23-05	451798	2545713	760	-85	30	321

* completed in Q2/2023

SMS23-01 was designed to evaluate the presence of the high-grade silver mineralization at the 600 m elevation below drill hole SMS22-14 (SE limit of the Mineral Resource). The results from SMS23-01 supported the current geological model indicating the presence of significant silver mineralization at specific elevations below areas of low-grade silver mineralization and supported the continuity of the step-out drilling program.

SMS23-02 evaluated the SE Area mineralized corridor 50 m further southeast from drill hole SMS23-01. This hole successfully extends the SE Area mineralized zone further along strike than was previously recognized. The presence of bonanza-grade silver mineralization, including 0.2 m at 14,365 g/t Ag encouraged the company to continue with the drilling program.

SMS23-03 was drilled to test the down-dip continuity of high-grade "bonanza" silver mineralization intersected in SMS23-02. It intersected high-grade silver mineralization and a new style of mineralization. This discovery provides encouragement for the definition of new mineralized zones in areas previously considered barren.

SMS23-04 was drilled approximately 150 m southeast of SMS23-02 to test the continuity of high-grade mineralization. The drill hole intersected wide mineralized zones but did not confirm the presence of the bonanza grade. SMS23-05 was drilled to continue testing the bonanza grade model outside of the Mineral Resource, confirming the continuity of the bonanza grade style of mineralization 200 metres down plunge from SMS23 02.

The exploratory program, surface mapping, and geochemical sampling were initiated to test to the south of the Mineral Resource. It has enabled the Company to identify new drilling targets based on silver and gold geochemical anomalies, new field evidence of silver and gold mineralized intrusive, and numerous old workings. The figures (figure 2 and 4) illustrates the area already covered and initial preliminary drilling targets for follow-up in 2023.

SMS23-05 explored the continuity of silver mineralization 100 m down dip from the intersection at SMS23-04 and 200 m down potential plunge from SMS23-02 (Figures 2 and 3). This drill hole is also defining an extension of the mineralized zone for at least 400 m along the strike to the SE from discovery hole SMS22-10 (Discovery drill hole SE Area). The SMS23-05 result continues to suggest an extension of the Mineral Resource along strike and down-dip in the SE Area Discovery Zone, San Marcial Area. The result also reflects an increase in grade at some specific elevations when comparing these results with the previously released result SMS23-04.

Resource

The Mineral Resource Estimate ("MRE") filed on May 3, 2023, represents GR Silver's second MRE for the San Marcial, Plomosas Mine, and San Juan–La Colorada Areas, within the Plomosas Project. The MRE incorporates GR Silver drilling to January 4, 203 on San Marcial, January 20, 2023 on Plomosas Mine and March 3, 2023 on San Juan, and drilling completed by First Majestic, Silvermex, Gold-Ore, Aurcana, and IMMSA.

The San Marcial Area MRE is based on 122 drill holes totaling 19,451 m. The Plomosas Mine Area MRE is based on 60,349 m of drilling from 432 validated drill holes. In all, 133 historical IMMSA drill holes—those which were only partially sampled—were removed from the database because nearby recent drilling indicated that the mineralized zone was wider than depicted by the old IMMSA partially sampled holes. The San Juan–La Colorada Area MRE includes 54,823 m of drilling from 294 holes. Other areas have historical drill holes that have not been incorporated in this update of the NI 43-101 MRE for the Plomosas Project.

The reasonable prospect of eventual extraction was defined by generating a Whittle-optimized pit shell based on the metal prices and recoveries given in Table 9, and assuming a total open pit mining cost and processing cost of US$30/t supported by data collected from similar deposits and operations in Sinaloa State. Underground resources were restricted to shapes defined by stope optimizer software assuming combined underground mining and processing costs of US$60/t supported by data collected from similar deposits and operations in Sinaloa State.

Table 9 Recoveries for the San Marcial, Plomosas Mine, and San Juan–La Colorada Areas

Metal	Price (US$)[a]	Recoveries (%)		
		San Marcial	Plomosas	San Juan–La Colorada
Copper	4.20/lb	80	80	26
Lead	1.10/lb	59	69	58
Zinc	1.30/lb	80	75	47
Gold	1,750/oz	80	86	79
Silver	22.00/oz	94	74	71

Notes: [a] Metal prices are derived from *Energy & Metals Consensus Forecasts* long-term pricing (December 2022); oz = troy ounce.

The independent QP estimates that the Plomosas Project contains combined Indicated Mineral Resources totalling 15.0 Mt grading 0.18 g/t Au, 117 g/t Ag, 0.4% Pb, and 0.6% Zn; and 9.0 Mt of Inferred Mineral Resources grading 0.38 g/t Au, 78 g/t Ag, 0.7% Pb, and 1.0% Zn.

Outlook

Following the completion of drilling programs leading into the updated Plomosas Project NI 43-101 Mineral Resource Estimate, the Company immediately commenced exploration activities to the south and southeast of the San Marcial Resource Area and new SE Area mineralization. A combination of detailed mapping, geophysical interpretations and surface litho-geochemical anomalies supported this area as being highly prospective for expanding the San Marcial resource. The target contact that is the focus for the San Marcial and SE Area resources, is known to continue further to the southeast and coincides with several silver geochemical anomalies (Figure 2).

The SE Area discovery is described as hydrothermal and crackle breccias in a new lithological unit emplaced at the contact between the lower and upper volcanic units. This unit that has not been seen in the previous San Marcial Resource Area, is defined as the "green facies" of the volcano-sedimentary unit which presents chloritic alteration, weak silicification and frequent hematite and carbonates, containing Ag sulfosalts and sulphides. The difference with the breccia in the San Marcial Resource Area is the absence, or reduced content, of Pb-Zn sulphides in the green volcano-sedimentary facies in the SE Area. Additionally, a late crosscutting epithermal event of quartz veinlets is increasing the width of the mineralized zone with a polymetallic assemblage of Ag-Pb-Zn sulphides and occasionally anomalous Au.

A chargeability anomaly and several coincident intrusive bodies have also been identified in this area. Some of the intrusive bodies are interpreted to be a possible heat source for the San Marcial mineralization and as such, structures that emanate from within, or in the vicinity of, those intrusives are targets for possible additional discoveries. Detailed mapping, channel sampling and litho-geochemical sampling, with portable XRF analyses, are underway with a number of drill targets having been defined in the 600 metres immediately to the southeast along the target contact.

Recent success with the step out drilling outside of the San Marcial Resource Area along the target contact extending the SE discovery, favor the company to continue drilling and exploration aiming resource expansion at shallow depth. GR Silver allocated one drill rig in July 2023. Subject to further analysis of the results the company will likely continue step-out drilling programs aiming continuous resource growth in the San Marcial Area, including the SE Discovery zone.

The initial surface exploration program delineating new drilling targets at the San Marcial South (Las Uvas and Limoncillos) and Tebaira and El Tecuan Areas, continue to support opportunity for new discoveries in the vicinities of the San Marcial Area.

The Company has noted that it has received inquiries from independent parties interested in facilitating potential small-scale test mining at the former Plomosas Mine and toll milling. Discussions have included a focus on higher-grade portions of the former Plomosas Mine resource, considering available infrastructure and 7.4 Km of underground development in excellent condition. Plomosas features several competitive advantages, including road access, power direct to the site, land ownership covering the mineral deposit area, and existing permits and long-term ejido agreements. Management continues evaluating business and technical opportunities, mindful of the need to minimize financial, operational, environmental, health, and safety risks. There is no certainty that discussions with any of these parties, subject to negotiating acceptable terms and conditions and entering definitive documentation, will come to fruition.

OTHER PROJECTS

GR Silver subsidiaries hold title to the following additional mining concessions (Table 10) and mining concession applications (Table 11) in the Rosario Mining District. Applicable royalties are noted in Tables 12 and 13. Note that the El Salto and El Salto Sur concessions are subject to a sale agreement to a third party (see News Release dated December 20, 2021) and completion of this sale is pending regulatory confirmation.

The Company's non-core concessions remain available for partnership or outright purchase and outreach has been made to encourage potential monetization.

