

GR SILVER MINING LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED MARHC 31, 2021

REPORT DATE:
May 26, 2021

This Management Discussion and Analysis (the “MDA”) provides relevant information on the operations and financial condition of GR Silver Mining Ltd. (the “Company”) for the period ended March 31, 2021.

The Company is in the business of mineral exploration. The Company’s current focus is the Plomosas Silver Project and San Marcial Project (“Properties”) which are located approximately 105 and 120 kilometres east of Mazatlán, Sinaloa, Mexico. The Properties are 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 Properties.

The main activities include the evaluation, acquisition, and exploration of mineral exploration properties in search of economic mineral deposits. The Company is currently focused on the resource expansion at the Properties. The amounts shown for exploration and evaluation assets are dependent upon the discovery of economically recoverable reserves and future profitable production or proceeds from the disposition of these assets. The carrying values of exploration and evaluation assets do not necessarily reflect their present or future values.

All monetary amounts in this MDA and in the condensed interim consolidated financial statements are expressed in Canadian dollars, unless otherwise stated. Financial results are being reported in accordance with International Financial Reporting Standards (“IFRS”).

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 condensed interim consolidated financial statements together with other financial information included in these filings. The Board of Directors approves the condensed interim 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 financial statements and notes thereto for the year ended December 31, 2020.

The Company is registered in the province of British Columbia. The Company’s head office address is Suite 900 – 999 West Hastings Street, Vancouver B.C. V6C 2W2. The Company’s registered and records office is Suite 600 – 890 West Pender Street, Vancouver, B.C. V6C 1J9.

OVERALL PERFORMANCE

The Company is a mineral exploration, resource expansion and development company active in exploration and development of mineral properties in the Rosario Mining District, Sinaloa, Mexico. It is utilizing its mineral exploration, development and business expertise, as well as knowledge and experience related to the District to advance resource expansion and new discovery opportunities in the pursuit of future mine developments. The Company has been successful completing low-cost acquisition opportunities, whether by staking, property acquisition or by corporate transactions. This was highlighted by the acquisition of the Plomosas Silver Project (“Plomosas Project”) from First Majestic Silver Corp. (“First Majestic”), which was completed in March 2020 and the more recent acquisition of 100% of Marlin Gold Mining Ltd. (“Marlin”) from Mako Mining Corp. (“Mako”), which was completed in March 2021. Marlin owns 100% of Oro Gold de Mexico, S.A. de C.V. (“Oro Gold”), a Mexican company, that owns the past producer La Trinidad open pit Au mine (“La Trinidad”), that ceased operating in 2019, and 12 highly prospective concessions totalling 107,392.5 ha located adjacent to GR Silver’s existing portfolio of properties. These acquisitions together with the existing portfolio and nearby San Marcial Project, have placed the Company in a leading position controlling key Ag-Au assets in the Rosario Mining District (Figure 1).

COVID 19-UPDATE

The Company continues to adjust to the unprecedented COVID-19 conditions. At the Plomosas Project the Company has a camp with a capacity for 150 essential persons, directly involved in exploration, drilling, underground workings and general logistics and operational support. The Company has experienced medical and Occupational Health and Safety personnel on staff. The Company has implemented strict measures and protocols to limit potential exposure of personnel and nearby communities to the virus. Before accessing the camp and any operation, all persons, including external consultants, are tested for COVID-19 (RRT-PCR test) and following receipt of negative tests, are transported to site using strict health and safety protocols. Once on site, all appropriate COVID-19 related protocols are enforced daily. In addition, the Company has implemented monthly testing of all staff with any anomaly regarding COVID-19 being reported. The municipality of Rosario, where the majority of the projects are located, has been classified according to the Mexican Authorities under Zone X, reflecting low or absent number of COVID-19 cases.

EXPLORATION & RESOURCE DEVELOPMENT-STAGE PROJECTS

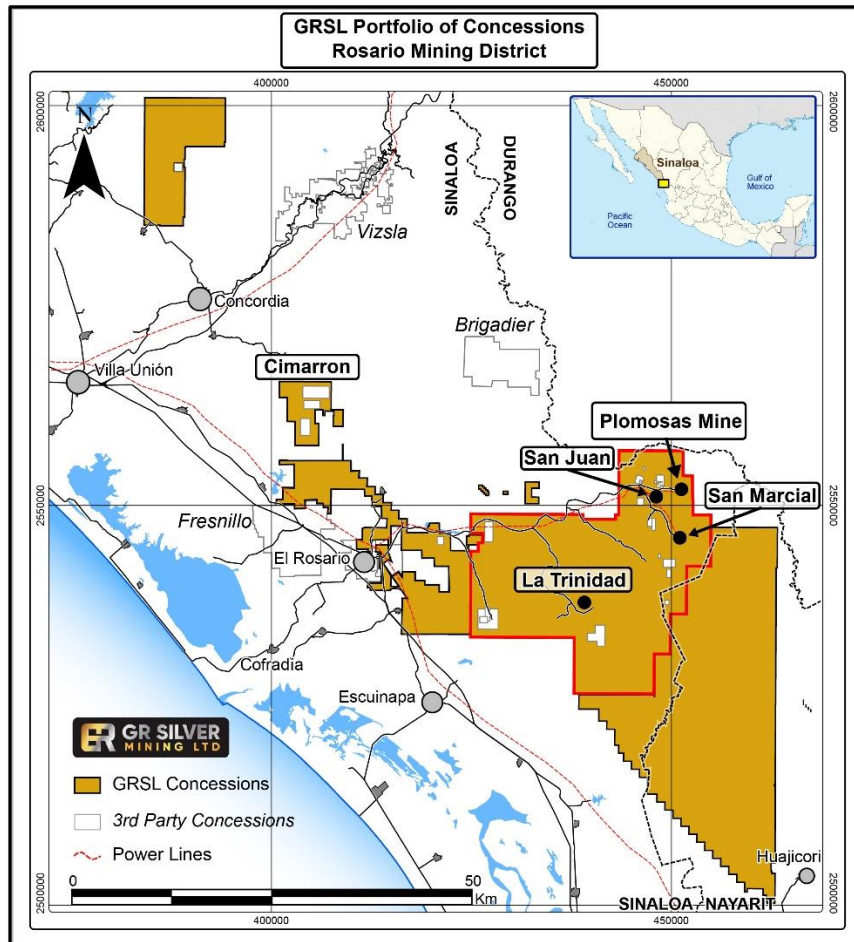
The Company is a mineral exploration, resource expansion and development company. Its principal Properties are (1) the Plomosas Project, a past-producing underground lead-zinc-silver-gold mine with 11 additional drilled prospects. The Company commenced underground and surface drilling programs in 2020 with the objective of producing the Project's first resource estimations on the Plomosas Mine Area and the San Juan Area; (2) the San Marcial Project, resource expansion stage, NI 43-101 resource report is available on SEDAR (www.sedar.com) or the Company's website (www.grsilvermining.com); (3) the La Trinidad past producing open pit, heap leach gold mine (presently under reclamation), the Cimarron gold deposit and associated concessions, acquired in March 2021; and (4) other projects including the exploration concessions close to the El Rosario historical multimillion-ounce gold-silver mine, named the Rosario Project (concessions acquired along with the Plomosas Silver Project), El Habal, Union II, El Habal Sur, Yauco and El Placer II. The Company controls 100% of >1,400 sq. km of exploration concessions in the Rosario Mining District, Sinaloa, Mexico.

Plomosas Property, Sinaloa, Mexico

GR Silver owns 100% of the Plomosas Project located near the historic mining village of La Rastra, within the Rosario Mining District. The Plomosas Project includes just one small past-producing mine, the Plomosas shallow underground mine, where Grupo Mexico (IMMSA) produced 67,600 t of lead concentrate and 31,400 t of zinc concentrate with silver-gold credits, between 1986 and 2000. It was then closed in 2001 after succumbing to the prevailing low commodity prices. As a result of the mine's continuous care and maintenance since that time, the extensive 8 km of underground tunnels and developments are in good condition, allowing immediate access for exploration and potential future mining activities.

The Plomosas Project is an 8,515-hectare property position consisting of 11 concessions of the 18 acquired from First Majestic in March 2020 (Table 1). It is strategically located within 5 km of the Company's San Marcial Silver Project in the southeast of Sinaloa State, Mexico, providing opportunities for cost and operational synergies, as well as integrated development of both projects. The remaining seven concessions are located near the historic El Rosario Mine on the western portion of the Rosario Mining District (Figure 1).

Figure 1 GR Silver Portfolio and Key Projects in the Rosario Mining District, Sinaloa, Mexico



The Plomosas Project lies in one of the most prolific geological settings for the discovery of high-grade silver-gold epithermal mineralized systems in Mexico. This is evidenced by world class deposits discovered in similar mining districts along the western edge of the Sierra Madre Occidental, and replicated by recent high-grade Ag-Au drilling results from the Company's underground and surface drilling program. This is also evidenced by the history of multi-million ounce past production of gold and silver from the historic El Rosario Mine.

The March 2020 acquisition of the Plomosas Project included 563 historical and recent drill holes from both surface and underground locations in the Plomosas Mine Area and San Juan Area. These drill holes represent an extensive database allowing the Company to advance towards resource estimation and potential project development in the near future.

The Company is completing its first drilling program with surface and underground holes focused on expanding known mineralization along strike and down dip in both the Plomosas Mine Area and the San Juan Area. Underground drilling included in the program targeted the extension of recent Ag-Au rich discoveries, such as at the lowest level (775 m RL, or ~250 m below surface) of the Plomosas Mine Area and six low sulphidation epithermal veins at the San Juan Area. Both areas are currently the subject of 3D modelling and interpretation, with NI 43-101 resource estimations in progress on each area.

