

GR SILVER MINING LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED MARCH 31, 2022

REPORT DATE:
MAY 30, 2022

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 three-month period ended March 31, 2022.

This document contains forward looking statements. Please see section “*Forward-Looking Statements*”.

The Company is in the business of mineral exploration and resource expansion. Consistent with the Company’s business plan, the land consolidation phase has been completed and the focus shifted to the Plomosas Property, the San Marcial Property and the adjoining, newly acquired La Trinidad Property (the “Properties”), which are located approximately 90 to 100 kilometres east-southeast 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 and exploration of mineral exploration properties in search of economic mineral deposits. The Company is currently focused on resource expansion at the Properties, as well as new discoveries. 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, 2021.

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.

SUMMARY OF MARCH QUARTER 2022 EXPLORATION ACHIEVEMENTS

Following the 2021 year, in which GR Silver achieved significant milestones in its growth as a dominant player in the Rosario Mining District in Sinaloa, Mexico, the first quarter of 2022 has seen further success from our resource expansion drilling programs.

- At the past producing Plomosas Property, the first ever NI 43-101 mineral resource estimate, for the combined Plomosas Mine and San Juan Areas, was delivered by the Company in August, 2021. The resource estimate totaled 10.3 Moz AgEq (Indicated) and 21.0 Moz AgEq (Inferred), adding to the existing NI 43-101 mineral resource inventory of 36.0 Moz (Indicated) and 12.0 Moz AgEq (Inferred) at the Company’s San Marcial Property (reported in February 2019 and then amended in June 2020).
- The initial Plomosas Property mineral resource included sampling of historical drill holes, completed by previous companies, that was frequently selective, resulting in a large amount of drill core being unsampled;

this core is no longer available. Unsourced intervals within mineralized zones were assigned zero values for the resource estimation, including in areas with evidence of precious and base metals mineralization. Further drilling has commenced in 2022 to address these blank spots and to potentially continue resource growth at the Plomosas Mine and San Juan Areas.

- The Company's successful eight-hole (2,436 m) underground drill program at San Marcial was completed late in 2021 with excellent results. Results from the first seven holes confirmed a significant expansion of high-grade Ag mineralization below the existing NI 43-101 mineral resource (Figure 4). Results of the program such as:
 - 18.5 m at 773 g/t Ag (including 5.6 m at 1,792 g/t Ag) from drill hole SMI21-03; and
 - 38.0 m at 299 g/t Ag (including 3.5 m at 1,002 g/t Ag) from drill hole SMI21-04;
 reinforced the widening of the high-grade mineral body at depth and along strike, supporting potential resource expansion and also provide additional new targets at depth for drilling in 2022. Results from the eighth hole are under review.
- The Company's 2022 drilling season has commenced at both San Marcial, on resource expansion to follow up on the high-grade Ag results from the 2021 underground program, as well as at the Plomosas Mine Area, where infill and expansion drilling is underway. The Plomosas Mine Area has already produced some excellent infill results from both surface and underground drilling, including:
 - 24.2 m at 1,094 g/t Ag (including 0.6 m at 7,178 g/t Ag) from drill hole PLS22-05A;
 - 13.2 m at 410 g/t Ag (including 2.8 m at 1,323 g/t Ag) from drill hole PLS22-04;
 - 6.5 m at 1,458 g/t Ag (including 0.9 m at 3,118 g/t Ag) from drill hole PLIP22-013; and
 - 14.0 m at 146 g/t Ag (including 0.4 m at 2,474 g/t Ag) from drill hole PLIP22-012.

These results provide strong support for the thesis that Ag grades in areas that were allocated low grades in the 2021 mineral resource estimate at the Plomosas Mine Area, have upside potential for the upcoming resource update expected in Q1| 23.

- In the second half of 2021, the Company commenced a substantial surface exploration and drilling program focused on new targets within the Plomosas Property and the adjacent GAP Area (Figure 9). High-grade Au-Ag results were reported late in the year at the GAP Area and also at Loma Dorada – a northern extension to the La Colorada Au mineralization, currently being mined by a third party.
- During the March quarter, the Company released additional high-grade Au-Ag results from Loma Dorada, including:
 - 2.3 m at 16.45 g/t Au and 244 g/t Ag (includes 1.2 m at 26.71 g/t Au) from surface channel sampling; in addition to Au-Ag zones parallel to the Plomosas system, at Corta Pico and Trampolín. These results demonstrate the significant potential within the Plomosas Project, away from the known resource areas and provide new drill targets for follow up.
- On February 28, 2022, the Company announced a re-structuring of the management team with Company founder, Marcio Fonseca becoming President and Chief Operating Officer and Eric Zaunscherb assuming the role of Chief Executive Officer in addition to his position as Chairman of the Board. GR Silver also announced the appointment of Trevor Woolfe back to the role of VP Exploration, in addition to his role of VP Corporate Development.
- On March 29, 2022 the Company completed a private placement by issuing 27,236,755 special warrants at a price of \$0.27 per Special Warrant for gross proceeds of \$7,353,924.

The 2022 year has commenced strongly for GR Silver. The high-grade Ag results achieved from underground drilling at San Marcial are significant for the potential expansion of the 2019 NI 43-101 mineral resource estimate. The 2022 San Marcial drill program to extend the mineralization along strike and at depth is underway. Subsequent to the end of the March quarter, significant high-grade Ag results were released from the Plomosas Mine Area infill drilling program, both from surface and also from underground. The Plomosas Mine Area infill program is expected to continue throughout the year, and in conjunction with the San Marcial resource expansion drill program, will lead into a combined mineral resource update in early 2023. In addition, exploration successes during 2021 on new targets in the GAP Area and on the Plomosas Property outside of the resource areas, provide additional upside for new discoveries on the regional structures, veins and hydrothermal breccias identified by surface exploration and drilling during 2021.

OVERALL PERFORMANCE

The Company is a mineral exploration and resource expansion company with mineral properties concentrated in the Rosario Mining District, Sinaloa, Mexico. It is employing its mineral exploration and business expertise, as well as knowledge and experience related to the district to advance resource expansion and new discovery opportunities with the pursuit of future development. The Company has successfully completed low-cost acquisitions, by staking, property acquisitions and corporate transactions. This is highlighted by the acquisition of 100% of Minera La Rastra S.A. de C.V. (“MLR”); the company holding Plomosas and other concessions from First Majestic Silver Corp. (“First Majestic”), completed in March 2020 and the more recent acquisition of 100% of Marlin Gold Mining Ltd. (“Marlin”) from Mako Mining Corp. (“Mako”), completed in March 2021. Marlin owns 100% of Oro Gold de Mexico, S.A. de C.V. (“Oro Gold”), a Mexican company, that includes the past producing La Trinidad open pit Au mine (“La Trinidad”), that ceased operating in 2019, and additional highly prospective concessions located adjacent to GR Silver’s existing portfolio of properties. In May 2021, the Company completed the acquisition of 100% of the San Marcial asset, using financing proceeds to exercise the three-year option. These acquisitions together with the existing portfolio, totalling 73,413.3 ha, have positioned the Company as a leader controlling key silver-gold assets in the Rosario Mining District (Figure 1).

COVID 19-UPDATE

The Company continues to adjust to the changing COVID-19 conditions. At Plomosas, the Company has a camp with a capacity for 190 essential persons, directly involved in exploration, drilling, underground activities and general logistics and operational support, led by a local General Manager. The Company employs experienced medical and Occupational Health and Safety personnel and 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 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 rigorously enforced. In addition, the Company has implemented frequent testing of all staff working on all facilities and all visitors are required to present evidence of vaccination or negative PCR results. Any anomaly regarding COVID-19 is reported to the Company’s Health and Safety staff for review and implementation of appropriate actions such as isolation or restricting access to facilities. The municipality of Rosario, where most of the projects are located, is currently classified according to the Mexican Authorities as “semaforo verde” (green light), reflecting a low level of COVID-19 cases over recent months.

EXPLORATION & RESOURCE DEVELOPMENT-STAGE PROJECTS

GR Silver is a mineral exploration and resource expansion company. It controls 100% of approximately 734 sq. km of highly prospective exploration concessions within the Rosario Mining District, in Sinaloa State, Mexico, and includes two mineral resource estimates as well as two past-producer mines. The three key properties of the Company (Figure 1), covering 432 sq. km, are the:

- (1) **Plomosas** Property – a past-producing underground lead-zinc-silver-gold mine, for which the Company released, in August 2021, the first ever *National Instrument 43-101 – Standards of Disclosure for Mineral Projects* (“NI 43-101”) resource estimates on the Plomosas Mine Area and the San Juan Area. Plomosas also includes at least 16 additional exploration targets of which 11 are prioritized for further review and assessment;
- (2) **San Marcial** Property – a resource expansion stage asset. The Company released its NI 43-101 resource estimate for San Marcial in February 2019 and amended in June 2020;

[the NI 43-101 resource reports for both Plomosas and San Marcial, respectively, are available on SEDAR (www.sedar.com) or the Company’s website (www.grsilvermining.com)]; and
- (3) **La Trinidad** Property – a past-producing open pit, heap leach gold mine and associated concessions, acquired in March 2021.

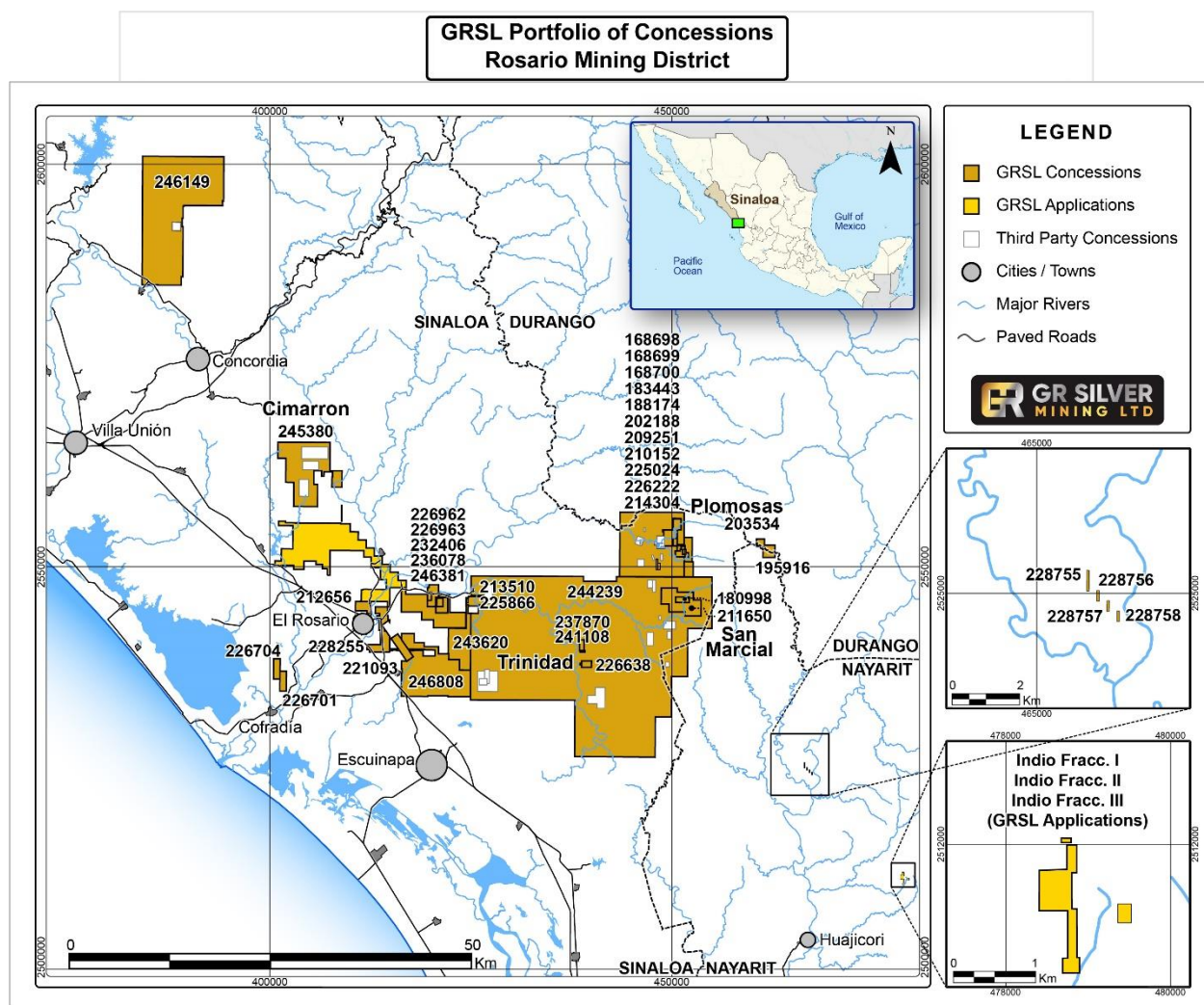
In addition to the three key properties (above), the Company holds over 300 sq. km of highly prospective “non-core” concessions which include the Cimarron gold deposit (Figure 1), as well as exploration concessions close to the El