Table 10 Other Mining Concessions

No.	MINING CONCESSIONS	TITLE	SURFACE AREA (ha)
ORO GOLD DE MÉXICO, S.A. DE C.V.			
1	El Salto Sur *	236801	1,200.00
2	El Salto *	234460	3,210,12
3	Cimarron	245380	2873.98
4	El Porvenir	226701	200.00
5	San Isidro	226704	200.00
GOLDPLAY DE MEXICO, S.A. DE C.V.			
1	Habal	246381	1738.99
2	San Pablo	236078	80.00
3	San Pablo 2	226963	220.00
4	Las Dos Chiquitas	232406	278.16
5	Baluarte 2	226962	50.00
6	Habal Sur	243620	1406.57
7	Tigra Negra Fracc. II	228755	2.70
8	Tigra Negra Fracc. III	228756	1.35
9	Tigra Negra Fracc. IV	228757	1.35
10	Tigra Negra Fracc. V	228758	1.35
11	Placer II	246149	11107.24
12	Yauco	246808	4518.99
MINERA LA RASTRA, S.A. DE C.V.			
1	Rosario 4	212656	239.78
2	Rosario I	221093	406.69
3	Rosario II	228255	736.18
4	La Chispera	213510	10.00
5	La Chispera II	225866	226.07
6	Potrero No. 2	195916	221.00
7	El Potrero	203534	100.00

** El Salto and El Salto Sur concessions were subject to area reductions in June 2021 and subject to a sale agreement to a third party in December 2021. These actions are subject to regulatory approval.*

Table 11 Other Mining Concession Applications

No.	MINING CONCESSION APPLICATIONS	TITLE	SURFACE AREA (ha)
GOLDPLAY DE MEXICO, S.A. DE C.V. (Applications)			
1	Indio Fracc. I	59/7706	32.77
2	Indio Fracc. II	59/7706	0.38
3	Indio Fracc. III	59/7706	3.89
4	La Union 2 Fracc. 1	95/13335	5549.91
5	La Union 2 Fracc. 2	95/13335	18.86

ROYALTIES

A summary of royalties applicable to GR Silver's mining concessions is included in the following tables (Table 12 and Table 13).

TABLE 12 Royalties applicable to GR Silver concessions

Name of Concession Owner	Concession & Royalty Details	Details of Buy-Back Rights
Oro Gold de Mexico	**Concession:** "Cimarron" **Royalty**: NSR royalty payable to Minera Camargo, S.A. de C.V., ("**Camargo")** as follows and once the initial investment has been recovered by Oro Gold de Mexico, or the mining claim covered by the concession has been in production for two years, whichever first occurs: (a) 1.0% NSR if ounce gold price is US$300.00 or under; (b) 1.5% NSR if ounce gold price is higher than US$300.00; (c) 2.0% NSR if gold price is higher than US$400.00; and (d) 2.5% NSR if gold price is higher than US$500.00	Oro Gold de Mexico has the right to buy back this royalty for US$1,000,000 plus VAT per 0.5%, which right can be exercised at any time and from time to time in whole or in part
Oro Gold de Mexico	**Concessions:** "Reducción La Nueva Trinidad", "El Porvenir", "San Isidro" and "Nancy" **Royalty**: NSR royalty payable to Camargo as follows and once the initial investment has been recovered or the mining claim covered by the concession has been in production for two years, whichever occurs first: (a) 0.5% NSR if ounce gold price is US$400.00 or under; and (b) 1.0% NSR if ounce gold price is higher than US$400.00	Oro Gold de Mexico has the right to buy-back this royalty for US$1,000,000 plus VAT per 0.5%, which right can be exercised at any time and from time to time in whole or in part
Oro Gold de Mexico	**Concessions:** "El Porvenir", "San Isidro" and "Nancy" **Royalty**: NSR royalty payable to Paulino Meza Villapudua as follows: (a) 0.5% NSR if ounce gold price is US$400.00 or under; (b) 1.0% NSR if ounce gold price is between a range of US$400.00 to US$499.99; and (c) 1.5% NSR if ounce gold price is greater to US$500.00	Oro Gold de Mexico has the right to buy back the royalty for US$1,000,000 plus VAT, which right can be exercised at any time
Oro Gold de Mexico	**Concessions:** "Reducción La Nueva Trinidad", "San Carlos", "San Carlos I", "Cimarron", "El Porvenir", "San Isidro" and "Nancy" **Royalty**: 1.0% NSR royalty payable to Mako Mining Corp., S.A. de C.V.	The Company and/or Oro Gold have the right to buy back this royalty for US$2,000,000 plus VAT, which right can be exercised at any time.
Minera La Rastra	**Concessions:** "Plomosas", "Segunda Ampl. de Plomosas", "Continuación de Plomosas", "La Rastra 2", "San Juan", "Potrero No. 2", "La Estrella", "El Potrero", "Plomosas 3", "Plomosas 2", "Rosario 4", "La Chispera", "La Rastra", "Rosario I", "Plomosas 4", "La Chispera II", "Los Arcos" and "Rosario II" **Royalty**: Monthly royalties are payable to Industrial Minera Mexico, S.A. de C.V., depending on the price of zinc (Zn), as indicated below: (a) 3.5% when the price of Zn is equal or more than US$1.50 per lb; (b) 3.0% when the price of Zn is equal or more than US$1.20 per lb; (c) 2.5% when the price of Zn is equal or more than US$1.00 per lb; and (d) 1.75% when the price of Zn is less than US$1.00 per lb	N/A

Name of Concession Owner	Concession & Royalty Details	Details of Buy-Back Rights
Minera La Rastra	**Concessions**: "Plomosas", "Segunda Ampl. de Plomosas", "Continuación de Plomosas", "La Rastra 2", "San Juan"; "Potrero No. 2", "La Estrella", "El Potrero", "Plomosas 3", "Plomosas 2", "Rosario 4", "La Chispera", "La Rastra", "Rosario I", "Plomosas 4", "La Chispera II", "Los Arcos" and "Rosario II" **Royalty**: 2.0% NSR royalty payable to Royalty & Streaming Mexico, S.A. de C.V.	Minera La Rastra has the one-time right at any time to buy back half of this royalty (i.e. 1%) for US$1,000,000 plus VAT
Minera San Marcial	**Concessions**: "Mina de San Marcial" and "Ampliación San Marcial" **Royalty**: 3.0% NSR royalty payable to Met-Sin Industriales, S.A. de C.V.	Minera San Marcial has the right to buy back this royalty for US$600,000 plus VAT per 1%, which right can be exercised at any time and from time to time in whole or in part.
Minera San Marcial	**Concessions**: "Mina de San Marcial" and "Ampliación San Marcial" **Royalty**: 0.75% NSR royalty is payable to EMX Royalty Corporation	Minera San Marcial has the right to buy back this royalty for CAD$1,250,000 plus VAT, which right can be exercised at any time
Goldplay de Mexico	**Concessions**: "Habal", "San Pablo 2", "Baluarte 2", "Las Dos Chiquitas", "San Pablo", "Tigra Negra Fracc. II", "Tigra Negra Fracc. III", "Tigra Negra Fracc. IV" and "Tigra Negra Fracc. V" **Royalty**: 1.0% NSR royalty payable to Camargo.	Oro Gold de Mexico has the right to buy back this royalty for US$1,000,000 plus VAT, which right can be exercised at any time.
Goldplay de Mexico	**Concessions**: "Habal", "San Pablo 2" and "Baluarte 2" **Royalty**: 0.5% NSR royalty payable to Erme Enriquez Minjarrez	Goldplay de Mexico has the right to buy back this royalty for US$1,000,000 plus VAT, which right can be exercised at any time.
Goldplay de Mexico	**Concessions**: "Habal Sur", "El Placer II" and "Yauco" **Mining Concession Applications:** "La Union 2 Fracc. 1" (File 95/13335) and "La Union 2 Fracc. 2" (File 95/13335) **Royalty**: 1.0% NSR royalty payable to Sandstorm Gold Ltd. ("**Sandstorm**")	N/A
Goldplay de Mexico	**Concessions**: "El Habal", "San Pablo 2", "Baluarte 2", "Las Dos Chiquitas" and "San Pablo" **Royalty**: Concessions are subject to an option agreement in which Sandstorm has the exclusive right to acquire a 1% NSR royalty at an exercise price of US$1,000,000 per 0.5% NSR.	N/A
Goldplay de Mexico	**Concessions**: "Habal Sur", "El Placer II" and "Yauco" **Royalty**: 1.0% NSR royalty payable to Oro Gold de Mexico	N/A
Goldplay de Mexico	**Mining Concession Applications**: "Indio Fracc. I" (File 59/7706), "Indio Fracc. II" (File 59/7706), "Indio Fracc. III" (File 59/7706), "La Union 2 Fracc. 1" (File 95/13335) and "La Union 2 Fracc. 2" (File 95/13335) **Royalty**: 1.0% NSR royalty payable to Oro Gold de Mexico	N/A

TABLE 13 Royalties owned by/owing to the Company's subsidiary, Oro Gold de México, S.A. de C.V.

