



**Maya Gold & Silver Inc.**

**Management's Discussion and Analysis  
For the year ended December 31, 2019**



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**MAYA GOLD AND SILVER INC**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL**  
**CONDITION AND RESULTS OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

This Management's Discussion and Analysis ("MD&A") of the operations, results, and financial position of Maya Gold & Silver Inc. ("Maya") and its subsidiaries (together the "Corporation"), dated May 12, 2020, covers the years ended December 31, 2019 and 2018 and should be read in conjunction with the Corporation's audited consolidated financial statements and related notes for the year ended December 31, 2019.

The Corporation's December 31, 2019 consolidated financial statements and the financial information contained in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretation of the International Financial Reporting Interpretations Committee ("IFRIC").

All financial results presented in this MD&A are expressed in United States dollars unless otherwise indicated.

The Corporation's management is responsible for the preparation of the audited consolidated financial statements as well as other information contained in this report.

The Board of Directors has the responsibility to ensure that management assumes its responsibilities with regards to the preparation of the Corporation's consolidated financial statements. To assist management, the Board of Directors has created an Audit Committee. The Audit Committee meets with members of the management team to discuss the operating results and the financial situation of the Corporation. It then makes its recommendations and submits the consolidated financial statements to the Board of Directors for their examination and approval on an annual basis. The consolidated financial statements and this MD&A have been reviewed by the Audit Committee and approved by the Corporation's Board of Directors on May 12, 2020.

This MD&A contains forward-looking information that is based on the Corporation's expectations, estimates and projections regarding its business and the economic environment in which it operates. Forward-looking information speaks only as of the date it is provided, is not a guarantee of future performance and involves risks and uncertainties that are difficult to control or predict. Examples of some of the specific risks associated with the operations of the Corporation are set out in this MD&A under "Cautionary Statement Regarding Forward-Looking Information". Actual outcomes and results may differ materially from those expressed in forward-looking information and readers should not place undue reliance on such statements.

## **DESCRIPTION OF THE BUSINESS**

Maya is a silver producer and an exploration and development company whose focus is the acquisition, operations, exploration and evaluation of mineral properties located in Morocco. Mining and milling activities are currently concentrated at its flagship project: the Zgounder property. Maya owns 85% of the shares of Zgounder Millenium Silver Mine S.A (ZMSM), which owns the Zgounder property, as well as 85% of the Boumadine property (assuming all conditions are met). Maya also owns the Mining permit No 233263 and, until maturity in July 2019, the permits related to the Amizmiz and the Azegour properties for which requests for operating licences are presently being examined by the mining authorities in Morocco. All of these properties are located in the Kingdom of Morocco.

Maya was incorporated under the Canada Business Corporations Act; its financial year-end is December 31 and it graduated to the TSX on July 31, 2018, continuing to trade under the symbol MYA. Maya's issued and outstanding



share capital totals 79,543,619 common shares on May 12, 2020. During the year ended December 31, 2018, the Corporation implemented its extended development program at its Zgounder project with the installation of its flotation cells to increase production to 500 tons per day ("tpd"). During such phase, the project was still considered in the development stage. In January 2019, after the completion of final testing and commissioning at its Zgounder project, the Corporation declared commercial production having met following criteria established by the Board of Directors:

- Complete - the mine is substantially complete and ready for its intended use;
- Complete - ability to sustain ongoing production at a steady or increasing level;
- Complete - mineral recoveries are at or near the expected production level; and
- Complete - completion of a reasonable period of testing of the mine plant and equipment.

All projects other than the Zgounder project are in exploration and evaluation stage.

Claude Duplessis, Eng., is the Company's qualified person within the meaning of NI 43-101 who has reviewed and verified the technical content of this MD&A.

## **FORWARD-LOOKING STATEMENTS**

Certain statements in this MD&A may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance, or achievements of the Corporation, or industry results, to be materially different from any future results, performance, or achievements expressed or implied by such forward looking statements. When used in this MD&A, such statements use such words as "will", "may", "could", "intends", "potential", "plans", "believes", "expects", "projects", "estimates", "anticipates", "continue", "potential", "predicts" or "should" and other similar terminology. These statements reflect current expectations of management regarding future events and operating performance and speak only as of the date of this MD&A.

Forward-looking statements include, among others:

- The Corporation's business strategy;
- Potential sources of funding for its exploration and development projects on reasonable terms when necessary;
- Statements with respect to the sufficiency of the Corporation's financial resources to support its activities;
- The Corporation's ability to mine and refine its products and to generate revenue on reasonable commercial terms and prices;
- The Corporation's plans for generating future revenue;
- The Corporation's plans for future project development;
- The Corporation's ability to operate on a cost-efficient basis;
- The Corporation's ability to cope in general business and economic conditions, as a result of the pandemic outbreak of COVID – 19;
- The Corporation's expected outcomes from its ongoing and future exploration activities;
- The Corporation's ability to obtain necessary approvals and renewals for its operations;
- The Corporation's exploration of opportunities to maximize shareholders' value as part of the ordinary course of its business through collaborations, strategic partnerships, and other transactions with third parties;
- The Corporation's ability to identify new projects suitable for development and commercialization;
- The Corporation's strategy for renewing the permits for its exploration and development properties; and
- The Corporation's hiring and retention of skilled staff.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking



statements, including, but not limited to, the factors discussed in the Annual Information Form ("AIF"), under the heading "Risk Factors". Although the forward-looking statements contained in this MD&A are based upon what management of the Corporation believes are reasonable assumptions, the Corporation cannot provide any assurance to investors that actual results will be consistent with these forward-looking statements and should not be unduly relied upon by investors.

As of the date of this report, the effects of the COVID-19 virus have not had a material effect on Maya's activities related to the current operations of our Zgounder Mine, and the exploration of the Boumadine project. The Corporation is monitoring closely developments relating to COVID-19 and has taken a number of proactive measures to ensure the continuity of its business and safety of its employees. Steps were implemented to increase the health and safety requirements at its ZMSM facility, including, but not limited to reinforcing social distancing and hygiene rules, implementing additional access measures for employees and daily testing of employees for the risk of coronavirus.

The Corporation remains financially strong and debt free to weather the pandemic's impact with about \$16.6 million in cash on hand as at December 31, 2019 and cash flow generated from its continuing silver production. However, the COVID-19 situation has had a significant impact on the global economy which has led to lower metal prices, which may negatively impact exploration projects or decisions. Therefore, it could have a prospective material impact on the Corporation's activities, cash flow and liquidities. Following these events, the Corporation has taken and will continue to take action to minimize the impact. However, it is impossible to determine the financial implications of these events for the moment.



## HIGHLIGHTS, OUTLOOK AND SELECTED FINANCIAL INFORMATION

### Capital Market and Financial Matters

The Corporation converted to a US dollar reporting currency starting January 1, 2019.

The Toronto Stock Exchange (TSX) approved a normal course issuer bid (NCIB) program for the Corporation to acquire subject to the TSX conditions for such programs up to 5,567,799 shares of the Corporation. During the year ended December 31, 2019, the Corporation repurchased 53,355 common shares at a price ranging from \$1.30 (CAD\$1.70) to \$1.50 (CAD\$1.99) per share for a total purchase price of \$93,210 relating to the NCIB.

During the year ended December 31, 2019, 1,300,000 common shares were issued as a result of 1,300,000 warrants being exercised for total aggregate value of \$675,039.