The previous owners of the Plomosas Project invested approximately US\$18 million in exploration, including extensive geophysics and geochemistry programs. As the Plomosas Project is a past producer, valid surface rights agreements, as well as mine and water use permits, remain in place for future use by the Company.

Table 1 Mining Concessions Acquired from First Majestic in March 2020

No.	MINING CONCESSIONS	TITLE	SURFACE AREA (ha)
MINERA LA RASTRA, S.A. DE C.V.			
Plomosas Project			
1	Plomosas	168698	12.00
2	Segunda Ampliacion de Plomosas	168699	100.00
3	Continuacion de Plomosas	168700	12.00
4	La Rastra 2	183443	25.43
5	San Juan	188174	24.57
6	La Estrella	202188	261.68
7	Plomosas 3	209251	23.27
8	Plomosas 2	210152	83.50
9	La Rastra	214304	5,396.00
10	Plomosas 4	225024	420.96
11	Los Arcos	226222	214.13
Other Projects			
12	Potrero No. 2	195916	221.00
13	El Potrero	203534	100.00
14	Rosario 4	212656	239.78
15	La Chispera	213510	10.00
16	Rosario I	221093	406.69
17	La Chispera II	225866	226.07
18	Rosario II	228255	736.18

The recently drilled high-grade silver-gold mineralization on the Plomosas Project displays the alteration, textures, mineralogy and deposit geometry characteristics of a low-intermediate sulphidation epithermal silver-gold-base metal mineralized vein/breccia system. Previous exploration was focused on polymetallic (Pb-Zn) shallow mineralization, hosted in NW-SE structures in the vicinity of the Plomosas mine. The E-W portion of the mineralization and extensions of the main N-S Plomosas Fault remain under-explored. Recent GR Silver drilling results have also unveiled new Au-Cu rich structure-controlled mineralized zones, which are being investigated for inclusion in the upcoming Plomosas Mine Area resource estimation.

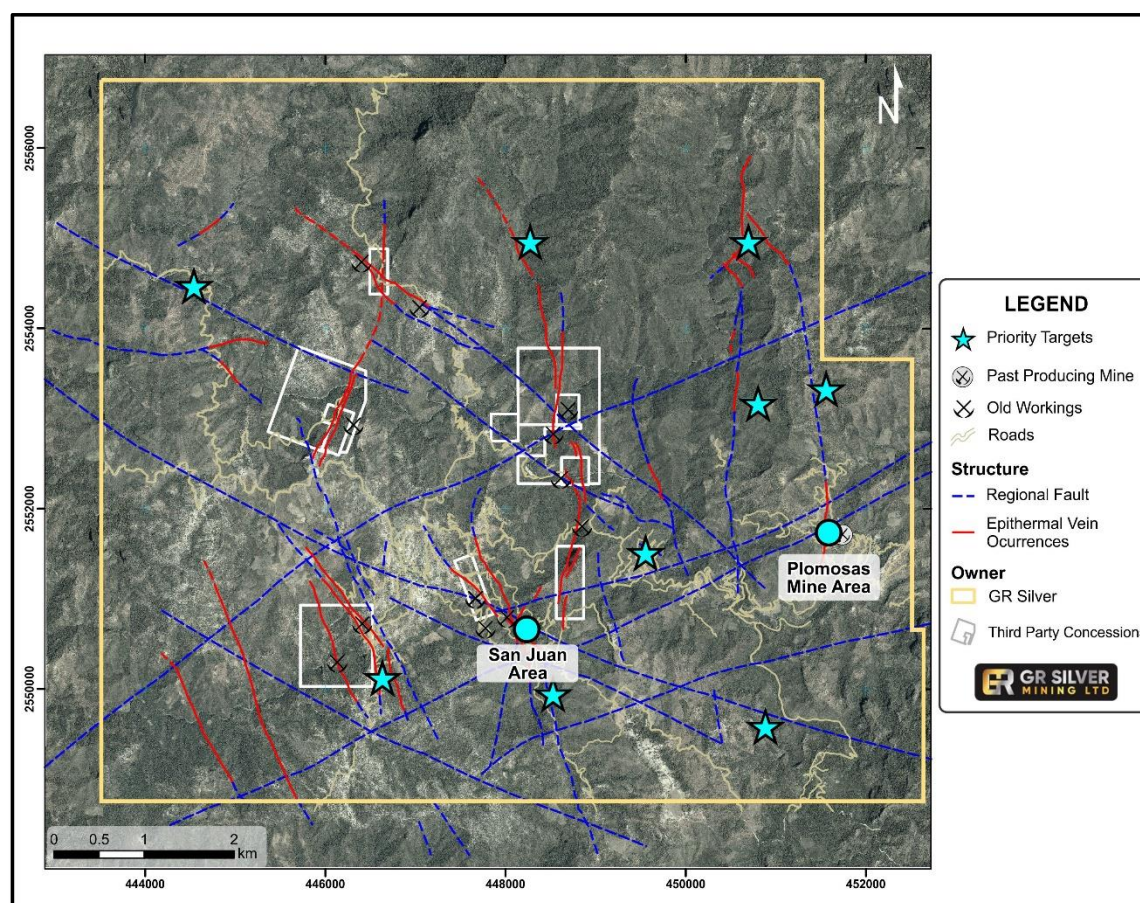
In addition to the resource potential at the Plomosas Project, the Company has completed a detailed review of the existing drill hole database, geophysical surveys and geochemical data covering most of the concession, defining 16 new exploration targets from which 11 have high priority for future exploration programs (Figure 2).

The Plomosas Project includes:

- Two key areas: The Company is completing its initial underground and surface drilling program consisting of over 11,000m at both the Plomosas Mine Area and the San Juan Area, to be incorporated with 563 recent and historical drill holes (Figure 3), comprising over 100,000 m of surface/underground core drilling, and is being integrated into a 3D model to be part of the NI 43-101 compliant resource estimations on each area.
- 11 priority exploration targets and over 30 km of under-explored mineralized veins/structures (Figure 2) in a prolific geological setting with approximately USD\$18.0 million of exploration investment by previous owners. The exploration targets have soil and litho-geochemical sampling data, IP, aero-geophysical and ground geophysical data, indicating anomalies and favourable zones for future drilling.
- 20-year surface rights agreement with local ejido in good standing, 20-year water and 5-year land use permits, and exploration and drilling permits for immediate infill and exploration drilling, which collectively de-risk the project for current and future developments.

- Key surface/underground facilities and infrastructure (from the past-producing 600 tpd operation). At the Plomosas Mine Area, this includes an underground mine with 8 km of underground development in good condition for use in underground drilling and future mine development, access roads, a fully operational 60 km 33 KV power line, fully equipped offices, a 150-person camp, warehouses and ancillary facilities, and an assay lab, representing approximately US\$30 million of previous capital investments.
- At the San Juan Area, initial underground development was completed by IMMSA in 2001, however no mining activities were carried out on site.

Figure 2 Plomosas Project – Priority Target Areas and Structures



Work Program – Quarter ended March 31, 2021

The Company has completed the following work from January 1, 2021 to March 31, 2021 on the Plomosas Project.

Table 2 Work Completed - Plomosas Mine Area

Work Completed	Plomosas
Upgrade access road (km)	1.0
Geological UG mapping (km ²)	NA
Geological surface mapping (km ²)	2.0
Re-logging core (m)	NA
Re-logged holes (n)	NA
Channel/Trench openings (number)	36
Channels/trenches (linear metres)	85.4
Channel samples analyzed by lab	95
Geophysical data re-processed (number of lines)	NA
Geophysical data re-processed (line kms)	NA
Historical geochemical data re-processed (number samples)	NA
Portable drill holes (shallow <20m)	8
Portable drill holes (Shallow <20m) (total metres)	85.9
Portable drill holes samples analyzed by lab	32
Diamond drill holes (NQ) - surface	28
Diamond drill holes (NQ) - surface (total metres)	6,028.85
Diamond drill holes (NQ) - underground	14
Diamond drill holes (NQ) - underground (total metres)	1,906.3
DDH samples analyzed by lab (incl. historical)	6,494

The past-producing Plomosas mine operated from 1986 to 2000, processing a total of 2.5 mt of ore in a 600 tpd crushing-milling flotation circuit. During the 14 years of operation, lead (Pb) and zinc (Zn) concentrates were the main product, 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 mined only 260 m depth of a polymetallic hydrothermal breccia hosted in a shallow dipping regional fault. Extensive historical and current drilling data shows additional continuity down dip and along strike. The drilling data also indicates high-grade silver and gold mineralization, particularly located on unmined hanging wall and footwall zones around the mineralized hydrothermal breccia. The Company is currently investigating the multi-commodity nature of the mineralization and high-grade silver and gold zones by studying the extensive drilling database, re-logging/resampling, and delineating new mineralized zones outside of the historically mined area with its >10,000 m surface and underground drilling program (see [News Release dated December 15, 2020](#)).

At the Plomosas Mine Area, drill hole results confirmed continuity of the silver mineralized system for at least 600 m along strike. They also extend the continuity of both mineralization styles, Ag-Au low sulphidation epithermal veins and polymetallic high-grade Ag-Pb-Zn hydrothermal breccias, up to 700 m down dip below the surface. The drill results continue to confirm the prospectivity of near surface, multiple veins and hydrothermal breccia systems close to existing underground development, which will facilitate access for follow up in our next drill program. Significantly, these drill holes also indicate the discovery of multiple subparallel mineralized systems below the current footwall of previously mined areas. A large epithermal system is evident at the Plomosas Mine Area based on the most recently released set of drill results.

