

**GR SILVER MINING LTD.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the nine months ended September 30, 2024  
(Unaudited - Prepared by Management)  
(Expressed in Canadian Dollars)

## **NOTICE TO READER**

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The condensed interim consolidated financial statements of the Company for the three and nine month period ended September 30, 2024, have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

**GR SILVER MINING LTD.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars)

(Unaudited)

AS AT

|  | Notes | September 30,<br>2024 | December 31,<br>2023 |
|--|-------|-----------------------|----------------------|
|  |       | \$                    | \$                   |
| <b>ASSETS</b>  |       |                       |                      |
| <b>Current</b>   |       |                       |                      |
| Cash   |       | 2,321,195             | 100,573              |
| Receivables  | 3     | 13,706                | 20,403               |
| Prepays  |       | 253,866               | 201,355              |
|  |       | <u>2,588,767</u>      | <u>322,331</u>       |
| <b>Equipment</b>   | 4     | 715,642               | 992,769              |
| <b>Exploration and evaluation assets</b>                 | 5     | 7,424,819             | 7,424,819            |
| <b>Reclamation provision indemnification asset</b>       | 9     | -                     | 1,190,055            |
| <b>Value added tax receivable</b>                        | 3     | 387,715               | 793,474              |
|  |       | <u>11,116,943</u>     | <u>10,723,449</u>    |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b> |       |                       |                      |
| <b>Current liabilities</b>                               |       |                       |                      |
| Accounts payable and accrued liabilities                 |       | 1,037,841             | 1,928,103            |
| Mexico mining concession fees                            | 7     | 915,075               | 22,100,458           |
|  |       | <u>1,952,916</u>      | <u>24,028,561</u>    |
| <b>Non-current liabilities</b>                           |       |                       |                      |
| Reclamation provision                                    | 9     | 526,120               | 2,847,403            |
| <b>Total liabilities</b>                                 |       | <u>2,479,036</u>      | <u>26,875,964</u>    |
| <b>Shareholders' equity (deficiency)</b>                 |       |                       |                      |
| Share capital  | 10    | 61,813,180            | 58,207,921           |
| Share compensation reserve                               | 10    | 8,912,173             | 8,351,160            |
| Deficit  |       | (62,087,446)          | (82,711,596)         |
|  |       | <u>8,637,907</u>      | <u>(16,152,515)</u>  |
|  |       | <u>11,116,943</u>     | <u>10,723,449</u>    |

**Nature of operations and going concern** (Note 1)**Subsequent events** (Note 15)

Approved and authorized by the Board on November 19, 2024:

“Eric Zaunscherb”

Director

“Jessica Van Den Akker”

Director

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

**GR SILVER MINING LTD.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

(Unaudited)

|   | Note | <b>Three Months Ended</b> |                           | <b>Nine Months Ended</b>  |                           |
|---|------|---------------------------|---------------------------|---------------------------|---------------------------|
|   |      | <b>September 30, 2024</b> | <b>September 30, 2023</b> | <b>September 30, 2024</b> | <b>September 30, 2023</b> |
|   |      | \$                        | \$                        | \$                        | \$                        |
| <b>EXPENSES</b>   |      |                           |                           |                           |                           |
| Concession fees   | 7    | 3,422,935                 | 4,934,361                 | 7,806,650                 | 5,888,000                 |
| Consulting  | 8    | 22,560                    | 22,405                    | 64,995                    | 93,044                    |
| Depreciation  | 4    | 45,266                    | 159,311                   | 145,317                   | 428,094                   |
| Exploration expenditures  | 5    | 446,473                   | 897,804                   | 1,202,601                 | 3,767,135                 |
| Investor Relations  |      | 35,302                    | 91,417                    | 90,533                    | 256,103                   |
| Office  |      | 83,521                    | 115,238                   | 281,776                   | 415,079                   |
| Professional fees   | 8    | 126,942                   | 75,739                    | 645,933                   | 350,664                   |
| Salaries and directors' fees  | 8    | 222,299                   | 358,076                   | 683,443                   | 1,163,160                 |
| Share-based compensation  | 8,10 | 201,649                   | -                         | 602,763                   | 169,303                   |
| Transfer agent and filing fees                                      |      | 15,182                    | 28,695                    | 50,486                    | 78,993                    |
| Travel  |      | 9,172                     | 13,785                    | 20,511                    | 54,459                    |
| <b>Total expenses</b>   |      | <b>(4,631,301)</b>        | <b>(6,696,831)</b>        | <b>(11,595,008)</b>       | <b>(12,664,034)</b>       |
| Accretion expense on reclamation provision                          | 9    | (1,792)                   | (1,739)                   | (5,335)                   | (5,178)                   |
| Foreign exchange gain (loss)  |      | (723,347)                 | (106,296)                 | 365,139                   | (1,924,042)               |
| Gain on disposition of indemnification asset                        | 9    | -                         | -                         | 175,939                   | -                         |
| Gain on disposition of Marlin Gold Mining Ltd.                      | 5    | 24,266,842                | -                         | 24,266,842                | -                         |
| Gain (loss) on sale of marketable securities                        | 9    | (113,772)                 | -                         | 182,928                   | -                         |
| Interest expense (income)   |      | (230)                     | 2,588                     | (1,894)                   | 29,625                    |
| Loss on sale of equipment   | 4    | 6,108                     | -                         | (68,218)                  | -                         |
| Recovery of (provision for) value added tax                         | 3    | 286,970                   | -                         | 393,397                   | (9,157)                   |
| Retirement of concession fees                                       | 7    | 6,496,684                 | 2,325,155                 | 6,496,684                 | 2,325,155                 |
| Other income  |      | 149,801                   | 195,514                   | 413,676                   | 227,172                   |
| <b>Income (loss) and comprehensive income (loss) for the period</b> |      | <b>25,735,963</b>         | <b>(4,281,609)</b>        | <b>20,624,150</b>         | <b>(12,020,459)</b>       |
| <b>Income (loss) per share - basic and diluted</b>                  |      |                           |                           |                           |                           |
| Basic   |      | \$ 0.08                   | \$ (0.02)                 | \$ 0.07                   | \$ (0.05)                 |
| Diluted   |      | \$ 0.07                   | \$ (0.02)                 | \$ 0.06                   | \$ (0.05)                 |
| <b>Weighted average number of common shares outstanding</b>         |      |                           |                           |                           |                           |
| Basic   |      | 314,712,026               | 265,880,540               | 311,308,301               | 258,409,724               |
| Diluted   |      | 368,886,248               | 265,880,540               | 365,482,523               | 258,409,724               |

