# GR SILVER MINING LTD.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED SEPTEMBER 30, 2022

REPORT DATE: NOVEMBER 21, 2022

## INTRODUCTION

This Management Discussion and Analysis (the "MDA") provides relevant information on the operations of GR Silver Mining Ltd. (the "Company" or "GR Silver") to the Report Date and the financial condition of the Company for the period ended September 30, 2022.

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

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue or misleading statements nor do they omit stating material facts required to be stated in light of the circumstances under which they were made, with respect to the period covered by these filings, and the 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 condensed interim consolidated financial statements for the period ended September 30, 2022, the consolidated financial statements and notes thereto for the year ended December 31, 2021 and the Annual Information Form filed on SEDAR on April 26, 2022.

### Forward-Looking Statements

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

### Qualified Person and Quality Control/Quality Assurance

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

## DESCRIPTION OF BUSINESS

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

The main activities include the evaluation and exploration of mineral exploration properties to define economic mineral deposits aiming for potential development. The Company is currently focused on resource expansion at the Plomosas Mine and San Marcial Areas, as well as exploring for new discoveries elsewhere on the Plomosas Project. The carrying values for our 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. These carrying values do not necessarily reflect their present or future values.

The Company is a British Columbia corporation. The Company's head office address is Suite 1050 – 400 Burrard Street, Vancouver B.C. V6C 3A6. The Company's registered and records office is Suite 600 – 890 West Pender Street, Vancouver, B.C. V6C 1J9.

## HIGHLIGHTS – QUARTER ENDED SEPTEMBER 30, 2022 & SUBSEQUENT TO THE QUARTER END

- During the three months ended September 30, 2022, GR Silver advanced its planned drill programs at the Plomosas Mine Area and the San Marcial Area. At the Plomosas Mine, 72 underground holes were drilled totalling 2,775.7 metres, while at San Marcial, 14 surface holes were drilled totalling 2,447.1 metres.
- During the nine months ended September 30, 2022, GR Silver drilled 126 underground and surface holes totalling 5,757.0 metres at the Plomosas Mine, and 49 surface holes totalling 5,677.6 metres at San Marcial.
- As announced in the news release of August 8, 2022, GR Silver discovered wide, high-grade silver mineralization approximately 250 metres southeast of the southernmost boundary of the San Marcial Resource Area, in an area known as the Southeast Area ("SE Area")(Figure 2). **Hole SMS22-10 intersected 101.6 m at 308 g/t Ag (from 98.5 m down hole), including multiple intervals grading over 1,000 g/t Ag**. Subsequent drilling, announced in the news releases of September 7 and October 17, demonstrates the geometry, lateral extent and continuity of the new zone along strike to the southeast of this hole, in which silver-rich mineralization is hosted in breccia and intense hematite-quartz stockwork veining. The Company continues to identify additional targets on this part of the San Marcial Property, utilizing geophysical, geochemical and geological mapping studies, and will continue to test the lateral extent of high-grade Ag mineralization along the target contact. The Company anticipates drilling will continue with two rigs over the coming months in the SE Area of San Marcial.
- After delivery of the Plomosas Mine and San Juan Areas Mineral Resource Estimate in August 2021, GR Silver embarked on a program of surgical infill drilling in the Plomosas Mine Area, to replace some of the historical holes used in the estimate that were selectively sampled, as well as to test new near-surface and underground high-grade Ag-Au mineralized zones. News releases on April 27, May 24, September 12 and October 31 detailed results from this successful program, which continues with three rigs. The Company has released the results from 105 new holes (5,523 m), which demonstrate new discoveries in several un-mined zones in the primary polymetallic hydrothermal breccia, as well as newly discovered footwall and hanging wall precious metal mineralization associated with cross cutting faults (e.g., hole **PLI22-23: 44.5 m at 518 g/t AgEq - 268 g/t Ag, 1.0 g/t Au, 2.4% Pb, 1.7% Zn, 0.2% Cu**).
- On August 30, GR Silver announced the closing of a best-efforts brokered private placement offering, issuing 36,263,000 units of the Company at a price of $0.15 per unit for aggregate gross proceeds of $5,439,450, including 2,929,000 units sold pursuant to the partial exercise of the option granted to the agents. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant is exercisable to acquire one common share for a period of 36 months following the closing of the Offering at an exercise price of $0.22 per common share.

- As at September 30, 2022, the Company held cash of $3.6 million. Management is of the opinion that the mineral resource estimate update for the combined Plomosas Project, integrating the Plomosas Mine and San Marcial Areas, is on track for delivery in the first quarter of 2023.

# PLOMOSAS PROJECT

## History and Background

GR Silver has, over several years, assembled a portfolio of mining concessions, which are wholly-owned but subject to various royalties, totalling approximately 734 square kilometres in the Rosario Mining District, Sinaloa State, Mexico. The three key properties which comprise the Plomosas Project, cover 432 square kilometres, encompass two past producing mines and three camps, and feature excellent road access and power to multiple locations. Plomosas Project concessions, their applicable royalties are detailed in Tables 1 and 9, respectively, with locations indicated in Figure 1.