The company also advanced underground sampling at the Plomosas Mine Area delineating a wide, high-grade polymetallic (Au-Cu-Ag-Pb-Zn) sulphide-rich mineralization on the lower level of the Plomosas Mine. A series of continuous intersections, some measuring 15.7 m in length, were channel sampled adjacent to the existing “room and pillar” stope on the 775 RL level, and out into the unmined zones. Assays in this interval identified a new style of precious and base metal mineralization represented by disseminated and massive sulphide-rich zones, hosted by a brecciated andesite and rhyolite tuff. The mineralization consists of coarse-grained chalcopyrite, sphalerite and galena with associated silver and gold. Sampling and exploration to date has not closed off the limits of this new style of mineralization, which remains open to expansion.

Since the March 2020 acquisition of the Plomosas Project, the Company has expanded the strike length of the San Juan mineralized system from its original 400 m to approximately 2 km and it has demonstrated the presence of at

least six mineralized veins. The ongoing surface drilling program, together with validation of extensive historic drilling data, has provided strong evidence that the mineralized footprint extends beyond the previously drilled areas. The company selected the San Juan, La Colorada and Yecora veins (Figure 4) for detailed drilling to support the maiden resource estimation at the San Juan Area. The other three veins that are part of the same mineralized system - Loma Dorada, San Francisco and La Odisea - will be the subject of future exploration in 2021.

Figure 3 Plomosas and San Marcial – Drill Hole Collars & Current Ground Geophysical Survey Area (green)

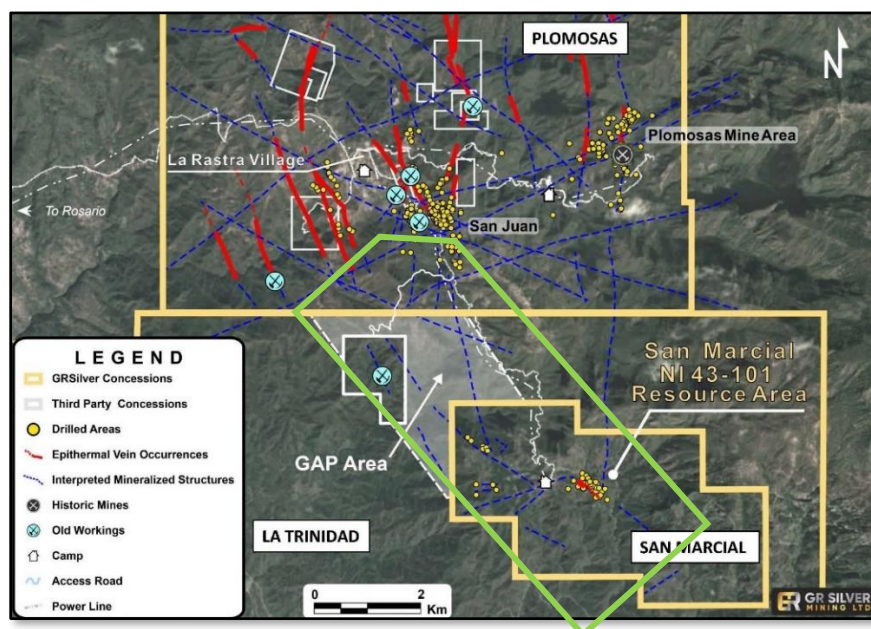


Table 3 Work Completed - San Juan Area

Work Completed	San Juan
Upgrade access road (km)	0.56
Geological mapping (km ²)	NA
Re-logging core (m)	5,740.5
Re-logged holes (n)	18
Channel/Trench openings (number)	5
Channels/trenches (linear metres)	18
Soil samples	NA
Litho-geochemistry samples	NA
Area covered by soil sampling (km ²)	NA
Area covered by litho-geochemistry sampling (km ²)	NA
Portable drill holes (shallow <20m)	0
Portable drill holes (Shallow <20m) (total metres)	0
Diamond drill holes (NQ) - surface	13
Diamond drill holes (NQ) - surface (total metres)	2,520.55
DDH samples analyzed by lab (incl. historical)	1,185

At the San Juan Area, the silver and gold mineralization display the alteration, textures, mineralogy, and deposit geometry characteristics of a low sulphidation epithermal silver-gold-base metal vein/breccia mineralized system. There are common occurrences of silver-gold-galena-sphalerite-rich metal assemblages associated with more than one phase of mineralization, with overprinting of the sulphide-rich mineralization on previous high-grade gold and silver mineralized zones.

At the San Juan Area, validation of historical results identified silver and gold mineralized zones in a 600 m step out from the initial San Juan vein (see [News Release dated July 7, 2020](#)). They confirmed continuity of the Au-Ag mineralized system for at least 2 km (Figure 4), supporting a geological model where San Juan is part of a single-large

epithermal system with occurrences of Ag-Pb-Zn mineralization hosted in polymetallic hydrothermal breccias, as well as Au-Ag enriched quartz epithermal veins in high angle fault zones.

The surface drilling intercepts confirm prospective, near-surface, multiple vein systems peripheral to other drilled areas. This creates the potential to delineate a much larger epithermal system for future drilling and resource estimation. The Company believes that the Au-Ag bearing structures are part of regional scale fault systems, hosting attractive low sulphidation epithermal mineralization and thus providing the opportunity to move forward confidently with further shallow drilling.

Recent drilling by GR Silver, combined with reinterpretation of historical drill results, identified a new mineralized zone in the San Juan Area, known as the Yecora Vein. The results confirm the presence of wide and high-grade zones of Ag-Au-Pb-Zn mineralization, close to the surface in a new mineralized structure parallel to the San Juan Area. In addition to encountering attractive, near surface polymetallic mineralization at Yecora, gold-bearing veins have been identified, indicating new opportunities for shallow drilling (see [News Release dated November 23, 2020](#)). The San Juan Area mineralized trend now extends for more than 2 km combined strike, consisting of at least six mapped veins: San Juan, La Colorada, Yecora, Loma Dorada, La Odisea and San Francisco (Figure 4).

Positive preliminary metallurgical test work results were achieved by the Company after processing an initial 2,700 tonne bulk sample excavated from the San Juan Area underground development - San Juan Vein and Breccia. The bulk sample was excavated from a zone representative of the Ag-Au-Pb-Zn hydrothermal breccia in the upper levels of the underground development and generated 27 t of high-grade A-Au concentrate. The average Ag grade in concentrate was 15,147 g/t and the average Au grade in concentrate was 46.2 g/t (see [News Release dated December 7, 2020](#)). The historical San Juan underground development has no record of previous production.

The Company also completed re-processing of an aeromagnetic and ground geophysical (IP) survey in both the San Juan and Plomosas Mine Areas (Figure 5), with positive results identifying new anomalies in zones outside of the historic underground workings.

Figure 4 San Juan Area – Geology and Mineralized Trends

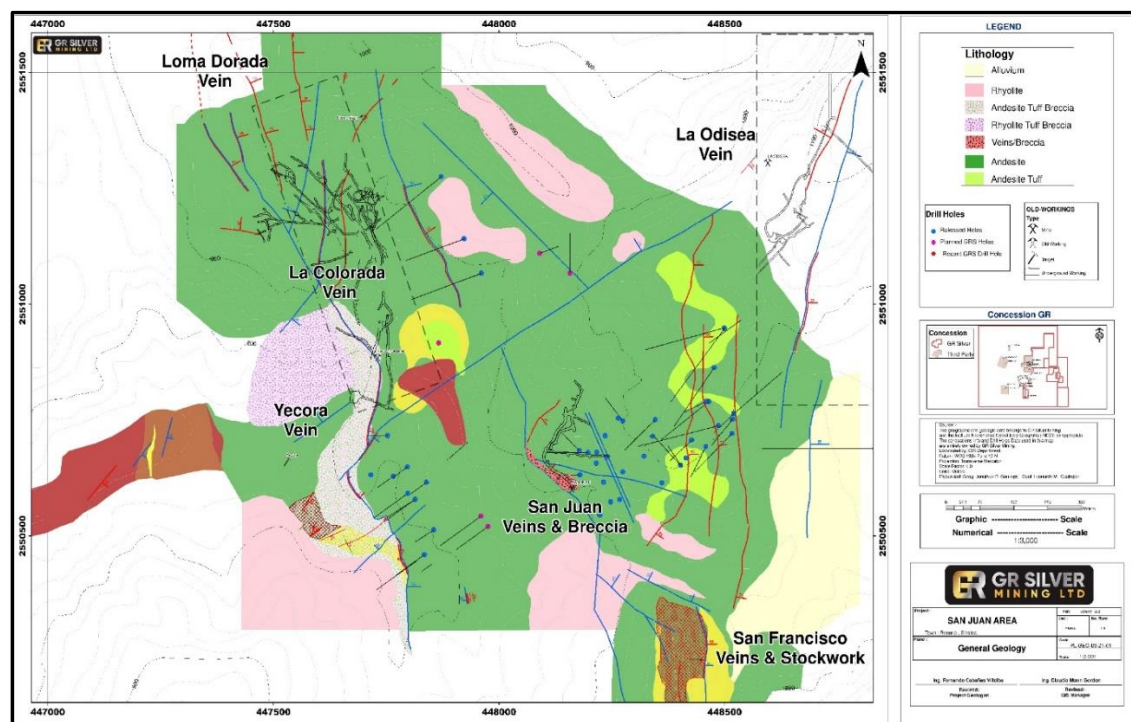
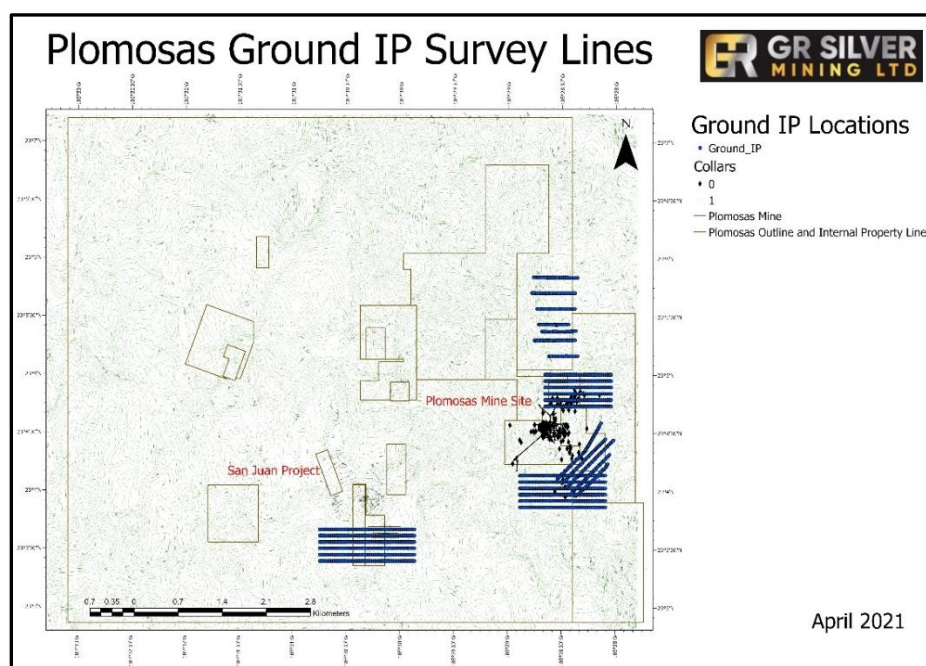


