CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine-month periods ended September 30, 2021, and 2020

Management's Responsibilities over Financial Reporting

The Financial Statements of Aya Gold & Silver Inc. (the "Corporation" or "Aya") are the responsibility of the Corporation's management. The condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board and reflect management's best estimates and judgment based on information currently available.

The Board of Directors is responsible for ensuring management fulfills its responsibilities. The Audit Committee reviews the results of the condensed interim consolidated financial statements prior to their submission to the Board of Directors for approval.

Aya Gold & Silver Inc.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited, in United States dollars)

	September 30, 2021	December 31, 2020
	$	$
ASSETS		
Current		
Cash and cash equivalents	**85,315,222**	30,533,399
Accounts receivable	**2,263,344**	4,458,337
Sales taxes receivable	**3,996,976**	1,799,148
Inventories (Note 3)	**3,340,765**	1,723,948
Prepaid expenses and security deposits	**491,071**	364,038
Options contracts (Note 19)	**138,379**	-
	95,545,757	38,878,870
Non-current		
Restricted cash (Note 18)	**2,757,241**	2,758,292
Non-refundable deposits to suppliers	**93,417**	46,480
Deposits on purchase of equipment	**1,582,954**	-
Property, plant, and equipment (Note 4)	**26,984,350**	21,802,525
Exploration and evaluation assets (Note 5)	**30,967,291**	8,589,398
TOTAL ASSETS	**157,931,010**	72,075,565
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**12,317,577**	5,358,262
Options contracts (Note 19)	**-**	128,723
Interest and net profit interest payable to a related party (Note 23)	**195,241**	195,133
Income tax payable	**2,195,543**	540,767
Current portion of lease liabilities (Note 8)	**183,403**	134,102
	14,891,764	6,356,987
Non-current		
Lease liabilities (Note 8)	**132,879**	182,224
Balance of purchase price payable (Note 7)	**1,374,662**	1,238,141
Asset retirement obligations (Note 9)	**1,142,494**	1,222,335
Deferred income tax	**1,150,450**	1,149,810
TOTAL LIABILITIES	**18,692,249**	10,149,497
EQUITY		
Share capital (Note 10)	**168,963,126**	95,513,459
Equity reserves	**14,194,307**	14,008,113
Deficit	**(50,805,723)**	(48,487,280)
	132,351,710	61,034,292
Non-controlling interests (Note 24)	**6,887,051**	891,776
TOTAL EQUITY	**139,238,761**	61,926,068
TOTAL LIABILITIES AND EQUITY	**157,931,010**	72,075,565

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

On behalf of the Board,

Benoit La Salle /s/
President, CEO, Director

Yves Grou /s/
Director

Aya Gold & Silver Inc.

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

(Unaudited, in United States dollars)

	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2021	2020	**2021**	2020
	$	$	**$**	$
Revenue from silver sales (Note 14)	**7,862,243**	1,748,191	**26,276,792**	4,314,006
Cost of sales (Note 15)	**4,772,246**	1,516,440	**13,657,931**	4,787,369
Gross margin	**3,089,997**	231,751	**12,618,861**	(473,363)
Expenses				
General and administrative (Note 16)	**1,408,744**	914,606	**3,678,996**	2,409,820
Share-based payments (Note 12)	**663,385**	2,404,283	**3,469,671**	2,404,283
	2,072,129	3,318,889	**7,148,667**	4,814,103
Operating income (loss)	**1,017,868**	(3,087,138)	**5,470,194**	(5,287,466)
Net finance (income) expense (Note 16)	**(659,573)**	(1,504,570)	**496,883**	(2,267,755)
Other expenses	**-**	192,003	**-**	371,886
Net income (loss) before income taxes	**1,677,441**	(1,774,571)	**4,973,311**	(3,391,597)
Income tax expense	**389,629**	9,933	**2,615,136**	23,133
Net income (loss)	**1,287,812**	(1,784,504)	**2,358,175**	(3,414,730)
Net income (loss) attributable to				
Equity holders of Aya Gold & Silver Inc.	**1,010,827**	(1,848,553)	**939,100**	(3,333,647)
Non-controlling interests	**276,985**	64,049	**1,419,075**	(81,083)
Net income (loss)	**1,287,812**	(1,784,504)	**2,358,175**	(3,414,730)
Other comprehensive income (loss)				
Items that will subsequently be reclassified to net (loss) Income:				
Foreign currency translation adjustment	**(2,610,138)**	(167,599)	**(959,061)**	(1,612,990)
Comprehensive (loss) income	**(1,322,326)**	(1,952,103)	**1,399,114**	(5,027,720)
Basic income (loss) per common share (Note 21)	**0.011**	(0.021)	**0.025**	(0.042)
Diluted income (loss) per common share (Note 21)	**0.011**	(0.021)	**0.023**	(0.042)
Weighted average number of shares - basic (Note 21)	**95,677,670**	83,311,321	**96,101,865**	80,829,587
Weighted average number of shares – diluted (Note 21)	**99,060,217**	83,311,321	**100,383,490**	80,829,587

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

Aya Gold & Silver Inc.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited, in United States dollars)

	Share Capital		Equity Reserves					
	Number of issued and outstanding shares	Share capital	Contributed surplus[(a)]	Accumulated other comprehensive income (loss)[(b)]	Equity Reserves	Deficit attributable to equity holders of Aya Gold & Silver Inc.	Non-controlling interests	Total equity
		$	$	$	$	$	$	$
Balance as at December 31, 2020	**92,181,714**	**95,513,459**	**16,155,512**	**(2,147,399)**	**14,008,113**	**(48,487,280)**	**891,776**	**61,926,068**
Issuance of shares for acquisition of Algold (Note 6 & Note 10)	2,820,736	10,076,294	-	-	-	-	-	10,076,294
Exercise of warrants and options (Note 10 & Note 11)	2,846,703	8,171,174	(2,324,416)	-	(2,324,416)	-	-	5,846,758
Share-based payments (Note 12)	-	-	3,469,671	-	3,469,671	-	-	3,469,671
Shares issuance	6,830,000	55,202,199	-	-	-	-	-	55,202,199
Share issue costs	-	-	-	-	-	(3,257,543)	-	(3,257,543)
Non-controlling interest of Algold (Note 24)	-	-	-	-	-	-	4,576,200	4,576,200
	104,679,153	**168,963,126**	**17,300,767**	**(2,147,399)**	**15,153,368**	**(51,744,823)**	**5,467,976**	**137,839,647**
Net income	-	-	-	-	-	939,100	1,419,075	2,358,175
Other comprehensive (loss)	-	-	-	(959,061)	(959,061)	-	-	(959,061)
Comprehensive (loss) income	**-**	**-**	**-**	**(959,061)**	**(959,061)**	**939,100**	**1,419,075**	**1,399,114**
Balance as at September 30, 2021	**104,679,153**	**168,963,126**	**17,300,767**	**(3,106,460)**	**14,194,307**	**(50,805,723)**	**6,887,051**	**139,238,761**
Balance as at December 31, 2019	79,603,320	79,158,411	8,807,702	(3,678,543)	5,129,159	(43,799,620)	394,487	40,882,437
Share issue costs	150,000	219,888	-	-	-	(1,802,513)	-	(1,582,625)
Repurchase of common shares	(59,701)	(44,683)	-	-	-	(7,313)	-	(51,996)
Issuance of units as part of a private offering	12,488,095	16,178,536	3,837,932	-	3,837,932	-	-	20,016,468
Issuance of broker warrants	-	-	593,479	-	593,479	(593,479)	-	-
Share-based payments (Note 12)	-	-	2,404,283	-	2,404,283	-	-	2,404,283
	92,181,714	95,512,152	15,643,396	(3,678,543)	11,964,853	(46,202,925)	394,487	61,668,567
Net (loss)	-	-	-	-	-	(3,333,647)	(81,083)	(3,414,730)
Other comprehensive loss	-	-	-	(1,612,990)	(1,612,990)	-	-	(1,612,990)
Comprehensive loss	-	-	-	(1,612,990)	(1,612,990)	(3,333,647)	(81,083)	(5,027,720)
Balance as at September 30, 2020	92,181,714	95,512,152	15,643,396	(5,291,533)	10,351,863	(49,536,572)	313,404	56,640,847

(a) Contributed surplus reserve records the cumulative amounts of compensation expense recognized under IFRS 2 Share-Based Payments with respect to share purchase options granted, shares purchase warrants, restricted share units and deferred share units issued but not yet exercised.

(b) Accumulated other comprehensive income (loss) reserve records the gains and losses arising from the translation of the Corporation's Financial Statements to the reporting currency.