**Table 1 – Plomosas Project Mining Concessions**

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

** June 2021 reduction subject to Government approval*

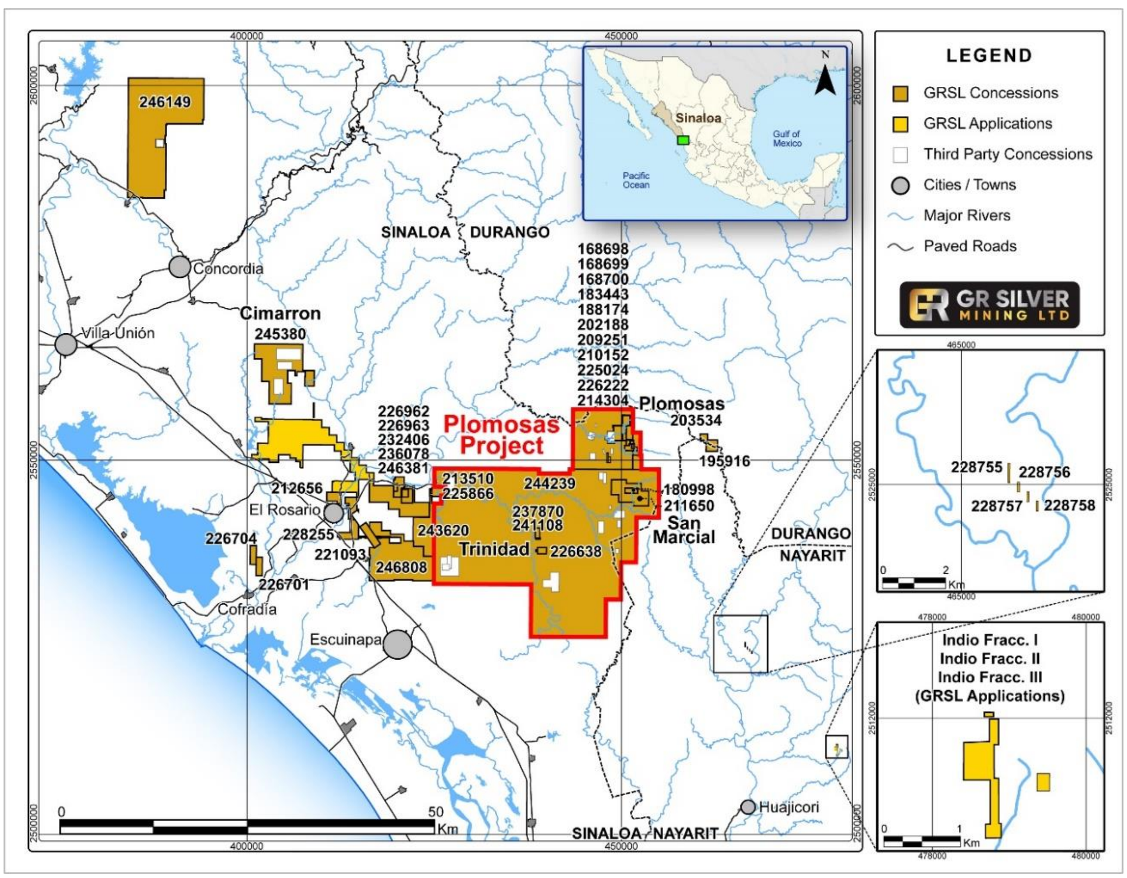
In March 2020, GR Silver completed the acquisition of 100% of Minera La Rastra S.A. de C.V. (“MLR”), the company holding the Plomosas Property and other concessions from First Majestic Silver Corp. The Plomosas Property includes the past-producing Plomosas Mine - a shallow underground mine from which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

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

In March 2021, the Company concluded the acquisition of 100% of Marlin Gold Mining Ltd. ("Marlin") from Mako Mining Corp. ("Mako"). Marlin owns 100% of Oro Gold de Mexico, S.A. de C.V., a Mexican company, that includes the past producing La Trinidad open pit gold mine ("La Trinidad"), that ceased operating in 2019 after producing over 164,000 oz of gold[1,2,3], and additional highly prospective concessions in the Rosario Mining District. The La Trinidad open pit area is currently undergoing reclamation under a "Closure Plan" that remains the responsibility of Mako. The Closure Plan period expiry is November 8, 2022, however an extension request was submitted to SEMARNAT (Secretary of the Environment and Natural Resources), the Mexican environmental authority, on September 26, 2022 and is pending approval.

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

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




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

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

In addition to the Plomosas Project, the Company holds over 300 $km^2$ of highly prospective "non-core" mining concessions, which include the Cimarron gold deposit (Figure 1), as well as mining concessions and applications close to the El Rosario Mine, namely Rosario, El Habal, Union II, El Habal Sur, Yauco and El Placer II (Tables 7 and 8).

### Geology and Resources

The silver-gold-lead-zinc mineralization at the San Marcial Property is typical of epithermal systems, and is 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 a 6 km mineralized trend, supported by positive surface exploration results over seven additional drill targets, 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 the San Marcial Property.

In February 2019, the Company released an updated NI 43-101 mineral resource estimate, amended on June 12, 2020 (Table 2). This resource update was an increase on the previous 2008 mineral resource estimate that consisted of only 30 drill holes completed up to November 2008. An additional 22 drill holes, drilled in 2010, were integrated into the updated NI 43-101 mineral resource estimate by the Company in 2019. Preliminary metallurgical results from oxide, transitional and sulphide samples from San Marcial indicate excellent column leach test silver recoveries in the range from 82% to 94% over a 96 hour leach period.

The known deposit, as detailed in the 2019 mineral resource estimate, has been extended down dip by the 2021 underground drilling program which encountered high-grade silver over significant widths below the 2019 resource. High-grade and wide silver intercepts were: **SMI21-03 - 18.5 m at 773 g/t Ag, including 5.6 m at 1,792 g/t Ag**; and **SMI21-04 – 38.0 m at 299 g/t Ag, including 3.5 m at 1,002 g/t Ag**. Additionally, the new silver discovery in the SE Area, highlighted by the wide, high-grade intersections in SMS22-10, provides optimism for resource expansion. The discovery was the result of successful targeting utilizing detailed geological and structural mapping, a recent ground based geophysical survey (magnetics and 3D IP) and systematic surface geochemistry focused on the target contact along strike to the southeast of the San Marcial Resource Area (Figure 2).

**Table 2 – San Marcial Mineral Resource Statement**

| 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** | **Breccia** | **3.0** | **na** | **na** | **200** | **19.0** | **0.4** | **28.8** | **0.7** | **43.0** | **22.8** | **239** |
| | **Stockwork** | **4.6** | **na** | **na** | **64** | **9.5** | **0.2** | **24.0** | **0.4** | **43.3** | **13.2** | **89** |
| | **TOTAL** | **7.6** | **na** | **na** | **117** | **28.6** | **0.3** | **52.8** | **0.5** | **86.3** | **36.0** | **147** |
| **Inferred** | **Breccia** | **1.4** | **na** | **na** | **133** | **6.1** | **0.1** | **3.4** | **0.6** | **19.6** | **7.3** | **158** |
| | **Stockwork** | **2.0** | **na** | **na** | **60** | **3.8** | **0.1** | **4.4** | **0.2** | **6.8** | **4.6** | **73** |
| | **TOTAL** | **3.4** | **na** | **na** | **91** | **9.9** | **0.1** | **7.8** | **0.4** | **26.3** | **11.9** | **109** |