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

**GR SILVER MINING LTD.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in Canadian Dollars)

(Unaudited)

| <b>FOR THE NINE MONTH PERIODS ENDED</b>        | <b>September 30,<br/>2024</b> | <b>September 30,<br/>2023</b> |
|--|-------------------------------|-------------------------------|
|  | \$                            | \$                            |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>    |                               |                               |
| Income (loss) for the period                   | 20,624,150                    | (12,020,459)                  |
| Items not affecting cash:                      |                               |                               |
| Depreciation                                   | 145,317                       | 428,093                       |
| Share-based compensation                       | 602,763                       | 169,303                       |
| Accretion expense on restoration provisions    | 5,335                         | 5,178                         |
| Impairment of value-added tax                  | -                             | 9,157                         |
| Gain on disposition of indemnificatoin asset   | (175,939)                     | -                             |
| Gain on disposition of Marlin Gold Mining Ltd. | (24,266,842)                  | -                             |
| Gain on sale of marketable securities          | (182,928)                     | -                             |
| Loss on sale of equipment                      | 68,218                        | -                             |
| Retirement of concession fees                  | (6,496,684)                   | (2,325,155)                   |
| Changes in non-cash working capital items:     |                               |                               |
| Receivables                                    | (3,080)                       | (34,504)                      |
| Prepaid expenses                               | (78,214)                      | 20,448                        |
| Concession taxes payable                       | 6,728,755                     | 7,947,812                     |
| Value added tax                                | (357,815)                     | 96,494                        |
| Accounts payable and accrued liabilities       | (189,214)                     | 1,558,627                     |
| Net cash used in operating activities          | (3,576,178)                   | (4,145,006)                   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>    |                               |                               |
| Disposal of equipment                          | 63,606                        | -                             |
| Disposal of marketable securiteis              | 874,272                       | -                             |
| Disposal of indemnification asset              | 674,650                       | -                             |
| Sale of La Trinidad - cash disposed            | (3,218)                       | -                             |
| Recovery of value added tax                    | 623,981                       | -                             |
| Net cash provided by investing activities      | 2,233,291                     | -                             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>    |                               |                               |
| Proceeds from the issuance of shares           | 3,039,174                     | 3,404,875                     |
| Exercise of warrants                           | 727,377                       | 110,000                       |
| Share issue costs                              | (203,042)                     | (184,192)                     |
| Net cash provided by financing activities      | 3,563,509                     | 3,330,683                     |
| Change in cash during the period               | 2,220,622                     | (814,323)                     |
| Cash, beginning of period                      | 100,573                       | 902,238                       |
| Cash, end of period                            | 2,321,195                     | 87,915                        |

**Supplemental disclosure with respect to cash flows (Note 11)**

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

**GR SILVER MINING LTD.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian Dollars)

(Unaudited)

|  | Share Capital       |                   | Subscription<br>received in<br>advance | Reserves         | Deficit             | Total              |
|--|---------------------|-------------------|--|------------------|---------------------|--------------------|
|  | Number of<br>Shares | Amount            |  |                  |                     |                    |
| <b>December 31, 2022</b>                             | 231,479,806         | \$ 54,011,616     | \$ -                                   | \$ 7,694,698     | \$ (57,113,607)     | \$ 4,592,707       |
| Private placement                                    | 36,897,500          | 3,056,875         | -                                      | 303,000          | -                   | 3,359,875          |
| Exercise of warrants                                 | 300,000             | 45,600            | -                                      | (600)            | -                   | 45,000             |
| Share issue costs                                    | -                   | (218,471)         | -                                      | 34,279           | -                   | (184,192)          |
| Subscription received in advance                     | -                   | -                 | 110,000                                | -                | -                   | 110,000            |
| Share-based compensation                             | -                   | -                 | -                                      | 169,303          | -                   | 169,303            |
| Net loss for the period                              | -                   | -                 | -                                      | -                | (12,020,459)        | (12,020,459)       |
| <b>September 30, 2023</b>                            | <b>268,677,306</b>  | <b>56,895,620</b> | <b>110,000</b>                         | <b>8,200,680</b> | <b>(69,134,066)</b> | <b>(3,927,766)</b> |
| <b>December 31, 2023</b>                             | 302,521,197         | 58,207,921        | -                                      | 8,351,160        | (82,711,596)        | (16,152,515)       |
| Private placement                                    | 21,507,338          | 3,039,174         | -                                      | -                | -                   | 3,039,174          |
| Exercise of warrants                                 | 5,357,848           | 727,377           | -                                      | -                | -                   | 727,377            |
| Share issue costs                                    | -                   | (203,042)         | -                                      | -                | -                   | (203,042)          |
| Finders' fees - warrants issued                      | -                   | (76,486)          | -                                      | 76,486           | -                   | -                  |
| Residual value of warrants                           | -                   | (33,500)          | -                                      | 33,500           | -                   | -                  |
| Reclassification of reserves on exercise of warrants | -                   | 151,736           | -                                      | (151,736)        | -                   | -                  |
| Share-based compensation                             | -                   | -                 | -                                      | 602,763          | -                   | 602,763            |
| Net income for the period                            | -                   | -                 | -                                      | -                | 20,624,150          | 20,624,150         |
| <b>September 30, 2024</b>                            | <b>329,386,383</b>  | <b>61,813,180</b> | <b>-</b>                               | <b>8,912,173</b> | <b>(62,087,446)</b> | <b>8,637,907</b>   |