### Financial Performance for the year ended December 31, 2019

The Corporation's financial position is strong and continues to improve:

- Cash of \$16,621,291 as at December 31, 2019 compared to \$19,000,163 at December 31, 2018;
- As at December 31, 2019, managed capital was \$41,609,106 versus \$39,259,441 as at December 31, 2018;
- Net loss of \$576,513 during the year ended December 31, 2019, compared to a net loss of \$2,663,826 for the same period of 2018, an improvement of \$2,087,313. This improvement resulted from production being reported on a commercial basis that started on January 1, 2019;
- Operations generated a gross margin for the year of \$1,314,823 (nil in 2018), which is the result of the beginning of the commercial production since January 1, 2019;
- Comprehensive income for the year ended December 31, 2019 of \$801,209 compared to a comprehensive loss of \$5,526,873 for 2018, an improvement of \$6,328,082;
- Cash flows provided by operating activities for the year ended December 31, 2019 of \$3,574,536 compared to cash flows used in operating activities of \$1,642,084 for the same period of 2018, an increase of \$5,216,620;

### Zgounder – Commercial Operations

In 2019 with the commissioning phase of its Zgounder Silver Mill's floatation circuit completed, reporting operations on a commercial production basis started from January 1, 2019. Highlights of 2019 production on a commercial basis<sup>1</sup> (see *Zgounder Operating Data and Information Table below*) include:

- Silver production (Ingots & flotation concentrate) of 452,416 ounces (2018 – 258,469 ounces);
- Ore extracted and treated tonnage during 2019 was 158,408 and 100,667 and increase of 167% and 153% respectively (2018 - 59,232 extracted and 39,764 treated tons);
- Feed ore to the mill in 2019 was 217.6 g/t (2018 – 278.5 g/t);
- Revenue from silver for the year ended December 31, 2019 totaled \$6,081,400 (2018 - \$4,912,953<sup>1</sup>);
- Cost of sales during the year were \$4,766,577 (2018 – \$4,247,081 included in addition to mining assets under development<sup>1</sup>);
- Gross margin during the year was \$1,314,823;

<sup>1</sup> Note1: Comparative figures for 2018 which were incurred prior to commercial operations reporting, represent amounts and costs capitalized and included as mining assets under development



- The average silver price realized during the year ended December 31, 2019 was \$14.28 (2018 - \$15.69) compared to a yearly average price of \$16.22 in 2019 (2018 - \$15.71). The lower average silver price realized in 2019 is due to the sales of silver concentrate at a discount, representing the tolling fee allowed in favor of the refiner for processing silver concentrate.

New commercial contracts for silver concentrate ore were signed in August and November 2019.

### **Exploration and Development**

In connection with a 51,000 meters drill program at its Boumadine, Zgounder and Azegour properties, the Corporation completed, during the year ended December 31, 2019, 15,230 meters of drilling.

#### **Boumadine Polymetallic deposit**

The Corporation started detailed exploration and development of this project, which included resource estimation, treatment of in-situ mineralization, and processing alternatives. Activities during the year included:

Completion of 6,900m of a diamond drilling program, allowing:

- To successfully validate historical mineralization panels;
- To successfully confirm gold presence both in mineralized zones, surface and tailing;
- To confirm presence of Germanium (GE) in mineralized zones associated to sphalerite (ZnS) and other sulfites;

Maya released the results of a preliminary economic assessment (PEA), which included the following highlights:

- A project life of 12 years with the current resources starting in 2021 and ending in 2033;
- Project Internal Rate of Return of 56% pre-tax and 53% after-tax;
- Project pre-tax Net Present Value of \$574.8M (discounted at 6.5%) or \$665.9M (discounted at 5%) at variable commodity prices;
- Project after-tax Net Present Value of \$497.6M (discounted at 6.5%) or \$576.7M (discounted at 5%) at variable commodity prices;

#### **Zgounder Millennium Silver Mine**

As part of its exploration and development plan, and in support of an update of a NI 43-101 compliant resource and the PEA for the ZMSM operation, Maya initiated a diamond drilling program from the river bottom to the west of the existing mine. The drilling program has intersected silver mineralization to the west of the Zgounder historical deposit. Drilling and trenching are also taking place at the surface in the eastern part with intention of converting inferred resources into indicated mineral resources.

#### **Azegour Mine Project (Copper, Molybdenum, Tungsten and Uranium)**

Technical work to support a new resource estimate, environmental impact, and NI 43-101 independent PEA commenced in March 2019 in support of an application of mining license for this project.



**Corporation's highlights for the three-month period ended December 31, 2019**

Three-month period ended December 31, 2019 versus three-month period ended December 31, 2018

During the three-month period ended December 31, 2019, the Corporation generated a net loss of \$1,879,737 (loss of \$0.02 per share) compared to a net profit of \$449,392 (profit of \$0.01 per share) in 2018. The net loss is mainly due to the fact that the Corporation generated a negative gross margin of \$445,502 during the fourth quarter of the year ended December 31, 2019. The negative gross margin is mainly due to the ramp-up of the newly built flotation plant during the quarter that significantly increased the cost of sales. The increase in net loss is also due to foreign exchange losses of \$332,317 in 2019 compared to a gain of \$699,290 in 2018 and from a deferred income tax expense of \$648,695 in 2019.

Zgounder – Commercial Operations

Zgounder Silver mine production highlights during the three-month period ended December 31, 2019 include:

- Silver production (Ingots & flotation concentrate) of 155,330 ounces (2018 – 31,192 ounces);
- Revenue from silver in the three-month period ended December 31, 2019 totaled \$1,986,469 (2018 –\$1,033,424);
- Cost of sales incurred during the period amounted to \$2,431,971 (2018 – \$2,500,328 of development cost, excluding capitalized interest); and
- The average silver price realized during the period was \$16.46 (2018 - \$14.54) compared to a quarterly average price of \$17.31 in 2019 (2018 - \$14.55). The lower average silver price realized in 2019 is due to the sales of silver concentrate at a discount to market price, representing the tolling fee charged by the refiner for processing silver concentrate.

Exploration and Development

The Corporation began a 51,000-meter drill program at its Boumadine, Zgounder and Azegour which includes 10,000 meters at Boumadine, 31,000 meters at Zgounder and 10,000 meters at Azegour, with a total of 11 drills, of which, 15,230 meters of drilling have been completed.

Boumadine Polymetallic deposit

The Boumadine exploration objective was to increase the mineral resources near surface as well as the quality of gold mineralization. Exploration work on the Boumadine project included:

- A diamond drilling program of 23 drill holes totaling 3,415.3 meters, in two zones (Imarighen and Centre) focused on the surface sampling program results and the confirming the positive results from the 2018 program and the preliminary economic assessment study;
- At zone Centre, four holes were drilled totaling 1,446.7 meters;
- At zone Imarighen, 19 holes were drilled totaling 1,968.6 meters;
- The 23 holes, of which 17 diamond holes intersected mineralization with a maximum value of 23.2 g/t Au and 629 g/t Ag over 0.5 m at hole B-19-03; and
- Tests on samples from the Imarighen Zone were performed, including a QEMSCAN analysis at the SGS Lakefield laboratory.

Maya selected these zones due to possible high gold mineralization near surface.

Zgounder Millennium Silver Mine



In October 2019 the Corporation started a reverse circulation drilling program (RC) from the surface at the eastern zone of the Zgounder property, with 32 drill-holes, totaling 3,611 meters and completed seven surface diamond holes totaling 1,774.1 meters.

The RC program further validated the continuity of known mineral zones, improve the understanding of the distribution of the mineralized structures (orientation and thickness) and to explore the vertical extensions of the exposed mineralized structures and the resource potential of other zones in same setting of the eastern part of the main Zgounder deposit.

The Corporation initiated the update and revision of a NI 43-101 compliant resource estimate calculation of the Zgounder Mine as a result of the above findings which will be available in 2020.

*Azegour Mine Project (Copper, Molybdenum, Tungsten and Uranium)*

The Corporation initiated during the quarter in preparation of an NI 43-101 mineral resource estimate and prepared and submitted an economic and environmental impact study on the Azegour Project in support of a request to the Moroccan Mining Authorities for a mining operating license:

- A detailed exploration program in the different accessible levels including detailed mapping of the mineralized structures, channel sampling and a systematic sampling of the mineralized structures; and
- Started a detailed topographic survey (digital elevation model) of the property using a drone. This work will allow for targets to be identified.

The digital elevation modelling determined locations for the initiation of the first surface diamond drilling program to validate the mineralized panels and also to test new zones outside the historical resources.