Rosario historical multi-million-ounce gold-silver mine, named Rosario, El Habal, Union II, El Habal Sur, Yauco and El Placer II (Table 11).

The main focus of GR Silver is on the three key neighbouring properties of the Company – Plomosas, San Marcial and La Trinidad (Figure 1) – consisting of 17 mining concessions covering an area of 432 sq. km. GR Silver owns 100% of these properties, located near the historic mining village of La Rastra, within the Rosario Mining District. In conjunction with the extensive databases that were acquired through each of these transactions, the Company has now integrated the data into a single regional database.

The Company's key properties lie 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 silver-gold drilling results from the Company's underground and surface drilling program. This is also evidenced by the history of multi-million-ounce past gold and silver production from the historic El Rosario Mine.

Figure 1 GR Silver Concessions Portfolio in the Rosario Mining District, Sinaloa, Mexico



San Marcial Property

On May 6, 2021, following a successful three year period of exploration and resource expansion, GR Silver completed the exercise of the three 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 1) held by wholly owned Minera San Marcial S.A. de C.V. and located five kms south of the historical Plomosas Mine (Figure 2).

Table 1 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 silver-lead-zinc mineralized zone with a current NI 43-101 mineral resource estimate with an immediate opportunity for resource expansion, not only down dip, but also along an additional six kms of the San Marcial mineral trend (Figure 6).

In February 2019, the Company released an updated NI 43-101 mineral resource estimate, amended on June 12, 2020, (Table 2) which continues to exhibit significant exploration upside. This resource update was an increase on the previous 2008 mineral resource estimate that only consisted of 30 drill holes completed up to November 2008. An additional 22 drill holes were drilled in 2010. A total of 52 drill holes were integrated into the updated NI 43-101 mineral resource estimate by the Company in 2019.

Table 2 - Mineral Resource Statement (San Marcial)

San Marcial Resources Statement - February 7, 2019 (Revised June 12, 2020)												
Resource Category	Type	Tonnage MT	Au g/t	Au Koz	Ag g/t	Ag Moz	Pb %	Pb Mlbs	Zn %	Zn Mlbs	AgEq Moz	AgEq# g/t
Indicated (OP+UG)	OP+UG	7.6	na	na	117	29.0	0.3	53.0	0.5	86.0	36.0	147
Inferred (OP+UG)	OP+UG	3.4	na	na	91	10.0	0.1	8.0	0.4	26.0	12.0	108

Numbers may be rounded. # AgEq is based on long term silver, zinc and lead prices of US\$18.50 per ounce silver, US\$1.10 per pound zinc and US\$0.95 per pound lead. The following average metallurgical recoveries are assumed as 85% silver, 85% zinc and 95% lead. A 30 gpt AgEq cut off for open pit and 80 gpt AgEq for underground resource classification completed by WSP Canada Inc. on February 06, 2019. OP is potentially amenable to open pit development, UG is potentially amenable to underground development. "na" = not estimated

The mineral resource estimate covers 500 m of a mineralized trend, which is open along strike for an additional six km supported by positive surface exploration results in up to 14 additional drill targets. The main deposit has recently been extended down-dip by the 2021 underground drilling program which encountered high-grade Ag over significant widths below the 2019 resource model. Preliminary metallurgical results from oxide, transitional and sulphide samples from San Marcial have indicated excellent column leach test silver recoveries in the range from 82% to 94% over a 96-hour leach period.

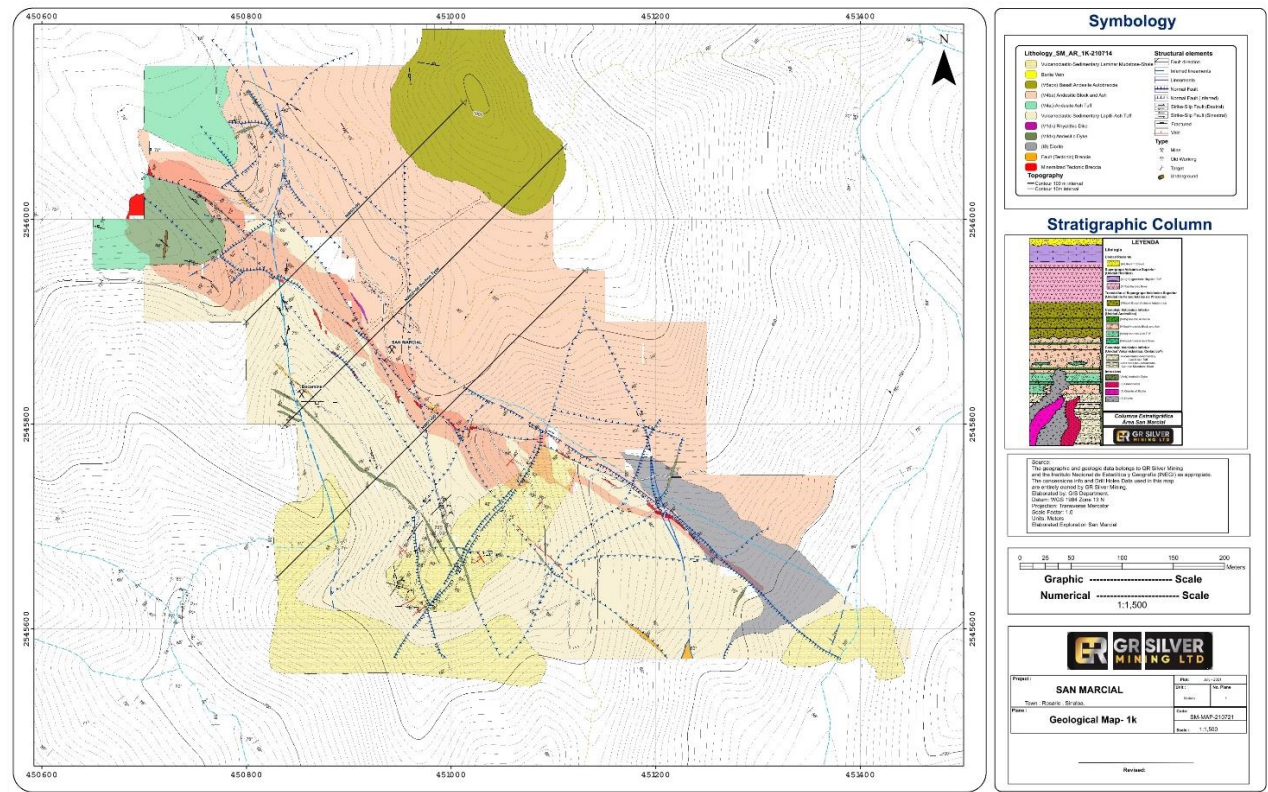
Additional surface exploration results in the vicinity of the current resource delineated drilling targets for resource expansion, including a trench result of 56 m averaging 196 g/t Ag (SMtr-001). As seen at Plomosas, the Company's exploration has shown San Marcial to be highly prospective for gold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

Surface exploration by GR Silver in the footwall to the southwest of the mineral resource (Figure 2) has identified additional mineralization. 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, which were then confirmed with shallow diamond drill holes.

Mineralization in this area includes 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. Alteration is characterized in some sections by intense silicification, implying a large hydrothermal system, potentially wider than the initial mineralized zones.

Underground development of an existing historical adit into the San Marcial resource was undertaken to access a new underground drill position to test the depth potential of the resource with a fan of drill holes. During the second half of 2021, the first underground drill program at San Marcial was completed from this new tunnel position (Figure 3).

Figure 2 San Marcial – Resource Area and Footwall Gold-Silver Mineralization



The Company's successful eight-hole (2,436 m) underground drill program (Table 3) confirmed a significant expansion of high-grade Ag mineralization approximately 300 m down dip below the lower limit of the pit-constrained San Marcial NI 43-101 (2019) mineral resource (Figure 4). Additionally, results of the program such as 18.5 m at 773 g/t Ag (including 5.6 m at 1,792 g/t Ag) from drill hole SMI21-03, reinforced the widening of the high-grade mineral body at depth and along strike, supporting potential resource expansion. Results from all holes have been received with results from the eighth hole under review.

The Company's 2022 drilling program is currently underway at San Marcial targeting extensions to the high-grade Ag mineralization encountered during 2021, both along strike and further down dip. Current geological and structural mapping, combined with surface geochemistry and geophysics, indicate that the mineralization potentially extends in a southeasterly direction. This area to the SE of the 2019 mineral resource will be the focus for exploration at San Marcial in 2022.

The silver mineralization is comprised of three distinct events. The first mineralizing event consists of hydrothermal breccias with silica-rich cement and clasts of volcanoclastic-sedimentary rock in the footwall, which contains pyrite in veinlets and disseminated with continuous low-grade Au (0.1 – 2.0 g/t) content over large intervals of up to 140 m, resulting in a significant low-grade gold shell in the footwall below the main breccia (Figure 4). Similar lithologies have previously been associated with high-grade gold mineralization in the footwall at San Marcial, with drill hole SM-19-01 returning 1.0 m at 204.6 g/t Au (see [News Release dated July 30, 2019](#)).

Figure 3 San Marcial Tunnel – Expanded and Extended for Underground Resource Drilling



The second mineralizing event produces the main San Marcial Breccia with high-grade Ag and subordinate Pb and Zn, as evidenced in the SMI21-03 interval described above. It is bound to the San Marcial Fault and shows several brecciation events with Ag-sulphides, and coarse galena and sphalerite mineralization with a characteristic silica-hematite matrix and reddish colour. Drill hole SMI21-04 also intersected this style of mineralization with 38.0 m at 299 g/t Ag, with a high-grade core of 3.5 m at 1,002 g/t Ag (Figure 4).