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

**GR SILVER MINING LTD.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

SEPTEMBER 30, 2024

(Expressed in Canadian Dollars)

(Unaudited)

**1. NATURE OF OPERATIONS AND GOING CONCERN**

GR Silver Mining Ltd. (the “Company” or “GR Silver”) was incorporated on November 8, 2012, under the laws of British Columbia. The Company’s registered and records office is 5<sup>th</sup> Floor 410 West Georgia Street, Vancouver, B.C. V6B 1Z3. To date, the Company has not generated any operating revenue. The Company trades on the TSX Venture Exchange (TSX-V) under the trading symbol GRSL.

As at September 30, 2024, the Company has a working capital of \$635,851 and an accumulated deficit of \$62,087,446. The Company expects to incur further losses in the exploration and advancement of its mineral projects. The Company's ability to continue the exploration of its mineral projects and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

The Company is in the business of acquiring and exploring exploration and evaluation assets and has not yet determined whether any of its properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements.

**2. MATERIAL ACCOUNTING POLICIES****Statement of compliance and basis of presentation**

These condensed interim consolidated financial statements have been prepared under International Accounting Standard 34 Interim Financial Reporting (“IAS 34”), using accounting policies consistent with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee (“IFRIC”).

These condensed interim consolidated financial statements do not include all the information required for full annual IFRS financial statements and therefore should be read in conjunction with the company’s annual consolidated financial statements for the year ended December 31, 2023, and are prepared consistent with the accounting policies disclosed therein. Operating results for the nine-month period ended September 30, 2024, are not necessarily indicative of the results that may be expected for the year ending December 31, 2024.

The condensed interim consolidated financial statements incorporate the accounts of the Company and its subsidiaries: Goldplay de Mexico SA de CV, Minera San Marcial SA de CV, Minera Matatan SA de CV (“Matatan”), and Mineral La Rastra SA de CV which are all incorporated in Mexico and engaged in the business of resource exploration.

The Company’s formerly owned subsidiary Marlin Gold Mining Ltd. (“Marlin”), which owns 100% of Oro Gold de S.A. de C.V. (“Oro Gold”) and Marlin Gold Trading Inc., were consolidated until the date of disposition which occurred on July 16, 2024.

The Company consolidates its subsidiaries on the basis that it controls the subsidiaries through its ability to govern its financial and operating policies. All intercompany transactions and balances are eliminated on consolidation.

**GR SILVER MINING LTD.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

(Expressed in Canadian Dollars)

(Unaudited)

**2. MATERIAL ACCOUNTING POLICIES (cont'd...)****Financial instruments**

The Company classifies its financial instruments in the following categories: as fair value through profit or loss ("FVTPL"), financial assets at amortized cost and other financial liabilities. The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition.

The Company's marketable securities are classified as FVTPL. Marketable securities held in companies with an active market are classified as current assets at fair value. When there is evidence of impairment the shares are written down to the expected realizable value.

**New accounting policies and amendments**

The Company adopted: *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* – the amendments require that an entity disclose its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

**3. RECEIVABLES**

The Company's current receivables primarily consist of refundable sales tax from government taxation authorities in Canada.

The Company maintains its value added tax ("VAT") receivable from the taxation authorities in Mexico as a long-term receivable due to a historically lengthy collection cycle. During the period ended September 30, 2024, the Company provisioned value added tax by \$Nil (September 30, 2023 - \$9,157) based on increasing provisions for aged value added tax receivable. During the period ended September 30, 2024, the Company recovered \$623,981 in VAT and recorded a recovery of \$284,598 in relation to amounts collected previously written down.

|                            | September 30,<br>2024 | December 31,<br>2023 |
|----------------------------|-----------------------|----------------------|
|                            | \$                    | \$                   |
| GST input tax credits      | 10,822                | 7,242                |
| Other receivables          | 2,884                 | 13,162               |
| Current receivable         | 13,706                | 20,404               |
| Value added tax receivable | 387,715               | 793,474              |
| Total receivable           | 401,421               | 813,878              |



**GR SILVER MINING LTD.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

SEPTEMBER 30, 2024

(Expressed in Canadian Dollars)

(Unaudited)

**4. EQUIPMENT**

|                                 | Office<br>Equipment | Mobile<br>Equipment | Exploration<br>Equipment | Buildings | Total     |
|---------------------------------|---------------------|---------------------|--------------------------|-----------|-----------|
| <b>COST</b>                     | \$                  | \$                  | \$                       | \$        | \$        |
| Balance, December 31, 2022      | 75,605              | 140,618             | 1,359,916                | 973,910   | 2,550,049 |
| Disposal                        | -                   | -                   | (150,209)                | -         | (150,209) |
| Balance, December 31, 2023      | 75,605              | 140,618             | 1,209,707                | 973,910   | 2,399,840 |
| Disposal                        | -                   | -                   | (230,840)                | -         | (230,840) |
| Balance, September 30, 2024     | 75,605              | 140,618             | 978,867                  | 973,910   | 2,169,000 |
| <b>ACCUMULATED DEPRECIATION</b> |                     |                     |                          |           |           |
| Balance, December 31, 2022      | 54,277              | 131,900             | 347,282                  | 534,158   | 1,067,617 |
| Depreciation                    | -                   | 8,718               | 324,136                  | 156,809   | 489,663   |
| Disposal                        | -                   | -                   | (150,209)                | -         | (150,209) |
| Balance, December 31, 2023      | 54,277              | 140,618             | 521,209                  | 690,967   | 1,407,071 |
| Depreciation                    | 4,844               | 6,663               | 130,253                  | 3,557     | 145,317   |
| Disposal                        | -                   | -                   | (99,030)                 | -         | (99,030)  |
| Balance, September 30, 2024     | 59,121              | 147,281             | 552,432                  | 694,524   | 1,453,358 |
| <b>NET BOOK VALUE</b>           |                     |                     |                          |           |           |
| December 31, 2023               | 21,328              | -                   | 688,498                  | 282,943   | 992,769   |
| September 30, 2024              | 16,484              | (6,663)             | 426,435                  | 279,386   | 715,642   |

During the period ended September 30, 2024, the Company disposed of exploration equipment with a book value of \$131,824 for proceeds of \$63,606 and recorded a loss on sale of equipment of \$68,218.