**Selected Financial Information**

	December 31, 2019	December 31, 2018	January 1, 2018
	\$	\$	\$
<b>ASSETS</b>			
Cash	16,621,291	19,000,163	5,619,275
Inventories	2,241,272	1,197,673	1,618,499
Property, plant and equipment	20,166,918	19,707,144	15,729,784
Exploration and evaluation assets	6,652,763	5,164,555	4,517,133
<b>TOTAL ASSETS</b>	<b>48,161,167</b>	<b>46,306,404</b>	<b>28,966,291</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	3,684,211	3,488,748	3,990,445
Interest and net profit interest payable to a related party	191,423	85,481	396,290
Balance of purchase price payable	1,547,415	1,046,255	1,566,699
Current portion of long-term debt	56,996	71,927	80,239
Long-term debt	20,978	-	6,061,142
Balance of purchase price payable	-	1,338,754	1,167,765
<b>TOTAL LIABILITIES</b>	<b>6,630,035</b>	<b>7,118,890</b>	<b>14,420,848</b>
Equity	41,136,645	39,187,514	14,545,443
Non-controlling interests	394,487	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>48,161,167</b>	<b>46,306,404</b>	<b>28,966,291</b>

**ZGOUNDER OPERATING DATA AND INFORMATION**

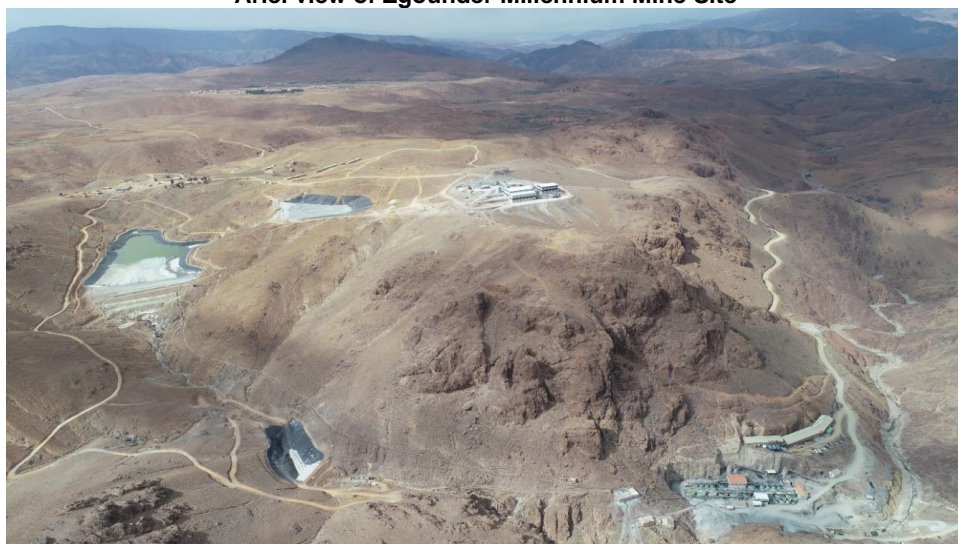


**Zgounder Production Data**

**Production summary  
12 months ending December 31, 2019 & 2018**

	unit	2019	2018	Change
Extracted tonnage	t	158,408	59,232	167%
Treated tonnage	t	100,667	39,763	153%
Feed material silver grade	g/t	217.6	278.5	(22%)
Silver concentrate ore production	t	7,306.42	-	-
Concentrate tonnage to Cyanidation	t	5,843.62	-	-
Metal silver ingots produced	Oz	286,294	258,469	11%
Total metal produced (ingots & silver concentrate)	Oz	452,416	258,469	75%

**Ariel view of Zgounder Millennium Mine Site**



**Zgounder Operating Costs**

Operating costs to produce silver ingots and silver concentrate decreased on a unit basis. The improvement shows the impact of:

- increased daily tonnage processed from mining operations;
- ore pre-processed through the two flotation cells before cyanidation;
- diverting ore towards the silver concentrate ore stream; and
- reduced reliance on the cyanidation stream.

The Corporation plans to continue the production of silver ingots at the cyanidation plant and produce silver concentrate from the newly built flotation plant.

**Zgounder Production Cost Analysis  
12 months ending December 31  
(Silver cost per Oz)**

	unit	2019	2018	Change
Production	Oz	452,416	258,469	75%
Mining cost	MAD/Oz	20.42	28.85	-29%
Mill Cyanidation cost	MAD/Oz	19.03	58.11	-67%
Mill Flotation cost	MAD/Oz	24.78	-	-
Total cost in Dirham*	MAD/Oz	64.23	86.96	-26%
Total production cost in USD	<b>\$/Oz</b>	<b>6.68</b>	<b>9.29</b>	<b>-28%</b>

\* Conversion rate: 1USD=9,615MAD (1USD=9,360MAD in 2018 - MAD: Moroccan Dirham)

### Zgounder-Exploration and Development

#### Exploration

As part of its exploration plan, Maya initiated a reverse circulation (RC) and diamond drilling campaigns to the west of the existing mine. The drilling campaigns intersected silver mineralization zones. Highlights of the drill campaigns are:

**The important intervals from RC holes.**

Hole Name	From (m)	To (m)	length	Ag ppm	Pb %	Zn %	Cu %
RC_ZG_19_18	141	149	8	3464	0.18	0.60	0.02
Including	143	148	5	5464	0.20	0.72	0.02
RC_ZG_19_11	52	63	11	1205	0.29	1.08	0.04
Including	59	62	3	4157	0.49	1.22	0.05
RC_ZG_19_19	6	10	4	952	0.16	0.16	0.21
Including	8	9	1	2104	0.43	0.08	0.48
RC_ZG_19_17	12	20	8	880	0.07	0.36	0.07
Including	12	14	2	2892	0.14	0.21	0.01
Including	18	20	2	429	0.02	0.61	0.04
RC_ZG_19_18	84	101	17	551	0.28	0.48	0.08
Including	84	86	2	2724	0.28	0.11	0.09
including	93	99	6	452	0.35	0.55	0.11
RC_ZG_19_18	53	58	5	299	0.04	0.17	0.13
Including	55	57	2	456	0.01	0.05	0.15
RC_ZG_19_17	99	107	8	211	0.49	1.03	0.04
Including	105	107	2	471	0.11	0.65	0.01
RC_ZG_19_19	44	53	9	141	0.13	0.32	0.06
including	44	45	1	384	0.11	0.15	0.01
including	51	52	1	424	0.06	0.17	0.01
RC_ZG_19_19	131	134	3	395	0.59	1.16	0.04
Including	133	134	1	840	0.50	1.12	0.08
RC_ZG_19_11	10	16	6	116	0.41	0.82	0.03
ZG-RC-19-14	0	4	4	310	0.10	0.28	0.01
Including	2	4	2	509	0.09	0.21	0.01
ZG-RC-19-14	15	17	2	1327	0.15	0.20	0.02
RC_ZG_19_21	6	11	5	2018	0.32	0.28	0.17
including	8	10	2	4130	0.63	0.33	0.21



RC_ZG_19_21	34	39	5	2508	0.13	0.4	0.04
including	35	38	3	3896	0.17	0.56	0.06
RC_ZG_19_16	65	67	2	1905	0.27	0.6	0.02
RC_ZG_19_23	67	73	6	640	0.04	0.09	0.015

The important intervals from diamond drill holes.

Hole Name	From (m)	To (m)	length	Ag ppm	Pb %	Zn %	Cu %
ZG-19-04	109	123	14	915	0.22	0.74	0.02
including	110	111.5	1.5	1 665	0.17	1.03	0.01
including	113.5	115	1.5	744	0.22	1.10	0.01
including	115	115.5	0.5	10 742	0.28	1.66	0.05
including	115.5	117	1.5	2 141	0.55	1.00	0.03
ZG-19-04	165.5	172.5	7	1 279	0.13	0.34	0.01
including	165.5	167.7	2.2	3 687	0.13	0.26	0.01
ZG-19-04	195	199	4	94	0.13	0.24	0.02
ZG-19-01	213	215.5	2.5	1 178	0.08	0.12	0.01
including	214.5	215.5	1	2 734	0.10	0.16	0.01
ZG-19-06	37	41	4	237	1.74	0.22	0.36
including	37	38	1	777	1.10	0.17	0.48
ZG-19-06	96.5	98.5	2	427	0.02	0.02	0.01
including	97	98	1	694	0.02	0.02	0.01
ZG-19-06	113.3	114.5	1.2	1 368	0.07	0.89	0.02
including	113.3	114	0.7	2 261	0.08	0.71	0.02

Drilling and trenching are also taking place on surface in the eastern part in order to upgrade, to the extent possible, the existing inferred into indicated mineral resources.

#### Development

As part of its development plan, Maya will focus on the following activities in 2020:

- Improve mill feed silver grade by mining level 1975 and higher-grade areas of level 2000;
- Improvement of the northern extension of the body D with silver plating towards North-South faults;
- Completion of the ramp between 2000 and 1975 levels in the underground mining works; and
- Continue engineering studies required to determine possible expansion of the process plant.

#### BOUMADINE PROJECT SUMMARY

Maya started the first diamond-drilling program at Boumadine in January 2018 which enabled Maya to increase the mineral resource estimates of Boumadine.