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

Aya Gold & Silver Inc.
Condensed Interim Consolidated Statement of Cash Flows
(Unaudited, in United States dollars)

	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2021	2020	**2021**	2020
Cash flows provided by (used in)	**$**	$	**$**	$
OPERATING ACTIVITIES				
Net income (loss)	**1,287,812**	(1,784,504)	**2,358,175**	(3,414,730)
Adjustments for non-cash items				
Share-based payments (Note 12)	**663,385**	2,404,283	**3,469,671**	2,404,283
Amortization of property, plant, and equipment (Note 4)	**666,135**	427,841	**2,257,928**	1,190,428
Accretion expense (Note 16)	**59,583**	43,016	**171,832**	87,650
Gain on debt extinguishment	**-**	(520,452)	**-**	(520,452)
Unrealized loss (gain) on foreign exchange	**528,625**	(1,012,212)	**846,535**	(1,492,363)
Cash received from Options contracts	**1,984**	-	**37,689**	-
Changes in working capital items (Note 20)	**2,765,622**	(887,213)	**6,713,365**	(386,038)
	5,973,146	(1,329,241)	**15,855,195**	(2,131,222)
INVESTING ACTIVITIES				
Change of fair value of options contracts	**(294,167)**	-	**(310,343)**	-
Net change in restricted cash	**(45,242)**	(1,027,392)	**2,634**	(1,027,392)
Asset acquisition of Algold (Note 6)	**-**	-	**(3,353,541)**	-
Transaction costs for assets acquisition of Algold (Note 6)	**-**	-	**(198,858)**	-
Payments to suppliers for capital expenditures	**(537,316)**	-	**(1,723,080)**	-
Acquisition of property, plant and equipment (Note 4)	**(2,917,520)**	(59,968)	**(4,901,712)**	(557,130)
Additions to exploration and evaluation assets (Note 5)	**(3,366,974)**	(235,553)	**(7,268,740)**	(590,393)
	(7,161,219)	(1,322,913)	**(17,753,640)**	(2,174,915)
FINANCING ACTIVITIES				
Increase in short term loan	**-**	11,319	**-**	313,904
Repayment of lease liabilities (Note 8)	**(62,482)**	(15,545)	**(145,294)**	(45,039)
Proceeds from exercise of warrants	**1,963,177**	-	**4,831,674**	-
Proceeds from exercise of options	**482,291**	-	**1,015,084**	-
Proceeds from share issuance	**55,202,199**	20,016,468	**55,202,199**	20,016,468
Share issue costs	**(3,257,543)**	(1,582,625)	**(3,257,543)**	(1,582,625)
Repurchase of common shares	**-**	-	**-**	(51,996)
	54,327,642	18,429,617	**57,646,120**	18,650,712
Effect of exchange rate changes on cash in foreign currencies	**(1,911,273)**	(153,372)	**(965,852)**	(931,198)
Net change in cash	**51,228,296**	15,624,091	**54,781,823**	13,413,377
Cash, beginning of period	**34,086,926**	14,410,577	**30,533,399**	16,621,291
Cash, end of period	**85,315,222**	30,034,668	**85,315,222**	30,034,668

Supplemental cash flow information (Note 20)
The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. GENERAL INFORMATION

Aya Gold & Silver Inc. (the "Corporation or "Aya") is a Canadian based precious metals mining corporation which focuses on the exploration, development, production and acquisition of precious metals mining projects. The Corporation is concentrated on producing silver and exploration activities at its flagship project, the Zgounder property. Aya owns 85% of Zgounder Millennium Silver Mine S.A ("ZMSM"), which owns the Zgounder property. The Corporation also owns 85% of the Boumadine polymetallic project and is the sole owner of the permits related to the Amizmiz, Azegour and Imiter Bis properties. All of these properties are located in the Kingdom of Morocco. Following the acquisition of Algold Resources Ltd. ("Algold") completed on June 11, 2021 (Note 6), Aya owns 75% of the Tijirit project located in Mauritania. Aya's registered office is located at 1320 boulevard Graham, suite 132, Mont-Royal, Quebec, Canada, H3P 3C8.

Aya is incorporated under the Canada Business Corporations Act; its financial year-end is December 31 and trades on the Toronto Stock Exchange under the symbol "AYA". All projects other than the Zgounder project are at the exploration and evaluation stage.

As part of the worldwide effort to fight the spread of the COVID-19 virus, Aya has taken necessary and recommended best practices to respond dynamically and proactively to this threat. The Corporation is taking proactive measures to abide by rules and recommendations in the jurisdictions in which it operates or has personnel. As a result, like many other businesses, Aya is adapting procedures to ensure continued development of its operations is minimally impacted. The Corporation has educated employees about COVID-19 symptoms, best practices to avoid contracting and spreading the virus, and procedures to follow if symptoms are experienced.

The Corporation's long-term business could be significantly adversely affected by the effects of the COVID-19 pandemic. The Corporation cannot accurately predict the impact of COVID-19 due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In particular, the continued spread of the COVID-19 virus globally could materially and adversely impact the Corporation's business including and without limitation, employee health, limitations on travel, the availability of industry experts and personnel, on-going restrictions to mining and processing operations and drill programs, availability of spare parts and raw materials and other factors that will depend on future developments beyond the Corporation's control. In addition, the COVID-19 virus could adversely affect the economies and financial markets of many countries (including those in which the Corporation operates), resulting in an economic downturn that could negatively impact the Corporation's operating results and ability to raise capital. As of September, 30, 2021 the Corporation held $85.3 million in cash and cash equivalents and $80.6 million in working capital. The COVID-19 global pandemic is dynamic and given COVID-19 virus cases continue to rise at a significant rate across Morocco and globally, any future restrictions could have a material effect on the Corporation's financial position. Management believes there is sufficient working capital to meet the Corporation's current obligations., however the ultimate duration and severity of the COVID-19 pandemic is uncertain and could impact the financial liquidity of the Corporation if the pandemic would persist. The Corporation may be required to raise additional funds through future debt or equity financings to carry out its business plans.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of measurement

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for:

(i) Option contracts, which are accounted for at fair value;

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Share-based payment arrangements, which are measured at fair value on grant date;

(iii) Asset retirement obligations, which are measured at the discounted estimated cost of future remediation;

(iv) Lease liabilities, which are initially measured at the present value of minimum lease payments; and

(v) Non-controlling interest in the Tijirit property acquired, which is accounted for as described further below.

Statement of compliance

The condensed interim consolidated financial statements of the Corporation for the three-month and nine-month periods ended September 30, 2021 and 2020 have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"). IFRS includes IFRSs, International Accounting Standards ("IAS"), and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2020 which have been prepared in accordance with IFRS.

The Board of directors approved and authorized for issue these condensed interim consolidated financial statements, on November 12, 2021.

Significant accounting judgments and estimates

The preparation of these condensed interim consolidated financial statements requires management to make judgements and estimates that affect the application of accounting policies and reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. In preparing these condensed interim consolidated financial statements, the significant judgments made by management applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those described in the Corporation's audited consolidated financial statements for the year ended December 31, 2020.

Identifying a business acquisition

Management must use its judgment in determining whether a transaction is a business combination or a purchase of assets in accordance with the criteria established in IFRS 3 Business combinations. The acquisition of an asset or a group of assets that constitute a business is accounted for as a business combination and may give rise to goodwill, whereas an asset purchase does not, thereby impacting subsequent amortization expense and/or impairment testing results.

Significant accounting policies

These condensed interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the audited annual consolidated financial statements for the year ended December 31, 2020, except for the followings amendments to accounting policies:

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

New or revised accounting standards or interpretations and modifications to significant accounting policies

Deferred share units

The Deferred Share Unit Plan ("DSU Plan") provides for the payment of directors' compensation with deferred share units ("DSUs"). Each DSU is a right granted by the Corporation to an eligible director to receive an equivalent to the value of one common share on termination of service. DSU payments are ultimately recognized as an expense in the consolidated statements of comprehensive income (loss) as deferred share unit expense. The DSUs can be settled either in cash or equity upon vesting at the discretion of the Corporation. The Corporation intends to settle all DSUs in equity. The number of DSUs to be granted under the DSU Plan is determined by dividing the director's compensation by the volume-weighted average price of the Common Shares on the Exchange for the five trading days immediately preceding the last business day of the fiscal quarter. The Corporation uses the fair value method to recognize compensation expense related to the granting of DSUs.