**5. EXPLORATION AND EVALUATION ASSETS**

The Company's capitalized acquisition expenditures on its exploration and evaluation assets are as follows:

|  | San Marcial<br>Mexico | Plomosas,<br>Mexico | La Trinidad,<br>Mexico | Total        |
|--|-----------------------|---------------------|------------------------|--------------|
|  | \$                    | \$                  | \$                     | \$           |
| Balance, December 31, 2022                           | 4,045,500             | 3,276,181           | 12,402,999             | 19,724,680   |
| Reclamation provision                                | -                     | 103,138             | 186,328                | 289,466      |
| Impairment   | -                     | -                   | (12,589,327)           | (12,589,327) |
| Balance, December 31, 2023 and September 30,<br>2024 | 4,045,500             | 3,379,319           | -                      | 7,424,819    |

**San Marcial Property, Mexico**

The Company owns a 100% interest in the San Marcial Property located in the Rosario Mining District, Sinaloa, Mexico. The San Marcial Property is subject to a net smelter royalty ("NSR") of 0.75%. The Company has a buy-back right on the NSR that can be exercised at any time by paying \$1,250,000. The Company also assumed a pre-existing 3% NSR on the San Marcial Property which is subject to a buy back right on the NSR of US\$600,000 per 1% that can be exercised by the Company at any time and from time to time, in whole or in part.

**GR SILVER MINING LTD.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

(Expressed in Canadian Dollars)

(Unaudited)

**5. EXPLORATION AND EVALUATION ASSETS (cont'd...)****Plomosas Property, Mexico**

The Company owns a 100% interest in the Plomosas Property located in the Rosario Mining District, Sinaloa, Mexico. The Plomosas Property is subject to a 2% NSR with half of the NSR (i.e., 1% NSR) being subject to a buy-back for US\$1,000,000. The Company also assumed a pre-existing NSR ranging between 1.75% and 3.5% based on the price of zinc.

**La Trinidad Property, Mexico**

Through its 100% ownership of Marlin Gold Mining Ltd. ("Marlin") the Company owned a 100% interest in the La Trinidad Property located in the Rosario Mining District, Sinaloa, Mexico up until July 16, 2024 (see below).

The Company had an agreement with the vendor of the La Trinidad Property under which the vendor had agreed to remediate and indemnify the Company against reclamation obligations that existed at the time of acquisition in 2021. (Note 9).

During the year ended December 31, 2023, the Company determined that the carrying value of its interest in the La Trinidad property was impaired as no additional expenditures were planned going forward. The Company accordingly recorded an impairment charge of \$12,589,327 in relation to the book value of the asset.

On July 16, 2024, the Company closed a Share Purchase Agreement ("SPA") with a private arm's-length Canadian company ("PrivateCo") and sold its 100% interest in Marlin. Marlin owns, amongst other assets, a 100% interest in Oro Gold de S.A. de C.V. ("Oro Gold") a private Mexican company that owns 100% of nine mineral concessions (the "Other Concessions"), including the past producing La Trinidad mine. In accordance with the SPA the Company transferred to PrivateCo all existing assets and rights, as well as all outstanding undertakings, covenants, indemnities and obligations, of Marlin and its subsidiaries, including Oro Gold, in consideration for which the Company received a 0.5% NSR Royalty on the Other Concessions owned by Oro Gold and a 10-year first right of refusal on any disposition of Other Concessions by PrivateCo.

|   | September 30,<br>2024 |
|---|-----------------------|
|   | \$                    |
| Consideration received - 0.5% NSR       | -                     |
| <b>Net assets sold:</b>                 |                       |
| Cash                                    | 3,218                 |
| Receivables                             | 9,778                 |
| Prepaid expenses                        | 25,703                |
| Value added tax                         | 139,593               |
| Accounts payable                        | (701,362)             |
| Concession taxes payable                | (21,417,454)          |
| Asset retirement obligation             | (2,326,318)           |
| Total                                   | (24,266,842)          |
| Gain on sale of Marlin Gold Mining Ltd. | 24,266,842            |

**GR SILVER MINING LTD.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

(Expressed in Canadian Dollars)

(Unaudited)

**5. EXPLORATION AND EVALUATION ASSETS (cont'd...)****Goldplay de Mexico Mineral Concessions, Mexico**

The Company has a 100% interest in twelve non-core exploration concessions covering an area of 19,406 hectares registered under Goldplay de Mexico S.A de CV, formerly referred to collectively as the “El Habal Property”. The properties are subject to an NSR between 1.0% and 1.5%.

The Company has issued an option to purchase a 1% NSR on the concessions which can be exercised by payment to the Company of US\$1,000,000 per 0.5% NSR, for a total option exercise price of US\$2,000,000 for a 1% NSR. The Company also issued a 1% royalty on concessions adjacent to the project.