Figure 5 Plomosas Project – Location of Historical IP Survey Lines



The Company has defined 11 new priority exploration targets for future drilling outside of the Plomosas Mine and San Juan Area (Figure 2), which will soon be the subject of reconnaissance exploration.

San Marcial Property, Sinaloa, Mexico

On 30 March 2021, GR Silver Mining advised SSR Mining Inc. (“SSR”) that it would be exercising its option on the San Marcial Property. On 6 May 2021, following a successful 3-year period of exploration and resource expansion, the Company completed the exercise of the 3-year option and subsequent acquisition of a 100% interest in the San Marcial Property from SSR (see [News Release dated 6 May 2021](#)). San Marcial consists of 1,250 ha of concessions (Table 4) held by 100% owned Minera San Marcial S.A. de C.V. and located 5 km south of the Plomosas historical mine (Figure 3).

Table 4 San Marcial - Mining Concessions

No.	MINING CONCESSIONS	TITLE	SURFACE AREA (ha)
1	Mina San Marcial	180998	119.0000
2	Ampliación San Marcial	211650	1131.0000

San Marcial has an attractive near-surface high-grade Ag-Pb-Zn-Au mineralized zone with a current *National Instrument 43-101 – Standards of Disclosure for Mineral Projects* (“NI 43-101”) (see [News Release dated June 12, 2020](#)) resource estimation with an immediate opportunity for resource expansion, not only down dip, but also along an additional 6 km of the San Marcial Mineral Trend. As a result of the Company’s surface exploration program on this project, fourteen additional drill targets have been delineated (Figure 6).

In February 2019, the Company released an updated NI 43-101 resource estimation, amended on June 10, 2020, (Table 5) which continues to exhibit significant exploration upside. This latest resource update is an increase on the previous 2008 resource estimation that only consisted of 30 drill holes completed up to November 2008. An additional 22 drill holes were drilled in 2010. The total of 52 drill holes were integrated into the updated NI 43-101 resource estimation by the Company in 2019.

Figure 6 San Marcial – Resource Area, Geology and Priority Targets

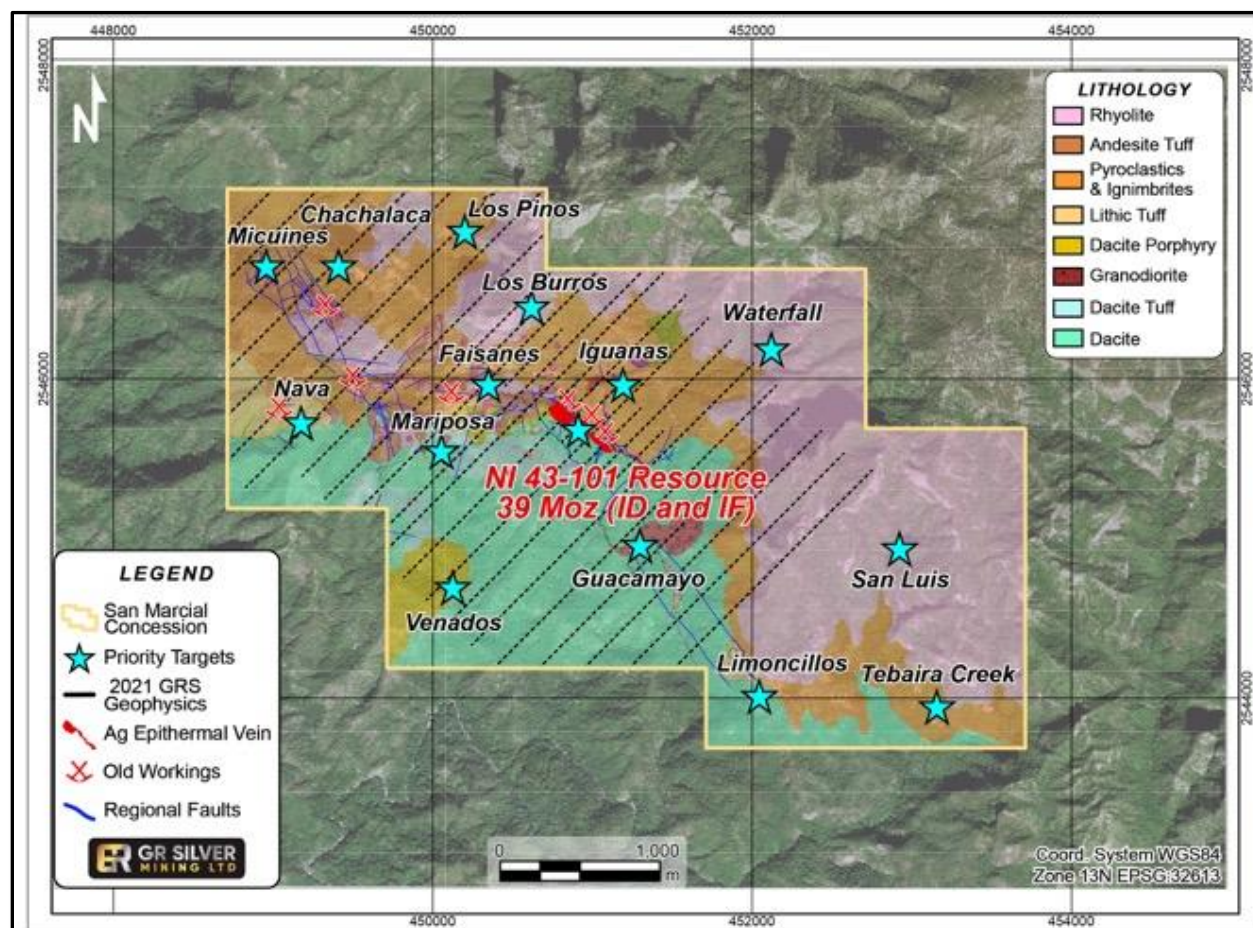


Table 5 San Marcial – NI 43-101 Resource Estimate (as amended June 2020)

Class		Type	Cutoff AgEq g/t	Tonnage (000s)	Ag (g/t)	AgEq (g/t)	Zn (%)	Pb (%)	Ag (M oz.)	AgEq (M oz.)	Zn (M lbs)	Pb (M lbs)
Indicated	Breccia	Breccia (OP)	30	2,909	202	241	0.7	0.4	19	23	42	29
		Breccia (UG)	80	55	90	124	0.6	0.3	0.2	0.2	0.8	0.3
		Breccia (Total)		2,963	200	239	0.7	0.4	19	23	43	29
	Stockwork	Stockwork (OP)	30	4,551	64	88	0.4	0.2	9	13	42	23
		Stockwork (UG)	80	95	72	103	0.5	0.3	0.2	0.3	1	1
		Stockwork (Total)		4,646	64	89	0.4	0.2	10	13	43	24
Indicated Total			30	7,460	118	148	0.5	0.3	28	35	84	52
			80	149	79	111	0.5	0.3	0.4	1	2	1
			Total	7,609	117	147	0.5	0.3	29	36	86	53
Inferred	Breccia	Breccia (OP)	30	792	131	153	0.48	0.15	3	4	8	3
		Breccia (UG)	80	638	135	165	0.80	0.06	3	3	11	1
		Breccia (Total)		1,430	133	158	0.62	0.11	6	7	20	3
	Stockwork	Stockwork (OP)	30	1,727	52	62	0.17	0.09	3	3	7	4
		Stockwork (UG)	80	233	121	140	0.03	0.17	1	1.1	0.1	1
		Stockwork (Total)		1,960	60	71	0.16	0.10	4	4	7	4
Inferred Total			30	2,519	77	90	0.27	0.11	6	7	15	6
			80	871	131	158	0.59	0.09	4	4	11	2
			Total	3,390	91	108	0.35	0.10	10	12	26	8

Note: Commodity prices used to generate a pit shell to constrain the resource: Ag price per oz. (US\$18.50), Pb price per lb. (US\$0.95) and Zn price per lb. (US\$1.10) and metallurgical recoveries of 85% Ag, 95% Pb and 80% Zn.