Royalties Receivable and Concessions	Company Notes
Grupo Minero Venturex, S.A. de C.V. is obligated to pay a 0.5% NSR royalty to Oro Gold de Mexico with respect to mining concessions "El Salto" and "El Salto Sur".	Completion of the sale of these concessions is subject to acceptance by the Public Register of Mining (Mexico)
Grupo Promotor Minero, S.A. de C.V. ("**GPM**") is obligated to pay a 1.0% NSR royalty to Oro Gold de Mexico with respect to mining concessions "Parral 1" and "Parral 1 Fraccion 1".	Sale of these concessions in Chihuahua by Oro Gold de Mexico to GPM was registered with Mexican authorities on November 15, 2012
Northair de México, S.A. de C.V., ("**Northair**") is obligated to pay a 1.0% NSR royalty to Oro Gold de Mexico with respect to the following mining concessions: "Parral 2 D-1", "Parral 2 D-2", "Parral 2 D-3", "Parral 2 D-4", "Parral 2 D-5", "Parral 2 D-6", "Parral 2 D-7", "Parral 2 D-8" and "Parral 2 D-9".	Parral 1 was divided into Parral 1 and Parral 2 by GPM, and Parral 2 was then sold to Northair and currently consists of the nine "Parral 2 D-1 through 9" concessions detailed at left.
Goldplay de Mexico is obligated to pay a 1.0% NSR royalty to Oro Gold de Mexico with respect to mining concessions "Habal Sur", "El Placer II" and "Yauco".	N/A
Goldplay de Mexico is obligated to pay a 1.0% NSR royalty to Oro Gold de Mexico with respect to the following mining concession applications: "Indio Fracc. I" (File 59/7706), "Indio Fracc. II" (File 59/7706), "Indio Fracc. III" (File 59/7706), "La Union 2 Fracc. 1" (File 95/13335) and "La Union 2 Fracc. 2" (File 95/13335).	N/A

SUMMARY OF ANNUAL RESULTS

The following selected financial data have been prepared in accordance with IFRS unless otherwise noted and should be read in conjunction with the Company's consolidated audited financial statements for the respective years ended December 31st. The following table sets forth selected financial data for the Company for and as of the end of the last three completed financial years.

Financial Year Ended	December 31, 2023	December 31, 2022	December 31, 2021
Loss and comprehensive loss	$ 25,597,989	$ 18,794,177	$ 18,197,243
Earnings (loss) per share – basic and diluted	$ (0.10)	$ (0.10)	$ (0.12)
Exploration expenditures	$4,082,583	$7,109,227	$12,442,672
Total assets	$ 10,723,449	$ 25,283,504	$ 28,427,460
Working capital (deficiency)	($ 23,706,229)	($ 17,104,844)	($ 11,143,720)

During fiscal 2023, the Company issued 63,697,500 common shares for gross proceeds of $4,729,875 and share issue costs of $218,828. The Company incurred a loss of $25,597,989, which included exploration expenditures of $4,082,583, share-based compensation of $234,208 (non-cash expense), salaries of $1,396,864, impairment on value added tax of $981,160 and an impairment on exploration and evaluation assets of $12,589,327related to non-core concessions held.

During fiscal 2022, the Company issued 63,900,742 common shares for gross proceeds of $12,874,871 and incurred share issue costs of $1,233,282. The Company incurred a loss of $18,794,177, which included exploration expenditures of $7,109,227, share based compensation of $453,446 (non-cash expense), salaries of $2,050,881, impairment on value added tax of $693,251.

During fiscal 2021, the Company issued 36,552,644 common shares for gross proceeds of $18,036,204 and incurred share issue costs of $1,001,615. The Company incurred a loss of $18,197,243, which included exploration expenditures of $12,442,672, share based compensation of $1,532,335 (non-cash expense), salaries of $1,575,121, impairment on value added tax of $450,642 and a gain on concession fees forgiveness of $584,421.

Overview - 2023

Results of Operations for the year ended December 31, 2023.

This review of the Results of Operations should be read in conjunction with the consolidated audited financial statements of the Company for the year ended December 31, 2023.

During the year ended December 31, 2023, the Company incurred a net loss of $25,597,989 (2022 – $18,794,177).

The following discussion explains the variations in key components of these numbers but, as with most junior mineral exploration companies, the results of operations are not the main factor in evaluating the financial health of the Company. Of far greater significance are the mineral properties in which the Company has, or may earn, an interest, its working capital and how many shares it has outstanding. Quarterly results can vary significantly depending on whether the Company has abandoned any properties or granted any stock options.

Exploration Expenditures

Exploration expenditures in the twelve months ended December 31, 2023, of $4,082,583 (December 31, 2022 - $7,109,227) were incurred or accrued as per the table below:

	2023	2022
Community relations	$ 411,038	$ 344,561
Consulting	-	20,750
Drilling	511,462	1,895,791
Environmental	68,816	98,203
Field	1,192,880	2,207,183
Geological	1,216,494	1,471,101
Geochemistry	468,738	862,637
Metallurgical	-	117,157
Technical reports	157,921	16,128
Survey	40,369	-
Topography	14,864	75,716
	$ 4,082,5833	$ 7,109,227

Expenditures by property are included in the consolidated financial statements for the year ended December 31, 2023.

Work during the year end December 31, 2023, was directed toward completion of the Plomosas Project NI 43-101 Mineral Resource Estimate. A description of work performed is provided in the section of Plomosas Project in the document above. Concession fees were accrued pursuant to the concession fees and associated inflationary and interest accrual adjustments. During the year ended December 31, 2023 the Company recognized a retirement of statute-barred concession obligations of $4,732,000 (2022 - $2,612,428).

Geological, field and drilling expenditures have decreased following a decrease in activity and on-site staff in Mexico.

General and administration

- Investor relations expense of $289,087 (2022 - $608,431) has decreased following an effort by the Company to focus efforts on targeted marketing.

- Salaries of $1,396,864 (2022 - $2,050,881) was lower due to decrease in employees.

- Professional fees of $502,834 (2022 - $575,206) were lower reflecting the timing of corporate legal support and audit activity.

- Transfer agent and filing fees of $94,306 (2022 - $179,631) include transfer agent and costs for listing compliance that vary relative to activity.

Other items:

- Foreign exchange loss of $2,036,605 (2022 - $ 1,458,542) due to the change in the foreign exchange rate between the Canadian dollar and the Mexican pesos from the prior year, specifically with respect to the strengthening of the Mexican peso during the year relative to the Canadian dollar and the associated impact on monetary assets and liabilities denominated in Mexican Pesos;

- Impairment on value added tax of $981,160 (2022 - $693,251) due from the Government of Mexico due to uncertainty of collection. The Company determined that the carrying value was impaired and accordingly wrote-down the value added tax by $981,160 (2022 - $693,251); and

- Impairment on exploration and evaluation assets of $12,589,327 (2022 - $Nil) as the Company determined that the carrying value of its interest in the La Trinidad property was impaired because no additional expenditures are planned for the property at this time. The Company accordingly wrote off acquisition and exploration expenditures on the property of $12,589,327 as impairment of exploration and evaluation assets.