*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. "na" = not estimated*

Mining at the Plomosas Mine took place from 1986 to 2000. A total of 2.5 MT of ore were processed through a 600 tpd crushing-milling flotation circuit (Table 3). During the 14 years of operation, lead and zinc concentrates were the main products, with reported high-grade silver and gold credits. The historical reports indicate annual average grades for each commodity within the following ranges: zinc (1.85% to 2.66%), lead (1.19% to 3.37%), silver (79 g/t to 338 g/t) and gold (0.76 g/t to 1.74 g/t). The room and pillar underground operation selectively mined to only 260 metres depth of a polymetallic hydrothermal breccia hosted in a shallow-dipping regional fault. Extensive historical and current drilling data show additional continuity down dip and along strike as well as new mineralized zones on the footwall and hanging wall of the main zone.

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

The high-grade silver-gold mineralization drilled by GR Silver at the Plomosas Mine Area 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 the main 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 fault underlying the Plomosas Mine remain under-explored, however have both recently provided positive drilling results defining new mineralized zones.

**TABLE 3 Plomosas Mine – Production History 1986-2000**

## Plomasas Historic Production Table 1986-2000

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

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

*Numbers are rounded*

***Source: Internal IMMSA reports**

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. The major highlights are summarized as follows:

i. Indicated Resources: 3.4 Moz Ag, 53 koz Au, 73 Mlbs Zn and 48 Mlbs Pb for 10.3 Moz AgEq*
ii. Inferred Resources: 8.6 Moz Ag, 85 koz Au, 149 Mlbs Zn and 116 Mlbs Pb for 21.0 Moz AgEq*
iii. 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 Plomosas Mine and San Juan Areas.
iv. The mineral resource estimates are based on a conservative approach. Sampling of historical drill holes by previous companies was frequently incomplete, leaving a large amount of available drill core unsampled. Missing and unassayed drill hole intervals within mineralized zones were conservatively assigned zero values for purposes of the resource estimates. Further drilling is underway to address these unsampled areas and potentially continue growth of the resource inventory 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.
vi. The incorporation of extensive historical data and completion of the initial mineral resource estimates at the Plomosas Mine and San Juan (including La Colorada) Areas, 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 4 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 filed on SEDAR (www.sedar.com).

The following tables summarize the 2021 NI 43-101 mineral resource estimate for the Plomosas Mine and San Juan Areas. See Table 2 for further details on the San Marcial Area resource.

**Table 4 - Combined Mineral Resource Statement (Plomosas Mine and San Juan Areas)**

| 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/San Juan 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** |

## 2022 Exploration

The Company has completed the following work from July 1 to September 30, 2022 on the San Marcial Property (Table 5).

### Table 5 Work Completed - San Marcial

| Work Completed | San Marcial |
|---|---|
| Upgrade access road (km) | 0.3 |
| Geological mapping (km$^2$) | 0.3 |
| Litho-geochemical samples collected (number) | 249 |
| Channel/trench openings (number) | 3 |
| Channels/trenches (linear metres) | 19.2 |
| Channel samples analyzed by lab | 30 |
| Portable drill holes (shallow <30m) | 5 |

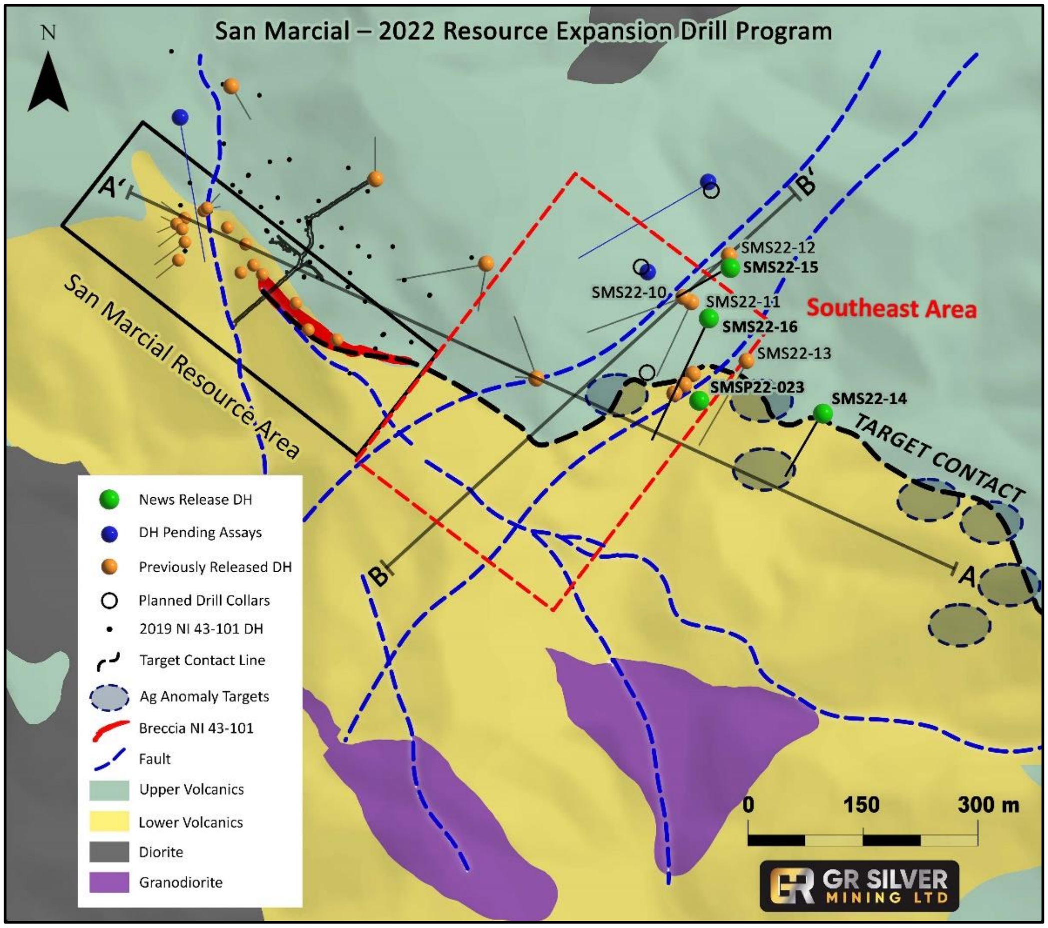
| | |
|---|---|
| Portable drill holes (shallow <30m) (total metres) | 115.7 |
| Portable drill holes samples analyzed by lab | 137 |
| Diamond drill holes – surface | 9 |
| Diamond drill holes – surface (total metres) | 2,331.4 |
| DDH samples analyzed by lab | 1,584 |