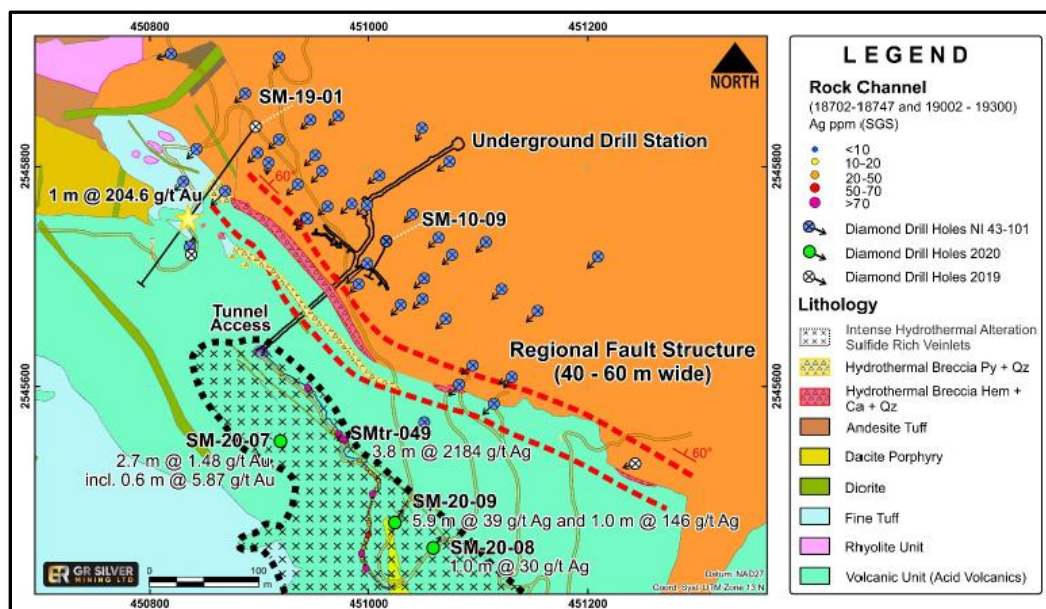
The NI 43-101 resource estimation covers 500 m of a mineralized trend, which is open along strike for an additional 6 km, supported by positive surface exploration results, in up to 14 additional drill targets. The main deposit is also open down dip as most of the drilling was focused on the first 250 m below the surface in the resource estimation area.

Preliminary metallurgical results from oxide, transitional and sulphide samples from San Marcial have indicated column leach test silver recoveries in the range from 82% to 94% over a 96-hour leach period.

Additional surface exploration results in the vicinity of the current resource have delineated immediate drilling targets for resource expansion, including a trench result of 56 m @ 196 g/t Ag (SMtr-001). Like the Plomosas Project, the Company's exploration has also shown the San Marcial Project to be highly prospective for gold mineralization. Drilling by GR Silver in 2019 intersected an interval containing 1 m at 204.6 g/t gold near the San Marcial silver resource.

SMtr-049 is a channel sampled along a road access leading to the San Marcial Tunnel (Figure 7). In this channel, GR Silver was successful in discovering new gold and silver mineralization located in the footwall adjacent to the NI 43-101 resource, supporting the potential for future resource expansion (see [News Release dated November 12, 2020](#)). While the area was previously defined as non-mineralized, the Company discovered evidence of pervasively altered rocks with intense silicification, veining and associated wide, silver and gold mineralized zones. This mineralization has been confirmed with shallow diamond drill holes, with deeper holes planned to test the depth continuity.

Figure 7 San Marcial – Footwall Au-Ag Mineralization and SMtr-049



Mineralization along the tunnel access road consists of high-grade silver and, locally, gold-bearing quartz-sphalerite-galena veinlets that entered fracture-controlled fluid pathways along contacts with, and within, intercalated acid volcanics. The host rock is moderately quartz-sericite altered, with variable amounts of disseminated and stringer pyrite, sphalerite and galena. The nature and frequency of the veinlets is being investigated further, although the Company believes that these veinlets could potentially increase in frequency and possibly coalesce at depth. Alteration is characterized in some sections by intense silicification, implying a large hydrothermal system, potentially wider than the initial mineralized zones.

GR Silver completed underground development of an existing historical adit into the San Marcial resource, designed to access new underground drill positions to test the depth potential of the resource with a fan of drill holes (Figure 8). The deposit contains high grade (>1,000 g/t Ag) drill intercepts in the deepest holes indicating that the resource is open at depth.

The Ag-Pb-Zn and Au mineralization at San Marcial is typical of epithermal systems, hosted in a hydrothermal breccia and stockwork zone near the contact between felsic and mafic volcanic units on the western edge of the Sierra Madre Occidental Geologic Province.

Figure 8 San Marcial Tunnel – Expanded and Extended for Underground Resource Drilling



Along the 6 km mineralized trend, there are highly altered hydrothermal breccias, conglomerates, and a relatively fresh dacite porphyry intrusive. Faulting is an important structural feature related to the Ag-Au-Pb-Zn mineralization, and the intersections of E-W with NW-trending structures are considered the most prospective areas for exploration at San Marcial.

The company completed a detailed litho-geochemical sampling program covering over 60% of the San Marcial Project area with a 25 m x 25 m grid. All samples in this program have been analyzed by hand-held portable XRF equipment on-site, providing an extensive multi-element geochemical database of over 14,000 sample points. The data is being used by our exploration team to identify new targets for follow up, in a time and cost-efficient manner.

During the first quarter of 2021, the Company commenced a maiden ground geophysical survey, involving both magnetometry and 3D Induced Polarization (IP), covering key areas of prospectivity at the San Marcial Project. The program is centred on the San Marcial Resource Area and covers approximately 8.1 km² or 64% of the concession area. As the key structures and mineralization on the concession are oriented NW-SE, the geophysical survey lines are perpendicular to these structures, in a SW-NE orientation (Figure 6). This way the best geological information is obtained from the geophysical results (see [News Release dated February 22, 2021](#)).

In addition to the Resource Area, the program will also encompass high priority target areas identified by recent litho-geochemical sampling and follow-up mapping and sampling. The survey commenced on the Resource Area to characterize the known Ag-Pb-Zn mineralization therein, which hosts the NI 43-101 resource. A higher line density was implemented over the Resource Area, allowing higher resolution of geophysical data and geological information to be obtained. This data is being interpreted and reviewed for potential extensions to the mineralization along strike, and the 3D IP will provide additional insight into depth extensions to the deposit. The geophysical response of the Resource Area will be used to identify similar buried anomalies that could host hidden Ag-Pb-Zn resources, particularly along the key contact between the lower dacitic units in the SW and the upper volcanic units in the N and E. Following on from the Resource Area, the survey expanded to cover many of the targets already highlighted by previous GR Silver Mining exploration campaigns within the San Marcial concessions, such as: Guacamayo and Limoncillos to the S, and Faisanes, Mariposa, Nava, Micuines and Chachalaca in the W and NW.

Following the successful acquisition of the adjacent La Trinidad concession at the end of March (see [News Release dated April 1, 2021](#)), the Company agreed to extend the San Marcial ground geophysical program to the NW, to include the portion of the La Trinidad concession designated the GAP Area, between the San Marcial and Plomosas Projects (Figure 3). This extension will also continue into the Plomosas Project, to the south of the San Juan Area and is due for completion during the June quarter, 2021. The extension to the ground geophysical program will provide important structural and lithological interpretations and support models for continuity of mineralization linking the San Jan, GAP and San Marcial Areas, and provide additional targets for drill testing during 2021.

Work Program – Quarter ended March 31, 2021

The Company has completed the following work from January 1, 2021 to March 31, 2021 on the San Marcial Property (Table 6).

Table 6 Work Completed - San Marcial

Work Completed	San Marcial
Geological mapping (km ²)	1.1
Channel samples	12
Samples analyzed by lab	12
Geophysical line clearing (km)	14.3
Geophysical survey – ground IP (line km)	39.6
Geophysical survey – ground magnetics (line km)	10.9

La Trinidad Project, Sinaloa, Mexico

GR Silver completed the acquisition of 100% of Marlin Gold Mining Ltd. (“Marlin”) from Mako Mining Corp. (“Mako”), in March 2021. Marlin owns 100% of Oro Gold de Mexico, S.A. de C.V. (“Oro Gold”), a Mexican company, that owns the past producer La Trinidad open pit Au mine (“La Trinidad”), that ceased operating in 2019, and 12 highly prospective concessions totalling 107,392.5 ha located adjacent to GR Silver’s existing portfolio of properties (Figure 9). This gives the Company control of 75 km of prospective trend with known mineralization including three zones and over 24 shallow gold-silver old workings, which are all strategically located on the western edge of the prolific Sierra Madre Occidental gold-silver belt in Sinaloa, Mexico.

The acquisition of Marlin is the third significant transaction completed by GR Silver Mining since listing on the TSX-V in March 2018. In accordance with the Company’s long-term strategy, GR Silver Mining now controls two past-producing mines (Plomosas and La Trinidad) that are fully permitted for future production, a current resource at San Marcial, as well as the most prospective Ag-Au exploration ground in the Rosario Mining District. This is the first time in modern history that one company has held all of these key assets under single ownership, whereas previously each had been controlled by separate companies.