Restricted share units

The Restricted Share Unit plan (the "RSU Plan") allows the grant to directors, employees, or service providers non-transferable Restricted Share Units ("RSUs") based on the value of the Corporation's share price at volume-weighted average price of the Common Shares on the Toronto Stock Exchange for the five trading days immediately preceding the date of grant. Unless otherwise stated, the awards typically have a vesting schedule over a three-year period and can be settled either in cash or equity upon vesting at the discretion of the Corporation. The Corporation intends to settle all RSUs in equity. The Corporation uses the fair value method to recognize compensation expense related to the granting of RSUs.

Non-controlling interest

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Consolidation, functional and presentation currency

These consolidated financial statements include the accounts of Aya and its subsidiaries. Subsidiaries are entities over which the Corporation has control. The Corporation controls an entity when it has power over the entity, when it is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns. These consolidated financial statements include the accounts of Aya, and its subsidiaries as follows:

Subsidiary	Registered	Ownership, voting Right	Principal activity	Functional Currency
Compagnie Minière Maya-Maroc S.A. ("CMMM")	Morocco	100%	Exploration	Moroccan dirham
Zgounder Millennium Silver Mining S.A. ("ZMSM")	Morocco	85%	Production	Moroccan dirham
Boumadine Global Mining S.A. ("BGM")	Morocco	85%	Exploration	Moroccan dirham
Atlas Gold & Silver S.A.R.L.("AGS")	Morocco	100%	Exploration	Moroccan dirham
Kanosak (Barbados) Limited ("KANOSAK")	Barbados	100%	Exploration	Canadian dollar
Algold Resources Ltd. ("Algold")	Canada	100%	Exploration	Canadian dollar
Algold Mauritania SARL ("ALGOLD SARL")	Mauritania	100%	Exploration	Mauritanian Ouguiya
Société Tijirit Recherche et Exploration SARL ("TIREX")	Mauritania	75%	Exploration	Mauritanian Ouguiya

September 30, 2021 (Unaudited, in United States dollars unless otherwise noted)

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidiaries are fully consolidated from the date on which control is transferred to Aya and are de-consolidated from the date that control ceases. All intercompany transactions, balances, income and expenses are eliminated upon consolidation. Where the Corporation's interest in a subsidiary is less than 100%, the Corporation recognizes non-controlling interests. The functional currency of Aya is the Canadian dollar. The functional currency of the Corporation and its subsidiaries has remained unchanged during the reporting period. The Corporation's reporting currency is the US dollar.

3. INVENTORIES

	September 30, 2021	December 31, 2020
	$	$
Mining supplies	**2,622,024**	1,109,409
Silver bars	**326,878**	297,783
Silver in concentrate	**320,466**	239,302
Silver in circuit	**4,905**	16,324
Ore stockpile	**66,492**	61,130
	3,340,765	1,723,948

For the nine-month period ended September 30, 2021, the Corporation recognized $10,450,196 (2020 - $3,345,687) of inventory costs in the cost of sales for the nine-month period ended September 30, 2021 and $3,480,824 (2020 - $1,189,366) for the three-month period ended September 30, 2021.

4. PROPERTY, PLANT, AND EQUIPMENT

The majority of properties, plant and equipment are located in Morocco and are related to the Zgounder mine. As at September 30, 2021, the Corporation determined that there were no material events or changes in circumstances indicating that the carrying amount of property, plant and equipment related to the Zgounder mine may not be recoverable. As such, no impairment test was performed.

September 30, 2021 (Unaudited, in United States dollars unless otherwise noted)

4. PROPERTY, PLANT, AND EQUIPMENT (continued)

	Exploration and evaluation equipment	Mining and processing equipment	Mining assets in production	Assets under construction	Right of use assets	Total
	$	$	$		$	$
Cost						
Balance at January 1, 2020	330,066	9,433,887	11,513,197	282,240	212,913	21,772,303
Transfers	-	(1,003,404)	1,098,250	(94,846)	-	-
Additions	43,489	119,523	971,448	1,084,264	-	2,218,724
Right-of-use assets	-	-	-	-	527,165	527,165
Asset retirement obligation	-	77,278	-	-	-	77,278
Foreign exchange	(33,964)	652,736	646,258	66,627	(187,467)	1,144,190
Balance at December 31, 2020	339,591	9,280,020	14,229,153	1,338,285	552,611	25,739,660
Additions	206,088	-	2,360,585	2,107,855	227,184	4,901,712
Lease termination	-	-	-	-	(88,848)	(88,848)
Transfers from E&E assets (Note 4)	-	-	2,868,990	-	-	2,868,990
Asset retirement obligation (Note 9)	-	(93,320)	-	-	-	(93,320)
Foreign exchange	(5,035)	(59,265)	(142,594)	(39,881)	(4,899)	(251,674)
Balance at September 30, 2021	540,644	9,127,435	19,316,134	3,406,259	686,048	33,076,520
Depreciation						
Balance at January 1, 2020	33,007	646,153	788,570	-	137,655	1,605,385
Transfers	-	(111,409)	111,409	-	-	-
Amortization	22,772	812,787	1,224,962	-	145,902	2,206,423
Foreign exchange	70,276	81,886	(44,390)	-	17,555	125,327
Balance at December 31, 2020	126,055	1,429,417	2,080,551	-	301,112	3,937,135
Amortization	47,769	976,276	1,192,031	-	41,852	2,257,928
Foreign exchange	(43,863)	(23,613)	(8,443)	-	(26,974)	(102,893)
Balance at September 30, 2021	129,961	2,382,080	3,264,139	-	315,990	6,092,170
Carrying amounts						
At December 31, 2020	213,536	7,850,603	12,148,602	1,338,285	251,499	21,802,525
At September 30, 2021	410,683	6,745,355	16,051,995	3,406,259	370,058	26,984,350

Assets under construction are located in Morocco represent expenditures for the construction and development of assets that will eventually be put into commercial production.

September 30, 2021 (Unaudited, in United States dollars unless otherwise noted)

5. EXPLORATION AND EVALUATION ASSETS

During the nine-month period ended September 30, 2021 and the year ended December 31, 2020, changes in exploration and evaluation assets were as follows:

	September 30, 2021	December 31, 2020
	$	$
Rights on mining properties		
Balance, beginning of the period	**3,482,891**	3,416,672
Additions (Note 6)	**18,276,266**	-
Foreign exchange	**(387,236)**	66,219
Balance, end of the period	**21,371,921**	3,482,891
Deferred exploration and evaluation expenses		
Balance, beginning of the period	**5,106,507**	3,236,091
Additions		
Drilling, Sampling, Geology, and others	**7,369,754**	1,719,333
Foreign exchange	**(11,901)**	151,083
Transfers to property, plant and equipment	**(2,868,990)**	-
Balance, end of the period	**9,595,370**	5,106,507
Total	**30,967,291**	8,589,398

All exploration and evaluation assets are located in Morocco and relate to the Boumadine, Zgounder and Azegour projects except for the Tijirit project located in Mauritania.

During the nine-month period ended September 30, 2021, an amount of $2,868,990 related to Zgounder was transferred to property, plant and equipment since Management determined that this zone has attained the development stage.

IFRS 6 requires management to make an assessment of impairment before exploration and evaluation assets are reclassified to either tangible or intangible assets. In making such an assessment of the potential impairment of the Corporation's exploration and evaluation assets, management has used the fair value less costs to sell model to estimate fair value based on a discounted cash flow technique generated from a detailed life of mine financial model from the Updated Feasibility Study. As part of the impairment testing undertaken as of September 30, 2021, management considered a "base case" calculation of the net present value ("NPV") using the different data parameters and results of the Updated Feasibility Study, including the discount rate of 8% scenario of the Updated Feasibility Study for the project. Following this analysis, management concluded that the exploration and evaluation assets of the Zgounder Project was not impaired as at September 30, 2021 and consequently reclassified $2.9 million to property, plant and equipment.

Zgounder

The rights and exploration expenditures on the property, totalling $7,287,961 as at September 30, 2021 ($3,279,953 as at December 31, 2020) were for geology analysis and prospecting and drilling efforts in order to assess mineral reserves on new zones of the Zgounder mine.

5. EXPLORATION AND EVALUATION ASSETS (continued)

Boumadine project

The rights and exploration expenditures on the property totalling $5,470,467 as at September 30, 2021 ($5,283,831 as at December 31, 2020) were for the acquisition of rights.

ONHYM is entitled to receive a 3% royalty on sales from the Boumadine project. In the event that delays in production are greater than 60 months from the date of the agreement, the Corporation undertakes to pay the seller a delay royalty of 100,000 dirham ($11,031) paid annually until production begins. The timeline of 60 months has not yet begun.

