# MANAGEMENT'S DISCUSSION AND ANALYSIS

For the quarter ended
March 31, 2023

GOLD & SILVER

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis ("MD&A") of the operations, results, and financial position of Aya Gold & Silver Inc. ("Aya") and its subsidiaries (together the "Corporation"), dated May 11, 2023, covers the three-month period ended March 31, 2023 and should be read in conjunction with the Corporation's unaudited condensed interim consolidated financial statements and related notes for the three-month period ended March 31, 2023 and the audited consolidated financial statements and related notes for the year ended December 31, 2022.

The Corporation's March 31, 2023 unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board. The unaudited condensed interim consolidated financial statements and the financial information contained in this MD&A reflect management's best estimates and judgment based on information currently available. All amounts are stated in United States dollars ("US"), except for per share amounts, unless otherwise indicated. References to "C$" are to the Canadian dollar.

This MD&A contains forward-looking information that is subject to risk factors set out in a cautionary note in this MD&A under "Cautionary Statement Regarding Forward-Looking Information". All information contained in the Corporation's unaudited condensed interim consolidated financial statements and this MD&A has been reviewed by the Audit Committee and approved by the Corporation's Board of Directors. This MD&A is current as of May 11, 2023, unless otherwise stated.

## DESCRIPTION OF THE BUSINESS

Aya Gold & Silver Inc. 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 100% of Zgounder Millennium Silver Mine S.A ("ZMSM"), which owns the Zgounder property. The Corporation also owns 85% of the Boumadine polymetallic project and owns the permits related to the Amizmiz, Azegour, Zgounder Regional and Imiter bis properties. These properties are located in the Kingdom of Morocco. Aya also owns 75% of the Tijirit project located in Mauritania.

Aya was incorporated under the Canada Business Corporations Act; its financial year-end is December 31, and it trades on the Toronto Stock Exchange under the symbol "AYA" and on the OTCQX under the symbol "AYASF". Aya's issued and outstanding share capital totals 116,781,740 common shares on May 11, 2023. The Zgounder Silver Mine is in operation while all other projects are at the exploration and evaluation stage.

## Q1-2023 QUARTER HIGHLIGHTS

- Strong operational performance:
  - Silver production of 474,813 ounces ("oz") compared to 308,345 oz in Q1-2022
  - Recovery reached 87.1% in Q1-2023 compared to 80.4% one year ago
  - Ore processed increased to 72,737 tonnes ("t") compared to 62,001t in the first quarter of 2022
- Revenue of $10.4 million, a 14% increase from Q1-2022
- Silver sales of 508,204 oz, 25% increase from Q1-2022
- Operating cash flow for the quarter of $4.1 million, compared to negative $0.8 million for Q1-2022
- Cash cost per silver ounce sold of $14.56 compared to $15.37 in Q1-2022 (1).
- Completed 3,263 meters ("m") of drilling at Zgounder
- Conducted 3,948m of diamond drill hole ("DDH") drilling on Zgounder Regional properties
- Completed 12.7 kilometer ("km") of the 36km DDH program at Boumadine on targets informed by comprehensive geophysical and mapping program data
  - Results drilled in Q1 confirmed the presence of a new type of mineralization comprising a high-grade sulphide stockwork zone
  - Extended the strike to 3.4km towards the south, which remains open in all directions
- Advanced Zgounder Mine expansion:
  - Overall construction 32% complete
  - Completed over 5,107m of lateral underground development
  - Completed plant and road earthworks
  - Concrete contractor mobilised and foundations poured for leach reactors, ball mill, jaw crusher, and ore silo
  - Advanced detailed engineering and fabrication of the ball mill to over 88%, and manufacturing of crushing equipment to 90% completion
  - Continued construction of the new tailings and water storage facilities on schedule
- Solid financial position with $91 million of cash, cash equivalents and restricted cash at March 31, 2023, compared to $42 million at December 31, 2022 (2).
- Contributed to the long-term sustainability of Zgounder operations:
  - Launched construction of the 90-km powerline that will connect Zgounder to renewable grid power
  - Provided over 1,035 hours of health & safety training
  - Implemented the Stakeholder Engagement Plan and Community Grievance Mechanism

(1) Non-GAAP Measures, refer to pages 13-14.
(2) Non-GAAP Measures, consisting of cash and cash equivalents of $88,496 and restricted cash of $2,503 (December 31, 2022, balances of $39,360 and $2,489 respectively).