Advanced Targets

The main exploration focus on the 12 Marlin concessions (Table 7) has historically been on La Trinidad (Taunus Pit) which produced over 164,000 oz of gold^{1,2,3}, until its closure in 2019. Another advanced stage project within the acquired portfolio is the Cimarron Project, located to the NW of La Trinidad. A number of additional targets have been identified at Cimarron. The Calerita gold-(copper) deposit at Cimarron, is the only target to have been drilled to date and remains open for future extension drilling. Cimarron represents an intrusive related gold deposit for which there is a historical gold resource estimated in 2011⁴. The Company is integrating existing data for further definition of additional work at Cimarron.

Figure 9 Location of Concessions (in green) Acquired from Marlin

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

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

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

4 Refer to Marlin NI 43-101 News Release dated March 18, 2011

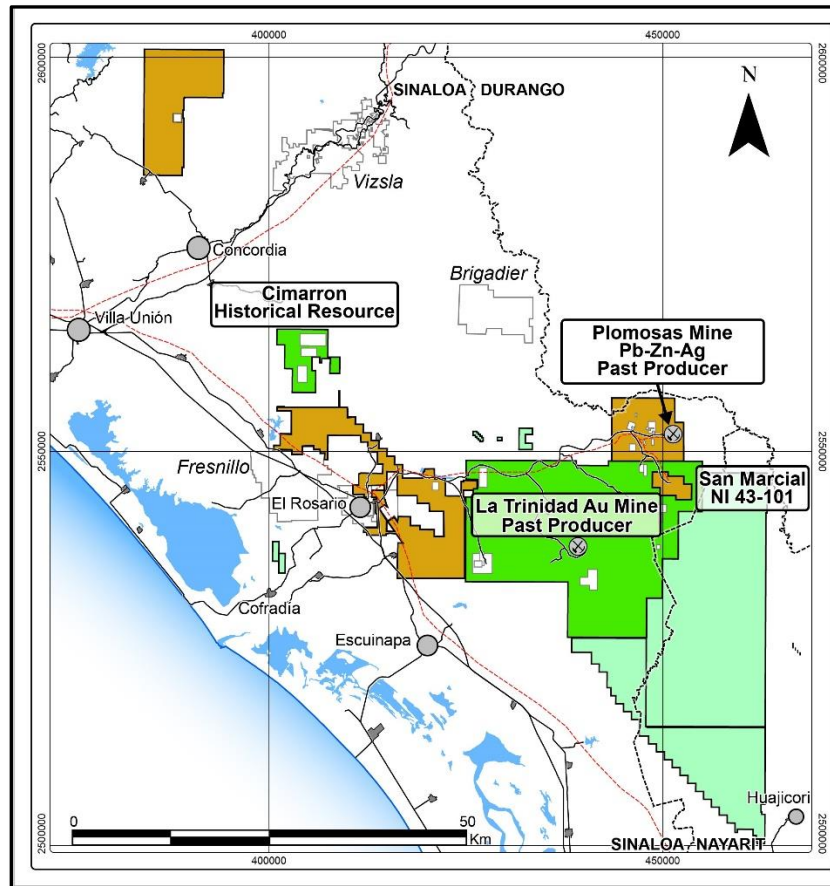


Table 7 Oro Gold - Mining Concessions

No.	MINING CONCESSIONS	TITLE	SURFACE AREA (ha)
ORO GOLD DE MÉXICO, S.A. DE C.V.			
1	El Salto Sur	236801	14994.04
2	Reduccion la Nueva Trinidad	244239	46558.54
3	El Salto	234460	41911.92
4	Cimarron	245380	2873.98
5	El Porvenir	226701	200.00
6	La Poderosa	219186	24.00
7	Nancy	226638	100.00
8	San Carlos	237870	79.58
9	San Carlos I	241108	10.42
10	San Isidro	226704	200.00
11	Santa Cesilia	223000	80.00
12	La Patilla II	238360	360.00

Exploration Prospectivity

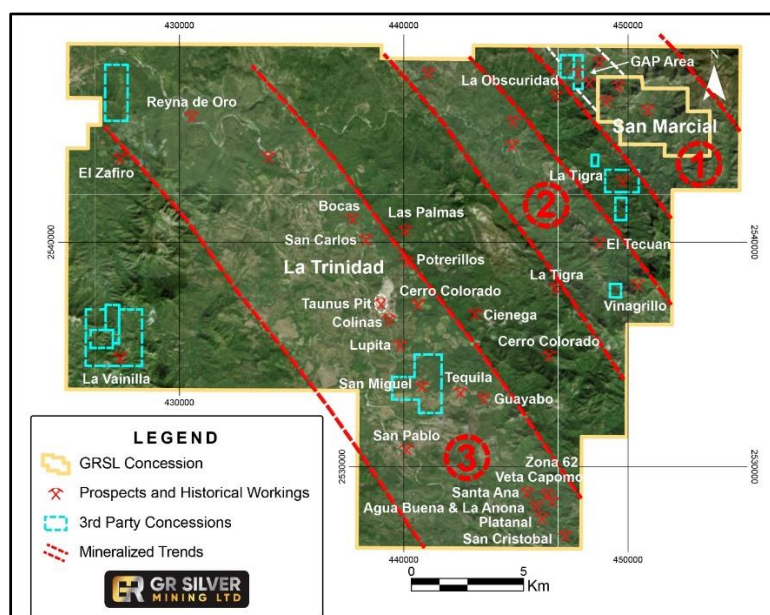
Extensive regional geochemical datasets were completed by Oro Gold covering a large portion of the concessions with over 700 stream sediment samples, 500 rock and channel samples⁵, as well as over 9,000 soil samples¹. Key exploration targets that were generated are aligned along one of three highly prospective NW-SE trending corridors, with this 12 km long section connecting the Taunus Pit with the San Carlos, Colinas, San Miguel, Guayabo and San Cristobal targets.

A total of 40,500 m of diamond, RC and sonic drilling were completed by Oro Gold, however the majority was focused on depth extensions below the Taunus Pit. This extensive drill database will be incorporated into GR Silver Mining's growing regional database to further advance the Company's exploration model. The La Trinidad concessions together with the Cimarron concession represent areas for future exploration in the Rosario Mining District.

GAP Area

During the 2020 due diligence period for this acquisition, GR Silver Mining identified an area of the La Trinidad concession wedged between the Company's two flagship projects - San Marcial and Plomosas - as a key area to investigate structural links between mineralization in the two projects. The area, known as the "GAP Area", is a 6 km² section of the La Trinidad concession connecting the NW-SE mineralization trends at both San Marcial and Plomosas. Over 2,000 rock samples were collected on grid lines and analysed by pXRF for multi-element geochemistry. Two anomalous NW-SE trending Au-Ag mineralized zones, along with a number of shallow underground workings, were identified which connect with known mineralized vein and breccia structures in the San Marcial and Plomosas concessions. Preliminary channel and chip sampling was completed, but the structures remain to be drill tested.

Figure 10 La Trinidad Concession – 3 Mineralized Trends Host Key Prospects and Targets



Initial Work Plans

GR Silver Mining is currently organizing and evaluating the data generated from the historical regional datasets, as well as specific targets that were previously drilled. The Company believes that there is significant Au and Ag exploration potential in the La Trinidad concession, with more than 24 known and under-explored mineral occurrences, as well as historic workings (Figure 10).

Following the success of the Company's initial due diligence work in the GAP Area, as mentioned in the San Marcial section, GR Silver Mining is extending the current San Marcial IP and ground magnetic survey into the GAP Area to

⁵ Refer to Marlin News Release dated August 14, 2017

investigate further the continuity of the mineralized trends and define drill targets. The survey is currently underway and will be completed in Q2/2021. Since the end of the March quarter and in conjunction with the geophysical survey, field teams have commenced exploration and prospecting activities at the GAP Area, following up on anomalous areas identified during the 2020 due diligence field studies.

Work Program – Quarter ended March 31, 2021

The Company has completed the following work from January 1, 2021 to March 31, 2021 on the La Trinidad Property (Table 8).

Table 8 Work Completed - Trinidad

Work Completed	La Trinidad
Geophysical line clearing (km)	25.2
Geophysical survey – ground IP (line km)	7.1
Geophysical survey – ground magnetics (line km)	0.5

Exploration History

The main focus of exploration activities on the Oro Gold concessions has historically been on the La Trinidad mine. Anaconda Minerals Corp. was first to drill the project in the mid-late 1980s. After initially taking up an option on the Project in 1993, Eldorado Gold Corp. then commenced an open pit gold mine at La Trinidad in 1995, known as the Taunus Pit, with ore being processed via a heap leach operation. The mine operated until 1998, producing approximately 52,000 ounces of gold¹.

Exploration undertaken by Oro Gold from 2006 identified additional resources below the Taunus Pit and operations recommenced late in 2014. Gold output from the heap leach pads continued until late 2019 for a total cumulative production by Oro Gold of 112,000 oz gold^{2,3}. Historical exploration has been sporadic on the majority of the areas being acquired. Regional geochemical datasets have been collected across many of the concessions however only limited follow up and drilling has occurred, given the key objective of gold production from Taunus. Nonetheless, a number of highly prospective targets have been identified in the past and GR Silver Mining plans to further investigate them with additional surface drilling if results support the potential for attractive near surface mineral deposits.