SUMMARY OF QUARTERLY RESULTS

The following selected financial data have been prepared in accordance with IFRS unless otherwise noted and should be read in conjunction with the Company's condensed interim consolidated financial statements. The following is a summary of selected financial data for the Company for its eight preceding financial quarters ended December 31, 2023:

Quarter Ended Amounts in 000 except for earnings (loss) per share	Dec. 31, 2023	Sept 30, 2023	June 30, 2023	Mar. 31, 2023	Dec 31, 2022	Sept 30, 2022	June 30, 2022	Mar 31, 2022
Net income (loss)	(13,577)	(4,281)	(3,464)	(4,275)	(6,659)	(3,946)	(4,157)	(4,032)
Earnings (loss) per share – basic and diluted	(0.05)	(0.02)	(0.01)	(0.02)	(0.03)	(0.02)	(0.03)	(0.02)
Total assets	10,723	23,949	24,128	25,702	25,284	29,602	27,903	31,692
Working capital	(23,706)	(25,086)	(21,467)	(18,214)	(17,105)	(11,602)	(12,332)	(8,306)

During the quarter ended December 31, 2023, the Company completed an initial tranche of a private placement for gross proceeds of $1,432,511 and incurred expenses of $4,694,620, which included $315,448 in exploration expenditures, $3,728,414 in concession fees, net of retirement of $(4,732,000), salaries of $233,704 and professional fees of $152,170.

During the quarter ended September 30, 2023, the Company completed an initial tranche of a private placement for gross proceeds of $329,875 and incurred expenses $4,371,676, which included $2,609,206 in exploration expenditures, concession fees, net of retirement of $897,804, salaries of $358,076 and professional fees of $75,739.

During the quarter ended June 30, 2023, the Company incurred expenses of $2,900,636, which included $1,279,751 in exploration expenditures, concession fees, net of retirement of $656,780, salaries of $392,368, professional fees of $138,664 and share based compensation of $53,911.

During the quarter ended March 31, 2023, the Company completed a private placement for gross proceeds of $3,030,000 and incurred exploration expenditures of $4,103,449. Actual cash used in operating activities was $2,282,532 which captures the net impact of the accrual ($3,864,261) and retirement ($2,217,010) of concession fees.

During the quarter ended December 31, 2022, the Company incurred expenses of $6,658,423, which included $4,273,916 in exploration expenditures, salaries of $546,046, professional fees of $143,808 and impairment on value added tax of $693,251.

During the quarter ended September 30, 2022, the Company completed a private placement and received gross proceeds of $5,439,450. The Company incurred expenses of $3,946,408, which included $3,839,045 in exploration expenditures, salaries of $431,990, professional fees of $148,471 and gain on concession fees of $1,723,586.

During the quarter ended June 30, 2022, the Company incurred expenses of $4,158,493, which included $2,417,789 in exploration expenditures, salaries of $442,778 and professional fees of $137,802.

During the quarter ended March 31, 2022, the Company completed a conversion of special warrants financing to units and received gross proceeds of $7,353,924 and $67,097 on the exercise of warrants. The Company incurred expenses of $4,031,782, which included $3,422,600 in exploration expenditures, salaries of $630,067, professional fees of $145,125, share-based compensation of $254,775 and gain on concession fees of $831,621.

Three Months ended December 31, 2023 compared to three months ended December 31, 2022

The Company's net loss for the three months ended December 31, 2023 was $13,577,530 (2022 - $6,658,423):

Exploration Expenditures

Exploration expenditures in the three months ended December 31, 2023 of $315,448 (2022 - $2,134,720) were incurred or accrued.

A description of work performed is provided in the section of Plomosas Project in the document above. Concession fees were accrued pursuant to the concession fees and associated inflationary and interest accrual adjustments.

Field and geological expenditures have decreased following a decrease in on site staff in Mexico.

General and administration

- Investor relations expense of $32,984 (2022 - $195,855) has decreased following an effort by the Company to focus efforts on targeted communications.

- Salaries of $235,704 (2022 - $546,046) decreased due to reduction in employees.

- Professional fees of $152,170 (2022 - $143,808) reflecting the timing of corporate legal support and audit activity.

- Transfer agent and filing fees of $15,313 (2022 - $50,012) include transfer agent and costs for listing compliance that vary relative to activity.

Other items are as follows;

- Foreign exchange loss of $112,563 (2022 - $ 479,909) due to the change in the foreign exchange rate between the Canadian dollar and the Mexican pesos from the prior year, and the associated impact on monetary assets and liabilities denominated in Mexican Pesos;

- Impairment on value added tax of $972,003 (2022 - $693,251) due from the Government of Mexico due to uncertainty of collection. The Company determined that the carrying value was impaired and accordingly wrote-down the value added tax by $972,003 (2022 - $693,251); and

- Impairment on exploration and evaluation assets of $12,589,327 (2022 - $Nil) as the Company determined that the carrying value of its interest in the La Trinidad property was impaired because no additional expenditures are planned for the property at this time. The property is considered non-core and the Company accordingly wrote down acquisition and exploration expenditures on the property of $12,589,327 as impairment of exploration and evaluation assets.

LIQUIDITY AND CAPITAL RESOURCES

The Company currently has no operating revenues and relies primarily on equity financings for cash to run its business. Because of economic and market conditions, globally, there is uncertainty in capital markets, particularly for small exploration companies, and the Company anticipates that it and its peers will have limited access to capital in 2024. Although the Company's business model has not changed and its assets have been advanced through its exploration efforts, overall investor interest in shares of junior exploration companies appears to have diminished. The Company does not expect its current capital resources to be sufficient to cover its capital expenditure and corporate general and administrative expenditure through the next 12 months. Future liquidity will therefore depend upon the Company's ability to arrange additional equity financings (see 'Risks and Uncertainties' below). The Company continually monitors its financing alternatives and will have to finance its fiscal 2024 operating overhead and exploration expenditures through future equity financings.

The quantity of funds to be raised and the terms of any equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. There can be no assurance that such funds will be available on favorable terms, or at all. As at December 31, 2023 the Company had a working capital deficiency of $23,706,229 consisting primarily of concession fees payable, with $21,437,288 attributable to Oro Gold which includes the La Trinidad concessions. The Company is looking at options to address the concession fees payable, but there is no certainty that a favourable outcome will be found.

As at December 31, 2023, the Company reported cash of $100,573 compared to $902,238 as at December 31, 2022. The net change in cash on hand was the result of cash consumed in operations of $5,312,714 with a net injection of $4,511,049 from financing activities.

During the year ended December 31, 2023;

- Completed a non-brokered private placement of 30,300,000 units at a price of $0.10 per unit for gross proceeds of $3,030,000. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant and each whole warrant is exercisable into one common share of the Company at an exercise price of $0.15 per warrant until February 14, 2025. The Company valued the warrants at $303,000 using the residual value approach. The Company paid cash finders fees of $116,940 and issued 1,169,400 agents' warrants valued at $32,463 using the following Black-Scholes assumptions: risk free interest rate of 3.87%, expected life of 2 years, volatility of 74.56% and dividend rate of 0%. Each agent warrant is exercisable into one common share at an exercise price of $0.15 per share until February 14, 2025. Additional share issue costs of $47,151 were incurred in connection with this financing and was recorded as an offset to share capital, as share issue costs.

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

- Completed a non-brokered private placement of 6,597,500 units at a price of $0.05 per unit for gross proceeds of $329,875. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant and each whole warrant is exercisable into one common share of the Company at an exercise price of $0.08 per warrant until August 9, 2025. The Company paid cash finders fees of $8,100 and issued 162,000 agents' warrants valued at $1,816 using the following Black-Scholes assumptions: risk free interest rate of 4.59%, expected life of 2 years, volatility of 62.39% and dividend rate of 0%. Each agent warrant is exercisable into one common share at an exercise price of $0.08 per share until August 9, 2025. Additional share issue costs of $14,569 were incurred in connection with this financing and was recorded as an offset to share capital, as share issue costs.

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

October 13, 2025.

- Completed a non-brokered private placement of 30,000,000 units at a price of $0.04 per unit for gross proceeds of $1,200,000. Each unit consisted of one common share in the capital of the Company and one common share purchase warrant and each whole warrant is exercisable into one common share of the Company at an exercise price of $0.07 per warrant until November 10, 2026. Additional share issue costs of $27,766 were incurred in connection with this financing and was recorded as an offset to share capital, as share issue costs

- Issued 1,343,891 common shares valued at $107,511 as debt settlement resulting in a gain on settlement of $6,719. Share issue costs of $4,299 were incurred and was recorded as an offset to share capital, as share issue costs.

Subsequent to December 31, 2023;

- The Company completed a non-brokered private placement of 6,700,000 units at a price of $0.10 per unit for gross proceeds of $670,000. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant and each whole warrant is exercisable into one common share of the Company at an exercise price of $0.15 per warrant until February 9, 2026. The Company paid cash finders fees of $35,820 and issued 358,200 agents warrants. Each agent warrant is exercisable into one common share at an exercise price of $0.15 per share until February 9, 2026.
- The Company had 2,447,848 warrants exercised for proceeds of $343,377.