Azegour project

The rights and exploration expenditures on the property, totalled $25,614 as at September 30, 2021 ($25,614 as at December 31, 2020). The property is in early-stage exploration and the Corporation will evaluate the asset as more information is gathered on the prospects of the property.

Tijirit project

The rights and exploration expenditures on the property totalling $18,179,846 as at September 30, 2021 (2020 - $nil) were for the acquisition of rights as well as prospecting and drilling efforts in order to assess mineral reserve. This was constituted of $18,276,266 upon acquisition of assets, $294,219 of additions as at September 30, 2021, and ($387,236) of foreign exchange loss.

The Tijirit permit has been renewed, following the payment of past due applicable fees which have been paid to "Agence Nationale de Recherches Géologiues et du Patrminoine Minier" (ANARPAM), and is valid from November 18, 2020, for a period of 24 months.

(i) Feasibility study needs to be completed within a period of 14 months from the renewal date.

(ii) Begin the commissioning of a production facility at 24 months of the signing date.

The Corporation is currently in discussions with the Ministry of Oil, Mines and Energy of Mauritania to extend the deadlines for point (i) and (ii). The Corporation expects the government to extend the deadline before the expiry date of the permit.

6. PURCHASE OF ASSSETS OF ALGOLD RESOURCES LTD

The Corporation purchased Algold during the second quarter of 2021 as part of Algold's restructuring under the Companies' Creditors Arrangement Act ("CCAA"). On January 11, 2021, the Corporation became the sole secured creditor of Algold by acquiring a secured debt with a balance of $8 million for a consideration of 2,133,333 shares of the Corporation. On January 12, 2021, the Corporation issued 2,133,333 of its shares at C$3.26 for total consideration of $5,457,145 (C$6,959,810).

On February 19, 2021, the Corporation entered into a binding agreement with Algold pursuant to which the Corporation would fund Algold's proposal to its creditors and at closing, would become the sole shareholder of Algold. Under the terms of the investment agreement, the Corporation provided Algold with $80,665 (C$100,000) in cash and C$4,900,000 in the form of the Corporation's shares to fund Algold's proposal to creditors under CCAA. On March 5, 2021, the proposal made by Algold to its creditors was approved.

On June 10, 2021, the Corporation completed the acquisition of Algold and issued 687,403 of its shares at C$8.13 for

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6. PURCHASE OF ASSSETS OF ALGOLD RESOURCES LTD (continued)

total consideration of $4,619,149 (C$5,591,817).

The Corporation now controls 100% of Algold and 75% of the Tijirit gold project, with the remaining 15% owned by the government of Mauritania and 10% by Wafa Mining & Petroleum (“Wafa”). Net assets acquired were accounted for at their fair value with the exception of non-controlling interest, which was accounted for at the proportionate share of the acquiree’s identifiable net assets.

The Corporation advanced $3,272,876 (C$4,121,146) to Algold Resources Ltd. for the debtor-in-possession financing agreement.

Management concluded that Algold does not meet the definition of a business because the assets and activities acquired does not include a substantive process and there are no outputs, consequently the transaction was accounted for as an asset acquisition.

The net assets acquired were as follows:

	$
Recognized amount of identifiable net assets	
Mining rights	18,276,266
Total non-current assets	**18,276,266**
Cash and cash equivalents	371,246
Other current assets	46,449
Total current assets	**417,695**
Accounts payable and accrued liabilities	(489,068)
Non-controlling interest	(4,576,200)
Total liabilities and non-controlling interest	(5,065,268)
Identifiable net assets	13,628,693
Transactions costs incurred	(198,858)
Total value of consideration paid	**13,429,835**
Consideration transferred settled in equity	10,076,294
Consideration transferred settled in cash	3,353,541
Total value of consideration paid	**13,429,835**

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7. BALANCE OF PURCHASE PRICE PAYABLE

	September 30, 2021	December 31, 2020
	$	$
Balance, beginning of the period	**1,238,141**	1,547,415
Accretion expense	**146,911**	126,574
Gain on debt extinguishment	**-**	(520,452)
Foreign exchange	**(10,390)**	84,604
Balance, end of the period	**1,374,662**	1,238,141
Current portion	**-**	-
Non-current portion	**1,374,662**	1,238,141

The Boumadine property is expected to be transferred to Boumadine Global Mining S.A., 85%-owned by the Corporation and 15% by ONHYM, during the year ending December 31, 2021. A non-interest bearing payable in an amount of 15,000,000 MAD ($1,674,450) which relates to past expenses incurred by the seller, became payable when the subsidiary was created. On March 26, 2020, the Corporation and ONHYM agreed to postpone payment of the 15,000,000 MAD to a date not before January 2023. As the terms of the extension were significantly different from the original terms, the extension is considered an extinguishment of the balance of purchase price payable.

The balance of purchase price was measured at the date of modification at fair value, based on discounted cash flows using a discount rate of 16%. The difference between the nominal value of the balance of purchase price of $1,547,415 and its fair value of $1,026,963 was recorded as a gain on debt extinguishment in the year-ended December 31, 2020. Moreover, due to the amendment of the terms, the balance of purchase price payable was reclassified as a non-current liability.

The Corporation has also agreed to undertake a work program beginning three months after the transfer of the property. For the development of the Boumadine property, the Corporation agreed to realize the following actions correspondingly:

(i) Certification of reserves (18 months);
(ii) Testing recovery (6 months);
(iii) Mining development (48 months); and
(iv) Research and exploration (60 months).

A 60-month period of time is needed to carry out the proposed work mentioned above. A new corporation will be created that will be responsible for realizing all work and installations needed to exploit the deposit. As the transfer of the Boumadine property has yet to occur, the timeline has yet to commence.

8. LEASE LIABILITIES

The Corporation leases office space, mining vehicles and dwellings for employees. Theses leases are for a period of one to four years. Certain leases include an option to renew after the end of the contract term and/or provide for payments that are indexed to local inflation rates.

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8. LEASE LIABILITIES (continued)

The movement in lease liabilities during the nine-month period ended September 30, 2021 and the year ended December 31, 2020 is comprised of the following:

	September 30, 2021	December 31, 2020
	$	$
Balance, beginning of the period	**316,326**	77,974
Additions	**227,184**	308,397
Terminations	**(88,848)**	-
Accretion	**11,797**	6,862
Repayments	**(145,294)**	(93,176)
Foreign exchange loss (gain)	**(4,883)**	16,269
Balance, end of the period	**316,282**	316,326
Current portion	**183,403**	134,102
Long-term portion	**132,879**	182,224

The undiscounted minimum lease payments on lease liabilities for the forthcoming years are as follows:

	$
2021 (three months)	50,349
2022	186,757
2023	74,333
2024	18,588
Total minimum payments	**330,027**
Less interest	(13,745)
Total minimum capital payments	316,282

The Corporation's weighted average incremental borrowing rate is 4.06%.

9. ASSET RETIREMENT OBLIGATIONS

The asset retirement obligations represent legal and contractual obligations associated with the eventual dismantling of the Corporation's assets. The laws and regulations are continually changing and are generally becoming more restrictive. The Corporation conducts its operations to protect public health and the environment. As at September 30, 2021, the estimated inflation-adjusted discounted cash flows required to settle the asset obligations amounts to $1,142,494 ($1,222,335 in 2020). The discount rate used is 1.61% (1.70% in 2020) and the disbursements are expected to be in 2028. The estimated undiscounted value of this liability was estimated using an expected value approach which combines probability weighted outcomes for a variety of different scenarios and taking into consideration a normal inflation rate over time until 2028, for costs varying from $1,125,000 to $1,350,000.

September 30, 2021 (Unaudited, in United States dollars unless otherwise noted)

9. ASSET RETIREMENT OBLIGATIONS (continued)

	September 30, 2021	December 31, 2020
	$	$
Balance, beginning of the period	**1,222,335**	1,129,012
Foreign exchange	**410**	8,874
Change in assumptions used	**(93,320)**	77,278
Accretion expense	**13,069**	7,171
Balance, end of the period	**1,142,494**	1,222,335

10. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value.

Common Shares

As at September 30, 2021, the Corporation had 104,679,153 issued and outstanding common shares (December 31, 2020 - 92,181,714).