The third mineralizing event is related to late, steeply dipping faults that cut and displace the rock units, showing approximately 2 m-wide stockwork and veinlet zones of low-temperature quartz-amethyst-calcite mineralization which contain Ag mineralization, and are found in the footwall and hanging wall of the deposit.

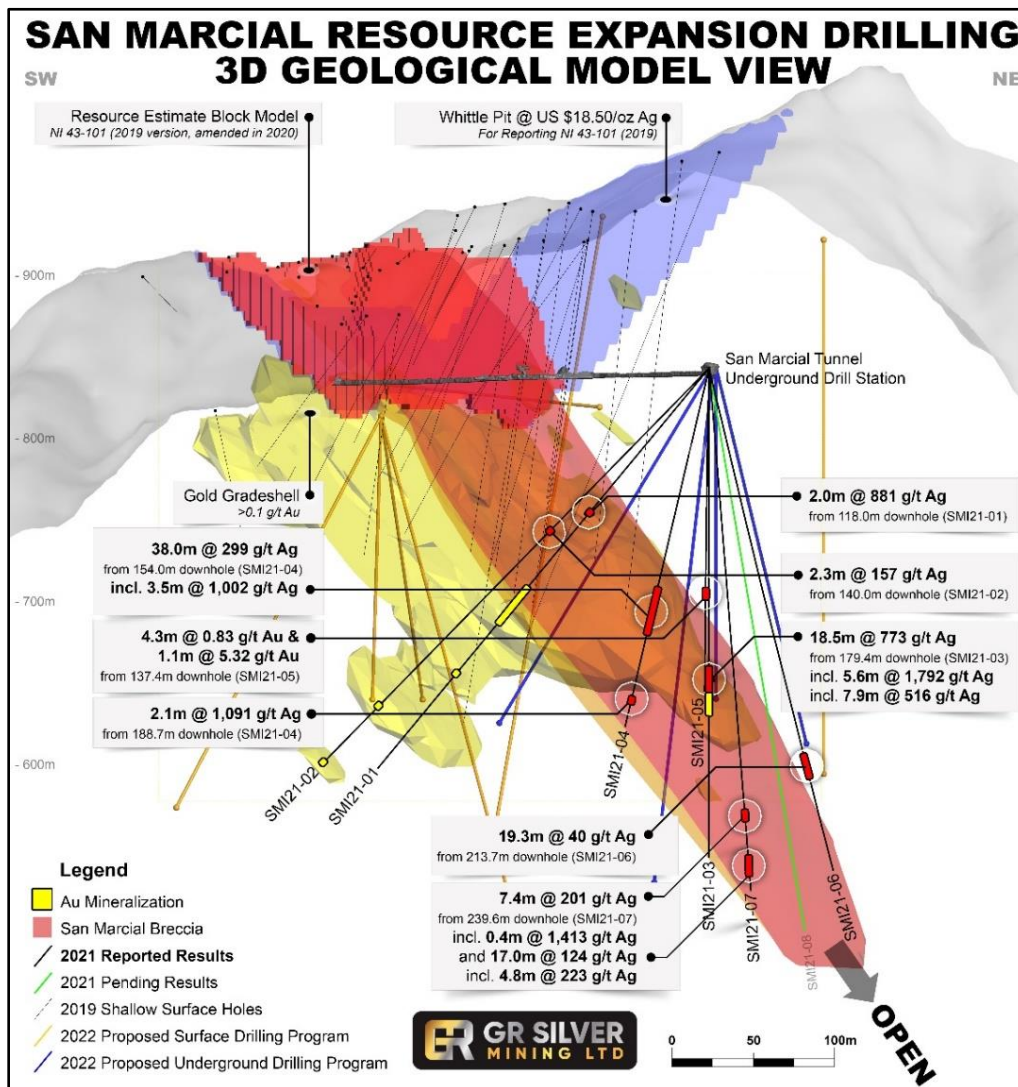
As evidenced in drill holes SM121-03, -04 and -07, the San Marcial deposit contains high-grade (>1,000 g/t Ag) drill intercepts in the deepest holes indicating that the resource remains open at depth (Figure 4).

The silver-gold-lead-zinc 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. Along the six 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 silver-gold-lead-zinc mineralization, and the intersections of EW 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 were 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 the current drill program.

During the September quarter of 2021, the Company completed an initial ground geophysical survey involving both magnetometry and 3D Induced Polarization (IP), covering key areas of prospectivity at the San Marcial Project (Figure 6). Within the concessions, the program is centered 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 (Figure 6), the geophysical survey lines are perpendicular to these structures, in a SW-NE orientation (see [News Release dated February 22, 2021](#)).

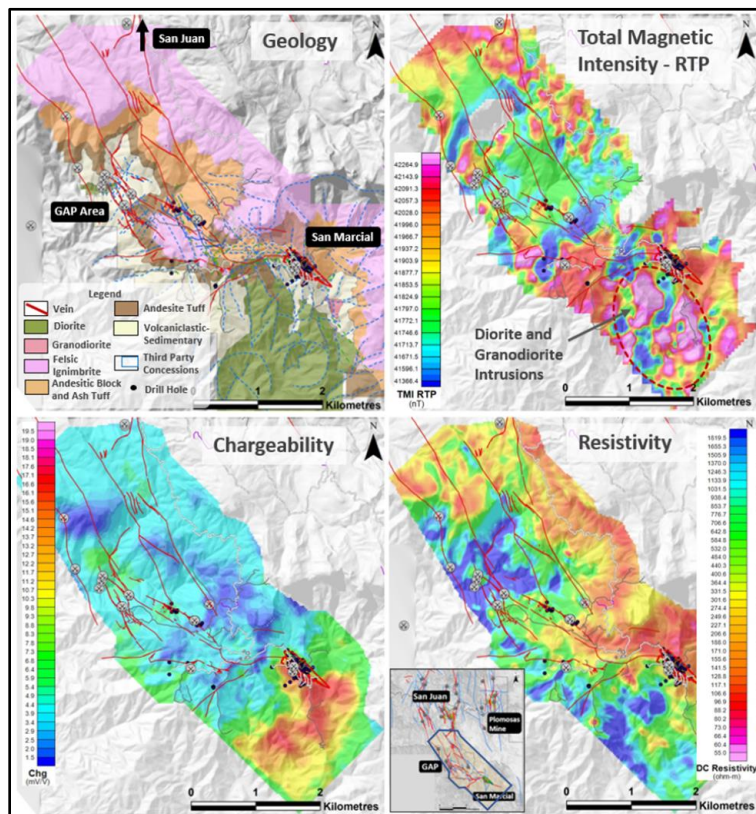
Figure 4 3D Cross-section of the San Marcial Mineralized Breccia, Existing and Proposed Drill Holes



The survey commenced on the Resource Area to characterize the known silver-lead-zinc 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. Following interpretation and review of the geophysical data, in combination with the Company's extensive geochemical database and geological mapping, new drill targets were prioritized for testing. The geophysical response over the Resource Area was an important factor in creating targets for the 2021 underground drill program. Following on from the Resource Area, the survey expanded to cover many of the targets already highlighted by previous GR Silver exploration campaigns within the San Marcial concessions, such as: Guacamayo and Limoncillos to the south, and Faisanes, Mariposa, Nava, Micuines and Chachalaca in the west and northwest (Figure 5).

Following the acquisition of the adjacent La Trinidad concession at the end of March (see [News Release dated April 1, 2021](#)), the Company extended the San Marcial ground geophysical program to the northwest to include the portion of the La Trinidad concession designated the GAP Area, between the San Marcial and Plomosas Properties (Figure 5). The survey was also extended into the Plomosas Properties, to the south of the San Juan Area. The ground geophysical program extension provided important structural and lithological modeling for the continuity of mineralization linking the San Juan, GAP and San Marcial areas. The GAP Area is another key target being tested by the Company's current drill program.

Figure 5 San Marcial – GAP – San Juan Geophysical Survey Images (Refer to Figure 10)



Work Program – Quarter ended March 31, 2022

The Company has completed the following work from January 1, 2022 to March 31, 2022 at San Marcial.

Table 3 Work Completed - San Marcial

Work Completed	San Marcial
Upgrade access road (km)	1.3
Geological mapping (km ²)	0
Litho-geochemical samples collected (number)	191
Channel/trench openings (number)	0
Channels/trenches (linear metres)	0
Channel samples analyzed by lab	0
Diamond drill holes – surface and underground	7
Diamond drill holes – surface and underground (total metres)	78
DDH samples analyzed by lab	0

Plomosas Property

The Plomosas Property includes the small past-producing Plomosas mine - a shallow underground mine from which Grupo Mexico (IMMSA) historically produced 67,600 t of lead concentrate and 31,400 t of zinc concentrate with silver-gold credits between 1986 and 2000. The mine was closed in 2001 after succumbing to the then prevailing low commodity prices. As a result of the mine's continuous care and maintenance since that time, the extensive 7.4 kms of underground tunnels and developments are in good condition, providing immediate access for exploration and potential future mining activities.

Plomosas is strategically located within five kms of San Marcial (Figure 1) in the southeast of Sinaloa State, Mexico, providing opportunities for cost and operational synergies in an integrated development scenario. The March 2020

acquisition of MLR included > 500 historical and recent drill holes from both surface and underground locations in the Plomosas Mine Area and San Juan Area. This extensive database of drilling data was key in the Company's 2021 mineral resource estimation at Plomosas.

The Company completed its first drilling program at Plomosas during 2020-21, with 77 surface and underground holes (total 15,944 m) 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 silver-gold rich discoveries, such as at the lowest level (775 m RL, or approximately 250 m below surface) of the Plomosas Mine Area and two low sulphidation epithermal veins at the San Juan Area. Both areas were the subject of 3D modelling and interpretation, leading to the initial NI 43-101 resource estimations released on August 23, 2021 (see below).

The previous owners of Plomosas (including most recently, First Majestic) invested approximately US\$18 million in exploration, including extensive geophysics and geochemistry programs. As the Plomosas mine is a past producer, valid surface rights agreements, as well as mine and water use permits, remain in place for current and future use by the Company. Strategically, through the acquisition of MLR, the Company also now owns key land holdings and fixed assets around the Plomosas Mine Area and camp facilities.

Table 4 Key Properties - Mining Concessions

AREA	No.	MINING CONCESSIONS	OWNERSHIP	TITLE	SURFACE AREA (ha)
San Marcial	1	Mina San Marcial	Minera San Marcial	180998	119.0000
	2	Ampliacion San Marcial	Minera San Marcial	211650	1131.0000
Plomosas	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	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

NI 43-101 Resource Estimate

Despite historical production and subsequent drilling campaigns by previous owners, GR Silver is the first company to integrate all data into a 3D model and complete NI 43-101 resource estimates. On August 23, 2021, the company released details of initial mineral resource estimates for the Plomosas Mine and San Juan Areas at Plomosas. The major highlights are summarized as follows.