**6. EXPLORATION EXPENDITURES**

Exploration expenditures for the nine months ended September 30, 2024:

|                     | Goldplay<br>concessions<br>Mexico | San Marcial<br>Mexico | Plomosas<br>Mexico | La Trinidad<br>Mexico | Total            |
|---------------------|-----------------------------------|-----------------------|--------------------|-----------------------|------------------|
|                     | \$                                | \$                    | \$                 | \$                    | \$               |
| Community relations | -                                 | 31,562                | 64,423             | 415,523               | 511,508          |
| Drilling            | -                                 | (10,120)              | 9,205              | -                     | (915)            |
| Environmental       | -                                 | 12,514                | 3,031              | -                     | 15,545           |
| Field               | -                                 | 55,714                | 214,168            | 15,711                | 285,593          |
| Geochemistry        | -                                 | -                     | 10,304             | -                     | 10,304           |
| Geology             | -                                 | 212,464               | 168,102            | -                     | 380,566          |
| <b>Total</b>        | <b>-</b>                          | <b>302,134</b>        | <b>469,233</b>     | <b>431,234</b>        | <b>1,202,601</b> |

Exploration expenditures for the nine months ended September 30, 2023:

|                             | Goldplay<br>concessions<br>Mexico | San Marcial<br>Mexico | Plomosas<br>Mexico | La Trinidad<br>Mexico | Total            |
|-----------------------------|-----------------------------------|-----------------------|--------------------|-----------------------|------------------|
|                             | \$                                | \$                    | \$                 | \$                    | \$               |
| Community relations         | -                                 | 56,029                | 2,152              | 14,511                | 72,692           |
| Drilling                    | -                                 | 303,567               | 235,759            | -                     | 539,326          |
| Environmental / reclamation | -                                 | -                     | 68,383             | 79,030                | 147,413          |
| Field                       | 48                                | 343,473               | 868,457            | 26,655                | 1,238,633        |
| Geochemistry                | -                                 | 153,678               | 312,109            | -                     | 465,787          |
| Geological                  | -                                 | 528,512               | 561,965            | -                     | 1,090,477        |
| Technical reports           | -                                 | 5,793                 | 152,128            | -                     | 157,921          |
| Survey                      | -                                 | 40,115                | -                  | -                     | 40,115           |
| Topography                  | -                                 | 5,036                 | 9,735              | -                     | 14,771           |
| <b>Total</b>                | <b>48</b>                         | <b>1,436,203</b>      | <b>2,210,688</b>   | <b>120,196</b>        | <b>3,767,135</b> |

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**7. CONCESSION FEES**

| September 30, 2024        | Goldplay<br>concessions<br>Mexico | San Marcial<br>Mexico | Plomosas<br>Mexico | La Trinidad<br>Mexico <sup>(2)</sup> | Total       |
|---------------------------|-----------------------------------|-----------------------|--------------------|--------------------------------------|-------------|
|                           | \$                                | \$                    | \$                 | \$                                   | \$          |
| Concession fees           | 334,687                           | 59,658                | 335,904            | 7,076,401                            | 7,806,650   |
| Retirement <sup>(1)</sup> | -                                 | -                     | -                  | (6,496,684)                          | (6,496,684) |
| Net expense               | 334,687                           | 59,658                | 335,904            | 579,717                              | 1,309,966   |

| September 30, 2023        | Goldplay<br>concessions<br>Mexico | San Marcial<br>Mexico | Plomosas<br>Mexico | La Trinidad<br>Mexico <sup>(2)</sup> | Total       |
|---------------------------|-----------------------------------|-----------------------|--------------------|--------------------------------------|-------------|
|                           | \$                                | \$                    | \$                 | \$                                   | \$          |
| Concession fees           | 194,427                           | 42,070                | 286,514            | 5,364,989                            | 5,888,000   |
| Retirement <sup>(1)</sup> | -                                 | -                     | -                  | (2,325,155)                          | (2,325,155) |
| Net expense               | 194,427                           | 42,070                | 286,514            | 3,039,834                            | 3,562,845   |

|                                   |         |        |         |            |            |
|-----------------------------------|---------|--------|---------|------------|------------|
| Fees payable - December 31, 2023  | 304,578 | 45,911 | 312,681 | 21,437,288 | 22,100,458 |
| Fees payable - September 30, 2024 | 570,875 | -      | 344,200 | -          | 915,075    |

(1) During the period ended September 30, 2023, a portion of the concession fees became statute barred and are no longer payable resulting in the Company recognizing a concession fee retirement.

(2) On July 16, 2024, the Company closed a SPA with PrivateCo and sold its 100% interest in Marlin, and the La Trinidad concession fees payable of \$21,417,454 (Note 5) were acquired by PrivateCo.

**8. RELATED PARTY TRANSACTIONS**

Key management personnel include those people who have authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Key management personnel compensation for the nine-month periods ended was:

| Key management personnel compensation | September 30,<br>2024 | September 30,<br>2023 |
|---------------------------------------|-----------------------|-----------------------|
|                                       | \$                    | \$                    |
| Salaries                              | 377,414               | 616,607               |
| Consulting                            | 58,500                | -                     |
| Director fees paid in cash            | -                     | 2,000                 |
| Professional fees                     | -                     | 82,751                |
| Share-based compensation              | 379,884               | 169,303               |
| Total                                 | 815,798               | 870,661               |

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**8. RELATED PARTY TRANSACTIONS (cont'd...)**

Included in accounts payable and accrued liabilities as at September 30, 2024 was \$251,692 (December 31, 2023 – \$189,635) owed to a director and companies controlled by a director or officer.

**9. RECLAMATION PROVISIONS**

As at September 30, 2024 the Company's reclamation provisions are related to the Company's Plomosas Project (Note 5). The reclamation provision was calculated using an inflation rate of 3.7% and a discount rate of 9.2% with the assumption that the reclamation will be settled between 2025 and 2027. Significant activities include land rehabilitation, demolition and removal and restoration costs. The amounts and timing of the reclamation will vary depending on several factors including exploration success and alternative mining plans.