In 2019, Maya completed 3,959 meters of drilling (over 10,000m in total) at Boumadine allowing the Corporation to:

- Establish the existence of a near surface resource to the west and north of the project;
- Successfully confirm gold presence both in mineralized zones, surface and tailing;
- Conduct extensive metallurgical pilot testing on mineralized material and rock samples to provide the Corporation with required processes to achieve 96.37% gold recovery;
- To gather data to support the findings of the 2018 PEA on the project.

The table below provides drill results from the 2019 drilling program.

Mineralized intervals from diamond holes at Imarighen and Center zones.

Holes	From (m)	To (m)	Length (m)	Au g/t	Ag g/t	Cu %	Pb %	Zn %
B-19-05	11.00	11.50	0.50	2.39	16	0.02	1.00	0.55
B-19-05	46.50	48.50	2.00	0.80	5	0.02	0.66	3.38
B-19-05	97.60	104.6	7.00	2.51	24	0.04	0.10	1.82
Including	98.1	100.1	2.00	3.58	26	0.01	0.08	2.00
Including	101.1	103.6	2.50	3.99	38	0.10	0.17	3.09
B-19-06	139.00	140.00	1.00	5.15	386	0.19	0.52	0.99
Including	139.50	140.00	0.50	5.86	653	0.25	0.80	1.84
B-19-06	141.50	143.50	2.00	3.01	53	0.18	0.27	2.00
Including	141.50	142.00	0.50	3.59	59	0.22	0.44	4.03
Including	142.50	143.50	1.00	3.60	63	0.24	0.28	1.85
B-19-06	146.00	148.50	2.50	4.86	123	0.28	0.51	5.00
Including	146.5	147	0.50	11.35	67	0.05	0.30	0.82
Including	147.00	148.00	1.00	3.57	37	0.09	0.20	2.20
B-19-06	158.50	162.50	4.00	1.24	15	0.04	0.15	0.37
Including	161	162.5	1.50	2.28	38	0.09	0.12	0.53
B-19-07	157.00	164.00	7.00	2.09	31	0.06	1.09	2.39
Including	157	157.5	0.50	5.43	15	0.01	0.20	0.15
Including	157.5	159	1.50	1.66	17	0.02	1.48	1.42
Including	161.5	163	1.50	4.71	66	0.22	0.37	5.57
B-19-08	42.00	44.50	2.50	2.79	34	0.04	2.16	2.84
Including	42	43	1	2.36	21	0.02	1.30	2.87
Including	43	43.5	0.5	6.00	36	0.03	1.76	1.51
Including	43.5	44.5	1	1.62	46	0.05	3.23	3.47
B-19-08	75.00	79.00	4.00	5.09	30	0.15	0.23	5.56
Including	75.00	78.00	3.00	5.51	31	0.15	0.11	0.49
Including	78	79	1	3.84	28	0.13	0.62	20.79
B19-03	217.90	219.90	2.00	2.96	96	0.24	0.58	8.91
Including	217.90	218.90	1.00	4.29	128	0.35	0.57	0.96
B19-03	228.90	234.90	6.00	4.09	249	0.78	0.18	0.25
Including	229.4	230.9	1.5	9.11	214	0.84	0.14	0.09
Including	230.9	233.4	2.5	3.16	454	1.34	0.27	0.12
B19-03	243.40	246.40	3.00	2.59	172	0.27	0.24	1.74
B19-03	250.40	251.40	1.00	1.18	26	0.01	0.25	1.73

main results from the surface sampling program are presented below

Sample	Ag g/t	Au g/t	Cu %	Fe %	Pb %	Zn %
SI1	115	16.47	0.02	6.99	0.08	0.03
SI3	60	5.73	0.02	18.89	0.44	0.04
CS6	46	3.30	0.01	30.67	2.25	0.12



CS7	28	3.95	0.02	31.48	2.32	0.26
CS8	110	3.14	0.03	33.89	2.07	0.42
CS9	37	3.20	0.01	25.62	1.11	0.26
CS10	9	10.96	0.01	11.26	0.34	0.02
SIM3	5	3.47	0.01	16.11	0.29	0.05
ZN3	55	2.86	0.01	28.52	4.27	0.20
ZN4	230	7.14	0.02	37.84	4.79	0.04
ZN8	46	9.05	0.01	4.11	0.59	0.02
ZN9	46	10.16	0.01	5.31	1.90	0.01
ZN11	170	6.97	0.01	16.37	1.58	0.03
ZN13	133	4.90	0.02	22.36	3.53	0.03

On March 24, 2019 Maya released the results of a preliminary economic assessment (PEA) related to its Boumadine polymetallic mine in Morocco. The PEA was prepared by GoldMinds GeoServices Inc.

#### **Highlights of the Boumadine Polymetallic Mine PEA Study:**

The highlights of the Boumadine polymetallic mine PEA technical report NI 43-101 are:

- 12 Year mine life;
- Pre-tax project internal rate of return of 56% and an after-tax return of 53%;
- Pre-tax net present value (NPV) of \$574.8M (discounted at 6.5%) and an after-tax NPV of \$497.6M;
- Projected extraction of 7.59Mt at 1.03%Pb, 3% Zn, 1.67 g/t Au, and 101.76 g/t Ag for production of 1.304M Oz of Gold Equivalent (Gold<sub>EQ</sub>) of which 29.4% comes from measured and indicated resources and 70.6% from Inferred mineral resources;
- Milling starting at 1,500tpd in year 1 increasing to 2,000tpd in year 3;
- Production starts at 83,746 Ounces of Gold<sub>EQ</sub> for 2 years, increasing to 105,684 ounces of Gold<sub>EQ</sub> in the 3rd year and 109,158 ounces of Gold<sub>EQ</sub> per year thereafter;
- Total operating costs of \$211M over the mine life at an average of \$27.94 per tonne milled (averaged over the expected life of the mine);
- Capex requirement of \$89M and sustaining capital requirements of \$31.35M; and
- A tax rate of 0.5% on the first five year of operations and 17.5% thereafter applies.

#### **AZEGOUR MINE PROJECT**

The Corporation entered into a property purchase agreement in March 2011, with Ouiselat Mines (a private Moroccan company) to acquire a 100% interest in mining permit PE183208 (Azegour Property) for a total cash consideration of 20.0 million dirham (approximately \$2.0 million) and the issuance of 500,000 common shares of the Corporation in favour of Ouiselat Mines. Furthermore, the Corporation agreed to pay a 2.5% royalty on revenues to Ouiselat Mines on any production derived from the property. The transfer of property titles to the Corporation as well as the regulatory



approval of the transaction by the Moroccan Mining Authorities was confirmed in May 2011. The Corporation also received by the Moroccan Mining Authorities of the Azegour permit PE183208 which expired in July 2019. The Corporation has applied for mining operating license.

During the year the Corporation made the decision to begin exploration at the Azegour Mine where copper, molybdenum, tungsten and uranium have been mined historically. Highlights of 2019 activities on the property are presented below:

- The Corporation submitted an environmental and economic assessment report to support a request for a mining (operating) license for the project;
- The assay results from the exploration received during the year indicated copper grades over 1.3% in five samples with a maximum of 13.75% copper from sample taken at 1,488m level;
- Two samples taken from two different drifts show more than 2.5% zinc with a maximum of 3.64% zinc;
- Five samples showed more than 20 ppm germanium with a maximum of 118 ppm germanium at level GR1390;
- Three samples give more than 5,000 ppm of tungsten with a maximum of 1.07% tungsten;
- The Corporation began preparing a detailed exploration program in the different accessible levels including detailed mapping of the mineralized structures, channel sampling and a systematic sampling of the mineralized structures. This work will allow targets identification; and
- The Corporation started detailed topographic survey.

Work would only restart at the property if management deems it appropriate and once a new permit in good standing is received;



## 2020 CORPORATE OBJECTIVES

The following is a summary of Maya's corporate objectives and strategies:

### **Zgounder Silver Mine Objectives:**

- Evaluate the most effective and efficient method of maximizing the mined resource;
- Optimizing operations to maximize cash flow;
- Continue ramp-up of current equipment;
- Continue project development initiatives to expand processing and mining capacity;
- Continue exploration drilling programs for the west and east zones;
- Produce a new, 43-101 compliant resource estimate for the project;
- Convert inferred resources into measured and indicated resources;

### **Boumadine Project Objectives:**

- Continue drilling program to support the production of a resource estimate;
- Continue metallurgical testing on the various deposits to determine a workable process flowsheet;
- Re-evaluate the project to determine the best way forward for the development of the project.