- Indicated Resources: 3.4 Moz Ag, 53 koz Au, 73 Mlbs Zn and 48 Mlbs Pb for 10.3 Moz AgEq*
- Inferred Resources: 8.6 Moz Ag, 85 koz Au, 149 Mlbs Zn and 116 Mlbs Pb for 21.0 Moz AgEq*
- Estimates include 80 new GR Silver drill holes and 476 historical drill holes representing a total of 100,672 m of drilling covering two areas, the former Plomosas Mine and the San Juan Areas (Figure 6).
- The present mineral resource estimates are based on a conservative approach. Sampling of historical drill

holes by previous companies was frequently selective, leaving a large amount of drill core unsampled. Missing intervals within mineralized zones were assigned zero values in the resource by GR Silver, including in areas with evidence of precious and base metals mineralization. Further drilling is underway to address these unsampled areas and potentially continue resource growth at the Plomosas Mine and San Juan Areas.

- v. A 14,000 m drill program was completed in early 2022 on newly identified, high priority gold-silver exploration targets within new areas of the Plomosas Property (Figure 6).
- vi. The incorporation of extensive historical data and completion of the initial mineral resource estimates at Plomosas, incremental to the nearby San Marcial NI 43-101 mineral resource estimate of 36.0 Moz AgEq[#] Indicated resources and 11.9 Moz AgEq[#] Inferred resources (see Table 5 below), represents a major milestone for GR Silver.
- vii. See [News Release dated August 23, 2021](#) for detailed definitions of AgEq* and AgEq[#].
- viii. On October 8, 2021, the “Technical Report for the Plomosas Project” was lodged on SEDAR (www.sedar.com).

The following tables summarize the 2021 NI 43-101 mineral resource estimate for Plomosas as well as the 2019 San Marcial NI 43-101 mineral resource estimate. Further details on the San Marcial resource can be found under the San Marcial section of this report.

Table 5 - Combined Mineral Resource Statement (Plomosas Mina Area and San Juan Area)

Plomosas Mine Area Mineral Resource Statement ACS - August 23, 2021												
Resource Category	Type	Tonnage MT	Au g/t	Au Koz	Ag g/t	Ag Moz	Pb %	Pb Mlbs	Zn %	Zn Mlbs	AgEq Moz	AgEq* g/t
Indicated	OP	0.3	0.21	2	74	0.6	1.0	5.9	0.9	5.0	1.0	115
Inferred	OP	1.2	0.07	3	75	2.9	0.9	24.3	0.8	20.0	3.9	102
Indicated	UG	1.7	0.84	46	27	1.4	0.9	33.5	1.4	52.9	7.5	137
Inferred	UG	3.4	0.50	55	40	4.3	0.9	68.5	1.1	83.0	12.6	116
Total	Indicated	2.0	0.76	48	33	2.1	0.9	39.4	1.3	57.9	8.5	134
Total	Inferred	4.6	0.39	58	49	7.2	0.9	92.8	1.0	103	16.5	112
San Juan Area Mineral Resource Statement ACS - August 23, 2021												
Indicated	OP	0.1	0.19	0	115	0.3	0.3	0.5	0.6	1.1	0.3	111
Inferred	OP	0.2	0.37	3	92	0.7	0.6	3.0	0.7	3.4	0.8	111
Indicated	UG	0.4	0.35	4	87	1.1	1.0	8.2	1.7	13.8	1.6	132
Inferred	UG	1.0	0.77	24	22	0.7	0.9	19.9	2.0	42.2	3.6	116
Total	Indicated	0.5	0.32	5	92	1.3	0.9	8.7	1.5	14.9	1.9	128
Total	Inferred	1.2	0.70	27	36	1.4	0.9	22.9	1.7	45.6	4.5	115

* AgEq is based on long term silver, zinc and lead prices of US\$20.00 per ounce silver, US\$1,600 per ounce gold, US\$1.10 per pound zinc and US\$0.90 per pound lead. The following average metallurgical recoveries are assumed for Plomosas Mine Area as 74% silver, 86% gold, 75% zinc and 69% lead and for San Juan as 71% silver, 79% gold, 47% zinc and 58% lead. The mineral resource estimates for the Plomosas Mine and San Juan areas were provided by Dr. Gilles Arseneau, P.Geo. of ARSENEAU Consulting Services Inc. (ACS). OP is potentially amenable to open pit development, UG is potentially amenable to underground development.

Plomosas Project Total Resources Statement ACS - August 23, 2021												
Resource Category	Type	Tonnage MT	Au g/t	Au Koz	Ag g/t	Ag Moz	Pb %	Pb Mlbs	Zn %	Zn Mlbs	AgEq Moz	AgEq* g/t
Indicated	OP	0.3	0.20	2	83	0.9	0.8	6.4	0.8	6.1	1.3	114

Inferred	OP	1.4	0.12	5	78	3.6	0.9	27.3	0.7	23.5	4.8	103
Indicated	UG	2.1	0.76	50	38	2.5	0.9	41.7	1.5	66.7	9.1	136
Inferred	UG	4.4	0.57	79	36	5.0	0.9	88.4	1.3	125.1	16.2	116
Total	Indicated	2.4	0.68	53	44	3.4	0.9	48.1	1.4	72.8	10.3	133
Total	Inferred	5.8	0.46	85	46	8.6	0.9	115.7	1.2	148.6	21.0	113

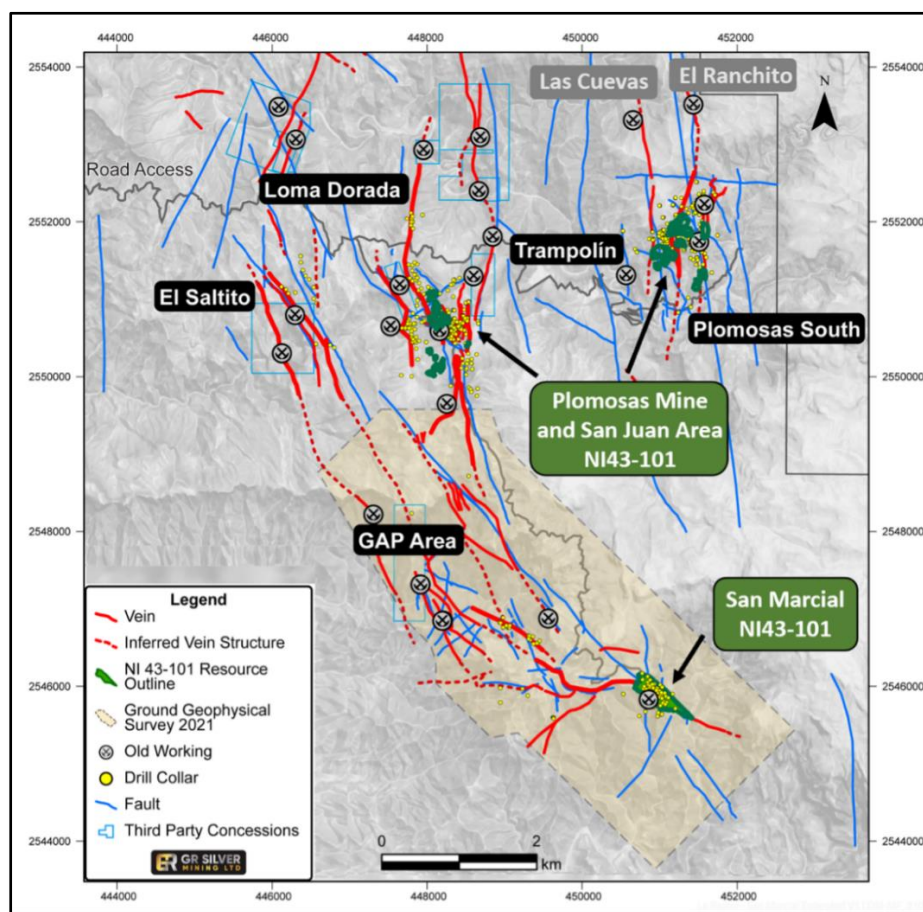
Plomosas includes:

- Two key areas: In 2020-21, the Company completed its initial underground and surface drilling program consisting of over 15,944 m at both the Plomosas Mine Area and the San Juan Area. This data was combined with >500 recent and historical drill holes (Figure 6), comprising over 100,000 m of surface and underground core drilling, to create an integrated 3D model leading to the NI 43-101 compliant mineral resource estimates on each area released in August 2021;
- 11 priority exploration targets and over 30 km of under-explored mineralized veins/structures (Figure 6) 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, airborne 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 7.4 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 190-person camp, warehouses and ancillary facilities, and an assay lab, representing approximately US\$30 million of previous capital investment;
- Important land holdings located around the Plomosas mine and camp area; and
- At the San Juan Area, initial underground development was completed by IMMSA in 2001, however no mining activities were carried out on site.

Plomosas Mine Area

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 (Table 6). During the 14 years of operation, lead (Pb) and zinc (Zn) 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 mined only 260 m 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. The drilling data also indicate high-grade silver and gold mineralization, particularly located on unmined hanging wall and footwall zones around the mineralized hydrothermal breccia. The Company has discovered the multi-commodity nature of the mineralization and high-grade silver and gold zones by studying the extensive drilling database, re-logging and resampling, and delineating new mineralized zones outside of the historically mined area with its 15,944 m surface and underground drilling program, during 2020 and early 2021 (see [News Release dated July 7, 2021](#)).

Figure 6 Plomosas and San Marcial Properties – Drill Targets (Black) and NI 43-101 Resource Areas (Green)



The high-grade silver-gold mineralization drilled by GR Silver at Plomosas displays the alteration, textures, mineralogy and deposit geometry characteristics of a low to intermediate sulphidation epithermal silver-gold-base metal mineralized vein/breccia system. Previous exploration was focused on polymetallic (lead-zinc) 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 gold-copper rich structurally controlled mineralized zones.

At the Plomosas Mine Area, drill hole results confirmed continuity of the silver mineralized system for at least 600 m along strike (Figure 7). They also extend the continuity of both mineralization styles: silver-gold low sulphidation epithermal veins and high-grade polymetallic silver-lead-zinc hydrothermal breccias, up to 700 m down dip below the surface. The 2021 drill results confirmed prospectivity of near surface veins and hydrothermal breccia systems close to existing underground development, which are being tested by the 2022 infill drill program. Significantly, these drill holes also indicate the discovery of multiple subparallel mineralized systems below the current footwall of previously mined areas.

The Company also advanced underground sampling at the Plomosas Mine Area delineating wide, high-grade polymetallic (gold-copper-silver-lead-zinc) sulphide-rich mineralization on the lower level of the Plomosas Mine. A series of continuous intersections, measuring up to 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.