Transactions during the nine-month period ended September 30, 2021:

- A total of 604,187 share-purchase warrants were exercised for a strike price of C$2.29 for total proceeds of C$1,383,588 ($1,101,811) and an ascribed value reclassification of C$777,560 ($619,205) from contributed surplus to share capital.
- A total of 1,415,850 share purchase warrants were exercised for a strike price of C$3.30 for total proceeds of C$4,672,305 ($3,729,863) and an ascribed value reclassification of C$1,140,188 ($910,203) from contributed surplus to share capital.
- A total of 786,666 share purchase options were exercised for a strike price of C$1.43 for total proceeds of C$1,124,932 ($909,913) and an ascribed value reclassification of C$924,954 ($748,159) from contributed surplus to share capital.
- A total of 40,000 share purchase options were exercised for a strike price of C$3.30 for total proceeds of C$132,000 ($105,171) and an ascribed value reclassification of C$58,800 ($46,849) from contributed surplus to share capital.
- A total of 2,820,736 common shares were issued for the purchase of Algold Resources Ltd. for total consideration of C$12,551,627 ($10,076,294).
- On September 15, 2021, the Corporation closed its bought deal financing and issued 6,830,000 common shares for total consideration of C$70,007,500 ($55,202,199).

During the period in which the warrants and options were exercised, the minimum market share price of the Corporation’s shares was C$4.07 ($3.22) while the maximum was C$11.60 ($9.19).

11. SHARE PURCHASE WARRANTS

The outstanding share purchase warrants as at September 30, 2021 and December 31, 2020 and the respective changes during the period are summarized as follows:

	Nine-month period ended September 30, 2021		Year ended December 31, 2020	
	Number	C$ (1)	Number	C$ (1)
Balance, beginning of the period	6,848,235	3.21	-	-
Exercised	(2,030,037)	3.00	-	-
Issued	-	-	6,848,235	3.21
Balance exercisable, end of the period	4,828,198	3.30	6,848,235	3.21

(1) Weighted average exercise price in Canadian dollars.

The number of outstanding share purchase warrants that could be exercised for an equal number of common shares is as follows:

		Nine-month period ended September 30, 2021
Expiry Date	Number	Exercise Price C$
September 3, 2023	4,828,198	3.30
Balance exercisable, end of the period	4,828,198	3.30

12. SHARE-BASED PAYMENTS

Share purchase options

On June 10, 2021 the Corporation adopted amendments to its incentive share purchase option plan (the “Plan”) which provides that the Board of Directors of the Corporation may, from time to time, in its discretion, and in accordance with the TSX policies, grant to directors, officers, employees and consultants to the Corporation, non-transferable share purchase options to purchase common shares of the Corporation, provided that the number of common shares issuable under the Plan, combined with the number of common shares issuable under all share compensation arrangements, shall not exceed 10% of the outstanding common shares as at the date of any grant of options. The vesting period for the share purchase options is determined at the discretion of the Corporation’s Board of Directors at the time the share purchase options are granted. The outstanding share purchase options as at September 30, 2021 and as at December 31, 2020 and the respective changes during the period then years ended are summarized as follows:

	Nine-month period ended September 30, 2021		Year ended December 31, 2020	
	Number	C$ (2)	Number	C$ (2)
Balance, beginning of the period	6,195,000	1.69	890,000	2.92
Granted	783,000	6.25	5,305,000	1.43
Exercised	(826,666)	1.52	-	-
Balance, end of the period	6,151,334	2.29	6,195,000	1.69
Exercisable	4,079,324	2.11	3,094,997	1.95

12. SHARE-BASED PAYMENTS (continued)

The following table reflects the share purchase options that could be exercisable for an equal number of common shares:

			September 30, 2021
	Number outstanding	**Number exercisable**	**Exercise price C$ (2)**
January 24, 2023	50,000	50,000	2.00
May 4, 2023	800,000	800,000	3.30
July 1, 2030	4,518,668	2,968,331	1.43
March 3, 2031	383,000	127,661	4.75
May 12, 2031	400,000	133,332	7.69
	6,151,334	4,079,324	

(2) Weighted average exercise price in Canadian dollar.

The fair value of share purchase options granted was determined using Black & Scholes valuation model based on the following weighted average assumptions:

	Nine-month period ended September 30, 2021	Year ended December 31, 2020
Weighted average fair value of awards	**C$3.92 - C$6.37**	C$1.18
Unvested forfeiture rate	**0%**	0%
Grant option price	**C$4.75 - C$7.69**	C$1.43
Market share price	**C$4.75 - C$7.69**	C$1.43
Volatility	**83.31% - 83.54%**	84.26%
Risk-free rate	**1.40% - 1.58%**	0.56%
Dividend yield	**0%**	0%
Expected life	**10**	10

A share-based payment expense of $591,616 and $3,105,833 was recognized during the three-month and nine-month periods ended September 30, 2021 respectively ($2,404,283 from the three-month and nine-month periods ended September 30, 2020). The expected underlying volatility was based on the historical data of the Corporation's shares over a period equivalent to the expected average life of the options**.**

Restricted share units

In February 2021, the Corporation adopted a RSU Plan to reward certain employees, officers and directors of the Corporation (the "Participants"), which was approved by its shareholders at the Corporation's Annual and Special Meeting of Shareholders on June 10, 2021. The RSU Plan provides for a maximum number of common shares available and reserved for issuance to 10% of the Corporation's issued and outstanding common shares, less any shares reserved for issuance under the Plan and the DSU Plan. The RSUs are time-based awards and all the amount of RSUs granted will vest upon the continuous employment of the Participants on the third anniversaries of the RSU grant, starting from the date of the grant or such other period not exceeding three years determined by the Board of Directors.

12. SHARE-BASED PAYMENTS (continued)

Pursuant to the terms of the RSU Plan, Participants will receive, upon vesting of the RSUs, common shares of the Corporation issued from treasury. The outstanding RSU's as at September 30, 2021 are as follows:

	Nine-month period ended September 30, 2021		Year ended December 31, 2020	
	Number	C$(3)	Number	C$
Balance, beginning of the period	-	-	-	-
Granted	133,503	8.44	-	-
Canceled	(1,684)	7.48		
Balance, end of the period	131,809	8.44	-	-
Exercisable	-	-	-	-

(3) Weighted average fair value in Canadian dollars.

A share-based compensation payment of $71,769 and $163,189 was recognized during the three-month and nine-month periods ended September 30, 2021 (2020 - $nil).

Deferred share units

In February 2021, the Corporation adopted a DSU Plan for the payment of directors' compensation with DSU, which was approved by its shareholders at the Corporation's Annual and Special Meeting of Shareholders on June 10, 2021. The DSU Plan provides for a maximum number of common shares available and reserved for issuance to 10% of the Corporation's issued and outstanding common shares, less any shares reserved for issuance under the Plan and the RSU Plan. The DSUs are time-based awards and all the amount of DSUs granted will vest on termination of service.

Pursuant to the terms of the DSU Plan, Directors will receive, upon vesting of the DSUs, common shares of the Corporation issued from treasury. The outstanding DSU's as at September 30, 2021 are as follows:

	Nine-month period ended September 30, 2021		Year ended December 31, 2020	
	Number	C$(4)	Number	C$
Balance, beginning of the period	-	-	-	-
Granted	29,472	8.44	-	-
Balance, end of the period	29,472	8.44	-	-
Exercisable	-	-	-	-

(4) Weighted average fair value in Canadian dollars.

A share-based compensation payment of $nil and $200,649 was recognized during the three-month and nine-month periods ended September 30, 2021 (2020 - $nil).

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13. SEGMENTED INFORMATION

All of the Corporation's operations are within the mining industry and its major products are precious metals ingots and concentrate which are refined or smelted into pure silver and sold to global metal brokers. A reporting segment is defined as a component of the Corporation that:

- engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's executive management; and
- for which discrete financial information is available.

For the three-month and nine-month periods ended September 30, 2021, the Corporation's reporting segments include the production segment, with its Zgounder silver project in Morocco, as a significant reporting segment. All other properties are segmented in the "non-producing properties" category (i.e. referred to as Exploration, evaluation and development segment) for the periods ended September 30, 2021 and December 31, 2020. The "Others" segment consists primarily of the Corporation's corporate assets including cash and cash equivalents, intercompany eliminations, and corporate expenses which are not allocated to operating segments.