As announced in the news release of August 8, 2022, GR Silver discovered wide, high-grade silver mineralization in the SE Area, approximately 250 metres southeast of the southernmost boundary of the San Marcial Resource Area (Figure 2). Hole SMS22-10 intersected 101.6 m at 308 g/t Ag (from 98.5 m down hole), including multiple intervals grading over 1,000 g/t Ag. Subsequent drilling, announced in the news releases of September 7 and October 17, has advanced the Company's understanding of the geometry, lateral extent, and continuity of this newly discovered zone, in which silver-rich mineralization is hosted in breccias and intense hematite-quartz stockwork veining.

Results from drill hole SMS22-16 (123.1 m at 112 g/t Ag, including 0.4 m at 4,680 g/t Ag) indicate that the SE Area mineralization continues laterally to the southeast of hole SMS22-10 for at least 90 metres, hosted within breccias and intense hematite-quartz stockworks. SMS22-16 displays multiple brecciation phases, with similarities to the mineralization in SMS22-10, and a series of andesitic dykes intruding and hosting silver mineralization in the contact with the lower volcano-sedimentary unit. Drilling to date has shown that the SE Area discovery mineralization is controlled by a NE-SW trending structural corridor that intersects the NW trending contact zone that hosts the San Marcial Breccia (Figure 2). Drilling is continuing to test the full extent of the SE Area discovery along strike and down dip aiming for inclusion in the San Marcial resource update, scheduled for the first quarter of 2023.

The Company continues to identify additional targets to the southeast of the San Marcial Resource Area utilizing geophysical, geochemical and geological mapping studies, and will continue to test the lateral extent of high-grade Ag mineralization along the target contact. Drill hole SMS22-14 is the first step-out hole further along the target contact to the southeast and has confirmed the presence of wide silver mineralization (10.5 m at 23 g/t Ag) with additional isolated high-grade values (0.2 m at 1,790 g/t Ag) at shallow depth, 150 metres along strike from the SE Area (Figure 2). The recent positive results along strike encourage the Company to continue exploration and drilling along the target contact, aiming to discover new zones similar to the SE Area discovery. The Company anticipates drilling will continue with two rigs over the coming months in the SE Area of San Marcial.

**Figure 2 Location of 2022 Drill Holes - Southeast Area and San Marcial Resource Area**




The Company has completed the following work from July 1 to September 30, 2022 on the Plomosas Mine Area (Table 6).

**Table 6 Work Completed – Plomosas Mine Area**

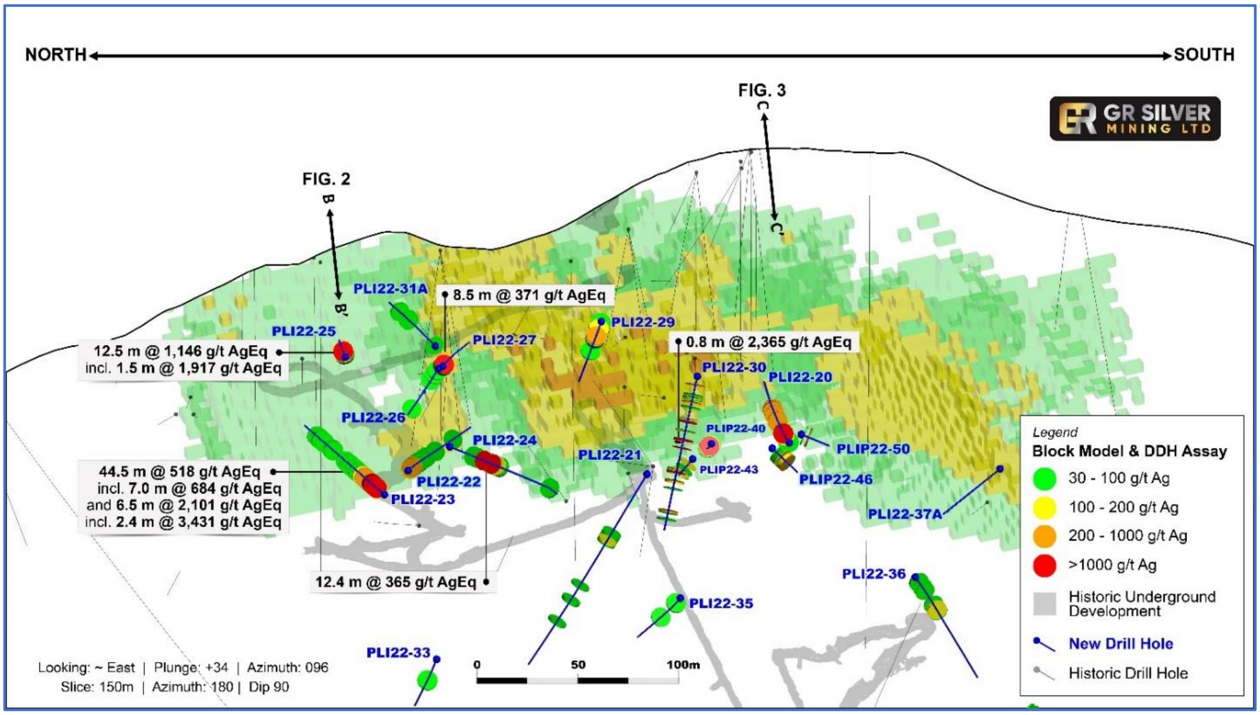
| Work Completed | Plomosas Mine Area |
|---|---|
| Upgrade access road (km) | 0 |
| Geological underground mapping (km$^2$) | 0 |
| Channel/trench openings (number) | 0 |
| Channels/trenches (linear metres) | 0 |
| Channel samples analyzed by pXRF | 0 |
| Diamond drill holes – surface and UG | 30 |
| Diamond drill holes – surface and UG (total metres) | 2,151.2 |
| DDH samples analyzed by lab (incl. historical) | 1,922 |
| Portable drill holes (shallow <30m) | 42 |
| Portable drill holes (shallow <30m) (total metres) | 624.2 |
| Portable drill holes samples analyzed by lab | 465 |