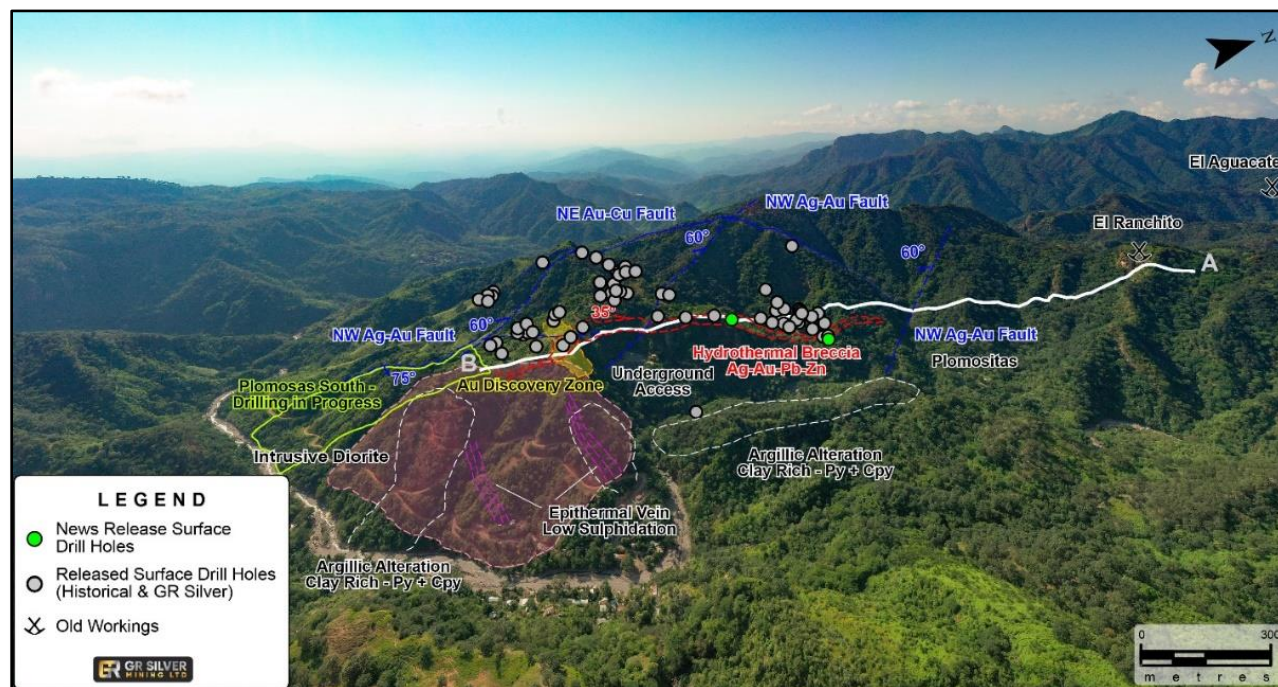
Table 6 Plomosas Mine – Production History 1986-2000

Plomasas Historic Production Table 1986-2000																
Historic Production. During mining operations, in the Plomasas-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.																
Concept	Unit	Production Years														
		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 IMMISA reports

Figure 7 Plomasas Mine Area, Surface Drill Collars and the Plomasas South Drilling Area



Re-interpretation of ground magnetic results from a previous geophysical survey highlighted potential drill targets extending directly to the north of the Plomasas Mine Area mineralization, providing potential areas for further exploration and drilling to the north at Plomasitas, El Ranchito, Las Cuevas and El Aguacate (Figures 6, 7 and 9). Initial surface sampling and shallow drilling commenced at Las Cuevas during the March quarter.

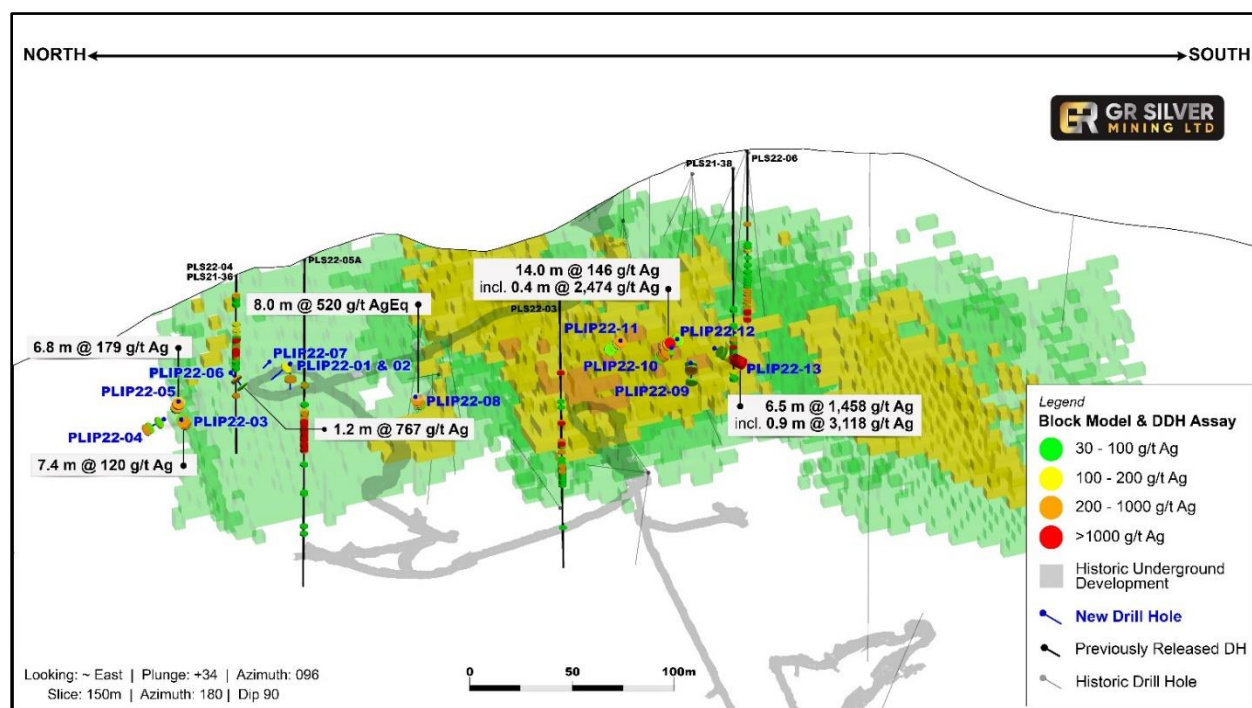
Given the discussion point (iv) above regarding the Plomasas Mine Area resource estimation grades, an infill drilling program commenced during the December quarter of 2021 to provide information where zero values were allocated

in the NI 43-101 mineral resource estimate. Initial results from the 2022 infill drill program are highly encouraging with wide, high-grade Ag intervals reported in the assays received to date, including (Figure 8):

- 24.2 m at 1,094 g/t Ag (including 0.6 m at 7,178 g/t Ag) from drill hole PLS22-05A;
- 13.2 m at 410 g/t Ag (including 2.8 m at 1,323 g/t Ag) from drill hole PLS22-04;
- 6.5 m at 1,458 g/t Ag (including 0.9 m at 3,118 g/t Ag) from drill hole PLIP22-013; and
- 14.0 m at 146 g/t Ag (including 0.4 m at 2,474 g/t Ag) from drill hole PLIP22-012.

These results provide strong support for the thesis that Ag grades in areas that were allocated low grades in the 2021 mineral resource estimate at the Plomosas Mine Area, have upside potential for the upcoming resource update expected in Q1|23.

Figure 8 Longitudinal Section Plomosas Mine Infill Drilling Results – Ag Block Model



Work Program – Quarter ended March 31, 2022

The Company has completed the following work from January 1, 2022 to March 31, 2022 on the Plomosas Mine Area.

Table 7 Work Completed - Plomosas Mine Area

Work Completed	Plomosas	Las Cuevas
Upgrade access road (km)	1.8	0
Geological surface mapping (km ²)	0	0
Channel/trench openings (number)	0	1
Channels/trenches (linear metres)	0	4
Channel samples analyzed by lab	21	0
Diamond drill holes – surface and UG	11	0
Diamond drill holes – surface and UG (total metres)	1,541.1	0
DDH samples analyzed by lab (incl. historical)	437	0
Portable drill holes (shallow <20m)	14	6
Portable drill holes (shallow <20m) (total metres)	176.3	52.9
Portable drill holes samples analyzed by lab	134	39

San Juan Area

Since the March 2020 acquisition of MLR, the Company has expanded the strike length of the San Juan mineralized system and demonstrated the presence of at least six mineralized veins. The ongoing surface drilling program, together with validation of extensive historical 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 9) for additional drilling to support future mineral resource estimation update at the San Juan Area. The other three veins that are part of the same mineralized system - Loma Dorada, El Saltito and El Trampolín (the northern extension of the La Odisea vein) – were the subject of the Company's recent exploration program. Initial surface exploration and shallow drilling commenced during the March quarter at other satellite targets in the Plomosas Property at Las Chorreras and Las Teresas (Figure 9).

Table 8 Work Completed - San Juan Area

Work Completed	San Juan	Loma Dorada	El Trampolín	Las Chorreras	Las Teresas
Upgrade access road (km)	0	0	0	0	0
Geological mapping (km ²)	0	0	0	0.4	1.5
Channel/trench openings (number)	0	0	2	6	1
Channels/trenches (linear metres)	0	0	20.5	14	3.5
Channels/trenches samples analyzed by lab	0	6	29	0	0
Portable drill holes (<20m)	11	0	0	0	7
Portable drill holes (<20m) (total metres)	115.1	0	0	0	87.5
Portable drill hole samples analyzed by lab	0	0	0	0	0
Diamond drill holes - surface	0	0	0	0	0
Diamond drill holes - surface (total metres)	0	0	0	0	0
DDH samples analyzed by lab	0	0	0	0	0

At the San Juan Area, the silver and gold mineralization display the alteration, textures, mineralogy and deposit geometry characteristic 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.

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 gold-silver mineralized system for at least 2 km (Figure 9), supporting a geological model where San Juan is part of a single-large epithermal system with occurrences of silver-lead-zinc mineralization hosted in polymetallic hydrothermal breccias, as well as gold-silver enriched quartz epithermal veins in high angle fault zones.

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 silver-gold-lead-zinc mineralization, close to the surface in a new mineralized structure parallel to the San Juan Vein. 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 two km combined strike, consisting of at least six mapped veins: San Juan, La Colorada, Yecora, Loma Dorada, La Odisea/El Trampolín and San Francisco. Las Chorreras and Las Teresas are located further northwest along strike from these vein sets (Figure 9).