Management evaluates segment performance based on mine operating earnings. Therefore, other income and expense items are not allocated to the segments. Significant information relating to the Corporation's reportable operating segments is summarized in the tables below:

			September 30, 2021
	Total non-current assets	**Total assets**	**Total liabilities**
	$	$	$
Production (Zgounder Silver Mine - Morocco)	28,134,465	45,226,892	13,099,334
Exploration, evaluation, and development (Morocco)	12,784,042	12,784,042	793,707
Exploration, evaluation, and development (Mauritania)	18,179,846	18,356,018	363,651
Corporate	3,283,497	81,560,655	4,982,524
Total per consolidated statement of financial position	**62,381,850**	**157,927,607**	**19,239,216**

			December 31, 2020
	Total non-current assets	**Total assets**	**Total liabilities**
	$	$	$
Production (Zgounder Silver Mine - Morocco)	22,126,643	33,551,586	6,524,729
Exploration, evaluation, and development (Morocco)	8,589,398	8,589,398	1,773,589
Corporate	2,480,654	29,934,581	1,851,179
Total per consolidated statement of financial position	**33,196,695**	**72,075,565**	**10,149,497**

September 30, 2021 (Unaudited, in United States dollars unless otherwise noted)

13. SEGMENTED INFORMATION (continued)

Three months ended September 30, 2021 and 2020		Revenue	Cost of sales	G&A expenses	Operating income (loss)
Production (Zgounder Silver Mine-Morocco**)**	**2021**	**7,862,243**	**4,772,246**	**-**	**3,089,997**
	2020	1,748,191	1,516,440	(275,346)	507,097
Exploration	**2021**	**-**	**-**	**-**	**-**
	2020	-	-	41,499	(41,499)
Corporate	**2021**	**-**	**-**	**2,072,129**	**(2,072,129)**
	2020	-	-	3,552,736	(3,552,736)
Consolidated	**2021**	**7,862,243**	**4,772,246**	**2,072,129**	**1,017,868**
	2020	1,748,191	1,516,440	3,318,889	(3,087,138)

Nine months ended September 30, 2021 and 2020		Revenue	Cost of sales	G&A expenses	Operating income (loss)
Production (Zgounder Silver Mine-Morocco**)**	**2021**	**26,276,792**	**13,657,931**	**-**	**12,618,861**
	2020	4,314,006	4,787,369	-	(473,363)
Exploration	**2021**	**-**	**-**	**-**	**-**
	2020	-	-	-	-
Corporate	**2021**	**-**	**-**	**7,148,667**	**(7,148,667)**
	2020	-	-	4,814,103	(4,814,103)
Consolidated	**2021**	**26,276,792**	**13,657,931**	**7,148,667**	**5,470,194**
	2020	4,314,006	4,787,369	4,814,103	(5,287,466)

14. ADDITIONAL INFORMATION ON THE NATURE OF REVENUE FROM SILVER SALES

The following is a breakdown of the nature of revenue included in silver sales for the three-month and nine-month periods ended September 30, 2021 and September 30, 2020:

Revenue from sales	**Three-month periods ended September 30,**		**Nine-month periods ended September 30,**	
	2021	2020	**2021**	2020
	$	$	**$**	$
Ingots	**4,341,190**	1,749,582	**12,837,227**	4,142,072
Silver concentrate	**4,024,395**	17,733	**15,222,257**	235,396
Less: treatment, smelting, and refining costs	**(503,342)**	(19,124)	**(1,782,692)**	(63,462)
	7,862,243	1,748,191	**26,276,792**	4,314,006

The Corporation's sales are with two clients (2020 – two clients) located in Switzerland.

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15. ADDITIONAL INFORMATION ON THE NATURE OF COST OF SALES

The following is a breakdown of the nature of cost of sales for the three-month and nine-month periods ended September 30, 2021 and September 30, 2020:

Cost of sales	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2021	2020	**2021**	2020
	$	$	**$**	$
Consumables, supplies, services, and other expenses	**3,775,475**	926,250	**10,241,080**	2,087,924
Freight outbound	**125,621**	109,903	**367,320**	321,959
Inventory write-down	**-**	-	**-**	1,057,638
Royalties	**205,015**	52,446	**791,603**	129,420
Amortization (Note 4)	**666,135**	427,841	**2,257,928**	1,190,428
	4,772,246	1,516,440	**13,657,931**	4,787,369

16. ADDITIONAL INFORMATION ON THE NATURE OF COMPREHENSIVE (LOSS) INCOME COMPONENTS

The following is a breakdown of the nature of expenses included in general and administrative expenses and finance expense for the three-month and nine-month periods ended September 30, 2021 and September 30, 2020:

General and administrative expenses	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2021	2020	**2021**	2020
	$	$	**$**	$
Salaries and benefits	**354,845**	278,452	**1,104,930**	778,607
Consulting fees	**454,989**	379,568	**1,080,467**	481,539
Investor relations	**163,923**	118,336	**339,660**	184,675
Office	**186,194**	37,177	**339,037**	114,626
Professional fees	**201,424**	84,371	**699,857**	774,437
Reporting issuer costs	**47,369**	16,702	**115,045**	75,936
	1,408,744	914,606	**3,678,996**	2,409,820

Finance (income) expense	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2021	2020	**2021**	2020
	$	$	**$**	$
Fair value adjustment on options contracts	**(294,167)**	-	**(310,343)**	-
Interest income	**(36,345)**	(24,149)	**(119,910)**	(352,230)
Loss (gain) on foreign exchange	**(388,644)**	(1,015,555)	**755,304**	(1,494,634)
Gain on debt extinguishment	**-**	(520,452)	**-**	(520,452)
Accretion expense	**59,583**	55,586	**171,832**	99,561
	(659,573)	(1,504,570)	**496,883**	(2,267,755)

September 30, 2021 (Unaudited, in United States dollars unless otherwise noted)

Expenses recognized for employee benefits	**Three-month periods ended September 30,**		**Nine-month periods ended September 30,**	
	2021	2020	**2021**	2020
	$	$	**$**	$
Salaries and bonuses	**1,676,106**	699,794	**3,814,073**	1,819,782
Fringe benefits costs	**248,862**	112,514	**1,009,418**	241,197
Post-employment benefits and short-erm employee benefits	**41,641**	17,642	**106,578**	56,030
Post-employment benefits from government plans	**38,177**	17,982	**97,202**	51,473
Share-based payments (Note 12)	**663,385**	2,404,283	**3,469,671**	2,404,283
	2,668,171	3,252,215	**8,496,942**	4,572,765

17. CAPITAL MANAGEMENT

The Corporation defines capital as equity. When managing capital, the Corporation's objectives are:

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

These objectives will be achieved by effectively operating our assets efficiently, 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 to support the operation, 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 September 30, 2021, managed capital is $139,238,761 ($61,926,068 as at December 31, 2020) representing total equity before non-controlling interest. 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 during the nine-month period ended September 30, 2021.

18. FINANCIAL RISK MANAGEMENT

The Corporation is exposed to various financial risks resulting from both its operations and its investment activities. There were no changes to the financial objectives, policies and processes during the three-month and nine-month periods ended September 30, 2021 and the year ended December 31, 2020. The Corporation's main financial risks exposure and its financial risks management policies are as follows:

Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instrument fails to meet its contractual obligations. The Corporation's financial assets exposed to credit risk are primarily composed of cash and cash equivalents, accounts receivable and options contracts. The Corporation's cash is mostly held with reputable Canadian or Moroccan banks.

Credit risk arises from the possibility that the clients which the Corporation sells its product to may experience financial difficulties and be unable to fulfil their obligations. The Corporation requires that it is paid the majority of what it is owed on transfer of property and deals with creditworthy counterparties to mitigate the risk of financial loss from defaults. The Corporation monitors the credit risk of customers through credit rating reviews and constant communication with

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18. FINANCIAL RISK MANAGEMENT (continued)

customers. The Corporation establishes an allowance for doubtful accounts taking into account the credit risk of specific customers, historical trends and other information. As at September 30, 2021 and the year-ended December 31, 2020, the Corporation sells its ingots and silver concentrated ore to a limited number of large customers and has never experienced a credit loss. Consequently, credit risk is considered to be immaterial. In management's opinion, the maximum credit risk exposure for all of the Corporation's current financial assets is the carrying value of those assets.

Commodity price risk

The Corporation's profitability is exposed to commercial risks notably those linked to the price of silver. The Corporation does not have financial instruments to hedge exposures to silver price fluctuations.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's liquidity and operating results may be adversely affected if the Corporation's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters

specific to the Corporation. Over the years, the Corporation generates cash flow from its financing activities and from the sales realized at the Zgounder mine.