Following the delivery of the Plomosas Mine and San Juan Areas Mineral Resource Estimate in August 2021, GR Silver embarked on a program of infill drilling at the Plomosas Mine Area to replace some of the historical holes used in the estimate which had not been fully assayed, as well as to test new near-surface and underground high-grade Ag-Au targets. News releases on April 27, May 24, September 12 and October 31 detailed results from this successful program, which continues with three rigs. Since August

2021, the Company has released the results from 105 new holes (5,523 m), which demonstrate new discoveries in several un-mined parts of the primary polymetallic hydrothermal breccia, as well as newly discovered footwall and hanging wall precious metal mineralization associated with cross cutting faults (e.g., hole PLI22-23: 44.5 m at 518 g/t AgEq - 268 g/t Ag, 1.0 g/t Au, 2.4% Pb, 1.7% Zn, 0.2% Cu)(Figure 3).

Drilling is continuing at the Plomosas Mine Area, and additional holes are planned before the end of the year on the San Juan Area, including La Colorada. These will be included in the update of mineral resource estimates, scheduled for the first quarter of 2023.

**Figure 3 Location of Selected 2022 Infill Drill Holes**
**Plomosas Mine Area Upper Levels - Longitudinal Section**




The La Trinidad Property is currently on care and maintenance while the Company focuses on the Plomosas Mine and San Marcial Areas. Exploration work at La Trinidad will be scheduled after a thorough review of the extensive existing database.

### Outlook

GR Silver continues to drill with two rigs at the San Marcial Area and three rigs at the Plomosas Mine Area. The Company anticipates the conclusion of the current drill program in December 2022 with mineral resource estimate updates in an integrated NI 43-101 report to be concluded in the first quarter of 2023. Management will make decisions regarding further plans in 2023, based on the results of the updated mineral resource estimates and the availability of capital.

## OTHER PROJECTS

GR Silver subsidiaries hold title to the following additional mining concessions (Table 7) and mining concession applications (Table 8) in the Rosario Mining District, with no exploration activities during the quarter. Applicable royalties are noted in Table 9. Note that the El Salto and El Salto Sur concessions are subject to a sale agreement to a third party (see News Release dated December 20, 2021) and completion of this sale is pending regulatory confirmation.

### Table 7 Other Mining Concessions

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

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

### Table 8 Other Mining Concession Applications

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

## ROYALTIES

A summary of royalties applicable to GR Silver's mining concessions is included in the following tables (Table 9 and Table 10).

**TABLE 9 Royalties applicable to GR Silver concessions**

| Company | Royalties Payable and Concessions | Buy-back |
|---|---|---|
| **Oro Gold de México, S.A. de C.V. ("Oro Gold")** | **1.1 "Cimarron" Concession.** Oro Gold is bound to pay a NSR Royalty to **Minera Camargo, S.A. de C.V., ("Camargo")**, which shall be paid for as follows and once the initial investment has been recovered by Oro Gold, or the mining claim covered by the concession has been in production for two years, whichever first occurs:<br>a) 1.0% NSR if ounce gold price is USD $300.00 or under;<br>b) 1.5% NSR if ounce gold price is higher than USD $300.00;<br>c) 2.0% NSR if gold price is higher than USD $400.00; and<br>d) 2.5% NSR if gold price is higher than USD $500.00. | The Company has a buy-back right on the NSR of USD $1,000,000 plus VAT per 0.5%, that can be exercised at any time and from time to time in whole or in part. |
| | **1.2 "Reduccion La Nueva Trinidad", "El Porvenir", "San Isidro" and "Nancy" Concessions.** Oro Gold is bound to pay a NSR Royalty to **Camargo** from these Concessions, which shall be paid as follows and once the initial investment has been recovered or the mining claim covered by the concession has been in production for two years, whichever occurs first:<br>a) 0.5% NSR if ounce gold price is USD $400.00 or under; and<br>b) 1.0% NSR if ounce gold price is higher than USD $400.00 | The Company has a buy-back right on the NSR of USD $1,000,000 plus VAT per 0.5%, that can be exercised at any time and from time to time in whole or in part. |
| | **1.3 "El Porvenir", "San Isidro" and "Nancy" Concessions.** Oro Gold is bound to pay to **Paulino Meza Villapudua** a NSR Royalty from these Concessions as follows:<br>a) 0.5% NSR if ounce gold price is USD $400.00 or under;<br>b) 1.0% NSR if ounce gold price is between a range of USD $400.00 to 499.99; and<br>c) 1.5% NSR if ounce gold price is greater to USD $500.00 | The Company has the right to buy back the royalty for USD $1,000,000 plus VAT, that can be exercised at any time. |
| | **1.4 "Reduccion La Nueva Trinidad", "San Carlos", "San Carlos I", "Cimarron", "El Porvenir", "San Isidro" and "Nancy" Concessions.** Oro Gold is bound to pay a 1.0% NSR Royalty to **Mako Mining Corp., S.A. de C.V.**, from these Concessions. | The Company has the right to buy back the royalty for USD $2,000,000 plus VAT, that can be exercised at any time. |
| **Minera La Rastra S.A de C.V. ("MLR")** | **2.1 "Plomosas", "Segunda Ampl. de Plomosas", "Continuacion de Plomosas", "La Rastra 2", "San Juan", "Potrero No. 2", "La Estrella", "El Potrero", "Plomosas 3", "Plomosas 2", "Rosario 4", "La Chispera", "La Rastra", "Rosario I", "Plomosas 4", "La Chispera II" "Los Arcos" and "Rosario II" Concessions**. MLR is bound to pay monthly royalties to **Industrial Minera Mexico, S.A. de C.V.**, depending on the price of zinc (Zn), for the exploitation of the mining claims covered by these Concessions, as indicated below:<br>i) 3.5% when the price of Zn is equal or more than US$ 1.50 per lb,<br>ii) 3.0% when the price of Zn is equal or more than US$ 1.20 per lb,<br>iii) 2.5% when the price of Zn is equal or more than US$ 1.00 per lb, and<br>iv) 1.75% when the price of Zn is less than US$ 1.00 per lb. | |