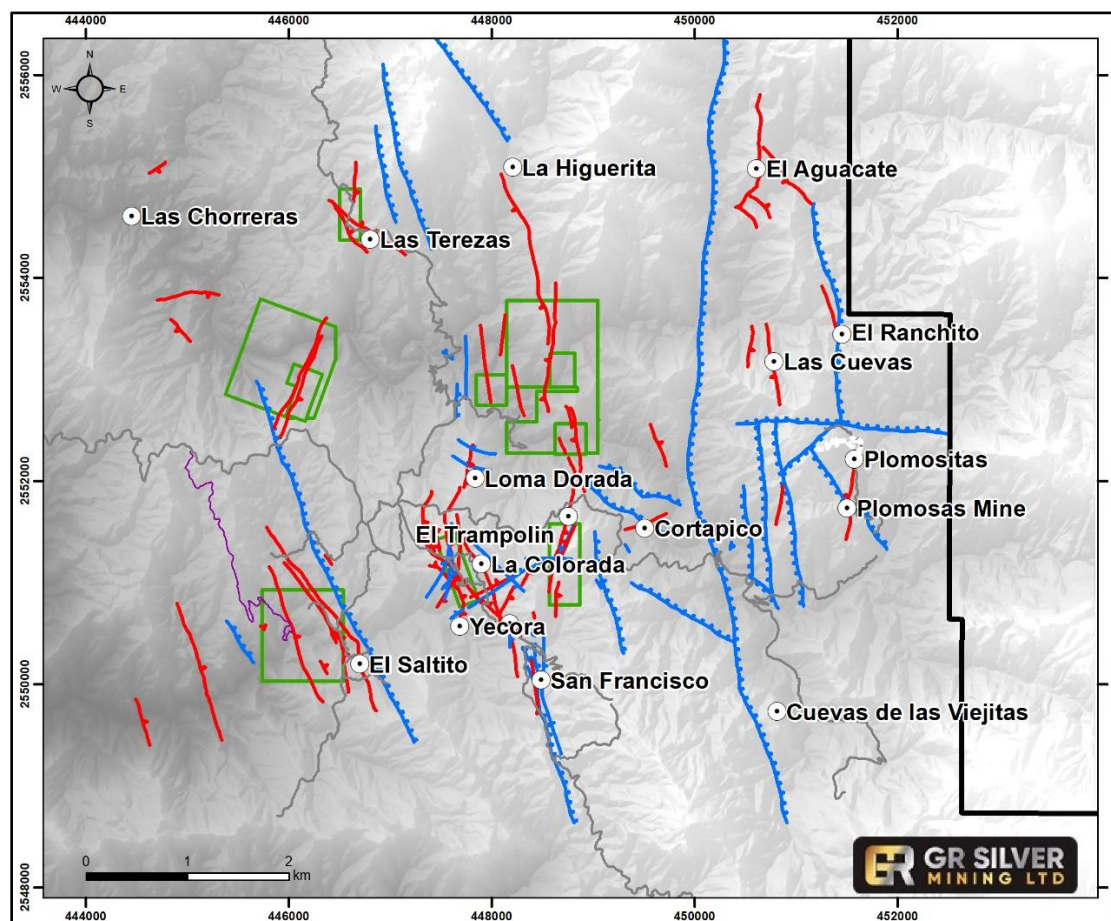
The surface drilling intercepts confirm prospective, near-surface, multiple vein systems peripheral to other drilled areas. This creates the potential to delineate a much larger epithermal system for future drilling and resource estimation. The Company believes that the gold-silver bearing structures are part of regional scale fault systems, hosting attractive low sulphidation epithermal mineralization.

Positive preliminary metallurgical test results were achieved by the Company in 2021 after processing an initial 2,700 t 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 silver-gold-lead-zinc hydrothermal breccia in the upper levels

of the underground development and generated 27 t of high-grade silver-gold concentrate. This precious metals concentrate averaged 15,147 g/t silver and 46.2 g/t gold (see [News Release dated December 7, 2020](#)). The historical San Juan underground development has no record of previous production.

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

Figure 9 Plomosas Property – Key Targets and Structures



Following completion of the resource drilling at the Plomosas Mine and San Juan Areas, the Company initiated a 14,000 m exploration drill program targeting newly identified and untested silver-gold veins on its concessions within the Rosario Mining District. This program focused on new target sites on the Company’s extensive silver-gold vein systems that extend over structural trends covering Plomosas and San Marcial.

Among the recently discovered epithermal vein and breccia targets tested in this program are the GAP Area system, between the San Marcial and San Juan Areas (Figure 6) and epithermal mineralization identified to the south of the Plomosas Mine Area (“Plomosas South”). The program at Plomosas South tested step-out extension potential to the current Plomosas Mine Area mineral resource estimate. The GAP Area was covered by the 2021 NW extension of the San Marcial ground geophysical (IP and magnetometry) program (see [News Release dated February 22, 2021](#)), extending from San Marcial northwesterly to the San Juan Area (Figure 9).

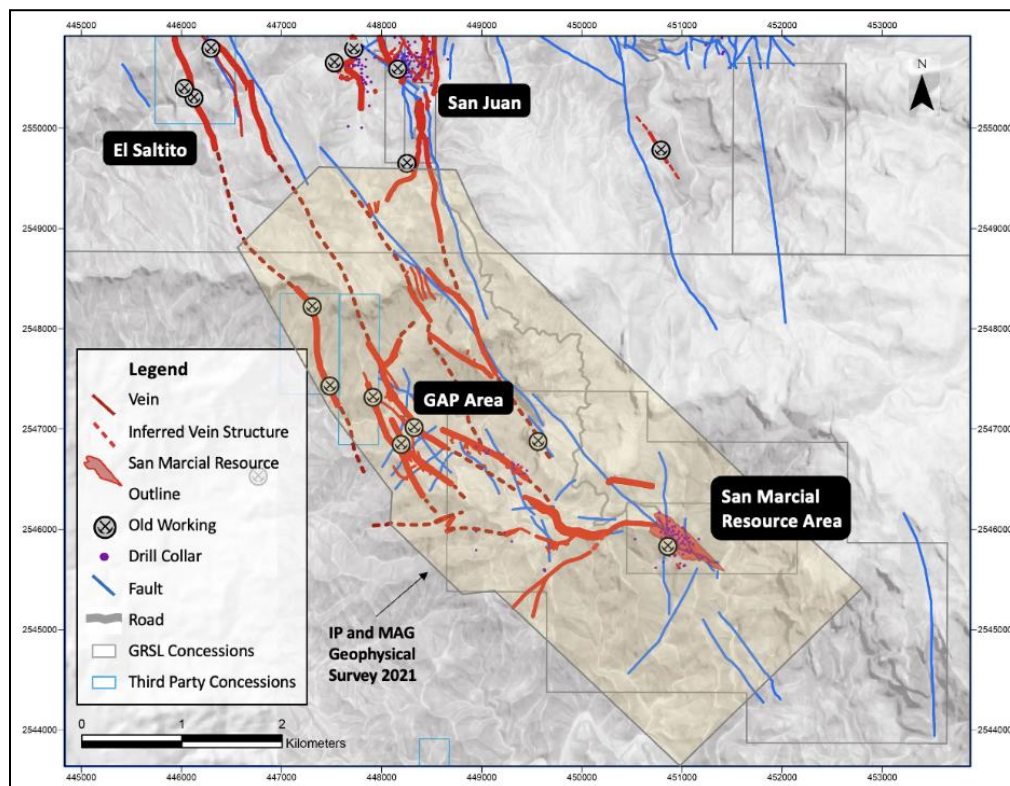
Another new area drilled in the 2021 program was the Loma Dorada structure (Figure 6), an epithermal gold vein target which is on the northern extension of the La Colorada vein system, where the Company drilled high-grade results from LCS21-04 containing 0.65 m at 10,777 g/t AgEq (see [News Release dated June 10, 2021](#)). Significant mapping and drill programs were also undertaken on the El Saltito and Trampolín vein systems within the Plomosas concessions (Figure 6).

During the March quarter, the Company released additional high-grade Au-Ag results from Loma Dorada, including 2.3 m at 16.45 g/t Au and 244 g/t Ag (including 1.2 m at 26.71 g/t Au) from surface channel sampling, in addition to Au-Ag zones parallel to the Plomosas system, at Corta Pico and Trampolín. These results demonstrate the significant potential within the Plomosas Project, away from the known resource areas and provide new drill targets for follow up.

GAP Area

During the 2020 due diligence period for the Oro Gold acquisition, GR Silver identified an area in the La Trinidad concession, wedged between the San Marcial and Plomosas Areas, as a key target to investigate potential structural links (Figure 9). The area, known as the GAP Area, is a six sq. km 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 portable hand-held XRF for multi-element geochemistry. Two anomalous NW-SE trending gold-silver mineralized zones, along with several shallow underground workings, were identified which connect with known mineralized vein and breccia structures at both San Marcial and Plomosas.

Figure 10 San Marcial Resource Area, GAP Area and San Juan - Key Structures and Geophysical Survey

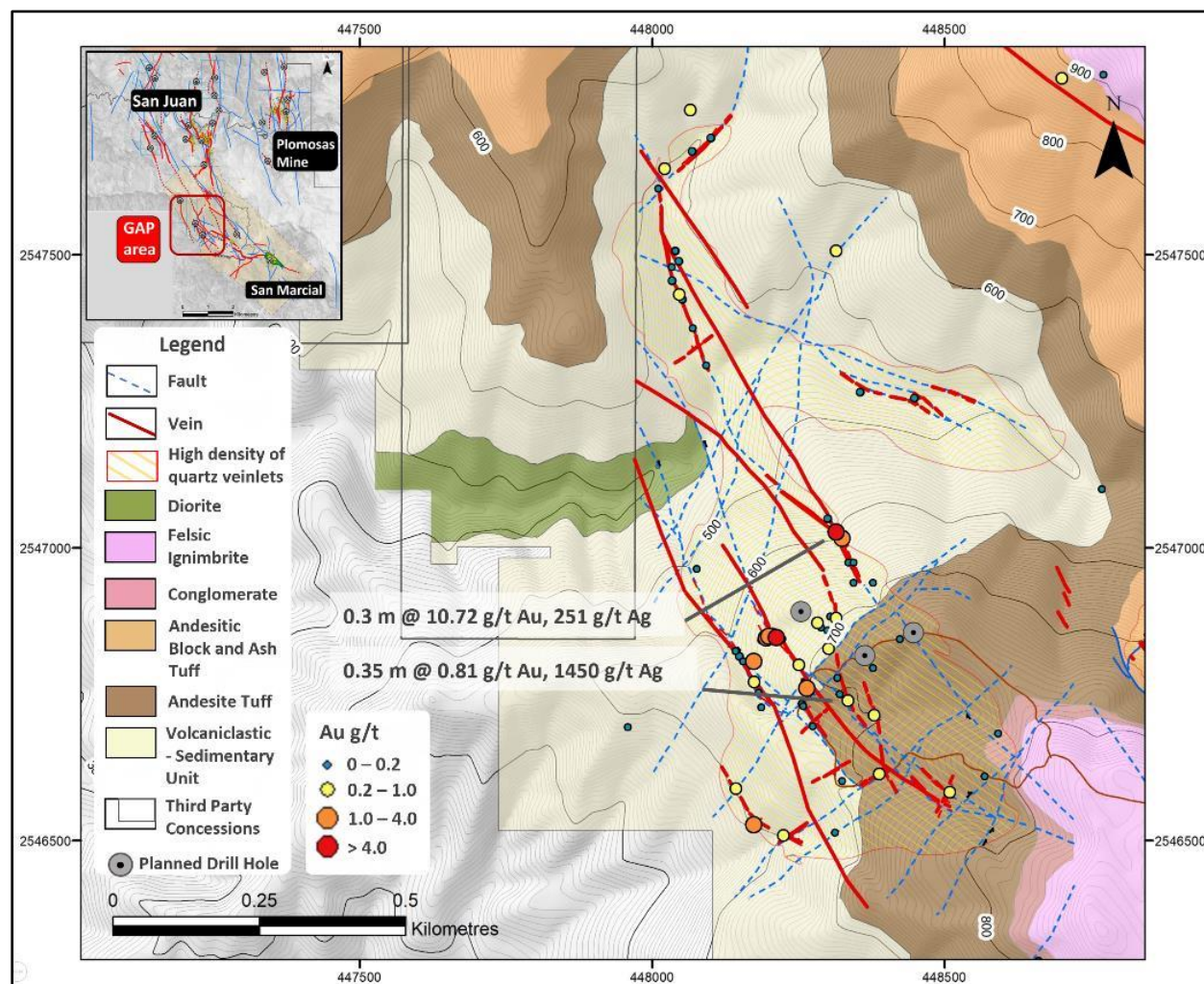


Preliminary channel and chip sampling was completed, which led to additional field investigations during the June quarter of 2021. A geological team undertook mapping and sampling in the GAP Area over recent months. Numerous quartz-filled vein structures, faults and breccias were identified throughout the GAP Area. Most of the structures mapped follow the predominant NW-SE regional structural orientation. Channel and trench sampling was completed to test these structures, identifying numerous gold-bearing veins and breccias (Figure 11), with accessory silver. Best channel sampling results included 0.3 m at 10.7 g/t Au and 251 g/t Ag (see [News Release dated September 8, 2021](#)). Additionally, eleven shallow (< 20 m) portable drill holes were completed (Table 9).