During the year ended December 31, 2022;

- The Company issued 400,987 common shares on the exercise of warrants for proceeds of $81,497. Share issue costs of $385,684 were incurred and was recorded as an offset to share capital, as share issue costs.

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

- Completed conversion of 27,236,755 special warrants (the “Special Warrants”) to 27,236,755 units. The Special Warrants were previously issued upon completion of a private placement at a price of $0.27 per Special Warrant for gross proceeds of $7,353,924. Upon receipt of a final short form prospectus, each Special Warrant was automatically exercised, at no additional cost to the holder thereof, for one Unit. Each Unit was comprised of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable to acquire one share at an exercise price of $0.37 per share to March 29, 2025. The Company valued the warrants at $2,315,124 using the residual value approach. On completion of the private placement, the Company paid cash finders fees of $422,931 and issued 1,566,410 special agent warrants valued at $190,844. Upon receipt of a final short form prospectus, each special agent warrant was automatically exercised, at no additional cost to the holder thereof, for one broker warrant. Each broker warrant is exercisable for one common share until March 29, 2025, at an exercise price of $0.27 per share. Additional share issue costs of $266,298 were incurred in connection with this financing, and was recorded as an offset to share capital, as share issue costs.

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

SHARE CAPITAL

a) As of the date of the MDA the Company has 311,669,045 issued and outstanding common shares. The authorized share capital is unlimited no par value common shares.
b) As at the date of the MDA the Company has 8,065,000 incentive stock options outstanding.
c) As at the date of the MDA the Company has 87,455,509 share purchase warrants outstanding.

RELATED PARTY TRANSACTIONS

Key management personnel compensation for the year ended December 31, were:

	2023	2022
Short-term benefits paid or accrued:		
Professional fees paid to Laura Diaz (Director to September 18, 2023)	$ 83,275	$ 203,232
Salary paid to Marcio Fonseca (COO)	260,000	260,000
Salary paid to Blaine Bailey (CFO)	58,333	175,000
Consulting paid to Blaine Bailey (CFO)	39,000	-
Consulting paid to Samantha Shorter (former CFO)	21,500	-
Salary paid to Brenda Dayton (VP Corporate Communications to March 29, 2023)	60,000	120,000
Salary paid to Honza Catchpole (1) (former VP Exploration)	-	212,500
Salary paid to Trevor Woolfe (VP Exploration and Corporate Development to June 30, 2023 and now a director)	90,000	180,000
Salary paid to Alejandro Cano (Country Manager Mexico)	143,937	128,019
Salary paid to Eric Zaunscherb (CEO)	90,000	60,000
Director fees paid to Jonathan Rubenstein (director to January 31, 2023)	2,000	18,000
Director fees paid to Michael Thomson	-	18,667
Director fees paid to Gino DeMichele	-	7,250
Director fees paid to Laura Diaz	-	6,000
Stock based compensation to Directors and Officers	178,958	309,442
Total remuneration	**$ 1,027,005**	**$ 1,698,110**

(1) Honza Catchpole ceased to be a related party on February 25, 2022, and was paid a severance of $180,000 in 2022.

Included in accounts payable and accrued liabilities as at December 31, 2023 there was $300,428 (December 31, 2022 – $73,530) owed to related parties and summarized as follows:

Name		December 31, 2023		December 31, 2022
Promaid Services Ltd. (Blaine Bailey)	$	20,550	$	374
Brenda Dayton		-		23,274
Eric Zaunscherb		28,758		12,354
Jonathan Rubenstein (director to January 31, 2023)		-		12,000
Marcio Fonseca		128,644		-
Margeo Consulting (Marcio Fonseca)		-		5,938
Trevor Woolfe		1,759		-
Shordean Pty Ltd. (Trevor Woolfe)		9,923		10,711
Diaz Nieves Y Asociados S.C. (former Director)		-		8,879
	$	189,635	$	73,530

During the year ended December 31, 2023, the Company issued 788,879 (December 31, 2022 – Nil) common shares valued at $59,166 (December 31, 2022 - $Nil) as debt settlement with officers and a director of the Company.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

OFF BALANCE SHEET ARRANGEMENTS

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

INVESTOR RELATIONS

The Company has no investor relations contracts and Eric Zaunscherb, CEO handles all matters in regard to investor relations.

PROPOSED TRANSACTIONS

Currently the Company is not a party to any material undisclosed transactions or pending transactions. The Company continually evaluates new opportunities, including new properties by staking, acquisition or joint venture, and corporate consolidation or merger opportunities.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting year. Areas requiring the use of estimates in the preparation of the Company's consolidated financial statements include the carrying value and the recoverability of the exploration and evaluation assets included in the consolidated statement of financial position, the assumptions used to determine the fair value of share-based payments in the consolidated statement of comprehensive loss, and the estimated amounts of reclamation and environmental obligations. Management believes the estimates used are reasonable; however, actual results could differ materially from those estimates and, if so, would impact future results of operations and cash flows.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

There were no changes in the Company's significant accounting policies during the year ended December 31, 2023, that had a material effect on its consolidated financial statements. The Company's significant accounting policies are disclosed in Note 2 to its consolidated financial statements for the year ended December 31, 2023.

RISKS AND UNCERTAINTIES

Liquidity, Financing and Going Concern Risks

The Company has limited financial resources. There is no assurance given by the Company that it will be able to secure the financing necessary to explore, develop and produce its mineral properties. The Company does not presently have sufficient financial resources or operating cash-flow to undertake by itself all of its planned exploration and development programs. Further exploration and development of the Company's properties will therefore depend on the Company's ability to obtain additional required financing. There is no assurance the Company will be successful in obtaining the required financing on terms acceptable to it, or at all, the lack of which could result in the loss or substantial dilution of its interests (as existing or as proposed to be acquired) in its properties. The Company's ability to continue as a going concern is dependent on its ability to raise equity capital financings, exploration success, the attainment of profitable operations and the completion of further share issuances to satisfy working capital and operating needs. The Company, as of December 31, 2023, had a working capital deficiency of $23,706,229, and does not have sufficient funds to cover the deficiency and fund ongoing obligations. The Company will need to raise further funds to complete additional exploration programs at the Plomosas Project, as well as to retain key personnel, finance general and administration costs and maintain its listing on the TSXV. In addition, the Company will also need to raise additional funds to complete exploration programs on any of its other properties, should it determine to advance such properties in future.

Climate Change Risks

Governments are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Regulations relating to greenhouse gas emission levels (such as carbon taxes) and energy efficiency are becoming more stringent. If the current regulatory trend continues, and the increased transitional risks evolve as society and industry work to reduce their reliance on carbon, the Company's operating costs could increase at its operations. In addition, the physical risks of climate change may also have an adverse effect on the Company's operations. These physical risks include changes in rainfall rates, rising sea levels, reduced water availability, higher temperatures, increased snowpack and extreme weather events. Such events could materially disrupt the Company's operations if they affect any of the Company's property sites, impact local infrastructure or threaten the health and safety of the Company's employees and contractors, and there can be no assurances that the Company will be able to predict, respond to, measure, monitor or manage the physical risks posed as a result of climate change factors. Climate-related risks could also result in shifts in demand for certain commodities, including precious metals. The Company's operations in Mexico are exposed to climate-related risks as a result of geographical location. The Company's operations may be adversely affected by climate change factors.

The occurrence of any climate change violation or enforcement action may have an adverse impact on the Company's operations, the Company's reputation and could adversely affect the Company's results of operations. As well, environmental hazards caused by third parties may exist on a property in which the owners or operators of the mining projects are not aware at present, and which could impair the commercial success, levels of production and continued feasibility and project development and mining operations on these properties.

The Company acknowledges international and community concerns around climate change and supports initiatives consistent with international initiatives on climate change.