Exploration targets - Historical

Numerous exploration targets with precious metal focus have been identified on the La Trinidad concessions, of which some have been previously drilled. Historical exploration work has been completed at the Cerro Colorado, Tequila and Las Palmas targets. Other notable exploration targets are listed below:

- Colinas and Bocas: The Colinas and Bocas targets are the southern and northern extensions, respectively, of the Taunus open pit. Several RC and core drilling campaigns (over 120 drill holes) outline a 1 km trend from the open pit in a SE direction to the Colinas target. Due to the shallow extent of drilling the target remains underexplored.
- San Carlos: Located approximately 3 km NW of the Trinidad mine, the San Carlos target is covered by a ground magnetic survey, with trenching, sampling and mapping programs. Drill results include 1.87 g/t Au over 36 m and 4.6 g/t Au over 13 m⁶.
- Guayabo: The Guayabo target is located about 8 km SE of the Trinidad mine and includes a small historic tungsten mine (W-Mo veins). Gold-silver drill targets were identified following a soil sampling program, and an intercept of 2.3 g/t Au and 94 g/t Ag over 10 m is reported¹.
- San Cristobal: Located in the southern-most section of the NW-SE corridor, the San Cristobal target is approximately 12 km SE of the Trinidad Au mine. A grid of 4,841 soil samples covers an area of 30 km² and outlines a 500 m wide zone of Au-bearing quartz veins and stockwork structures that extends for 1.5 km. Over 1,600 chip and channel samples were taken, complementing geologic mapping, identifying five individual prospects. Initial RC and diamond drilling (1,200 m) tested the area confirming Au mineralisation with reported intercepts of 1.19 g/t Au over 17.65 m, including 3.44 g/t Au over 4.35 m⁵. Significant

⁶ Refer to Marlin News Release dated February 2, 2016

exploration upside remains at San Cristobal, representing one of the most attractive areas for potential drilling in 2021.

- Potrerillos: Located approximately 2 km NE of the Trinidad mine, Potrerillos is a prospect that was identified by mapping and chip/channel sampling (700 samples), with 7.8 g/t Au over 5 m reported from channel sampling¹.

The Company is integrating all data to fully evaluate priority targets for follow up drilling to potentially define additional resources.

Cimarron Project

Cimarron is another advanced stage project that was acquired along with La Trinidad in March 2021 and is located 40 km to the NW of La Trinidad. A number of targets have been identified at Cimarron including Calerita, El Prado, Huanacastle, Betty and Veteranos, however Calerita is the only target to have been drilled to date. The near surface historical inferred resource at the Calerita prospect contains 3.7 Mt at 0.65 g/t Au for approximately 77,000 oz of gold⁴, which is considered to be open along strike and down dip.

Whilst the 2011 resource is considered by GR Silver Mining to be a historical resource, the Company considers the resource estimate to be relevant and reliable, considering a lack of significant additional exploration work since its release. A key parameter in the historical resource is the usage of a US\$1,200/oz gold price in the pit shell assessment for resource reporting compared to a much higher current spot gold price. A Qualified Person (QP) would be required to review the historical resource report and make recommendations in order to verify and upgrade it to a current resource. A QP has not done sufficient work to classify the historical estimate as current mineral resources. The Company is treating the 2011 resource estimate as a historical estimate. The company is in the process of re-assessing the work completed by previous owners, to define the feasibility of additional drilling, aiming at identifying additional near-surface mineralization.

Rosario Property, Sinaloa, Mexico

The historical multimillion-ounce Rosario gold-silver mine was reported to have closed in 1941 after an operating life spanning over 250 years. The mine exploited precious metals from numerous veins up to 30m in width, located below the current town of Rosario.

As part of the March 2020 acquisition of the Plomosas Project from First Majestic, the Company also acquired a package of three concessions (Rosario I, Rosario II and Rosario 4) strategically located adjacent to the Rosario town and prospective for gold-silver mineralization (Figure 1). These concessions, totalling 1,383 hectares, may host extensions to the historical Rosario gold-silver mineralization. The key regional structural features are oriented in a NW-SE direction, parallel to the regional graben basin development, which is often the focus of precious metals mineralization.

The Company will be reviewing the Rosario concessions, which lie along strike from, and sub-parallel to, these potential structural extensions. Considering their proximity to the multimillion-ounce historical Rosario mine, the concessions making up the Company's Rosario Project are substantially under-explored and highly prospective.

Other Properties:

Goldplay de Mexico S.A. de C.V., a 100% owned Mexican subsidiary of the Company, holds title to the following concessions, in the Rosario Mining District (Table 9).

Table 9 Other Mining Concessions

No.	MINING CONCESSIONS	TITLE	SURFACE AREA (ha)
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

The El Habal Project is the most advanced project within this group and comprises 3,773.7 ha in a group of six exploration concessions (El Habal, El Habal Sur, San Pablo, San Pablo 2, Baluarte 2 and Las Dos Chiquitas) located 10 km to the east of the multimillion-ounce historic high-grade Au-Ag Rosario Mine.

Mineralization on the El Habal Gold Project consists of low sulphidation epithermal, stockwork systems, gold-rich stockwork/veining and breccia exhibiting lateral zonation with higher concentrations close to intersections of major structures. The mineralization occurs mainly within a NNW-striking tectonic corridor hosted not only by the Upper Volcanic Group but also the Lower Volcanic Group. There is evidence of multi-phased mineralizing events with common overprints of many stockwork systems over brecciated host rocks. The event has produced several phases of silica with a predominance of gold mineralization over most of the El Habal Gold Project. Sulphide occurrence is limited (<2%) in some zones with no evidence of Cu, Zn and Pb mineralization.

Oxidation of host rocks and mineralized zones extends at least 80 m from surface as supported by geological mapping and sampling of well exposed mineralized zones in historical underground workings. Successive surface exploration programs and surveys were completed on the property between 2015 and 2018. Most of the work consisted of channel sampling for analysis of precious and base metals, topographic and old working surveys, followed up by a drilling campaign in 2018.

Additionally, Goldplay de Mexico S.A. de C.V. holds applications over the following adjacent concessions (Table 10), in the vicinity of the Rosario Mining District.

Table 10 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

Qualified Person and Quality Control/Quality Assurance

Marcio Fonseca, M.Sc., D.I.C, P.Geo., the Company's President and Chief Executive 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.

SUMMARY OF QUARTERLY RESULTS

The following selected financial data have been prepared in accordance with IFRS and should be read in conjunction with the Company's consolidated financial statements. The following is a summary of selected financial data for the Company for its eight completed financial quarters ended March 31, 2021.

Quarter Ended Amounts in 000's	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	Mar. 31, 2020	Dec. 30, 2019	Sept. 30, 2019	June 30, 2019
Net income (loss)	(4,559)	(3,496)	(2,757)	(1,524)	(967)	(910)	(1,193)	(672)
Earnings (loss) per share – basic and diluted	(0.03)	(0.04)	(0.02)	(0.02)	(0.01)	(0.01)	(0.02)	(0.02)
Total assets	25,912	10,844	12,558	14,216	5,959	3,664	1,711	2,383
Working capital	(11,582)	4,069	6,013	7,656	348	1,787	(152)	773

During the quarter ended March 31, 2021 the Company received \$145,247 on the exercise of options and \$724,827 on the exercise of warrants. The Company incurred expenses of \$4,558,876, which included \$2,714,636 in exploration expenses, salaries of \$210,334 and share-based compensation of \$1,015,093. The Company also completed the acquisition of Marlin from Mako which increased the exploration and evaluation assets by \$14,670,352 and working capital decreased due to the addition of Mexican concession taxes of \$12,601,178.

During the quarter ended December 31, 2020 the Company received \$1,359,660 on the exercise of warrants and \$38,500 on the exercise of options. The Company incurred expenses of \$3,496,302, which included \$1,906,601 in exploration expenses, \$560,268 in impairment on exploration and evaluation assets, \$249,158 in consulting and \$165,778 in investor relations.

During the quarter ended September 30, 2020, the Company received \$166,870 on the exercise of warrants and \$92,250 on the exercise of options. The Company incurred expenses of \$2,756,943 which included \$1,131,310 in exploration expenses, \$834,807 in share-based compensation, \$227,095 in consulting and \$271,355 in investor relations.

During the quarter ended June 30, 2020, the Company completed a bought deal private placement for gross proceeds of \$9,153,000 and received \$533,730 on the exercise of warrants and \$100,975 on the exercise of options. The Company incurred expenses of \$1,523,741 which included \$842,945 in exploration expenditures, \$152,968 in consulting, \$154,317 in investor relations and \$212,202 in share-based compensation.

During the quarter ended March 31, 2020, the Company completed the acquisition of the Plomosas property in Mexico and for accounting purposes treated the acquisition as an asset acquisition. The Company received \$21,470 on the exercise of warrants. The Company incurred expenses of \$966,685 which included \$474,334 in exploration expenditures, \$141,220 in investor relations, \$32,505 in professional fees and \$139,163 in consulting.

During the quarter ended December 31, 2019, the Company completed a private placement and received net proceeds of \$2,828,400. The Company incurred expenses of \$910,418 which included \$383,315 in exploration expenditures, \$112,488 in investor relations, \$58,610 in professional fees and \$132,937 in consulting.

During the quarter ended September 30, 2019, the Company incurred expenses of \$1,192,625 which included \$666,898 in exploration expenditures and share based compensation of \$169,596.

During the quarter ended June 30, 2019, the Company completed a private placement and received net proceeds of

\$1,339,244. The Company incurred expenses of \$673,797 which included \$272,946 in exploration expenditures, \$122,604 in investor relations, \$76,518 in professional fees and \$76,055 in consulting.