| Company | Royalties Payable and Concessions | Buy-back |
|---|---|---|
| | **2.2 "Plomosas", "Segunda Ampl. de Plomosas", "Continuacion de Plomosas", "La Rastra 2", "San Juan"; "Potrero No. 2", "La Estrella", "El Potrero", "Plomosas 3", "Plomosas 2", "Rosario 4", "La Chispera", "La Rastra", "Rosario I", "Plomosas 4", "La Chispera II", "Los Arcos" and "Rosario II" Concessions.** MLR is bound to pay a perpetual 2.0% NSR Royalty to **Corporacion First Majestic, S.A. de C.V**. from these Concessions. | The Company has the right to buy back half of the NSR (i.e. 1%) for USD $1,000,000 plus VAT, that can be exercised at any time and from time to time. |
| **Compañía Minera San Marcial, S.A. de C.V. ("MSM")** | **3.1 "Mina de San Marcial" and "Ampliacion San Marcial" Concessions.** MSM is bound to pay a 3.0% NSR Royalty to **Met-Sin Industriales, S.A. de C.V.** from these Concessions. | The Company has a buy-back right on the NSR of USD $600,000 plus VAT per 1%, that can be exercised at any time and from time to time in whole or in part. |
| | **3.2 "Mina de San Marcial" and "Ampliacion San Marcial" Concessions.** MSM is bound to pay a 0.75% NSR Royalty to **EMX Royalty Corporation** from these Concessions. | The Company has a buy-back right on the NSR that can be exercised at any time by paying CAD $1,250,000 plus VAT. |
| **Goldplay de México, S.A. de C.V. ("Goldplay")** | **4.1 "Habal", "San Pablo 2", "Baluarte 2", "Las Dos Chiquitas", "San Pablo", "Tigra Negra Fracc. II", "Tigra Negra Fracc. III", "Tigra Negra Fracc. IV" and "Tigra Negra Fracc. V" Concessions**. The Company's subsidiary, Goldplay, is bound to pay a 1.0% NSR Royalty to **Camargo** from these Concessions. | The Company's subsidiary, Oro Gold, has the right to buy back the royalty for USD $1,000,000 plus VAT, that can be exercised at any time. |
| | **4.2 "Habal", "San Pablo 2" and "Baluarte 2" Concessions.** Goldplay is bound to pay a 0.5% NSR Royalty to **Erme Enriquez Minjarrez** from these Concessions. | The Company has the right to buy back the royalty for USD $1,000,000 plus VAT, that can be exercised at any time. |
| | **4.3 "Habal Sur", "El Placer II" and "Yauco" Concessions; "La Union 2 Fracc. 1"** Application Concession in process under File 95/13335 **and "La Union 2 Fracc. 2"** Application Concession in process under File 95/13335. Goldplay is bound to pay a 1.0% NSR Royalty to **Sandstorm Gold Ltd.** ("Sandstorm") from these Concessions and Applications. | |
| | **4.4 "El Habal", "San Pablo 2", "Baluarte 2", "Las Dos Chiquitas" and "San Pablo" Concessions** are subject to an option agreement in which **Sandstorm** has the exclusive right to acquire a 1% NSR at an exercise price of USD $1,000,000 per 0.5% NSR. | |
| | **4.5 "Habal Sur", "El Placer II" and "Yauco" concessions:** Goldplay is bound to pay a 1.0% NSR Royalty to **Oro Gold** from these concessions. | |
| | **4.6 "Indio Fracc. I" File 59/7706, "Indio Fracc. II" File 59/7706, "Indio Fracc. III" File 59/7706, "La Union 2 Fracc. 1" File 95/13335 and "La Union 2 Fracc. 2" File 95/13335 Mining Concession Applications.** Goldplay is bound to pay a 1.0% NSR Royalty to **Oro Gold** from these mining concession applications. | |

**TABLE 10 Royalties in favour of GR Silver**

| Company | Royalties Receivable and Concessions | Comments |
|---|---|---|
| **Oro Gold de México, S.A. de C.V. ("Oro Gold")** | **1.1 Grupo Minero Venturex, S.A. de C.V. ("Venturex")**, is bound to pay a 0.5% NSR Royalty to Oro Gold de México, S.A. de C.V. ("Oro Gold") from the mining concessions: **"El Salto" and "El Salto Sur"**. | Completion of the sale of these concessions as per News Release dated December 20, 2021 is subject to regulatory approval. |
| | **1.2 Grupo Promotor Minero, S.A. de C.V. ("GPM")** is bound to pay a 1.0% NSR Royalty to Oro Gold from the mining concessions: **"Parral 1" and "Parral 1 Fraccion 1".** | Sale of these concessions in Chihuahua by Oro Gold to GPM was registered with Mexican authorities on November 15, 2012 |
| | **1.3 Northair de México, S.A. de C.V., ("Northair")** is bound to pay a 1.0% NSR Royalty to Oro Gold from the mining concessions: **"Parral 2 D-1", "Parral 2 D-2", "Parral 2 D-3", "Parral 2 D-4", "Parral 2 D-5", "Parral 2 D-6", "Parral 2 D-7", "Parral 2 D-8" and "Parral 2 D-9".** | Parral 1 was divided into Parral 1 and Parral 2 by GPM, and Parral 2 was then sold to Northair and currently consists of the nine "Parral 2 D-1 through 9" concessions detailed at left. |
| | **1.4 T**he Company's subsidiary, **Goldplay de México, S.A. de C.V. ("Goldplay")**, is bound to pay a 1.0% NSR Royalty to the Company's subsidiary, Oro Gold, from the mining concessions: **"Habal Sur", "El Placer II" and "Yauco".** | |
| | **1.5 Goldplay** is bound to pay a 1.0% NSR Royalty to the Company's subsidiary, Oro Gold, from the Mining Concession Applications covering the mining claims: **"Indio Fracc. I" File 59/7706, "Indio Fracc. II" File 59/7706, "Indio Fracc. III" File 59/7706, "La Union 2 Fracc. 1" File 95/13335 and "La Union 2 Fracc. 2" File 95/13335.** | |