### **Azegour Project:**

- Secure unsafe openings;
- Secure the awaited mining permit;
- Re-evaluate the project to determine the best way forward for the development of the project.

### **Other properties**

- Sustain minimum exploration work to maintain permits, as required.



## EXPLORATION AND EVALUATION ASSETS

The following is a breakdown by project of the exploration and evaluation assets carried forward as at:

	December 31, 2019	December 31, 2018	January 1, 2018
	\$	\$	\$
Boumadine	5,630,181	4,880,530	4,517,133
Azegour	25,614	-	-
Zgounder Bis	996,968	284,025	-
Total expenditures carried forward	6,652,763	5,164,555	4,517,133

All exploration and evaluation assets are located in Morocco.

### Boumadine, Azegour and Zgounder Bis Properties

During the years ended December 31, 2019, 2018 and 2017, changes in exploration and evaluation assets related to the Boumadine and Zgounder Bis properties were as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
	\$	\$	\$
<b>Rights on mining properties</b>			
Balance, beginning of the period	3,254,612	3,530,552	3,635,204
Foreign exchange	162,060	(275,940)	(104,652)
Balance, end of the period	3,416,672	3,254,612	3,530,552
<b>Deferred exploration and evaluation expenses</b>			
Balance, beginning of the period	1,909,943	986,581	677,382
Additions			
Geology	510,220	122,937	69,819
Drilling and sampling	617,667	658,398	-
Reclassification from property, plant and equipment	165,903	-	-
Administrative	-	62,636	170,863
Foreign exchange	32,358	79,391	68,517
Balance, end of the period	3,236,091	1,909,943	986,581
<b>Total</b>	<b>6,652,763</b>	<b>5,164,555</b>	<b>4,838,867</b>





**SELECTED CONSOLIDATED INFORMATION**

	As at December 31, 2019	As at December 31, 2018	As at January 1, 2018	
	\$	\$	\$	
<b>Statement of Financial position</b>				
Cash	16,621,291	19,000,163	5,619,275	
Property, plant and equipment	20,166,918	19,707,144	15,729,784	
Other assets	4,720,195	2,434,542	3,100,099	
Exploration and evaluation assets	6,652,763	5,164,555	4,517,133	
<b>Total assets</b>	<b>48,161,167</b>	<b>46,306,404</b>	<b>28,966,291</b>	
Balance of purchase price payable	1,547,415	2,385,009	2,734,464	
Long-term debt	77,974	71,927	6,141,381	
Equity	40,487,950	39,187,514	14,545,443	
	Three-month period ended December 31, 2019	Three-month period ended December 31, 2018	Twelve-month period ended December 31, 2019	Twelve-month period ended December 31, 2018
	\$	\$	\$	\$
<b>Statement of operations</b>				
Revenue from silver sales	1,986,469	-	6,081,400	-
Cost of sales	2,431,971	-	4,766,577	-
	(445,502)	-	1,314,823	-
Management and administration	223,374	224,187	670,507	2,059,831
Investor relations and corporate development	18,796	(52,130)	130,020	20,859
Loss (gain) on foreign exchange	332,317	(699,290)	90,815	(415,520)
Royalties	59,605	32,079	177,341	138,446
Net profit interest expense	59,894	19,806	203,219	90,216
Finance expense (income)	81,606	95,020	(59,214)	769,994
Income tax expense (recovery)	9,948	(69,064)	29,953	-
Deferred income tax expense	648,695	-	648,695	-
<b>Net loss</b>	<b>(1,879,737)</b>	<b>(449,392)</b>	<b>(576,513)</b>	<b>(2,663,826)</b>
<b>Other comprehensive loss</b>				
Change in foreign currency translation	363,690	2,184,216	1,377,722	(2,863,047)
<b>Comprehensive (loss) income</b>	<b>(1,516,047)</b>	<b>1,734,824</b>	<b>801,209</b>	<b>(5,526,873)</b>
<b>Basic and diluted net (loss) gain per common share</b>	<b>(0.02)</b>	<b>(0.01)</b>	<b>(0.007)</b>	<b>(0.04)</b>
<b>Cash flows</b>				
Operating activities	841,061	247,288	3,574,536	(1,642,084)
Investing activities	(1,624,446)	(2,637,246)	(6,125,932)	(5,872,961)
Financing activities	(80,754)	(38,181)	(602,323)	22,238,476

Since its incorporation, the Corporation has not paid any cash dividends. Any future dividend payment will depend on the Corporation's financial position and its capital requirements to fund its exploration, operations, evaluation and development programs and any other factors that the board may deem necessary.



## **CHANGES IN ACCOUNTING POLICIES**

There is a full disclosure and description of the Corporation's accounting policies and changes in accounting policies in note 3 of the audited consolidated financial statements for the year ended December 31, 2019.

### **IFRS 16, Leases**

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

### **Segmented information**

Prior to these consolidated financial statements, the Corporation's had only one operating segment which was the exploration, evaluation and development of mining properties in Morocco. In its last financial quarter of 2019, the Corporation's chief operating decision maker ("CODM") changed the level of review to be based upon segments so as to make resource allocation decisions and assess their performance. The Corporation restated the corresponding segmented information for previous years.

The Corporation's CODM is its Chief Executive Officer. Operating segments whose revenues, net earnings or losses or assets exceed 10% of the total consolidated revenues, net earnings or losses or assets, are reportable segments.

In order to determine the reportable operating segments, various factors are considered, including geographical location and managerial structure. It was determined that the Corporation's segment is divided into three reportable segments; Production (Zgounder Silver Mine – Morocco), Exploration, evaluation and development and Corporate operating segments.

### **Presentation currency**

Prior to these consolidated financial statements, the presentation currency was the Canadian dollar. On January 1, 2019, the Corporation changed the presentation currency from the Canadian dollar to the United States dollar ("USD") to better reflect the industry the Corporation operates in. As such, the consolidated financial statements are now presented in USD, together with the comparative numbers as at December 31, 2018 and January 1, 2018.

### **Significant accounting judgments and estimates**

Full disclosure and a description of the Corporation's significant judgments and estimates are detailed in the audited consolidated financial statements for the year ended December 31, 2019.



## FINANCIAL REVIEW

The Corporation is at the commercial production stage for its Zgounder project and at exploration and evaluation stage for the other projects in Morocco. In 2019, because the commercial production was achieved, revenues were recorded in the statement of income and amounted to \$6,081,400 for the twelve-month period ended December 31, 2019. Notwithstanding commercial operations, exploration and development work continues at the Zgounder project.

### **Three-month period ended December 31, 2019 versus three-month period ended December 31, 2018**

During the three-month period ended December 31, 2019, the Corporation generated a net loss of \$1,879,737 (loss of \$0.02 per share) compared to a net profit of \$449,392 (profit of \$0.01 per share) in 2018. The net loss is mainly due to the fact that the Corporation generated a negative gross margin of \$445,502 during the fourth quarter of the year ended December 31, 2019. The increase in net loss is also due to foreign exchange losses of \$332,317 in 2019 compared to a gain of \$699,290 in 2018.

### **Twelve-month period ended December 31, 2019 versus twelve-month period ended December 31, 2018**

During the twelve-month period ended December 31, 2019, the Corporation generated a net loss of \$576,513 (loss of \$0.007 per share) compared to a net loss of \$2,663,826 (loss of \$0.04 per share) in 2018, but an income before taxes of \$102,135. This income is mainly due to the fact that the Corporation start commercial production in early January and generated a gross margin of \$1,314,823. The increase in income is also due to a decrease in share-based payments of \$1,095,764 and a finance income of \$59,214 in 2019 compared to a finance expense of \$769,994 in 2018. The net loss is mainly due to the recognition of deferred tax expense.

### **Financial position analysis**

#### **Financial transactions during the twelve-month period ended December 31, 2019**

The principal variations of assets and liabilities are explained as follows:

- Increase in inventories of \$1,043,599 mainly due to the increase of ore run of mine stockpiles;
- Acquisition of mining and processing equipment amounting to \$1,910,737 and addition to assets under construction amounting to \$282,579, both related to the expansion of the processing plant;
- Increase in account receivable of \$1,189,313 due to a large sale incurred in December 2019;
- Addition to deferred exploration and evaluation expenses amounting to \$1,293,790 related to the exploration of the Zgounder Bis and Boumadine properties; and
- Repayments of \$1,040,850 related to the balance of purchase price of the Boumadine project.