Exploration and Development Risks

There is no assurance given by the Company that its exploration and development programs and properties will result in the discovery, development or production of a commercially viable deposit or ore body. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration activities will result in any discoveries of bodies of commercial ore. The economics of developing mineral properties are affected by many factors including capital and operating costs, variations of the grades and tonnages of ore mined, fluctuating metal prices, costs of mining and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Substantial expenditures are required to establish resources or reserves through drilling and other work, to develop metallurgical processes to extract metal from ore, and to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that funds required for exploration and/or development can be obtained on a timely basis. The marketability of any metals or minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately foreseen or predicted, such as market fluctuations, the global marketing conditions for precious and base metals, the proximity and capacity of required processing facilities, mineral markets and required processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection.

Estimates of Mineral Deposits

The Company provides no assurance that any estimates of mineral deposits or resources will materialize on any of its properties. No assurance can be given that any identified mineralization will be developed into a coherent mineralization deposit, or that such deposit will even qualify as a commercially viable and mineable ore body that can be legally and economically exploited. Estimates regarding mineralized deposits can also be affected by many factors such as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grades and tonnages of ore ultimately mined may differ from that indicated by drilling results and other exploration and development work. There can be no assurance that test work and results conducted and recovered in small-scale laboratory tests will be duplicated in large-scale tests under on-site conditions. Material changes in mineralized tonnages, grades, dilution and stripping ratios or recovery rates may affect the economic viability of projects. The existence of mineralization or mineralized deposits should not be interpreted as assurances of the future delineation of ore reserves or the profitability of any future operations.

Commodity Prices

The Company has no control over future commodity prices. The mining industry is competitive and commodity prices fluctuate constantly so that there is no assurance, even if commercial quantities of a mineral resource are discovered, that a profitable market will exist for the sale of same. Factors beyond the control of the Company may affect the marketability of any substances discovered. The prices of precious and base metals fluctuate on a daily basis, have experienced volatile and significant price movements over short periods of time, and are affected by numerous factors beyond the Company's control, including international economic and political trends, expectations of inflation, currency exchange fluctuations (specifically, the U.S. dollar relative to other currencies), interest rates, central bank transactions, world supply for precious and base metals, international investments, monetary systems, and global or regional consumption patterns (such as the development of gold coin programs), speculative activities and increased production due to improved mining and production methods. The supply of and demand for precious and base metals are affected by various factors, including political events, economic conditions and production costs in major producing regions, and governmental policies with respect to precious metal holdings by a nation or its citizens. The exact effect of these factors cannot be accurately predicted, and the combination of these factors may result in the Company not receiving adequate returns on invested capital or the investments retaining their respective values. There is no assurance that the prices of gold, silver and other precious and base metals will be such that the Company properties can be mined at a profit. The Company is particularly expose to the risk of movement in the price of silver and gold. Declining market prices for silver and/or gold could have a material effect on the Company's perceived value and profitability potential.

Cost Estimates May not be Accurate

The Company prepares budgets and estimates of cash costs and capital costs for our operations and our main costs relate to material costs, workforce and contractor costs, and energy costs. As a result of the substantial expenditures involved in the exploration and development of mineral projects and the fluctuation of costs over time, projects may be prone to material cost overruns. Our actual costs may vary from estimates for a variety of reasons, including short-term operating factors; revisions to exploration and development plans; risks and hazards associated with exploration, development and mining; natural phenomena, such as inclement weather conditions, water availability and unexpected labour issues, labour shortages, strikes or community blockades and quality of existing infrastructure being less than expected. Many of these factors are beyond the Company's control and the inaccuracy of any estimates may result in the Company requiring additional capital and time to execute on its exploration and development plans.

Operating Hazards and Other Uncertainties

The Company's business operations are subject to risks and hazards inherent in the mining industry. The exploration for and the development of mineral deposits involves significant risk, including but not limited to:

- environmental hazards;
- discharge of pollutants or hazardous chemicals;
- industrial accidents;
- labour disputes and shortages;
- supply and shipping problems and delays;
- shortage of equipment and contractor availability;
- unusual or unexpected geological or operating conditions;
- fire;
- changes in the regulatory environment; and
- natural phenomena such as inclement weather conditions, floods and earthquakes.

These or other occurrences could result in damage to, or destruction of, mineral properties, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. The Company could also incur liabilities as a result of pollution and other casualties all of which could be very costly and could have a material adverse effect on the Company's financial position and results of operations.

Competition

The Company competes with larger, better capitalized competitors in the mining industry and the Company provides no assurance that it can compete for mineral properties, future financings, technical expertise, the recruitment and retention of qualified employees and the purchase or lease of equipment and third-party servicing companies.

Title Matters

The Company provides no assurance given that it owns legal title to its mineral properties and concessions. The acquisition of title to mineral properties and concessions is a very detailed and time-consuming process. Title to any of its mining concessions, claims and/or leases may come under dispute. While the Company has diligently investigated title considerations to its mineral properties and concessions, in certain circumstances, the Company has only relied upon representations of property partners and government agencies. There is no guarantee of title to any of its properties or concession holdings. The properties and concessions may be subject to prior unregistered agreements or transfers, government claims for past due concession fees and title may be affected adversely by unidentified and undetected defects and by different interpretations of the law. Native land claims or claims of aboriginal or indigenous title may be asserted over areas in which the Company's properties are located. The Company provides no assurances that the concessions it holds or that are under application will be granted to it.

Community Groups

There is an ongoing level of public concern relating to the effects of mining on the natural landscape, on communities and on the environment. Certain non-governmental organizations, public interest groups and reporting organizations ("**NGOs**") who oppose resource development can be vocal critics of the mining industry regardless of merit. In addition, there have been many instances in which local community groups have opposed resource extraction activities, which have resulted in disruption and delays to the relevant operation. While the Company seeks to operate in a socially responsible manner and believes it has good relationships with local communities in the jurisdictions in which it owns properties, NGOs or local community organizations could direct adverse publicity and/or disrupt the Company's operations in respect of one or more of its properties due to political factors, activities of unrelated third parties on lands in which it has an interest or its operations specifically. Any such actions and the resulting media coverage could have an adverse effect on the Company's reputation and financial condition or its relationships with the communities in which it operates, which could have a material adverse effect on its business, financial condition, results of operations, cash flows or prospects.

Environmental and Other Regulatory Requirements

The Company provides no assurance that it has met all environmental or regulatory requirements. The current or future operations of the Company, including exploration and development activities and commencement of production on its properties, require permits from various foreign, federal, state and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that approvals and permits required in order for the Company to commence exploration, development or production on its various properties will be obtained. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, are necessary prior to operation of the other properties in which the Company has interests and there can be no assurance that the Company will be able to obtain or maintain all necessary permits that may be required to commence exploration, construction, development or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration, development and mining operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. New laws or regulations or amendments to current laws, regulations and permits governing operations and activities of exploration and mining companies, or more stringent implementation of current laws, regulations or permits, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Reclamation

Land reclamation requirements for the Company’s properties may be burdensome. There is a risk that monies and accruals allotted for land reclamation may not be sufficient to cover all risks, due to changes in the nature of any potential waste rock and/or tailings and/or revisions to government regulations. Therefore, additional funds, or reclamation bonds or other forms of financial assurance may be required over the tenure of the Company’s properties to cover potential risks. These additional costs may have material adverse impact on the financial condition and results of the Company.

Unknown Environmental Risks for Past Activities

Exploration and mining operations involve a potential risk of releases to soil, surface water and groundwater of metals, chemicals, fuels, liquids having acidic properties and other contaminants. In recent years, regulatory requirements and improved technology have significantly reduced those risks. However, those risks have not been eliminated, and the risk of environmental contamination from present and past exploration or mining activities exists for mining companies. Companies may be liable for environmental contamination and natural resource damages relating to properties that they currently own or operate or at which environmental contamination occurred while or before they owned or operated the properties. However, no assurance can be given that potential liabilities for such contamination or damages caused by past activities at these properties do not exist.

Geopolitical Risk

The Company may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploitation and production, price controls, export controls, currency availability, income taxes, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on mineral exports, increased financing costs, and site safety. In addition, legislative enactments may be delayed or announced without being enacted and future political action that may adversely affect the Company cannot be predicted. Any changes in regulations or shifts in political attitudes that may result, among other things, in significant changes to mining laws or any other national legal body of regulations or policies are beyond the control of the Company and may adversely affect its business.