## 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 September 30, 2022.

| Quarter Ended Amounts in 000's | Sept. 30, 2022 | June 30, 2022 | Mar. 31, 2022 | Dec. 31, 2021 | Sept. 30, 2021 | June 30, 2021 | Mar. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|---|---|---|---|---|
| Net income (loss) | (3,946) | (4,157) | (4,032) | (4,527) | (4,734) | (4,377) | (4,559) | (3,496) |
| Earnings (loss) per share – basic and diluted | (0.02) | (0.03) | (0.02) | (0.03) | (0.03) | (0.03) | (0.03) | (0.04) |
| Total assets | 29,602 | 27,903 | 31,692 | 28,427 | 34,259 | 38,571 | 25,912 | 10,844 |
| Working capital | (11,602) | (12,332) | (8,306) | (11,143) | (7,131) | (2,339) | (11,582) | 4,069 |

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

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

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

## REVIEW OF FINANCIAL RESULTS

***Nine Months ended September 30, 2022, compared to nine months ended September 30, 2021***

The Company's expenses were $14,698,594 (2021 - $13,777,088) including general and administrative of $5,019,160 (2021 - $4,890,727) and exploration expenditures of $9,679,434 (2021 - $8,886,361), and reviews of the major items are as follows:

- Exploration expenditures of $9,679,434 (2021 - $8,886,361) of which $1,649,674 (2021 – 1,834,794) was spent on the San Marcial property, $3,198,815 (2021 - $4,991,906) the Plomosas property, $4,697,950 (2021 - $1,975,649) on the La Trinidad property and $132,995 (2021 - $88,012) on the El Habal property. The expenditures increased as the Company received funding and the Company remained active;
- Consulting of $86,441 (2021 - $253,526) consisting of fees paid or accrued for financing strategy of $36,461 (2021 - $105,000), employment recruitment of $Nil (2021 - $36,000), Mexican subsidiaries of $Nil (2021 - $39,412) and other of $49,980 (2021 - $73,114);

- Professional fees of $431,398 (2021 - $426,183) consists of legal of $260,469 (2021 - $282,732) and audit and accounting of $170,929 (2021 - $143,451,);
- Salaries of $1,504,835 (2021 - $1,078,830) consisting of salaries and benefits in Canada and Mexico of $1,469,585 (2021 - $979,080) and directors' fees of $35,250 (2021 - $99,750);
- Share-based compensation of $453,446 (2021 – $1,498,909) for options issued;
- Regulatory and transfer agent of $167,640 (2021-$89,726) consists of transfer agent of $62,361 (2021 - $40,461), regulatory of $91,790 (2021 - $36,230) and OTCQB listing of $13,489 (2021 - $13,035); and
- Investor relations of $412,576 (2021 - $431,095) consisting of trade show and conferences of $80,281 (2021 - $55,095), promotion, advertising and digital marketing of $185,855 (2021 - $203,107) contract investor relations of $64,624 (2021 - $75,010) and other of $81,816 (2021 - $97,882).

Other items:

- Recovery of exploration and evaluation assets of $Nil (2021 - $72,366) on the sale of the property option agreement on the Golconda property.
- Gain on concession taxes as a result of the concession taxes becoming statute barred and are no longer payable resulting in the Company incurring a gain on concession tax forgiveness of $2,554,207 ($Nil – 2021).

***Three Months ended September 30, 2022 compared to three months ended September 30, 2021***

The Company's expenses were $5,677,539 (2021 - $4,737,217) including general and administrative of $1,838,494 (2021 - $1,188,121) and exploration expenditures of $3,839,045 (2021 - $3,549,096), and reviews of the major items are as follows:

- Exploration expenditures of $3,839,045 (2021 - $3,549,096) of which $796,612 (2021 - $579,985) was spent on the San Marcial property and $1,023,148 (2021 - $1,675,798) on the Plomosas property, $1,954,305 (2021 - $1,251,924) on the La Trinidad property and $64,980 (2021 - $41,389) on the El Habal property;
- Consulting of $19,251 (2021 - $61,788) consisting of strategic business planning of $6,461 (2021 - $45,000) and other of $12,790 (2021 - $16,788);
- Salaries of $431,990 (2021 - $559,610) consisting of salaries and benefits in Canada and Mexico of $431,990 (2021 - $526,360) and directors' fees of $Nil (2021 - $33,250);
- Professional fees of $148,471 (2021 - $110,037) consisting of legal of $78,103 (2021 - $76,893) and audit and accounting of $70,368 (2021 - $33,144); and
- Regulatory and transfer agent of $71,879 (2021 - $21,803) consisting of transfer agent of $33,025 (2021 - $16,827), regulatory of $34,222 (2021 - $500) and OTCQB listing of $4,632 (2021 - $4,476).

Other items:

- Gain on concession taxes because of concession taxes becoming statute barred and are no longer payable resulting in the Company incurring a gain on concession tax forgiveness of $1,723,586 ($Nil – 2021).

## LIQUIDITY AND CAPITAL RESOURCES

Because of economic conditions, globally, there is uncertainty in capital markets, particularly for small exploration companies, and the Company anticipates that it and its peers will have limited access to capital. Although the business and assets of the Company have not changed, investors have increased their risk aversion and their overall interest in shares of junior exploration companies has diminished. The Company continually monitors its financing alternatives and expects to finance its fiscal 2023 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 September 30, 2022 the Company had a working capital deficiency of $11,602,659.

As at September 30, 2022, the Company reported cash of $3,592,128 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 $11,641,731 and cash used in operating activities of $10,884,403 and investing activities of $242,996.