On March 31, 2021, the Company acquired the La Trinidad project and assumed a reclamation provision of \$2,431,930 relating to the project reclamation and dismantling and removal of buildings, salvaged topsoil replacement and recontouring and grading. Mako Mining Corp. ("Mako") is responsible for certain costs estimated at \$1,190,055 (2022 – \$986,407) which was previously recorded as an indemnification asset (Note 16).

During the period ended September 30, 2024, the Company closed a waiver and release agreement with Mako under which the parties were mutually released from outstanding undertakings, covenants, indemnities and obligations set out in, from or related to the Company's acquisition of Marlin, most notably the indemnification for a portion of reclamation totalling \$1,190,055.

In consideration for the waiver and release, Mako paid the Company \$674,650 (US\$500,000) cash, and issued 296,710 common shares of Mako to the Company, initially valued at \$691,344. As a result of the transaction the Company recorded a gain on disposition of indemnification asset of \$175,939. During the period ended September 30, 2024, the Company disposed of all of the Mako Shares and record a gain on disposition of marketable securities of \$182,928.

|   | September 30,<br>2024 | December 31,<br>2023 |
|---|-----------------------|----------------------|
|   | \$                    | \$                   |
| Balance - opening                               | 2,847,403             | 2,347,359            |
| Disposition of Marlin Gold Mining Ltd. (Note 5) | (2,326,318)           | -                    |
| Change in estimate and discount rates           | -                     | 204,806              |
| Foreign exchange                                | (300)                 | 288,308              |
| Accretion expense                               | 5,335                 | 6,930                |
| Balance - closing                               | 526,120               | 2,847,403            |

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**10. SHARE CAPITAL AND RESERVES**

Authorized – Unlimited common shares without par value.

During the period ended September 30, 2024, the Company:

- a) Completed a non-brokered private placement of 14,807,338 units at a price of \$0.16 per unit for gross proceeds of \$2,369,174. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant and each whole warrant is exercisable into one common share of the Company at an exercise price of \$0.22 per warrant until September 26, 2026. The Company paid cash finders fees of \$113,788 and issued 696,180 agents warrants valued at \$67,987 using the following Black-Scholes assumptions: risk free interest rate of 4.20%, expected life of 2 years, volatility of 66.66% and dividend rate of 0%. Each agent warrant is exercisable into one common share at an exercise price of \$0.22 per share until September 26, 2026. Additional share issue costs of \$35,011 were incurred in connection with this financing and was recorded as an offset to share capital, as share issue costs.
- b) Completed a non-brokered private placement of 6,700,000 units at a price of \$0.10 per unit for gross proceeds of \$670,000. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant and each whole warrant is exercisable into one common share of the Company at an exercise price of \$0.15 per warrant until February 9, 2026. The Company valued the warrants at \$33,500 using the residual value approach. The Company paid cash finders fees of \$35,820 and issued 358,200 agents warrants valued at \$8,499 using the following Black-Scholes assumptions: risk free interest rate of 4.20%, expected life of 2 years, volatility of 66.66% and dividend rate of 0%. Each agent warrant is exercisable into one common share at an exercise price of \$0.15 per share until February 9, 2026. Additional share issue costs of \$18,420 were incurred in connection with this financing and was recorded as an offset to share capital, as share issue costs.
- c) Issued 5,357,848 common shares on the exercise of warrants for proceeds of \$727,377. The Company had a reclassification of reserves on exercise of these warrants in the amount of \$151,736.

During the year ended December 31, 2023, the Company:

- a) Completed a non-brokered private placement of 30,300,000 units at a price of \$0.10 per unit for gross proceeds of \$3,030,000. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant and each whole warrant is exercisable into one common share of the Company at an exercise price of \$0.15 per warrant until February 14, 2025. The Company valued the warrants at \$303,000 using the residual value approach. The Company paid cash finders fees of \$116,940 and issued 1,169,400 agents' warrants valued at \$32,463 using the following Black-Scholes assumptions: risk free interest rate of 3.87%, expected life of 2 years, volatility of 74.56% and dividend rate of 0%. Each agent warrant is exercisable into one common share at an exercise price of \$0.15 per share until February 14, 2025. Additional share issue costs of \$47,151 were incurred in connection with this financing and was recorded as an offset to share capital, as share issue costs.
- b) Issued 300,000 common shares on the exercise of warrants at a price of \$0.15 per warrant for proceeds of \$45,000.
- c) Completed a non-brokered private placement of 6,597,500 units at a price of \$0.05 per unit for gross proceeds of \$329,875. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant and each whole warrant is exercisable into one common share of the Company at an exercise price of \$0.08 per warrant until August 9, 2025. The Company valued the warrants at \$65,975 using the residual value approach. The Company paid cash finders fees of \$8,100 and issued 162,000 agents' warrants valued at \$1,816 using the following Black-Scholes assumptions: risk free interest rate of 4.59%, expected life of 2 years, volatility of 62.39% and dividend rate of 0%. Each agent warrant is exercisable into one common share at an exercise price of \$0.08 per share until August 9, 2025. Additional share issue costs of \$14,569 were incurred in connection with this financing and was recorded as an offset to share capital, as share issue costs.

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**10. SHARE CAPITAL AND RESERVES (cont'd...)**

- d) Completed a non-brokered private placement of 2,500,000 units at a price of \$0.05 per unit for gross proceeds of \$125,000. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant and each whole warrant is exercisable into one common share of the Company at an exercise price of \$0.08 per warrant until October 13, 2025. The Company valued the warrants at \$25,000 using the residual value approach.
- e) Completed a non-brokered private placement of 30,000,000 units at a price of \$0.04 per unit for gross proceeds of \$1,200,000. Each unit consisted of one common share in the capital of the Company and one common share purchase warrant and each whole warrant is exercisable into one common share of the Company at an exercise price of \$0.07 per warrant until November 10, 2026. Additional share issue costs of \$27,766 were incurred in connection with this financing and was recorded as an offset to share capital, as share issue costs.
- f) Issued 1,343,891 common shares valued at \$107,511 as debt settlement resulting in a gain on settlement of \$6,619. Share issue costs of \$4,299 were incurred and was recorded as an offset to share capital, as share issue costs.