Foreign Countries and Regulatory Requirements

The Company's mineral property interests are located in countries outside of Canada, and mineral exploration and mining activities may be affected in varying degrees by political stability, changes in foreign policy, and government regulations relating to the mining industry. Any changes in regulations, foreign policy, or shifts in political attitudes may vary from country to country and are beyond the control of the Company and may adversely affect its business and its ability to operate in foreign jurisdictions. Such changes have, in the past, included nationalization of foreign owned businesses and properties. The Company's ability to operate its business may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, income and other taxes and duties, tariffs, trade, expropriation of property, environmental legislation and mine safety. These uncertainties may make it more difficult for the Company to obtain any required financing for its mineral properties.

Litigation affecting Mineral Properties

Potential litigation may arise on a mineral property on which the Company has an interest (for example, litigation with the original property owners or neighboring property owners). The results of litigation cannot be predicted with certainty and defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. If the Company is unable to resolve these disputes favorably or if the cost of the resolution is substantial, such events may have a material adverse impact on the ability of the Company to carry out its business plan.

Changes in Tax Laws and Regulations Impacting the Company

There can be no assurance that new tax laws, mining and other regulations, policies or interpretations will not be enacted or brought into being in the jurisdictions where the Company has interests that could have a material adverse effect on the Company. Any such change or implementation of new tax laws or regulations could adversely affect the Company's ability to conduct its business. No assurance can be given that new taxation rules or accounting policies will not be enacted or that existing rules will not be applied in a manner which could result in the profits of the Company being subject to additional taxation or which could otherwise have a material adverse effect on the profitability of the Company, the Company' results of operations, financial condition and the trading price of the Company's securities. In addition, the introduction of new tax rules or accounting policies, or changes to, or differing interpretations of, or application of, existing tax rules or accounting policies could make royalties or other investments and dispositions by the Company less attractive to counterparties. Such changes could adversely affect the ability of the Company to acquire new assets or make future investments and dispositions.

The Canadian Extractive Sector Transparency Measures Act (Canada) ("**ESTMA**"), which became effective June 1, 2015, requires public disclosure of payments to governments by mining and oil and gas companies engaged in the commercial development of oil, gas and minerals who are either publicly listed in Canada or with business or assets in Canada. Mandatory annual reporting is required for extractive companies with respect to payments made to foreign and domestic governments at all levels, including entities established by two or more governments and including Indigenous groups. ESTMA requires reporting on the payments of any taxes, royalties, fees, production entitlements, bonuses, dividends, infrastructure improvement payments, and any other prescribed payment over $100,000. Failure to report, false reporting or structuring payments to avoid reporting may result in fines. If the Company becomes subject to an enforcement action or in violation of ESTMA, this may result in significant penalties, fines and/or sanctions imposed on us resulting in a material adverse effect on our reputation.

Uninsured Risks

The Company provides no assurance that it is adequately insured against all risks. The Company maintains insurance in such amounts as it considers to be reasonable, however, such insurance may not cover all the potential risks associated with its activities, including any future mining operations. The Company may not be able to obtain or maintain insurance to cover its risks at economically feasible premiums, or at all. Insurance coverage may not be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration or production may not be available to the Company on acceptable terms. The Company might also become subject to liability for pollution or other hazards which it is does not insure against or in future may not insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs which could have a material adverse effect on Company's business, financial condition, results of operations or prospects.

Historical Negative Cash Flow and No Assurance of Profitability

The Company had negative cash flow from operating activities during the financial year ended December 31, 2023 and it is expected that the Company will experience negative cash flows in the immediate future. The Company has experienced net losses in the past and will incur losses in the future until and unless it can derive sufficient cash flows from its investments in mineral projects. Future negative cash flows could have an adverse effect on the market price of the Company's common shares and on its ability to continue as a going concern.

The Company has no history of earnings and due to the nature of its business there can be no assurance that the Company will ever be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is from the sale of its common shares or from the sale or optioning of a portion of its interest in its resource properties. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether a commercial deposit exists. While the Company may generate additional working capital through further equity offerings or through the sale or syndication of its properties, there can be no assurance that any such funds will be available on favorable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

Currency Fluctuation and Foreign Exchange Controls

The Company maintains a portion of its funds in U.S. dollars and Mexican pesos denominated accounts. Certain of its property and related contracts are denominated in U.S. dollars and Mexican Pesos. The Company's operations in countries other than Canada are normally carried out in the currency of that country and make the Company subject to foreign currency fluctuations and such fluctuations may materially affect its financial position and results. In addition, future contracts may not be denominated in Canadian dollars and may expose the Company to foreign currency fluctuations and such fluctuations may materially affect its financial position and results.

Dependence on Key Individuals

The Company is dependent on a relatively small number of key personnel, the loss of any one of whom could have an adverse effect on it. The Company maintains key-person insurance on the life of its President and COO, Marcio Fonseca but does not maintain key-person insurance on the life of any of its other personnel. In addition, while certain of the Company's officers and directors have experience in the exploration of mineral producing properties, the Company will remain highly dependent upon contractors and third parties in the performance of its exploration and development activities. There can be no guarantee that such contractors and third parties will be available to carry out such activities on behalf of the Company or be available upon commercially acceptable terms.

Substantial Number of Authorized but Unissued Shares

The Company has an unlimited number of common shares which may be issued and authorized by the Company's Board without further action or approval of the Company's shareholders. While the Company's Board is required to fulfil its fiduciary obligations in connection with the issuance of such shares, the shares may be issued in transactions with which not all shareholders agree, and the issuance of such shares will cause dilution to the ownership interests of the Company's shareholders.

Potential Volatility of Market Price of Common Shares and Related Litigation Risks

Securities of publicly listed companies such as the Company have, from time to time, experienced significant price and volume fluctuations unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the market price of the Company's common shares. In addition, the market price of the Company's shares is likely to be highly volatile. Factors such as gold prices, the average volume of shares traded, announcements by competitors, changes in stock market analysts' recommendations regarding the Company and general market conditions and attitudes affecting other exploration and mining companies may have a significant effect on the market price of the Company's common shares. It is likely that the Company's results or development and exploration activities may fluctuate significantly or may fail to meet the expectations of stock market analysts and investors and, in such event, the market price of the Company's common shares could be materially adversely affected. In the past, securities class action litigation has often been initiated following periods of volatility in the market price of a company's securities. Such litigation, if brought against the Company, could result in substantial costs and a diversion of management's attention and resources, which could have a material adverse effect on the Company's business, financial position and results of operations.

Future Sales of Common Shares by Existing Shareholders

Sales of a large number of common shares in the public markets, or the potential for such sales, could decrease the trading price of the common shares and could impair the Company's ability to raise capital through future sales of common shares. The Company has previously completed private placements at prices per share which may be, from time to time, lower than the market price of the common shares at the time of the offering announcement. Accordingly, a significant number of the Company's shareholders at any given time may have an investment profit in the common shares that they may seek to liquidate.

International Conflict

International conflict and other geopolitical tensions and events, including war, military action, terrorism, trade disputes and international responses thereto have historically led to, and may in the future lead to, uncertainty or volatility in global commodity and financial markets and supply chains. Russia's invasion of Ukraine has led to sanctions being levied against Russia by the international community and may result in additional sanctions or other international action, any of which may have a destabilizing effect on supply chain disruptions may adversely affect the Company's business, financial condition and results of operations. The extent and duration of the current Russia-Ukraine conflict and related international action cannot be accurately predicted at this time and the effects of such conflict may magnify the impact of the other risks identified above, including those relating to commodity price volatility and global financial conditions. The situation is rapidly changing and unforeseeable impacts, including on the Company’s shareholders and counterparties on which the Company rely and transact, may materialize and may have an adverse effect on the Company's business, results of operation and financial condition.

Conflicts of Interest

The Company provides no assurance that its directors and officers will not have conflicts of interest from time to time. The Company’s directors and officers may serve as directors or officers of other mineral exploration and development companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the Company’s directors and management may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The interests of these companies may differ from time to time. In the event that such a conflict of interest arises at a meeting of the Company’s directors, a director who has such a conflict will abstain from voting for or against any resolution involving any such conflict. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the laws of the Province of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether the Company will participate in any particular exploration or mining project at any given time, the directors will primarily consider the upside potential for the project to be accretive to shareholders, the degree of risk to which the Company may be exposed and its financial position at that time.