As discussed previously, GR Silver extended the recent San Marcial IP and ground magnetic survey into the GAP Area to further investigate the continuity of the mineralized trends and assist with definition of drill targets. As part of the Company's 2021 surface drill program, the first ever diamond core drilling in the GAP Area was completed,

with five drill holes (1,080.7 m) testing the NW trending gold-bearing vein systems shown in Figure 11. Assay results for this program are received and under review.

Figure 11 GAP Area – Channel and Rock Chip Sampling Results on Key NW-SE Trending Veins



Work Program – Quarter ended March 31, 2022

The Company has completed the following work from January 1, 2022 to March 31, 2022 on the GAP Area.

Table 9 Work Completed – GAP Area

Work Completed	GAP Area
Upgrade/new access road (km)	0
Geological mapping (km ²)	0
Channel/trench openings (number)	0
Linear metres channels/trenches (m)	0
Samples analyzed by lab	0
Portable drill holes (shallow <20m)	0

Work Completed	GAP Area
Portable drill holes (shallow <20m) (total metres)	0
Portable drill holes samples analyzed by lab	0
Diamond drill holes - surface	3
Diamond drill holes - surface (total metres)	625.5
DDH samples analyzed by lab (incl. historical)	0

La Trinidad Property

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 producing La Trinidad open pit gold mine (“La Trinidad”), that ceased operating in 2019, and 12 highly prospective concessions located in the Rosario Mining District. These acquisitions, together with the existing portfolio, totalling 73,413.3 ha, have placed the Company in a leading position controlling key silver-gold assets in the Rosario Mining District. This gives the Company control of 75 km of prospective trend with known mineralization including three structural trends and over 24 shallow gold-silver old workings (Figure 12), which are all strategically located on the western edge of the prolific Sierra Madre Occidental gold-silver belt in Sinaloa, Mexico.

The acquisition of Oro Gold is the third significant transaction completed by GR Silver since listing on the TSX-V in March 2018. In accordance with the Company’s long-term strategy, GR Silver now controls two past-producing mines (Plomosas and La Trinidad), two current resources at the San Marcial and Plomosas Mine-San Juan Areas, as well as the most prospective silver-gold exploration ground in the Rosario Mining District. This is the first time in modern history that one company has held all these key assets.

Following a thorough review of the acquired portfolio and associated expenditure obligations following the acquisition in March 2021, the Company has employed a strategy to decrease expenditure obligations by submitting reductions to the size of one of the larger concessions (Table 4). In addition, the Company submitted cancellation requests for three small concessions in June 2021, and in December 2021, sold two concessions to a third party (see Table 11).

Advanced Targets

The main exploration focus for the 12 concessions acquired from Oro Gold 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 at Cimarron, located to the northwest of La Trinidad (Figure 1). Several 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 is 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.

Exploration Prospectivity

Since finalizing the acquisition of the La Trinidad group of four concessions, including a large associated dataset, GR Silver systematically cleaned and organized the data generated from the historical regional datasets, as well as specific targets that were previously drilled. 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, and over 9,000 soil samples¹. Key exploration targets that were generated are aligned along one of three highly prospective NW-SE trending corridors, with a section 12 kms in length connecting the Taunus Pit with the San Carlos, Colinas, San Miguel, Guayabo and San Cristobal targets (Figure 12).

Figure 12 District-scale Mineralized System Incorporating San Marcial, the San Juan and Plomosas Mine Areas

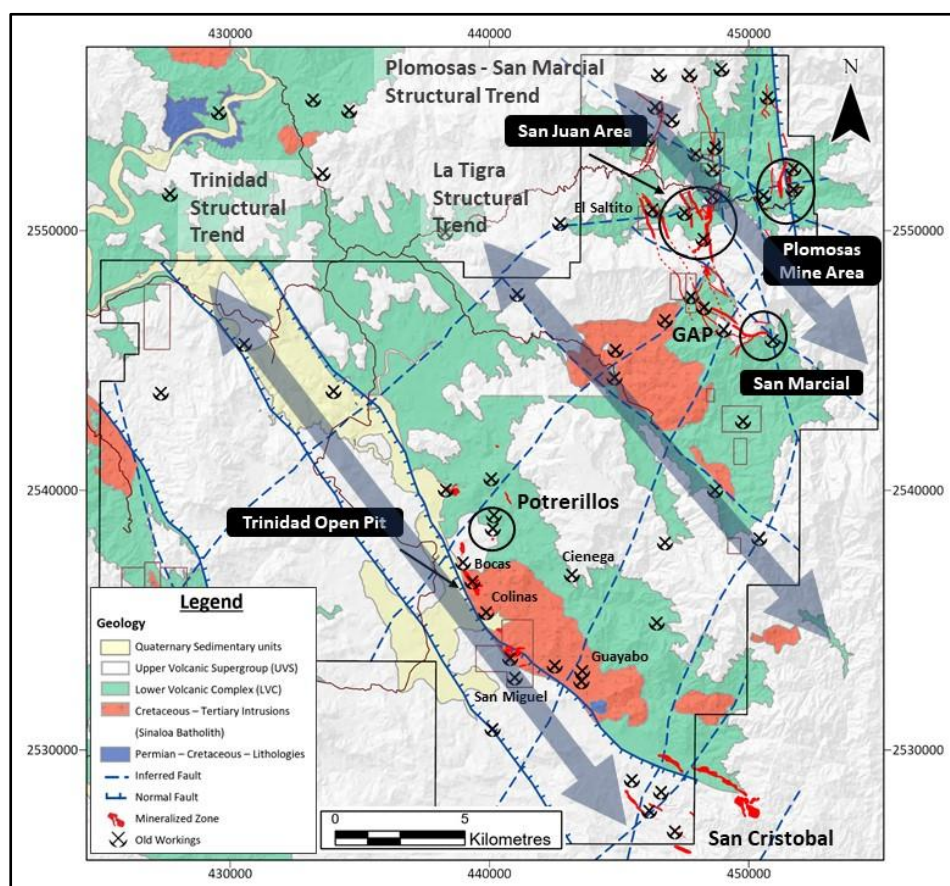
1 Refer to Marlin NI 43-101 News Release dated February 1, 2013

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

5 Refer to Marlin News Release dated August 14, 2017



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 has been incorporated into GR Silver'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.

The Company believes that there is significant gold and silver exploration potential in the Oro Gold portfolio with more than 24 known and under-explored mineral occurrences, as well as historic workings, just in the La Trinidad concession alone (Figure 12). A small team of geologists have carried out initial field investigations and identified priority targets for further follow-up and eventual diamond drill target definition.

Exploration History

The historical focus of exploration activities on the Oro Gold concessions has been on the La Trinidad mine. Anaconda Minerals Corp. was the 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 processed via a heap leach operation. The mine operated until 1998, producing approximately 52,000 oz 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 most 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. Several highly prospective targets have been identified in the past and GR Silver 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 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 one km trend from the open pit in a southeast direction to the Colinas target. Due to the shallow extent of drilling the target remains underexplored.
- **San Carlos:** Located approximately three kms northwest 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 m ⁶.
- **Guayabo:** The Guayabo target is located about eight kms southeast of the Trinidad mine and includes a small historic tungsten mine (tungsten-molybdenum 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 kms southeast of the historic Trinidad gold mine. A grid of 4,841 soil samples covers an area of 30 km² and outlines a 500 m wide zone of gold-bearing quartz veins and stockwork structures that extends for 1.5 km. Over 1,600 chip and channel samples were taken, complementing geologic mapping and identifying five individual prospects. Initial RC and diamond drilling (1,200 m) tested the area confirming gold 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 exploration upside remains at San Cristobal, representing one of the most attractive areas for potential drilling.
- **Potrerrillos:** Located approximately two kms northeast 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. In March quarter, surface exploration and shallow drilling were initiated at the Potrerillos area (Table 10).

Work Program – Quarter ended March 31, 2022

The Company has completed the following work from January 1, 2022 to March 31, 2022 at Trinidad.

Table 10 Work Completed – Trinidad

Work Completed	Trinidad
Upgrade access road (km)	4.8
Geological mapping (km ²)	2.5
Channel/trench openings (number)	48
Linear metres channels/trenches (m)	133.8
Channel samples analyzed by lab	94
Portable drill holes (shallow <20m)	6
Portable drill holes (shallow <20m) (total metres)	76
Portable drill holes samples analyzed by lab	11

OTHER PROPERTIES, SINALOA, MEXICO

GR Silver subsidiaries hold title to the following additional mining concessions (Table 11) and mining concession applications (Table 12) in the Rosario Mining District, with no exploration activities during the quarter. Note that the El Salto and El Salto Sur concessions were sold to a third party in December 2021 (see [News Release dated December 20, 2021](#))

⁶ Refer to Marlin News Release dated February 2, 2016

Table 11 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 sold to a third party in December 2021

Table 12 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 condensed interim consolidated financial statements. The following is a summary of selected financial data for the Company for its eight completed financial quarters ended March 31, 2022.

Quarter Ended Amounts in 000's	Mar. 31, 2022	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020
Net income (loss)	(4,032)	(4,527)	(4,734)	(4,377)	(4,559)	(3,496)	(2,757)	(1,524)
Earnings (loss) per share – basic and diluted	(0.02)	(0.03)	(0.03)	(0.03)	(0.03)	(0.04)	(0.02)	(0.02)
Total assets	31,692	28,427	34,259	38,571	25,912	10,844	12,558	14,216
Working capital	(8,306)	(11,143)	(7,131)	(2,339)	(11,582)	4,069	6,013	7,656

During the quarter ended March 31, 2022, the Company completed a bought deal special warrant financing 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 taxes of \$831,621.

During the quarter ended December 31, 2021, the Company incurred expenses of \$4,527,216, which included \$3,556,311 in exploration expenditures, salaries of \$496,291, professional fees of \$137,857 and impairment on value added tax in Mexico of \$523,009.

During the quarter ended September 30, 2021, the Company incurred expenses of \$4,733,871, which included \$3,549,096 in exploration expenditures, salaries of \$559,610 and professional fees of \$110,037.

During the quarter ended June 30, 2021, the Company completed a bought deal financing and received gross proceeds of \$11,534,500, received \$5,550 on the exercise of options and \$5,540,333 on the exercise of warrants. The Company incurred expenses of \$4,377,280, which included \$2,622,629 in exploration expenditures, salaries of \$308,886, professional fees of \$219,097 and share-based compensation of \$483,816.

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 \$12,170,479 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.