During the period ended September 30, 2022;

- The Company issued 400,987 common shares on the exercise of warrants for proceeds of $81,497. Share issue costs of $385 were incurred and was recorded as an offset to share capital, as share issue costs.
- The Company issued 136,909 common shares valued at $28,751 as debt settlement resulting in a gain on settlement of $520.
- Completed conversion of 27,236,755 special warrants (the "Special Warrants") to 27,236,755 units (the "Units"). The Special Warrants were previously issued upon completion of a private placement at a price of $0.27 per Special Warrant for gross proceeds of $7,353,924. Upon receipt of a final short form prospectus, each Special Warrant was automatically exercised, at no additional cost to the holder thereof, for one Unit. Each Unit was comprised of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable to acquire one share at an exercise price of $0.37 per share to March 29, 2025. On completion of the private placement, the Company paid cash finders fees of $422,931 and issued 1,566,410 special agent warrants valued at $190,844. Upon receipt of a final short form prospectus, each special agent warrant was automatically exercised, at no additional cost to the holder thereof, for one broker warrant. Each broker warrant is exercisable for one common share until March 29, 2025, at an exercise price of $0.27 per share. Additional share issue costs of $300,892 were incurred in connection with this financing, and was recorded as an offset to share capital, as share issue costs.
- Completed a bought deal private placement of 36,263,000 units at a price of $0.15 per unit for gross proceeds of $5,439,450. Each Unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant ("Warrant") and each whole warrant is exercisable into one common share of the Company at an exercise price of $0.22 per warrant to August 30, 2025. The Company paid cash finders fees of $271,458 and issued 2,148,720 agent warrants and valued at $141,007. Each agent warrant is exercisable at an exercise price of $0.15 per agent warrant to August 30, 2025. Additional share issue costs of $271,212 were incurred in connection with this financing, and was recorded as an offset to share capital, as share issue costs.

## SHARE CAPITAL

a) As of the date of the MDA the Company has 231,479,806 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 9,769,157 incentive stock options outstanding.

c) As at the date of the MDA the Company has 46,705,895 share purchase warrants outstanding.

## RELATED PARTY TRANSACTIONS

Key management personnel compensation for the period ended September 30, were:

| | | 2022 | | 2021 |
|---|---|---|---|---|
| **Short-term benefits paid or accrued:** | | | | |
| Professional fees paid to Laura Diaz (Director) | $ | 198,245 | $ | 137,246 |
| Salary paid to Marcio Fonseca (COO) | | 195,000 | | 174,583 |
| Salary paid to Blaine Bailey (CFO) | | 131,250 | | 102,666 |
| Salary paid to Brenda Dayton (VP Corporate Communications) | | 90,000 | | 70,000 |
| Salary paid to Honza Catchpole (1) (former VP Exploration) | | 212,500 | | 124,846 |
| Salary paid to Trevor Woolfe (VP Exploration and Corporate Development) | | 135,000 | | 105,000 |
| Salary paid to Alejandro Cano (Country Manager Mexico) | | 97,924 | | - |
| Salary paid to Eric Zaunscherb (CEO) | | 45,000 | | 15,000 |
| Director fees paid to Jonathan Rubenstein | | 6,000 | | 18,000 |
| Director fees paid to Michael Thomson | | 16,000 | | 24,000 |
| Director fees paid to Gino DeMichele | | 7,250 | | 21,750 |
| Director fees paid to Laura Diaz | | 6,000 | | 18,000 |
| Director fees paid to Eric Zaunscherb | | - | | 18,000 |
| Stock based compensation to Directors and Officers | | 309,442 | | 834,034 |
| **Total remuneration** | **$** | **1,449,611** | **$** | **1,663,125** |

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

Included in accounts payable and accrued liabilities as at September 30, 2022 there was $24,525 (December 31, 2021 – $74,862) owed to related parties and summarized as follows:

| Name | | September 30, 2022 | | December 31, 2021 |
|---|---|---|---|---|
| Blaine Bailey | $ | - | $ | 402 |
| Brenda Dayton | | 6,272 | | 2,918 |
| Eric Zaunscherb | | 5,592 | | 12,773 |
| Honza Catchpole | | - | | 151 |
| Margeo Consulting (Marcio Fonseca) | | 1,434 | | 13,162 |
| Shordean Pty Ltd. (Trevor Woolfe) | | - | | 20,326 |
| Diaz Nieves Y Asociados S.C. | | 11,227 | | 25,130 |
| | $ | 24,525 | $ | 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 September 30, 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 September 30, 2022, had a working capital deficiency of $11,602,659 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 expose to the risk of movement in the price of silver and gold. Declining market prices for silver and/or gold could have a material effect on the Company's 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 defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. If the Company is unable to resolve these disputes favorably or if the cost of the resolution is substantial, such events may have a material adverse impact on the ability of the Company to carry out its business plan.

### *Changes in Tax Laws 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 is does not insure against or in future may not insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs which could have a material adverse effect on Company's business, financial condition, results of operations or prospects.

### *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.

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

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

*Future Sales of Common Shares by Existing Shareholders*

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

*International Conflict*

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

*Conflicts of Interest*

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

## FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

### Financial risk factors

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

#### *Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, receivables and value added tax. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote and has deposited cash in high credit quality financial institutions. Credit risk with respect to value added taxes 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 September 30, 2022, the Company had cash balance of $3,592,128 to settle current liabilities of $15,691,949 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(c) and (d)) are not sufficient to cover its current liabilities as of September 30, 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*

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 properties 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 Private Placement Financing

The following table provides an update on the estimated use of net proceeds raised in the 2022 brokered private placement financing as disclosed in the Company's Short Form Prospectus dated May 30, 2022, along with amounts expended. As of August 31, 2022, the following expenditures have been incurred:

| Principal Purpose | | Estimated Amount to be Expended | | Actual Amount Expended | | Amount (over) and under expended |
|---|---|---|---|---|---|---|
| Drilling and geochemistry – Plomosas Property | $ | 569,624 | $ | 716,986 | $ | (147,362) |
| Drilling and geochemistry – San Marcial Property | | 304,916 | | 489,024 | | (184,108) |
| Geological | | 678,885 | | 645,093 | | 33,792 |
| Concession taxes - Mexico | | 851,647 | | 672,234 | | 179,413 |
| Field expenses – Mexico properties | | 1,109,094 | | 955,579 | | 153,515 |
| General administration and working capital | | 3,116,827 | | 2,268,104 | | 848,723 |
| Total | $ | 6,630,993 | $ | 5,747,021 | $ | 883,972 |

In addition, the Company completed a brokered private placement financing on August 30, 202,2 for gross proceeds of $5,439,450.

## 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 September 30, 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 September 30, 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 September 30, 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.