## CASH FLOWS

### Operating activities

During the year ended December 31, 2019, cash flows from operating activities provided \$3,574,536. Net cash flows result mainly from net income before amortization, accretion expense, unrealized loss on foreign exchange and deferred tax expense amounting to \$2,019,981 plus change in working capital items amounting to \$1,286,749. For the year ended December 31, 2018, cash flows from operating activities used \$1,642,084 mainly due to net loss for the year of \$2,663,826.

### Investing activities

For the year ended December 31, 2019, cash flows from investing activities used \$6,125,932, resulting mainly from the acquisition of property, plant and equipment amounting to \$4,998,051 and the acquisition of exploration and evaluation assets amounting to \$1,127,821. For the year ended December 31, 2018, cash flows from investing activities used \$5,872,961 mainly due to the acquisition of property, plant and equipment, net of silver sales that were recorded in investing activities prior to reaching commercial production.

### Financing activities

For the year ended December 31, 2019, cash flows from financing activities used \$602,323 mainly for the repayment of the balance of purchase price payable amounting to \$1,040,850 and the repayment of long-term debt amounting to \$143,302, offset by the proceeds from the exercise of warrants amounting to \$675,039. For the year ended December 31, 2018, cash flows from financing activities provided \$22,238,476 mainly from the issuance of common shares amounting to \$21,997,830 and the exercise of warrants amounting to \$7,075,350 offset by the repayment of long-term debt amounting to \$6,194,597.

### Financial transactions during the twelve-month period ended December 31, 2019

As at December 31, 2019, the Corporation had 79,603,320 issued and outstanding common shares (December 31, 2018 - 78,356,675). During the year ended December 31, 2019, 1,300,000 common shares were issued as a result of 1,300,000 warrants being exercised for total aggregate value of \$675,039. Pursuant to the normal course issuer bid (NCIB) which began on May 1, 2019 and expired on April 30, 2020, the Corporation was authorized to repurchase for cancellation up to maximum of 5,567,799 of its common shares under certain conditions. During the year ended December 31, 2019, the Corporation repurchased 53,355 common shares at a price ranging from \$1.30 (CAD\$1.70) to \$1.50 (CAD\$1.99) per share for a total purchase price of \$93,210 relating to the NCIB. The excess of the purchase price paid over the carrying value of the shares repurchased in the amount of \$40,153 was charged to deficit as share repurchase premium.



**SELECTED QUARTERLY INFORMATION**

Quarter ended	Accounting policies	Revenues	Net profit (loss)	Net loss per share (basic and diluted)
		\$	\$	\$
December 30, 2019	IFRS	1,986,469	(1,879,737)	(0.02)
September 30, 2019	IFRS	1,533,754	226,917	0.00
June 30, 2019	IFRS	1,504,981	691,363	0.01
March 31, 2019	IFRS	1,056,196	384,944	0,01
December 31, 2018 <sup>(1)</sup>	IFRS	-	449,392	0,01
September 30, 2018 <sup>(2)</sup>	IFRS	-	(489,182)	(0.01)
June 30, 2018 <sup>(3)</sup>	IFRS	-	(2,210,102)	(0.03)
March 31, 2018 <sup>(4)</sup>	IFRS	-	(413,380)	(0.01)

- (1) Revenues of \$1,033,424 were generated during the quarter but accounted for against mining assets under construction as the project is in development stage.
- (2) Revenues of \$648,457 were generated during the quarter but accounted for against mining assets under construction as the project is in development stage.
- (3) Revenues of \$1,577,809 were generated during the quarter but accounted for against mining assets under construction as the project is in development stage.
- (4) Revenues of \$1,653,263 were generated during the quarter but accounted for against mining assets under construction as the project is in development stage.

**ADDITIONAL INFORMATION ON THE NATURE OF COMPREHENSIVE LOSS COMPONENTS**

The following is a breakdown of the nature of expenses included in management and administration expenses and finance expense for the three-month and twelve-month periods ended December 31:

**Management and administration expenses**

	Three-month periods ended December 31,		Twelve-month periods ended December 31,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Salaries and benefits	89,167	61,996	246,081	151,317
Consulting fees	507	101,102	63,702	160,443
Share-based payments	-	1,069,090	-	1,095,764
Office	57,602	61,534	90,362	174,674
Professional fees	71,626	(74,792)	206,863	251,726
Reporting issuer costs	4,472	74,349	63,499	225,907
	<b>223,374</b>	<b>1,293,279</b>	<b>670,507</b>	<b>2,059,831</b>

The main difference is related to the decrease in share-based payments due to the fact that no share purchase options were granted in 2019 compared to 890,000 share purchase options granted in 2018. The Corporation also hired an employee in Canada to replace the consultant who left during the first quarter. This explain the increase in salaries and the decrease in consulting fees.



## LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2019, the Corporation had working capital of \$15,555,521 (\$16,578,011 as at December 31, 2018). The decrease in working capital is mainly due to the payment of the balance of purchase price amounting to \$1,040,850. Advanced exploration on the mineral properties will require substantial financial resources. There is no assurance that such financing will be available when required, or under terms that are favourable to the Corporation. The Corporation may also elect to advance the exploration and development of mineral properties through joint-venture participation. The Corporation's Zgounder operation produces cash flow, however, the Corporation's principal source of financing is equity and debt financing, the success of which depends on capital markets, the attractiveness of exploration companies to investors, and metal prices. To continue its exploration and evaluation activities and be able to support its ongoing operations, the Corporation may be required to raise further equity financing in the capital markets.

## CAPITAL MANAGEMENT

The Corporation defines capital as equity and long-term debt. When managing capital, the Corporation's objectives are to:

- Ensure sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions;
- Ensure the externally imposed capital requirements relating to debt obligations are being met;
- Increase the value of the Corporation's assets; and
- Achieve optimal returns to shareholders.

These objectives will be achieved by identifying the right exploration and evaluation projects, adding value to these projects and ultimately taking them to production or obtaining sufficient proceeds from their disposal. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and evaluation and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Corporation's management team to sustain the future development of the business.

As at December 31, 2019, managed capital is \$41,609,106 (\$39,259,441 as at December 31, 2018). Management reviews its capital management approach on an ongoing basis and believes that this approach is appropriate given the relative size of the Corporation. There were no changes in the Corporation's approach to capital management for the year ended December 31, 2019.



## COMMITMENTS AND CONTINGENCY

### Royalties

As per terms of the property purchase agreements, the Corporation is committed to pay the following royalties:

- 2.5% net smelter royalty ("NSR") to Société d'Exploration Géologique des Métaux (SEGM) on the Amizmiz property and an 8 km radius area of interest;
- 2.5% royalty to Ouiselat Mines on revenue from the Azegour property;
- 2.0% NSR on the La Campaña property;
- 3.0% royalty to ONHYM on revenue from the Zgounder property amounting to \$177,341 for the period ended December 31, 2019 (\$138,446 for the period ended December 31, 2018); and
- 3.0% royalty to ONHYM on revenue from the Boumadine property.

### Contingency

On July 2014, SEGM filed a lawsuit against the wholly owned subsidiary of the Corporation in Morocco, alleging that SEGM, the beneficiary of a 2.5% net smelter return royalty on the Amizmiz property, suffered damage resulting from the Corporation not having started production at its Amizmiz property. The Corporation is of the position that it has complied with all of its obligations and has made all required work on the property. At this stage, the results of the work programs do not justify the start of production on the Amizmiz property. The Corporation contested this lawsuit, which it considered unfounded. The Corporation has also filed a counterclaim against SEGM, alleging that the acquisition of this property was made on the basis of a technical report delivered by SEGM that was misleading as to the advancement of the work programs on the property. The Corporation claims reimbursement for all expenses incurred on the Amizmiz property.

In 2016 the court rejected the SEGM claim and asked both parties to come to an agreement. Later in 2016, SEGM lodged an appeal and the case is currently under review by the Cessation Court for a final decision.

### Net profit interest

The Corporation entered into a net profit interest agreement with Global Works, Assistance and Trading S.A.R.L. (Glowat), a related party to the previous CEO and current director of the Corporation, of a net-profit interest equal to 5% of the gross revenues generated from the operations of the Zgounder silver mine, less mining and milling costs.

## OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has not entered into any off-balance sheet arrangements including, without limitation, in respect of guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations, or in respect to any obligations under a variable interest equity arrangement.



**RELATED PARTY TRANSACTIONS**

During the years ended December 31, 2019, and 2018, the following related party transactions occurred:

- A firm, of which a director of the Corporation is a partner, charged professional fees amounting to \$34,130 recorded as professional fees (2018 - \$68,488);
- Glowat, a private company owned by a party related party to a previous officer and current director of the Corporation charged a net profit interest expense of \$203,219 (2018 - \$90,216); and
- A family member related to a previous officer and current director of the Corporation was hired to work for the Company as an Employee for a total cost of \$88,750 (2018 - nil).

During the year ended December 31, 2019, the Corporation paid \$109,285 (2018 - \$385,914) to Glowat in settlement of amounts owing. As at December 31, 2019, the Corporation had a liability to Glowat amounting to \$191,423 (2018 - \$85,481).

**Remuneration of key management personnel of the Corporation**

Key management includes members of the Board of Directors and executive officers of the Corporation consisting of the Chief Executive Officer, President and Chief Financial Officer. The remuneration awarded to key management personnel is as follows:

	Three-month period ended December 31,		Twelve-month period ended December 31,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Salaries and benefits	35,363	66,731	261,061	268,931
Management consulting and professional fees	32,033	32,138	32,033	74,053
Directors fees	35,797	45,254	35,797	48,812
Share-based payments	-	-	-	1,069,900
	<b>103,193</b>	144,123	<b>328,891</b>	1,460,886

**INFORMATION ON SHARES OUTSTANDING**

As at May 12, 2020, the outstanding securities are as follows:

Common shares	79,543,619
Warrants	-
Share purchase options	890,000





## **FINANCIAL RISK FACTORS**

Disclosure and description of the Corporation's capital management, financial risks and financial instruments in notes 17, 18 and 19 of the audited consolidated financial statements for the year ended December 31, 2019 contain the risk factors associated with the Corporation.

## **OTHER RISKS AND UNCERTAINTIES**

The operations of the Corporation are speculative due to the high-risk nature of its business, which are the operation, acquisition, financing, exploration, evaluation and development of mineral projects. The risks below are not the only ones facing the Corporation. Additional risks not currently known to the Corporation, or that the Corporation currently deems immaterial, may also impair the Corporation's operations. If any of the following risks actually occur, the Corporation's operating, exploration, and financial results may be significantly different from those expected as at the date of this MD&A.

### **Risks Inherent to Mining Exploration**

The Corporation is engaged in the business of operating, acquiring and exploring mineral properties in the hope of locating or expanding on economic mineral deposits. Except for the Zgounder project, all of the Corporation's property interests are in the exploration stage and are without a known mineral reserve. Accordingly, there is little likelihood that the Corporation will realize any profits in the short to medium term from these properties. Any profitability in the future from the Corporation's business will be dependent upon locating economic mineral deposits. There can be no assurance, even if an economic mineral deposit is located, that it can be commercially mined.

### **Uninsured Risks**

The Corporation's business is subject to a number of risks and hazards, including environmental conditions, adverse environmental regulations, political and foreign country uncertainties, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Corporation's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

### **Metal Price Volatility**

The profitability of the Corporation's operations will be significantly affected by changes in metal prices. Metal prices are volatile, can fluctuate substantially and are affected by numerous factors beyond the Corporation's control. In addition, metal prices are sometimes subject to rapid short-term changes because of speculative activities.

### **Additional Funding Requirements**

To continue exploration and development of the Corporation's projects, it will require additional capital. In addition, a positive production decision at the projects or any other development projects acquired in the future would require significant capital for project engineering and construction. Accordingly, the continuing development of the Corporation's projects will depend upon the Corporation's ability to obtain financing through debt financing, equity financing, the joint venturing of projects, or other means. There is no assurance that the Corporation will be successful in obtaining the required financing for these or other purposes.



### **Regulatory Requirements**

Mining operations, development and exploration activities are subject to extensive laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, environmental protection and remediation, protection of endangered and protected species, mine safety, toxic substances and other matters. Changes in these regulations or in their application are beyond the control of the Corporation and could adversely affect its operations, business and results of operations.

Government approvals and permits are currently, and may in the future be, required in connection with the Projects. To the extent such approvals are required and not obtained; the Corporation may be restricted or prohibited from proceeding with planned exploration or development activities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, 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.

### **Environmental Matters**

The Corporation's operations are subject to environmental regulations, which can make operations expensive or prohibit them altogether.

The Corporation may be subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products that could occur as a result of its mineral exploration, development and production. In addition, other environmental hazards may exist on a property in which the Corporation directly or indirectly holds an interest which are unknown to the Corporation at present which have been caused by previous or existing owners or operators of the property. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties.

To the extent the Corporation is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce funds otherwise available to it and could have a material adverse effect on the Corporation. If the Corporation is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Corporation.

### **Risk of Project Delay**

There is significant risk involved in the development and construction of mining projects. There could be project delays due to circumstances beyond the Corporation's control. Risks include but are not limited to delays in acquiring all of the necessary mining and surface rights, project economics, capital funding, delays in obtaining environmental and construction authorizations and permits, as well as unforeseen difficulties encountered during the development process including labour disputes. Any of these factors among many others could cause delays in the Corporation's ability to achieve its targeted timelines.

### **Risk on the Uncertainty of Title**

Although the Corporation has obtained title opinions with respect to its key properties and has taken all possible measures to ensure proper title to its properties, including filing of necessary documents and payment of rents to local regulatory



authorities, there is no guarantee that the title to any of its properties will not be challenged. Third parties may, unbeknownst to the Corporation, have valid claims underlying portions of the Corporation's interests.

### **Risk Linked to Conflict of Interest**

Certain directors and officers of the Corporation may also serve as directors and/or officers of other public and private companies and devote a portion of their time to manage other business interests. Furthermore, certain directors and officers of the Corporation may also serve as directors of other companies involved in mineral exploration and development. Consequently, the possibility of conflict of interest exists at several levels.

To the extent that such other companies may participate in ventures in which the Corporation is also participating, or participate in business transactions with the Corporation, such directors and officers may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of each company's participation. Canadian law requires the directors and officers of the Corporation to act honestly, in good faith, and in the best interests of the Corporation and its shareholders. However, in conflict of interest situations, our directors and officers may owe the same duty to another company and will need to balance the competing obligations and liabilities of their actions or declare and refrain from voting on any matters in which such directors have a conflict of interest.

### **Human Resource Risk**

The Corporation is dependent on its ability to attract, retain and develop highly skilled and experienced workforce and key management employees. The loss of these employees may adversely affect its business and operations. To this effect, the Corporation offers competitive remuneration and benefits and it also implemented regular training sessions to improve general and specific skills of its work force. As part of its succession planning, the Corporation also identified a limited number of high potential employees whose development aims at making them key managers within a short to medium term.

### **Reputational Risk**

The consequence of reputational risk is a negative impact to the Corporation's public image, which may influence its ability to acquire future mining projects and retain or attract key employees. Reputational risk may arise under many situations including, among others, cyber-attacks and media crisis. Prior to acquire a particular project, the Corporation mitigates reputational risk by performing due diligence, which includes a review of the mining project, the country, the scope of the project and local laws and culture. Once the decision to participate in a mining project has been taken, the Corporation continues to assess and mitigate reputational risk through regular Board and Board's Committees reviews.

### **Political Risk**

While the government of Morocco has supported the development of its natural resources by foreign companies, there is no assurance that this government will not in the future adopt different policies or new interpretations respecting foreign ownership of mineral resources, rates of exchange, environmental protection, labour relations, and repatriation of income or return of capital. Any limitation on transfer of cash or other assets between Maya and our subsidiaries could restrict our ability to fund our operations or materially adversely affect our financial condition and results of operation.

Moreover, mining tax regimes in foreign jurisdictions are subject to differing interpretations and constant changes and may not include fiscal stability provisions. Our interpretation of taxation law, including fiscal stability provisions, as applied to



our transactions and activities may not coincide with that of the tax authorities. As a result, taxes may increase and transactions may be challenged by tax authorities and our operations may be assessed, which could result in significant taxes, penalties and interest.

The possibility that a future government may adopt substantially different policies or interpretations, which might extend to the expropriation of assets, cannot be ruled out. Political risk also includes the possibility of civil disturbances and political instability in this or neighbouring countries.