Three Months ended March 31, 2022 compared to three months ended March 31, 2021

The Company's general and administrative costs were \$4,862,562 (2021 – \$4,554,439), and reviews of the major items are as follows:

- Exploration expenditures of \$3,422,600 (2021 - \$2,714,636) of which \$439,324 (2021 - \$682,947) was on the San Marcial property, \$1,055,258 (2021 - \$1,989,066) on the Plomosas property, \$1,865,285 on the La Trinidad property and \$62,733 (2021 - \$42,623) on the El Habal property;
- Consulting of \$26,519 (2021 - \$87,053) consisting of strategic business planning of \$Nil (2021 - \$30,000), employee recruitment of \$Nil (2021 - \$36,000) and other of \$26,519 (2021 - \$21,053);
- Professional fees of \$145,125 (2021 - \$97,049) consists of legal of \$116,421 (2021 - \$51,239) and audit and accounting of \$28,704 (2021 - \$45,810);
- Share-based compensation of \$254,775 (2021 - \$1,015,093) for options vested during the period;
- Salaries of \$630,067 (2021 - \$210,334) consisting of salaries and benefits of \$620,131 (2021 - \$177,084) and directors' fees of \$9,936 (2021 - \$33,250);
- Investor relations of \$134,755 (2021 - \$173,529) consisting of consultants of \$24,748 (2021 - \$46,149), trade shows and conferences of \$12,491 (2021 - \$14,228), promotion and advertising of \$40,632 (2021 - \$97,146), news dissemination of \$8,775 (2021 - \$11,606) and other of \$48,109 (2021 - \$4,400); and
- Regulatory and transfer agent of \$42,905 (2021-\$28,175) consisting of transfer agent of \$20,626 (2021 - \$11,052) and regulatory fees of \$22,279 (2021 - \$17,123).

Other items

- Gain on concession taxes as a result of concession taxes becoming statute barred and are no longer payable resulting in the Company incurred a gain on concession tax forgiveness of \$831,621(\$Nil – 2021).

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 2022 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, 2022, the Company reported cash of \$6,103,507 compared to \$3,077,796 as at December 31, 2021. The increase in cash on hand and change in working capital was the result of cash from financing activities of \$6,784,089 and cash used in operating activities of \$3,532,030 and investing activities of \$226,348.

During the period ended March 31, 2022;

- The Company issued 304,987 common shares on the exercise of warrants for proceeds of \$67,097. Share issue costs of \$360 were incurred and was recorded as an offset to share capital, as share issue costs.
- Completed a private placement by issuing 27,236,755 special warrants (the "Special Warrants") at a price of \$0.27 per Special Warrant for gross proceeds of \$7,353,924. Each Special Warrant is exercisable for one unit of the Company comprised of one common share and one-half of one common share purchase warrant. Each

whole warrant shall be exercisable to acquire one share at an exercise price of \$0.37 per share to March 29, 2025. The Company paid cash finders fees of \$422,931 and issued 1,566,410 special agent warrants, each of which is exercisable for one broker warrant at no additional cost to the holder thereof. Each broker warrant is exercisable for one common share until March 29, 2025, at an exercise price of \$0.27 per share. The agent warrants were valued at \$190,844. Additional share issue costs of \$214,001 were incurred in connection with this financing, and was recorded as an offset to share capital, as share issue costs.

The Special Warrants shall be automatically exercised, without any further action or payment of additional consideration by the holder thereof, on the date that is the earlier of: (i) the date that is five (5) business days following the date on which the Company obtains a receipt from the applicable securities regulatory authorities for a (final) short form prospectus ("Final Prospectus") qualifying distribution of the shares and warrants underlying the Special Warrants, and (ii) July 30, 2022.

If the Company has not received a receipt from the applicable securities regulatory authorities for the Final Prospectus by June 7, 2022, each unexercised Special Warrant shall thereafter be exercisable for one Penalty Unit, with each Penalty Unit being comprised of one share and one full warrant (in place of one-half of one warrant).

During the year ended December 31, 2021;

- The Company issued 16,153,000 common shares on the exercise of warrants for proceeds of \$6,265,160.
- The Company issued 849,644 common shares on the exercise of options for proceeds of \$236,554.
- Issued 187,096 common shares valued at \$142,714 as debt settlement including \$32,659 to a related party.
- Share issue costs of \$10,083 were incurred in connection with the exercise of options and warrants and shares issued for debt settlement, and was recorded as an offset to share capital, as share issue costs.
- Issued 1,500,000 common shares for acquisition of exploration and evaluation assets at a value of \$933,000.
- 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, issued 1,301,388 agent warrants and issued 255,000 units valued at \$150,450. 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. The agent warrants were valued at \$431,714 and the warrants on the units at \$39,479. Additional share issue costs of \$223,714 were incurred in connection with this financing, and was recorded as an offset to share capital, as share issue costs.

The Company has no long-term debt obligations.

SHARE CAPITAL

- (a) As of the date of the MDA the Company has 167,884,051 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 27,236,755 special warrants outstanding
- (b) As at the date of the MDA the Company has 9,864,157 incentive stock options outstanding.
- (c) As at the date of the MDA the Company has 12,230,888 share purchase warrants and 1,566,410 special broker warrants outstanding.

RELATED PARTY TRANSACTIONS

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

	2022	2021
Short-term benefits paid or accrued:		
Professional fees paid to Laura Diaz (Director)	\$ 96,055	\$ 34,036
Salary paid to Marcio Fonseca (COO)	65,000	56,250
Salary paid to Blaine Bailey (CFO)	43,750	31,500
Salary paid to Brenda Dayton Bailey (VP Corporate Communications)	30,000	10,000
Salary paid to Honza Catchpole (1) (former VP Exploration)	212,500	34,846
Salary paid to Trevor Woolfe (VP Exploration and Corporate Development)	45,000	15,000
Salary paid to Alejandro Cano (Country Manager Mexico)	37,737	-
Salary paid to Eric Zaunscherb (CEO)	15,000	-
Director fees paid to Jonathan Rubenstein	-	6,000
Director fees paid to Michael Thomson	8,000	8,000
Director fees paid to Gino DeMichele	-	7,250
Director fees paid to Laura Diaz	-	6,000
Director fees paid to Eric Zaunscherb	-	6,000
Stock based compensation to Directors and Officers	-	560,504
Total remuneration	\$ 553,042	\$ 775,386

(1) Honza Catchpole ceased to be a related party on February 25, 2022, due to his termination.

Included in accounts payable and accrued liabilities as at March 31, 2022 there was \$141,488 (December 31, 2021 – \$74,862) owed to related parties and summarized as follows:

Name	March 31, 2022	December 31, 2021
Blaine Bailey	\$ -	\$ 402
Brenda Dayton	-	2,918
Eric Zaunscherb	-	12,773
Honza Catchpole	-	151
Michael Thomson	6,834	-
Margeo Consulting (Marcio Fonseca)	13,900	13,162
Shordean Pty Ltd. (Trevor Woolfe)	7,299	20,326
Diaz Nieves Y Asociados S.C.	113,455	25,130
	\$ 141,488	\$ 74,862

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 and Brenda Dayton, VP Corporate Communications of the Company, handle any 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 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 and 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, 2022, 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, 2021.

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 which are not expected to have a material effect on the Company's consolidated financial statements. There were no new standards adopted by the Company during the period having a material effect on the Company's condensed interim consolidated financial statements.

RISKS AND UNCERTAINTIES

Liquidity and Financing 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. The development of the Company's properties may 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 March 31, 2022, had a working capital deficiency of \$8,306,278 and is not sufficient to cover the deficiency and fund ongoing obligations. The Company will need to raise further funds to complete additional exploration programs at the San Marcial Property Plomosas Property and the La Trinidad Property, 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.

COVID-19 Pandemic

The Company's business, operations and financial condition could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the current outbreak of the coronavirus (COVID-19). To date, there have been many temporary business closures, quarantines and a general reduction in consumer activity in Canada, Mexico and worldwide. The outbreak has caused companies and various governmental bodies to impose travel, gathering and other public health restrictions. While these restrictions are expected to be temporary, and in many locations have started to be lifted, there is no guarantee that they will not be reinstated and consequently the duration of the various disruptions to the Company's business cannot be reasonably estimated at this time.

The COVID-19 and numerous variants outbreak could persist for a prolonged period. The global COVID-19 pandemic could result in adverse development results due to workforce reductions, supply and/or demand interruptions, travel restrictions and downturn in new equity and debt financings for mining projects. The Company's employees, contractors and suppliers could be affected by contagious diseases, including COVID-19, that could result in a reduction in the Company's workforce due to illness or quarantine, critical supply disruptions, transportation and travel restrictions, and other factors beyond the Company's control. These and other factors could negatively affect the Company's business in complex ways, which are difficult or impossible to predict. While the Company's operating activities have not been materially impacted by the COVID-19 pandemic to date, the pandemic may create uncertainty around the timing of exploration activities at any of its properties and available financing opportunities. The Company continues to closely monitor and assess the impact of COVID-19 on its planned exploration activities and available financing opportunities. The Company has and will continue to take measures recommended by local health authorities and applicable regulatory bodies, as appropriate. The extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control. It is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

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 provides no assurance that commodity prices will not change.

The mining industry is competitive and commodity prices fluctuate 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 exposed 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 profitability.

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 development of mineral projects and the fluctuation of costs over time, development 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 development plans; risks and hazards associated with 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 our control and the inaccuracy of any estimates may result in the Company requiring additional capital and time to execute on its development and exploration 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:

- 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. The acquisition of title to mineral properties 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, 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. The properties may be subject to prior unregistered agreements or transfers, and title may be affected by unidentified and undetected defects. 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 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. 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.

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.

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 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 production 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 neighbouring property owners). The results of litigation cannot be predicted with certainty and defence 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 Impacting the Company

There can be no assurance that new tax laws, 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's 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 continue to 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 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.

No Assurance of Profitability

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. dollar 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 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.

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.

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, 2022, the Company had cash balance of \$6,103,507 to settle current liabilities of \$14,766,890 and has significant expenditure requirements pursuant to Mexican concession taxes (Note 7 and 9). The Company is exposed to liquidity risk. The funds raised (Note 11(b)) are not sufficient to cover its current liabilities as of March 31, 2022, and additional financing will be required. Additional funds will be required for property expenditures, retention of essential personnel, general and administration and to maintain its listing on the TSX.V

Market risk

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

Interest rate risk

The Company 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\$1,131,398 as of March 31, 2022, and accounts payable of MX\$229,757,905. A 10% change in foreign exchange rates will affect profit or loss by less than \$1,435,000.

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.

Foreign jurisdiction risk

In conducting operations in Mexico, the Company is subject to considerations and risks not typically associated with companies operating in Canada. These include risks such as the political, economic, and legal environments. Among other things, the Company's results may be adversely affected by changes in the political and social conditions and by

changes in governmental policies with respect to mining laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation.

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.

2022 Bought Deal Financing

The following table provides an update on the estimated use of net proceeds raised in the 2022 bought deal financing as disclosed in the Company's Preliminary Short Form Prospectus dated May 10, 2022, along with amounts expended. As of March 31, 2022, the following expenditures have been incurred:

Principal Purpose	Estimated Amount to be Expended	Actual Amount Expended	Remaining Amount to be Expended
Drilling and geochemistry – Plomosas Property	\$ 569,624	\$ -	\$ 569,624
Drilling and geochemistry – San Marcial Property	304,916	-	304,916
Geological	678,885	-	678,885
Concession taxes - Mexico	851,647	666,096	185,551
Field expenses – Mexico properties	1,109,094	-	1,109,094
General administration and working capital	3,116,827	-	3,116,827
Total	\$ 6,630,993	\$ 666,096	\$ 5,964,897

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, 2022, 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, 2022, 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, 2022, 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.

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.sedar.com 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.