**Omnibus Long-Term Incentive Plan**

The Company has adopted an omnibus long-term incentive plan (“LTIP”), which provides that the Board of Directors of the Company may from time-to-time, at its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, consultants, and employees of the Company stock options, deferred share units (“DSU”), preferred share units (“PSU”), restricted share units (“RSU”) or other such share-based instruments deemed to be consistent with the purposes of the plan. The LTIP reserves a number of common shares for issuance pursuant to the grant of stock options that will not exceed a rolling 10% of the Company’s issued and outstanding common shares at the time the options are granted. All other share-based compensation awards are subject to a maximum of 19,521,680 common shares as a separate allotment. Vesting of share-based compensation awards is at the discretion of the Board of Directors, subject to minimum requirements of the TSX-V. Stock options are exercisable for a maximum of 10 years, and the exercise price of the stock options is set in accordance with the policies of the TSX-V.

Under the LTIP, the Company may determine vesting periods for DSUs, PSUs and RSUs at the time of grant, but such vesting shall not be less than one year in accordance with TSX-V requirements. The Company also has the option to settle vested DSUs, PSUs and RSUs by either issuing one common share for each unit or make a cash payment calculated by multiplying the number of vested share units to be redeemed by the market price per share on the date of settlement.

**Stock options**

Stock option transactions are summarized as follows:

|                               | Number of<br>Options | Weighted Average<br>Exercise Price |
|-------------------------------|----------------------|------------------------------------|
|                               |                      | \$                                 |
| Balance at December 31, 2022  | 9,734,157            | 0.42                               |
| Granted                       | 2,850,000            | 0.08                               |
| Expired                       | (4,519,157)          | 0.29                               |
| Balance at December 31, 2023  | 8,065,000            | 0.31                               |
| Granted                       | 4,700,000            | 0.19                               |
| Expired                       | (2,490,000)          | 0.51                               |
| Balance at September 30, 2024 | 10,275,000           | 0.26                               |

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**10. SHARE CAPITAL AND RESERVES (cont'd...)**

The weighted average remaining contractual life of outstanding options at September 30, 2024 was 3.28 years (December 31, 2023 – 2.58 years).

As at September 30, 2024, the Company had stock options outstanding as follows:

| Expiry date        | Number of<br>Options | Number of<br>Exercisable Options | Exercise<br>Price<br>\$ |
|--------------------|----------------------|----------------------------------|-------------------------|
| November 25, 2024  | 645,000              | 645,000                          | 0.185                   |
| April 16, 2025     | 300,000              | 300,000                          | 0.200                   |
| May 13, 2025       | 675,000              | 675,000                          | 0.335                   |
| May 13, 2026       | 385,000              | 385,000                          | 0.710                   |
| October 5, 2026    | 30,000               | 30,000                           | 0.290                   |
| September 14, 2025 | 95,000               | 95,000                           | 0.780                   |
| January 21, 2026   | 1,010,000            | 1,010,000                        | 0.740                   |
| January 26, 2027   | 35,000               | 35,000                           | 0.200                   |
| April 6, 2027      | 300,000              | 300,000                          | 0.250                   |
| January 18, 2028   | 300,000              | 300,000                          | 0.120                   |
| May 10, 2028       | 300,000              | 300,000                          | 0.090                   |
| November 23, 2028  | 1,500,000            | 1,500,000                        | 0.060                   |
| May 7, 2029        | 3,980,000            | 2,580,000                        | 0.200                   |
| June 10, 2029      | 120,000              | 120,000                          | 0.200                   |
| August 13, 2029    | 600,000              | 200,000                          | 0.160                   |
|                    | 10,275,000           | 8,475,000                        |                         |

During the period ended September 30, 2024, the Company recognized share-based payments expense of \$460,366 (September 30, 2023 - \$169,303) in connection with the vesting of stock options granted in current and previous periods.

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of stock options granted during the periods ended were as follows:

|                          | September 30,<br>2024 | September 30,<br>2023 |
|--------------------------|-----------------------|-----------------------|
| Risk-free interest rate  | 3.63%                 | 2.95%                 |
| Expected life of options | 5 years               | 5 years               |
| Annualized volatility    | 85.74%                | 71.19%                |
| Dividend rate            | 0%                    | 0%                    |



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**10. SHARE CAPITAL AND RESERVES (cont'd...)****Deferred Share Units (“DSU”)**

Under the LTIP, the Company may elect to fix a portion of the non-executive director’s fees to be payable in the form of DSUs. In addition, each independent director may elect to participate in the grant of additional DSUs in lieu of Director’s fees payable in cash. The Company expensed \$11,147, included in share-based compensation expense during the period ended September 30, 2024 (September 30, 2023 - \$Nil) related to the grant of DSUs that fully vest after one year.

DSU transactions are summarized as follows:

|                               | Number of<br>DSUs |
|-------------------------------|-------------------|
| Balance at December 31, 2023  | -                 |
| Granted                       | 218,382           |
| Cancelled                     | (72,794)          |
| Balance at September 30, 2024 | 145,588           |
| Vested at September 30, 2024  | -                 |

**Performance Share Units (“PSU”)**

Under the LTIP, the Company may grant PSUs to any eligible participant under the LTIP. The PSUs will vest on the later of one year after their date of grant and the successful completion of specific short-term Key Performance Indicators provided the recipient is an eligible participant under the LTIP. During the period ended September 30, 2024, the Company issued 1,800,000 PSUs to executive officers of the Company. The Company expensed \$131,250, included in share-based compensation expense during the period ended September 30, 2024 (2023 - \$Nil) related to the grant of 1,800,000 PSUs.