Three Months ended March 31, 2021 compared to three months ended March 31, 2020

The Company's general and administrative costs were \$4,554,439 (2020 – \$972,567), and reviews of the major items are as follows:

- Exploration expenditures of \$2,714,636 (2020 - \$474,334) of which \$682,947 (2020 - \$459,378) was on the San Marcial property, \$1,989,066 (2020 - \$10,538) on the Plomosas property and \$42,623 (2020 - \$4,418) on the El Habal property;
- Consulting of \$87,053 (2020 - \$139,163) consisting of fees paid or accrued to the CEO of \$Nil (2020 - \$30,000), the CFO of \$Nil (2020 - \$13,500), business development of \$Nil (2020 - \$37,850), strategic business planning of \$30,000 (2020 - \$Nil), employee recruitment of \$36,000 (2020 - \$Nil) and other of \$21,053 (2020 - \$57,813). Commencing in 2021 the CEO, CFO and business development have been moved to salaries;
- Professional fees of \$97,049 (2020 - \$32,505) consists of legal of \$51,239 (2020 - \$13,566) and audit and accounting of \$45,810 (2020 - \$18,939);
- Share-based compensation of \$1,015,093 (2020 - \$2,066) for options issued during the period;
- Salaries of \$210,334 (2020 - \$Nil) consisting of salaries and benefits of \$177,084 (2020 - \$Nil) and directors' fees of \$33,250 (2020 - \$Nil);
- Investor relations of \$173,529 (2020 - \$141,220) consisting of consultants of \$46,149 (2020 - \$18,062), trade shows and conferences of \$14,228 (2020 - \$20,274), promotion and advertising of \$97,146 (2020 - \$71,414), news dissemination of \$11,606 (2020 - \$12,871) and other of \$4,400 (2020 - \$18,599); and
- Regulatory and transfer agent of \$28,175 (2020-\$33,021) consisting of transfer agent of \$11,052 (2020 - \$15,727) and regulatory fees of \$17,123 (2020 - \$17,294).

LIQUIDITY AND CAPITAL RESOURCES

Because of economic conditions, globally, there is uncertainty in capital markets and the Company anticipates that it and others in the mineral resource sector will have limited access to capital. Although the business and assets of the Company have not changed, investors have increased their risk premium and their overall equity investment has diminished. The Company continually monitors its financing alternatives and expects to finance its fiscal 2021 operating overhead and acquisition and exploration expenditures through private placements.

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 March 31, 2021, the Company reported cash of \$2,641,761 compared to \$4,893,578 as at December 31, 2020. The increase in cash on hand and working capital was the result of cash from financing activities of \$863,453 and cash used in operating activities of \$2,753,296 and investing activities of \$361,974.

During the period ended March 31, 2021.

The Company issued 2,215,100 common shares on the exercise of warrants for proceeds of \$724,827.

The Company issued 509,822 common shares on the exercise of options for proceeds of \$145,247.

The Company issued 141,097 common shares to settle an aggregate debt of \$110,055.

Shares issued subsequent to March 31, 2021.

The Company issued 5,060,000 common shares on the exercise of warrants for proceeds of \$2,004,500.

Completed a bought deal private placement of 19,550,000 units at a price of \$0.59 per unit for gross proceeds of \$11,534,500. Each Unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant ("Warrant") and each whole warrant is exercisable into one common share of the Company at an exercise price of \$0.74 per warrant to April 27, 2023. The Company paid cash finders fees of \$617,369 and issued 1,301,388 agent warrants. The Company also paid a corporate finance fee of \$22,000 and 37,000 agent warrants. Each agent warrant is exercisable at an exercise price of \$0.59 per agent warrant to April 23, 2023.

During the year ended December 31, 2020.

The Company completed a bought deal private placement. The Company issued 33,900,000 units at a price of \$0.27 per unit for gross proceeds of \$9,153,000. Each unit consists of one common share and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each warrant will entitle the holder thereof to purchase one common share of the Company at an exercise price of \$0.40 to June 18, 2021. The Company paid a cash finders fee of \$636,660 and issued 2,358,000 finder warrants exercisable at \$0.27 per warrant to June 18, 2021.

The Company issued 7,148,149 common shares on the exercise of warrants for proceeds of \$2,081,730.

The Company issued 925,000 common shares on the exercise of options for proceeds of \$231,725.

The Company issued 17,847,500 common shares for the acquisition of exploration and evaluation assets at a fair value of \$3,131,575.

The Company issued 427,375 common shares to settle an aggregate debt of \$203,003.

The Company has no long-term debt obligations.

SHARE CAPITAL

(a) As of the date of the MDA the Company has 158,178,434 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 10,697,356 incentive stock options outstanding.

(c) As at the date of the MDA the Company has 21,651,275 share purchase warrants.

RELATED PARTY TRANSACTIONS

Key management personnel compensation for the period ended March 31, were:

	2021	2020
Short-term benefits paid or accrued:		
Consulting fees	\$ -	\$ 90,575
Salaries	147,596	-
Director fees	33,250	-
Share-based compensation	560,504	-
Professional fees	34,036	-
Total remuneration	\$ 775,386	\$ 90,575

Accounts payable and accrued liabilities as at March 31, 2021, included \$226,449 (December 31, 2019 - \$99,789) owed to a director and companies controlled by a director or officer.

During the year ended December 31, 2020, the Company issued 60,396 (December 31, 2019 - 480,000) common shares valued at \$50,733 (December 31, 2019 - \$76,800) 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 Marcio Fonseca, CEO and President and Brenda Dayton, VP Corporate Communications of the Company, handle any matters in regards to investor relations.

PROPOSED TRANSACTIONS

Currently the Company is not a party to any material proceedings. 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 condensed interim 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 condensed interim 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 condensed interim consolidated financial statements the carrying value and the recoverability of the exploration ad evaluation assets included in the Condensed Interim Consolidated Statement of Financial Position, the assumptions used to determine the fair value of share-based payments in the Condensed Interim 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 period ended March 31, 2021 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, 2020.

New standards and interpretations

Certain new standards, interpretations, amendments, and improvements to existing standards were issued by IASB or IFRIC that are mandatory for future accounting periods. There were no new standards adopted by the Company.

RISKS AND UNCERTAINTIES

The Company's business is mineral exploration. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, mineral prices, political, and economical.

The Company will take steps to verify the title to any Properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such Properties. These procedures do not guarantee the Company's title. Property titles may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

The Company has no significant sources of operating cash flow and no revenue from operations. Additional capital will be required to fund the Company's exploration program. The sources of funds available to the Company are the sale of equity capital or the offering of an interest in its project to another party. There is no assurance that it will be able to obtain adequate financing in the future or that such financing will be advantageous to the Company.

The property interests to be owned by the Company or in which it may acquire an option to earn an interest are in the exploration stages only, are without known bodies of commercial minerals and have no ongoing operations. Mineral exploration involves a high degree of risk and few Properties, which are explored, are ultimately developed into production. If the Company's efforts do not result in any discovery of commercial minerals, the Company will be forced to look for other exploration projects or cease operations.

The mining industry is intensely competitive in all its phases, and the Company competes with other companies that have greater financial and technical resources. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

The success of the Company is currently largely dependent on the performance of the directors and officers. There is no assurance that the Company will be able to maintain the services of the directors and officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on the Company and the prospects.

Resource exploration and development is a highly speculative business, characterized by several significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. Substantial expenses are required to establish reserves by drilling, sampling and other techniques and to design and construct mining and processing facilities. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit (i.e. size, grade, access and proximity to infrastructure), financing costs, the cyclical nature of commodity prices and government regulations (including those relating to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection). The effect of these factors or a combination thereof cannot be accurately predicted but could have an adverse impact on the Company.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous materials and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its Properties in which it previously had no interest. The Company is not aware of any existing environmental problems related to any of its current or former Properties that may result in material liabilities to the Company.

The COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, Government response actions, business closures and business disruptions, can all have an impact on the Company's operations and access to capital. There can be no assurance that the Company will not be further impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets which may reduce resource prices, share prices and financial liquidity and thereby severely limit the financing capital available in the mineral exploration sector.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk factors

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 is considered to be low as they are due from a government agency. Value added taxes are subject to review and potential adjustment by taxation authorities.

Liquidity risk

As of March 31, 2021, the Company had cash balance of \$2,641,761 to settle current liabilities of \$14,493,280 and has significant expenditure requirements pursuant to option agreements and Mexican concession taxes. The Company is exposed to liquidity risk.

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 currency risk

The Company is exposed to foreign currency risk on fluctuations related to assets and liabilities that are denominated in foreign currency. Amounts exposed to foreign currency risk include cash of MX\$4,101,573 as of March 31, 2021 and accounts payable of MX\$224,738,507. A 10% change in foreign exchange rates will affect profit or loss by less than \$1,356,000.

Price risk

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

CAPITAL MANAGEMENT

The Company defines capital that it manages as shareholders' deficiency, consisting of issued common shares, stock options and warrants included in reserves, and subscriptions receivable.

The Company manages its capital structure and adjusts it, based on the funds available to the Company, to support the acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The property in which the Company currently has an interest is in the exploration stage as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new Properties and seek to acquire an interest in additional Properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions. There were no changes to the Company's approach to capital management during the year.

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 and reserves at its mineral Properties;
- the timing and cost of planned exploration programs of the Company and the timing of the receipt of result 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.

Although the Company believes that such statements are reasonable, it 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 period ended March 31, 2021, 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 period ended March 31, 2021, officers of the Company were paid for their services as officers by the Company as noted above under "Related Party Transactions".
3. During the period ended March 31, 2021, the Company did not enter any arrangement relating to severance payments to be paid to directors and officers of the Company and its subsidiaries.

APPROVAL

The Board of Directors of the Company has approved the disclosures in this MDA.