### **Impact of Epidemics**

All of Maya's operations are subject to the risk of emerging infectious diseases or the threat of viruses or other contagions or epidemic diseases, including COVID-19. Any outbreak or threat of an outbreak of a virus or other contagions or epidemic disease could have a material adverse effect on the Corporation's business, results of operations and financial condition.

### **OTHER**

#### **Disclosure Controls and Procedures and Internal Control over Financial Reporting**

As a public entity, we must take steps to ensure that material information regarding our reports filed or submitted under securities legislation fairly presents the financial information of Maya. Responsibility for this resides with management, including the President and Chief Executive Officer. Management is responsible for establishing, maintaining and evaluating disclosure controls and procedures, as well as internal control over financial reporting.

#### **Disclosure Controls and Procedures (DC&P) & Internal Control over Financial Reporting (ICFR)**

The management and board of directors of the Corporation were responsible for establishing and maintaining the Corporation's DC&P, including adherence to the Disclosure Policy adopted by the Corporation. The Disclosure Policy requires all staff to keep senior management fully apprised of all material information affecting the Corporation so that they may evaluate and discuss this information and determine the appropriateness and timing for public release. The CEO and CFO evaluated the effectiveness of the Corporation's DC&P as required by National Instrument 52-109 issued by the Canadian Securities Administrators. They concluded that as of December 31, 2019, the Corporation's DC&P were inadequate and deficient. Since the December 31, 2019 evaluation, there have been no changes to the Corporation's DC&P and they continue to remain inadequate and deficient.

Management had developed a system for ICFR which they believed provided reasonable assurance with regards to the reliability of the financial information published and the preparation of the consolidated financial statements in accordance with IFRS. The CEO and the CFO evaluated the effectiveness of the ICFR as at December 31, 2019, based on the framework and criteria established in Internal Control – Integrated Framework as issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission, and based on their evaluation, management has concluded that the Corporation's ICFR were inadequate and deficient.

Given management has only recently joined the Corporation, they are taking proactive steps to correct these deficiencies which will be outlined below.

#### **Description of the material weakness**

On October 25, 2019, the Corporation hired a recognized accounting firm (the "Firm") to assist with the review of its compliance with National Instrument 52-109 for Certification of Disclosure in Issuers' Annual and Interim Filings. The Firm's mandate was to review the DC&P and ICFR of the Corporation and its effectiveness and make recommendations to the management.



At the beginning of 2019, in the absence of a permanent, full-time chief financial officer (CFO), the Corporation decided to outsource its financial and tax reporting functions to the same Firm.

While the financial statements are prepared every quarter in conformity with National Instrument 51-102, the Firm, as per their mandate, have no responsibility over the financial statements as the responsibility of the financial statements remain with management. In addition, the Firm could not review the ICFR related to the financial and tax reporting function given the Firm also had the mandate to prepare consolidated financial statements. The Firm would have not been in a position to provide an independent opinion.

The internal communication channels of the company were not sufficiently established. Effective communication, a smooth, transparent and on-time process is essential to present financial information accurately and in a timely manner. Additionally, the Corporation's head office and its subsidiaries need to improve on their internal communication both from an accounting and operational standpoint.

#### Impact of the material weakness

At the beginning of 2019, the Corporation did not have a full-time CFO and a supporting accounting team, and instead decided to outsource these functions. Given this, it became difficult for management and the board of directors to have in-depth oversight of the overall operations of the Corporation except for the former CEO.

When using external consultants to provide accounting services, some facts and supporting documentation may not have been communicated in a timely fashion to ensure proper documentation and formulate adequate conclusions of its accounting positions. Furthermore, having no full time CFO or accounting team, management could not fully take ownership of the conclusions that were formulated by its external accounting firm. Management has ultimate responsibility of the financial statements and must ensure they are in conformity with IFRS. Accounting transactions performed by the Firm were not reviewed in enough detail by management of the Corporation.

As a result, certain discrepancies were discovered at the time of audit which were then corrected. This audit and the corrective actions which have followed have allowed the Corporation to present financial statements which management believes are free of material errors and omissions.

#### Remediation plan

As part of the remediation plan, the Corporation has restructured its management team and has appointed Mr. Benoit La Salle FCPA, CPA as President and Chief Executive Officer and Mr. Ugo Landry-Tolszczuk, Ing., CFA as Chief Financial Officer. In addition, the Corporation has hired a new managing director responsible for the operations of its subsidiaries in Morocco.

Additional remediation steps have been determined but could not be fully completed at the date of this MD&A. The Corporation will hire an internal accounting team at its head office and increase the size of its team within its subsidiaries in the upcoming months which will be given full oversight and authority on accounting and financial controls.

Once travel restrictions caused by the Covid-19 virus are lifted, the accounting team will travel regularly to its subsidiaries to oversee the accounting activities. Senior managers will periodically visit subsidiaries and divisional operations to create a positive change in management oversight. In the meantime, video conferencing and cloud-based tools, including a more appropriate accounting software, will quickly be put in place and team members will be trained on how to use these tools effectively to immediately start remedying the situation. These changes will allow individuals responsible for financial reporting to capture all relevant internal and external information which may impact the financial information in a timely fashion.



These actions will include both internal initiatives such as staff modifications, procedural enhancements and reviews designed to improve technical competence, segregated financial responsibilities, and establishing a culture of timely and accurate reporting. Until management is confident in its internal team to effectively achieve its mandate, investments, notably the use of outside consultants to strengthen the Corporation's control environment, will be made.

Furthermore, the Corporation will also adopt and implement a Code of Conduct and modify the Audit Committee which will be mandated with overseeing the development and implementation of the disclosure policy, and review and evaluate the financial and other disclosures by the Corporation.

#### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION**

This MD&A may contain "forward-looking information", within the meaning of Canadian securities laws. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Corporation to be materially different from those expressed or implied by the forward-looking information. Specifically, this MD&A includes, but is not limited to, forward-looking information regarding: the potential of the Corporation's properties; results of exploration activities and interpretation of such results; the Corporation's capacity to acquire new projects; plan, cost and timing of future exploration and development; requirements for additional capital; continuous access to capital markets; and other statements relating to the future financial and business performance and strategic plans of the Corporation.

Resource exploration, development and operations are highly speculative, characterized by a number of significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral resources but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. Although management of the Corporation has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended.

There can be no assurance that such forward looking information will prove to be accurate and actual results could differ materially from those suggested by this forward-looking information for various reasons. Accordingly, readers should not place undue reliance on forward-looking information. The Corporation undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Corporation does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.



**ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE**

Additional information on the Corporation is available through regular filings of press releases and financial statements available on SEDAR ([www.sedar.com](http://www.sedar.com)) and on the Corporation's website ([www.mayagoldsilver.com](http://www.mayagoldsilver.com)).



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## CORPORATE INFORMATION

### Board of Directors

Robert Taub, Chairman <sup>(1)</sup> <sup>(2)</sup> <sup>(3)</sup>  
Dr. Elena Clarici <sup>(1)</sup> <sup>(3)</sup> <sup>(4)</sup>  
René Branchaud <sup>(2)</sup> <sup>(3)</sup>  
Nikolaos Sofronis <sup>(1)</sup> <sup>(3)</sup> <sup>(4)</sup>  
Benoit La Salle  
Noureddine Mokaddem  
R. Martin Wong <sup>(2)</sup>

- <sup>(1)</sup> Audit Committee member
- <sup>(2)</sup> Compensation Committee member
- <sup>(3)</sup> Corporate Governance Committee member
- <sup>(4)</sup> Environmental, Health and Safety and Sustainability Committee member

### Auditors

Raymond Chabot Grant Thornton LLP  
600, De La Gauchetière Blvd. West – Suite 2000  
Montréal (Québec)

### Transfer Agents

Société de fiducie Computershare du Canada  
1500, rue University - Suite 700  
Montréal (Québec) H3A 3S8

### Legal Counsel

Lavery, de Billy, L.L.P. - Barristers and Solicitors  
1, Place Ville Marie - Suite 4000  
Montréal (Québec) H3B 4M4

### Officers

Benoît La Salle  
President and  
Chief Executive Officer  
  
Ugo Landry-Tolszczuk  
Chief Financial Officer

René Branchaud  
Secretary

### Exchange Listing

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ISIN: CA 5778381056

### Head Office

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