PSU transactions are summarized as follows:

|                               | Number of<br>PSUs |
|-------------------------------|-------------------|
| Balance at December 31, 2023  | -                 |
| Granted                       | 1,800,000         |
| Balance at September 30, 2024 | 1,800,000         |
| Vested at September 30, 2024  | 900,000           |

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**10. SHARE CAPITAL AND RESERVES (cont'd...)****Warrants**

The following common shares purchase warrants entitle the holder thereof to purchase one common share for each warrant. Warrant transactions are summarized as follows:

|                               | Number of<br>Warrants | Weighted Average<br>Exercise Price |
|-------------------------------|-----------------------|------------------------------------|
|                               |                       | \$                                 |
| Balance at December 31, 2022  | 46,705,895            | 0.38                               |
| Issued                        | 51,030,150            | 0.10                               |
| Expired                       | (11,240,888)          | 0.72                               |
| Exercised                     | (300,000)             | 0.15                               |
| Balance at December 31, 2023  | 86,195,157            | 0.17                               |
| Issued                        | 11,808,047            | 0.20                               |
| Exercised                     | (5,357,848)           | 0.14                               |
| Balance at September 30, 2024 | 92,645,356            | 0.18                               |

The weighted average remaining contractual life of warrants outstanding at September 30, 2024 was 1.09 (December 31, 2023–1.91) years.

Warrants outstanding are as follows:

| Expiry date        | Number of<br>Warrants | Exercise<br>Price |
|--------------------|-----------------------|-------------------|
|                    |                       | \$                |
| February 14, 2025  | 13,685,400            | 0.15              |
| March 29, 2025     | 13,618,377            | 0.37              |
| March 29, 2025     | 1,566,410             | 0.27              |
| August 30, 2025    | 18,131,500            | 0.22              |
| August 30, 2025    | 214,872               | 0.15              |
| August 9, 2025     | 2,370,750             | 0.08              |
| October 13, 2025   | 1,250,000             | 0.08              |
| February 9, 2026   | 3,708,200             | 0.15              |
| September 27, 2026 | 8,099,847             | 0.22              |
| November 10, 2026  | 30,000,000            | 0.07              |
|                    | 92,645,356            |                   |

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**10. SHARE CAPITAL AND RESERVES (cont'd...)**

The weighted average Black-Scholes inputs for finders warrants granted are as follows:

|                         | September 30,<br>2024 | December 31,<br>2023 |
|-------------------------|-----------------------|----------------------|
| Risk-free interest rate | 4.20%                 | 3.96%                |
| Expected life (years)   | 2 years               | 2 years              |
| Annualized volatility   | 66.66%                | 73%                  |
| Dividend rate           | 0%                    | 0%                   |

**11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

Significant non-cash transactions during the period ended September 30, 2024, were:

- Issued 1,054,380 agent warrants valued at \$76,486.
- Received 296,710 common shares of Mako valued at \$691,355 in settlement of indemnification asset.
- Recorded a reclassification of share compensation reserve of \$151,736 in relation warrants exercised
- Recorded \$33,500 as the residual value of certain warrants issued in private placements

Significant non-cash transactions during the period ended September 30, 2023, were:

- Issued 1,331,400 agent warrants with a fair value of \$34,279.

**12. SEGMENTED INFORMATION**

The business of the Company is the acquisition and exploration of mineral properties which is considered one business segment.

Geographic information of non-current assets is as follows:

| September 30, 2024                | Canada | Mexico    | Total     |
|-----------------------------------|--------|-----------|-----------|
|                                   | \$     | \$        | \$        |
| Equipment                         | 1,755  | 713,887   | 715,642   |
| Exploration and evaluation assets | -      | 7,424,819 | 7,424,819 |
| Total                             | 1,755  | 8,138,706 | 8,140,461 |

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**13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

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 carrying value of cash, receivables, marketable securities, accounts payable and accrued liabilities, and Mexico mining concession fees approximate their fair value because of the short-term nature of these instruments. Marketable securities are valued using Level 1 inputs.

**Financial risk factors**

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

*Credit risk*

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

*Liquidity risk*

As of September 30, 2024, the Company had cash balance of \$2,321,195 to settle current liabilities of \$1,948,983. The Company is exposed to significant liquidity risk and additional financing will be required and may not be attainable. 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'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. Concession fees past due are subject to accruing interest at rates set by the Government of Mexico. Such interest rates are publicly issued and applied against overdue amounts as accrued to the concession fees liability.

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**13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**

*Foreign currency risk*

The Company is exposed to foreign currency risk on fluctuations related to assets and liabilities that are denominated in foreign currency. As at September 30, 2024, amounts exposed to foreign currency risk include cash of MXN\$347,430, value added tax receivable of MXN\$5,644,417 accounts payable of MXN\$8,231,067 and concession fees payable of MXN\$13,321,808. A 10% change in foreign exchange rates will affect profit or loss by approximately \$106,000.

*Price risk*

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

**14. CAPITAL MANAGEMENT**

The Company defines capital that it manages as shareholders' equity, consisting of issued common shares, stock options and warrants.

The Company manages its capital structure and adjusts it, based on the funds available to the Company, to support the acquisition and exploration of exploration and evaluation assets.

The Company has historically relied on and currently relies on the equity markets to fund all 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.

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**15. SUBSEQUENT EVENTS**

Subsequent to September 30, 2024:

The Company granted 300,000 stock options exercisable at a price of \$0.28 for a period of five years to an officer of the Company. The options vest one third on grant, one third on the first anniversary date, and one third on the second anniversary date.

The Company issued 97,480 DSUs to the Company's non-executive directors for director's fees, which vest one year after their date of grant in accordance with TSX.V policies, but are not convertible to common shares while they are still directors of the Company.

The Company had 300,000 stock options exercised for proceeds of \$55,500.

The Company had 2,586,630 warrants exercised for proceeds of \$274,682.