The following are the contractual maturities of financial liabilities and other liabilities, including interest where applicable as at September 30, 2021:

	Carrying Amount	Contractual cash flows	0-12 months	12-24 months	More than 24 months
	$	$	$	$	$
Accounts payable & accrued liabilities (except salaries and employee benefits)	12,317,577	12,317,577	12,317,577	-	-
Interest and net profit interest due to a related party (Note 22 & Note 23)	195,241	195,241	195,241	-	-
Balance of purchase price payable (Note 7)	1,374,662	1,654,752	-	-	1,654,752
Lease liabilities (Note 8)	316,282	316,282	183,404	109,692	23,186
	14,203,762	14,483,852	12,696,222	109,692	1,677,938

The following are the contractual maturities of financial liabilities as at December 31, 2020:

	Carrying Amount	Contractual cash flows	0-12 months	12-24 months	More than 24 months
	$	$	$	$	$
Accounts payable & accrued liabilities (except salaries and employee benefits)	5,358,262	5,358,262	5,358,262	-	-
Interest and net profit interest due to a related party (Note 22 & Note 23)	195,133	195,133	195,133	-	-
Balance of purchase price payable (Note 7)	1,238,141	1,665,825	-	-	1,665,825
Options contacts	128,723	128,723	128,723	-	-
Lease liabilities (Note 8)	316,326	316,326	134,102	97,966	84,258
	7,236,585	7,664,269	5,816,220	97,966	1,750,083

18. FINANCIAL RISK MANAGEMENT (continued)

Currency risk

In the normal course of operations, the Corporation is exposed to currency risk due to business transactions in foreign countries denominated in a currency other than the functional currency of each entity in the group, being the Canadian dollar for all the entities within the consolidated group except for CMMM, ZMSM, BGM and AGS for which the functional currency is the Moroccan dirham and for TIREX and ALGOLD SARL for which the functional currency is the Mauritanian Ouguiya. Transactions related to the Corporation's exploration and evaluation activities are mainly denominated in Moroccan dirham. Foreign currency denominated financial assets and liabilities which expose the Corporation to currency risk are presented below.

The Corporation enters into put option contracts to mitigate the risk of fluctuations in the exchange rate of its holdings of US currencies. Changes in the fair value of the contracts and the corresponding gains or losses are recorded quarterly and are included in the fair value adjustment on option contracts on the consolidated statement of comprehensive income (loss). The Corporation's management strategy is to reduce the risk of fluctuations associated with foreign exchange rate changes. The foreign currency option contracts are held to maturity and are either exercised for a net loss or expire at no obligation to the Corporation.

The fair value of option contracts, which represents the amount that would be received/(paid) by the Corporation if the contracts were terminated at September 30, 2021 was $138,379 (($128,723) as at December 31, 2020). As a September 30, 2021 the Corporation had cash collateral balances related to option contracts being held of $2,481,449 ($2,510,233 as at December 31, 2020). They are reflected as restricted cash in escrow in the condensed interim consolidated statement of financial position.

Balances are dominated in US dollars, the presentation currency of the Corporation:

September 30, 2021	**USD**	**MAD**	**Total**
	$	**$**	**$**
Cash and cash equivalents	14,379,678	-	14,379,678
Accounts receivable	2,151,450	-	2,151,450
Accounts payable and accrued liabilities	(816,184)	-	(816,184)
Interest & net profit interest due to a related party (Note 22 & Note 23)	-	(195,241)	(195,241)
Balance of purchase price payable (Note 7)	-	(1,374,662)	(1,374,662)
	15,714,944	(1,569,903)	14,145,041

December 31, 2020	**USD**	**MAD**	**Total**
	$	**$**	**$**
Cash and cash equivalents	9,510,480	-	9,510,480
Accounts receivable	4,426,619	-	4,426,619
Accounts payable and accrued liabilities	(173,534)	-	(173,534)
Interest & net profit interest due to a related party (Note 22 & Note 23)	-	(195,133)	(195,133)
Balance of purchase price payable (Note 7)	-	(1,238,141)	(1,238,141)
	13,763,565	(1,433,274)	12,330,291

19. FINANCIAL INSTRUMENTS

The impact on net earnings and equity of a 10% increase or decrease in foreign currencies on the Corporation's financial instruments based on balances on September 30, 2021 would be approximately $1,415,000 ($1,233,000 as December 31, 2020).

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19. FINANCIAL INSTRUMENTS (continued)

The classification of financial instruments is summarized as follows, as at September 30, 2021:

Financial Assets	Classification	September 30, 2021	December 31, 2020
	$	$	$
Cash and cash equivalents	Financial assets at amortized cost	**85,315,222**	30,533,399
Accounts receivable	Financial assets at amortized cost	**2,263,344**	4,458,337
Restricted cash	Financial assets at amortized cost	**2,757,241**	2,758,292
		90,335,807	37,750,028

Financial Liabilities	Classification	September 30, 2021	December 31, 2020
	$	$	$
Accounts payable and accrued liabilities	Financial liabilities at amortized cost	**10,360,306**	4,124,440
Balance of purchase price payable (Note 7)	Financial liabilities at amortized cost	**1,374,662**	1,238,141
Interest and net profit interest due to a related party (Note 22 & Note 23)	Financial liabilities at amortized cost	**195,241**	195,133
		11,930,209	5,557,714

Financial Assets (Liabilities)	Classification	September 30, 2021	December 31, 2020
	$		
Option contracts	Fair value through profit & loss	**138,379**	(128,723)
		138,379	(128,723)

Fair value of financial instruments

Current financial instruments that are not measured at fair value are represented by cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities (except salaries and employee benefits), and interest and net profit interest payable to a related party. Their carrying values are considered to be a reasonable approximation of their fair value because of their short-term maturity and /or contractual terms of these instruments. The fair value of the balance of purchase price for the acquisition of the Boumadine property is a reasonable approximation of its fair value as it is discounted using the effective interest rate, which approximate current rate that could be obtained with similar terms and credit risk.

Foreign currency options contracts

Foreign currency options contracts are recognized on the Corporation's consolidated statement of financial position when the Corporation becomes party to the contractual provisions of the instrument. The instrument is derecognized from the consolidated statement of financial position when the contractual rights or obligations arising from that instrument expire or are extinguished. Forward currency contracts are recognized at Fair Value through profit and loss. The variation of fair value is in the consolidated statement of comprehensive income. The premium at inception is accounted for against the fair value of the instrument at each reporting date.

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19. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following table classifies financial assets and liabilities that are recognized on the consolidated statement of financial position at fair value in a hierarchy that is based on significance of the inputs used in making the measurements. The levels in the hierarchy are:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data.

As at September 30, 2021, the following represents the classification of fair value instruments:

	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Option contracts	**-**	**138,379**	**-**	**138,379**

The Corporation's foreign currency option contracts are not traded in active markets. The fair value of these instruments has been determined using observable forward exchange rates. The effects of non-observable inputs are not significant for foreign contract positions.

20. SUPPLEMENTAL CASH FLOW INFORMATION

	Three-month periods ended September 30,		**Nine-month periods ended September 30,**	
	2021	2020	**2021**	2020
	$	$	**$**	$
Accounts receivable	**405,534**	61,557	**1,865,731**	77,138
Sales tax receivable	**(1,254,029)**	(155,857)	**(2,236,316)**	(131,713)
Inventories	**(29,653)**	(403,439)	**(1,644,903)**	12,080
Prepaid expenses and security deposits	**(500,369)**	(53,959)	**(129,110)**	(59,579)
Accounts payable and accruals	**3,467,377**	(281,988)	**7,081,376**	(258,030)
Interest and net profit interest payable to a related party	**-**	(46,392)	**-**	-
Income tax payable	**555,566**	-	**1,684,215**	-
Non-refundable deposits to suppliers	**121,196**	(7,135)	**92,372**	(25,934)
	2,765,622	(887,213)	**6,713,365**	(386,038)

21. EARNINGS (LOSS) PER COMMON SHARE

Basic earnings or loss per share is the net earnings or loss available to common shareholders divided by the weighted average number of common shares outstanding during the period. Diluted net earnings or loss per share adjusts basic net earnings per share for the effects of potential dilutive common shares such as options and warrants. The calculations for basic and diluted earnings per share for the nine-month periods ended September 30, 2021 and September 30, 2020 are as follows:

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21. EARNINGS (LOSS) PER COMMON SHARE (continued)

	Three-month periods ended September 30,		**Nine-month periods ended September 30,**	
	2021	2020	**2021**	2020
	$	$	**$**	$
Net earnings (loss)	**1,321,717**	(1,630,226)	**2,358,175**	(3,414,730)
Weighted average number of shares – basic	**95,677,670**	80,829,587	**96,101,865**	80,829,587
Impact of dilutive securities				
Regular warrants	**1,621,252**	-	**2,192,423**	-
Stock options, RSU's and DSU's	**1,761,295**	-	**2,089,202**	-
Weighted average number of shares – diluted	**99,060,217**	80,829,587	**100,383,490**	80,829,587
Earnings per share – basic	**0.011**	(0.020)	**0.025**	(0.042)
Earnings per share – diluted	**0.011**	(0.020)	**0.023**	(0.042)

22. COMMITMENTS AND GUARANTEES

The Corporation has the following commitments regarding its properties:

Royalties

As per terms of property purchase agreements, the Corporation is also 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 (a private Moroccan company) on revenue from the Azegour property;
- 3.0% royalty to ONHYM on revenue from the Zgounder property or 1,839,291 dirhams ($205,015) and 7,070,197 dirhams ($791,603) for the three-month and nine-month periods ended September 30, 2021 (487,699 dirhams ($52,446) and 1,232,523 dirhams ($129,420) for the three-month and nine-month periods ended September 30, 2020); and
- 3.0% royalty to ONHYM on revenue from the Boumadine property.