Legislative Changes in Mexico

The Mexican Senate has approved modifications to its mining law, which came into effect on May 9, 2023, introducing new policies and regulations, the exact impacts of which are unknown at this time. GR Silver Mining wholly owns concessions in the Rosario Mining District for which titles and operating permits are held and it is not expected that this will change under the modified legislation, although no assurances can be given as the full impact of the changes are unknown at this time. In addition, while GR Silver Mining has nurtured relationships with in-country stakeholders, enjoyed recent success in the granting of permits from Mexican authorities and secured long term agreements with neighbouring ejidos, there is no assurance that these relationships and successes will continue. The full impacts of the legislative changes have not yet been completely assessed as the industry waits for the Government to issue changes to the Mining Law Regulations further clarifying the changes. The Company will continue to monitor this closely to best deal with the changes. There is no assurance that these changes will not adversely affect the Company or its Mexican properties and assets.

Liquidity, Financing and Going Concern Risks

The Company has limited financial resources. There is no assurance given by the Company that it will be able to secure the financing necessary to overcome its working capital deficiency and to explore, develop and produce its mineral properties. The Company does not presently have sufficient financial resources or operating cash-flow to undertake by itself all its planned exploration and development programs and its administration costs. Further exploration and development of the Company's properties will therefore depend on the Company's ability to obtain the additional required financing. There is no assurance the Company will be successful in obtaining the required financing on terms acceptable to it, or at all, the lack of which could result in the loss or substantial dilution of its interests (as existing or as proposed to be acquired) in its properties and would put the Company's going concern assumption at risk. The Company's ability to continue as a going concern is dependent on its ability to raise equity capital financings, exploration success, the attainment of profitable operations and the completion of further share issuances to satisfy working capital and operating needs. The Company, as of December 31, 2023, had a working capital deficiency of $23,706,229, and does not have sufficient funds to cover the deficiency and fund ongoing obligations. The Company will need to raise further funds to complete additional exploration programs at the Plomosas Project, as well as to retain key personnel, finance general and administration costs and maintain its listing on the TSXV. In addition, the Company will also need to raise additional funds to complete exploration programs on any of its other properties, should it determine to advance such properties in future.

Changes to the Mexican mining legislation have had a negative impact on the ability to attract financing to the jurisdiction which may further inhibit the Company's ability to fund and maintain operations.

Permits and Licenses Risks

The operations of the Company will require licenses and permits from various governmental authorities. The Company believes it will be able to obtain in the future all necessary licenses and permits to carry on the activities which it intends to conduct and intends to comply in all material respects with the terms of such licenses and permits. There can be no guarantee, however, that the Company will be able to obtain and maintain, at all times, all licenses and permits required to undertake its proposed exploration or to place its properties into commercial production and to operate mining facilities if its exploration programs are successful. Amendments to current laws and regulations governing the operating and activities of the Company and the more stringent implementation thereof could have a substantial adverse impact on the business, financial condition and the results of operations of the Company. Obtaining necessary permits, leases and licenses can be a complex, time-consuming process and the Company cannot be certain that it will be able to obtain necessary permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits, leases and licenses and complying with these permits and applicable laws and regulations could stop, delay or restrict the Company from proceeding with the development of an exploration project or the development and operation of a mine. Any failure to comply with applicable laws and regulations or permits could result in interruption or closure of exploration, development or mining operations, or fines, penalties or other liabilities. The Company could also lose its licenses or permits under the terms of its existing agreements.

Changes to the Mexican legislation provides additional uncertainty with respect to the evolving enactment of changes to title law in Mexico. The Company continues to monitor the situation.

Global Economy Risk

Global financial conditions continue to be characterized as volatile. In recent years, global markets have been adversely impacted by various credit crises and significant fluctuations in fuel and energy costs and metals prices, including because of the COVID-19 virus pandemic, inflation rates, interest rates and significant fluctuations in commodity prices as a result of the ongoing military conflict between Ukraine and Russia and the economic sanctions imposed on Russia in connection therewith. Many industries have been impacted by these market conditions. Global financial conditions remain subject to sudden and rapid destabilizations in response to international events, as government authorities may have limited resources to respond to future crises. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to consumer spending, employment rates, business conditions, inflation, supply chain disruptions, sovereign debt crises, fuel and energy costs, economic recession, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Company's growth and profitability. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability (such as the Russian invasion of Ukraine), changes to energy prices, increases in interest rates or sovereign debt defaults. If increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, it may result in a material adverse effect on commodity prices, the strength and confidence in the U.S. dollar, availability of credit, investor confidence, and general financial market liquidity, all of which may adversely affect the Company's business and the market price of the Company's securities.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

Financial risk factors

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

Credit risk

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

Liquidity risk

As of December 31, 2023, the Company had cash balance of $100,573 to settle current liabilities of $24,028,561 and has significant expenditure requirements pursuant to Mexican concession fees. The Company is exposed to significant liquidity risk. Additional funds will be required for property expenditures, retention of essential personnel, general and administration and to maintain its listing on the TSX.V

Market risk

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

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade demand investments issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Foreign jurisdiction and currency risk

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

FORWARD-LOOKING STATEMENTS

This MDA contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. Information concerning mineral resource/reserve estimates and the economic analysis thereof contained in preliminary economic analyses or prefeasibility studies also may be deemed to be forward-looking statements in that they reflect a prediction of the mineralization that would be encountered, and the results of mining that mineralization, if a mineral deposit were developed and mined. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate, plans and similar expressions, or which by their nature refer to future events. These forward-looking statements include, but are not limited to, statements concerning:

- the Company's strategies and objectives, both generally and in respect of its specific mineral properties or exploration and evaluation assets;
- the timing of decisions regarding the timing and costs of exploration programs with respect to, and the issuance of the necessary permits and authorizations required for, the Company's exploration programs;
- the Company's estimates of the quality and quantity of the resources at its mineral properties;
- the Company's ability to increase through additional drilling the quality and quantity of the resources at its mineral properties;
- the timing and cost of planned exploration programs of the Company and the timing of the receipt of results thereof;
- general business and economic conditions;
- the Company's ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations; and
- the Company's expectation that it will be able to add additional mineral projects of merit to its existing property portfolio.

The Company can give no assurance that such expectations will prove to be correct. Inherent in forward looking statements are risks and uncertainties beyond the Company's ability to predict or control, including, but not limited to, risks related to the Company's inability to raise the necessary capital to be able to continue in business and to implement its business strategies, to identify one or more economic deposits on its properties, variations in the nature, quality and quantity of any mineral deposits that may be located, variations in the market price of any mineral products the Company may produce or plan to produce, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, and other risks identified herein under "Risks and Uncertainties".

The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those expressed or implied by forward looking statements contained in this MDA. Such statements are based on several assumptions which may prove incorrect, including, but not limited to, assumptions about:

- the level and volatility of the price of commodities;
- general business and economic conditions;
- the timing of the receipt of regulatory and governmental approvals, permits and authorizations necessary to implement and carry on the Company's planned exploration;
- conditions in the financial markets generally;
- the Company's ability to attract and retain key staff;
- the nature and location of the Company's mineral exploration projects, and the timing of the ability to commence and complete the planned exploration programs; and
- the ongoing relations of the Company with its regulators.

These forward-looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation, to update these forward-looking statements, except as required by applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. The current state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations.

DISCLOSURE OF MANAGEMENT COMPENSATION

In accordance with the requirements of Section 19.5 of TSXV Policy 3.1, the Company provides the following disclosure with respect to the compensation of its directors and officers during the period:

1. During the year ended December 31, 2023, the Company did not enter any standard compensation arrangements made directly or indirectly with any directors or officers of the Company, for their services as directors or officers, or in any other capacity, with the Company or any of its subsidiaries except as disclosed under "Related Party Transactions".
2. During the year ended December 31, 2023, officers of the Company were paid for their services as officers by the Company as noted above under "Related Party Transactions".
3. During the year ended December 31, 2023, the Company did enter into an arrangement relating to severance payments to be paid to an officer of the Company as noted above under "Related Party Transactions".

APPROVAL

The Board of Directors of the Company has approved the disclosures in this MDA as of April 19, 2024.

ADDITIONAL SOURCES OF INFORMATION

Additional disclosures pertaining to the Company, including its most recent, financial statements, management information circular, material change reports, press releases and other information, are available on the SEDAR website at www.sedarplus.ca or on the Company's website at www.grsilvermining.com. Readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.