Tijirit commitments

The Tijirit project has the following commitments associated with the project:

- C$1,500,000 to Endeavour Mining, payable upon achieving a NI-43-101 compliant mineral reserve of 1,000,000 ounces of gold;
- $2,000,000 to ANARPAM at the commencement of production.

In addition, the Corporation is also committed to pay the following royalties and annual payments for the Tijirit project:

- Between 4.0%-6.5% royalty to the government of Mauritania depending on the price of gold. For production above 50,000 ounces, an additional 0.25% royalty, on top of the above-mentioned royalties, for every additional 100,000 ounces;

22. COMMITMENTS AND GUARANTEES (continued)

- 1.5% NSR to Osisko Gold Royalties which is 50% purchasable by the Corporation; and
- $100,000 to ANARPAM on production of up to 30,000 ounces of gold and an additional $1 per ounce produced on production between 30,001 - 300,000 ounces of gold.

Net profit interest

In 2013, the Corporation entered into a net-profit interest (“NPI”) agreement with Global Works, Assistance and Trading S.A.R.L. (“Glowat”), a related party to the previous CEO and director of the Corporation, equal to 5% of the gross revenues generated from the operations of the Zgounder silver mine, less mining and milling costs. The agreement is subject to a dispute following the departure of the former CEO.

23. RELATED PARTY TRANSACTIONS

During the three and nine-month periods ended September 30, 2021 and 2020 and the year ended December 31, 2020 the following related party transactions occurred in the normal course of operations:

- Legal fees to Lavery de Billy, L.L.P., a firm of which a former director of the Corporation is a partner, of $nil ($764 and $98,743 for the three and nine-month periods ended September 30, 2020, respectively). As at September 30, 2021, $nil (December 31, 2020 – $1,479) was due to that firm;
- Accounting consulting fees to ATP Inc., a firm of which a former director and interim CFO of the Corporation is a partner, of $nil ($511 and $65,967 for the three and nine-month periods ended September 30, 2020, respectively). As at September 30, 2021, $nil (December 31, 2020 - $80,527) was due to that firm;
- A net profit interest to Glowat, a private company owned by a party related to a former officer and director of the Corporation, of $nil. As at September 30, 2021, $195,241 (December 31, 2020 - $195,133) was due to Glowat;
- General and administrative fees to SRG Mining Inc., a public company where the Corporation's Chief Executive Officer is also the Director and Executive Chairman of the Board, of $2,484 and $6,660, respectively ($1,451 and $1,836 for the three and nine-month periods ended September 30, 2020, respectively) and management and consulting fees amounting to $nil ($34,788 and $ 69,186 for the three and nine-month periods ended September 30, 2020, respectively). As at September 30, 2021, $nil (December 31, 2020 - $693) was due to that company;
- Management and consulting fees to SRG Guinee S.A.R.L., a wholly owned subsidiary of SRG Mining Inc, of $19,471 and $47,291, respectively ($nil for the three and nine-month periods ended September 30, 2020) and exploration and evaluation fees amounting to $12,077 and $34,745, respectively ($nil for the three and nine-month periods ended September 30, 2020). As at September 30, 2021, $nil (December 31, 2020 - $693) was due to that company;
- General and administrative fees to Sama Resources Inc. a public company where the Corporation's Chief Executive Officer is also the Director and Chairman of the Board of $11,989 and $11,989, respectively ($nil for the three and nine-month periods ended September 30, 2020). As at September 30, 2021, $13,541 (December 31, 2020 - $nil) was due to that company;
- Management and consulting fees to Groupe Conseils Grou, La Salle Inc., a company owned by the President and Chief Executive Officer and a Director of $188,756 and $411,728, respectively ($142,757 and $180,931 for the three and nine-month periods ended September 30, 2020, respectively) and general and administrative fees of $11,787 and $35,587, respectively ($3,639 and $14,626 for the three and nine-month periods ended September 30, 2020, respectively). As at September 30, 2021, $206,200

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23. RELATED PARTY TRANSACTIONS (continued)

(December 31, 2020 - $190,953) was due to that company;

- Management and consulting fees to TMR Advisory Inc., a company of which an officer of the Corporation is the sole owner of $20,089 and $90,026, respectively ($33,370 and $44,677 for the three and nine-month periods ended September 30, 2020, respectively). As at September 30, 2021, $36,726 (December 31, 2020 - $19,043) was due to that company.

Remuneration of key management personnel of the Corporation

Key management included members of the Board of Directors and executive officers of the Corporation. During the three-month and nine-month periods ended September 30, 2021 and 2020, the remuneration awarded to key management personnel (including the amounts above) is as follows:

	Three-month periods ended September 30,		**Nine-month periods ended September 30,**	
	2021	2020	**2021**	2020
	$	$	**$**	$
Salaries and benefits	**152,633**	63,705	**307,854**	454,491
Management consulting and professional fees	**208,845**	177,402	**501,754**	390,318
Director fees	**72,283**	77,024	**223,627**	96,826
Share based payments	**260,550**	1,623,996	**1,593,535**	1,623,996
Cost of sales	**60,331**	-	**184,797**	-
Exploration and evaluation assets	**29,954**	-	**36,301**	-
	784,596	1,942,127	**2,847,868**	2,565,631

As at September 30, 2021, $392,590 (December 31, 2020 - $405,451) is included in accounts payable and accrued liabilities related to the former CEO's severance. As at September 30, 2021, $185,719 (December 31, 2020 - $107,510) in directors' fees are unpaid.

24. NON-CONTROLLING INTEREST

The Corporation's condensed interim consolidated financial statements include three subsidiaries, ZMSM, BGM, and TIREX, with material non-controlling interests ("NCI").

ONHYM has 15% non-dilutive participation in BGM and a 15% dilutive interest in ZMSM. ANARPAM has 15% non-dilutive participation in TIREX and WAFA has a 10% dilutive participation in TIREX.

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24. NON-CONTROLLING INTEREST (continued)

The Corporation had the following NCIs for the nine-month period ended September 30, 2021 and the year-ended December 31, 2020:

	Proportion of ownership interest and voting rights held by NCI		**Total comprehensive income allocated to NCI**		**Accumulated NCI**	
	2021	2020	**2021**	2020	**2021**	2020
	%	%	**$**	$	**$**	$
BGM	**15.00**	**15.00**	**(1,430)**	-	**13,534**	14,992
ZMSM	**15.00**	**15.00**	**1,479,483**	497,289	**2,325,444**	876,784
TIREX	**25.00**	**-**	**(98,705)**	-	**4,548,074**	-
			1,379,348	497,289	**6,887,051**	891,776

	BGM		**ZMSM**		**TIREX**		**Total NCI**	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	$	$	**$**	$	**$**	$	**$**	$
Non-current assets	**822,024**	815,314	**22,589,933**	16,449,075	**18,665,854**	-	**42,077,811**	17,264,389
Current assets	**266,820**	244,209	**20,196,654**	10,964,445	**-**	-	**20,463,474**	11,208,654
Total assets	**1,088,844**	1,059,523	**42,786,587**	27,413,520	**18,665,854**	-	**62,541,285**	28,473,043
Non-current liabilities	**-**	-	**15,259,814**	15,065,982	**-**	-	**15,259,814**	15,065,982
Current liabilities	**998,618**	959,579	**12,023,815**	6,502,310	**473,559**	-	**13,495,992**	7,461,889
Total liabilities	**998,618**	959,579	**27,283,629**	21,568,292	**473,559**	-	**28,755,806**	22,527,871
Equity attributable to parent	**90,226**	99,944	**15,502,958**	5,845,228	**18,192,295**	-	**33,785,479**	5,945,172
Non-controlling interest	**13,534**	14,992	**2,325,444**	876,784	**4,548,074**	-	**6,887,051**	891,776