## Q1-2023 Quarter Operational and Financial Highlights

| Key Performance Metrics | March 31, 2023 | March 31, 2022 | Variation |
|---|---|---|---|
| **Operational** | | | |
| Ore Mined (tonnes) | 80,902 | 61,367 | 32% |
| Ore Processed (tonnes) | 72,737 | 62,001 | 17% |
| Average Grade (g/t Ag) | 235 | 192 | 22% |
| Mill Recovery (%) | 87.1 | 80.4 | 6.7% |
| Silver Ingots Produced (oz) | 168,648 | 123,336 | 37% |
| Silver in Concentrate Produced (oz) | 306,165 | 185,009 | 65% |
| **Total Silver Produced (oz)** | **474,813** | **308,345** | **54%** |
| Silver Ingots Sold (oz) | 149,915 | 199,500 | (25%) |
| Silver in Concentrate Sold (oz) | 358,289 | 207,308 | 73% |
| **Total Silver Sales (oz)** | **508,204** | **406,808** | **25%** |
| Avg. Net Realized Silver ($/oz) | 20.55 | 22.52 | (9%) |
| Cash Costs per Silver Ounce Sold (3) | 14.56 | 15.37 | (5%) |
| **Financial** | | | |
| Revenues | 10,443 | 9,163 | 14% |
| Cost of Sales | 8,360 | 6,962 | 20% |
| Gross Margin | 2,083 | 2,201 | (5%) |
| Operating (loss) | (85) | (250) | 66% |
| Net Earnings (loss) | 1,060 | (1,962) | 154% |
| Operating Cash Flows | 4,063 | (815) | NM |
| Cash and Restricted Cash (4) | 90,999 | 76,594 | 19% |
| **Shareholders** | | | |
| Earnings (Loss) per Share – basic | 0.01 | (0.02) | NM |
| Earnings (Loss) per Share – diluted | 0.01 | (0.02) | NM |

(3) Non-GAAP Measures, refer to pages 13-14
(4) See footnote (2) on page 3.

## Operational Highlights

- Quarterly silver production of 474,813 oz, comprising 306,165 oz as silver concentrate and 168,648 oz as silver ingots. The 54% quarter-over-quarter increase in silver ounces produced is a direct result of significantly higher grade processed, and recovery.
- Mill average feed grade of 235 g/t Ag was recorded in the quarter compared to 192 g/t Ag in the same quarter the year prior, an increase of 22%.
- Milling operations reached 808 tonnes per day (“tpd”), surpassing design capacity of 700 tpd.
- Average combined mill recovery increased to 87.1% in the quarter compared to 80.4% in Q1-2022, an increase of 6.7%.
- Plant availabilities reached 94.3% and 94.1% for the flotation and cyanidation plants, respectively.
- A total of 3,263m of drilling was completed on the Zgounder mine permit in Q1-2023, 3,948m on Zgounder Regional and 12,700m on Boumadine.
- Cost of sales of $8,360 (Q1-2022 – $6,962) with an average cash cost [5] per oz of $14.56 compared to $15.37/oz in Q1-2022.

## Financial Highlights

- Revenue from silver sales for the quarter totaled $10,443 (Q1-2022 – $9,163), an increase of 14% representing an average realized price of $20.55/oz. (Q1-2022 - $22.52/oz).
- Operations generated a gross margin of $2,083 compared to $2,201 in Q1-2022, a decrease of 5%. The increase in the volume of silver sold of (508,204 oz sold in Q1-2023 compared to 406,808 oz sold in Q1-2022) was offset by a lower net realized silver price per oz in Q1-2023 of $20.55 compared to $22.52 in Q1-2022, a reduction of $1.97 per oz.
- Net income for the period was $1,060 (diluted EPS of $0.01), compared to a net loss of ($1,962) (diluted EPS of $(0.02)) in Q1-2022.
- Cash flows generated by operating activities of $4,063 for the period, compared to outflow of cash of $(815) generated in operating cash flows for Q1-2022.

## January Corporate Financing

On January 25, 2023, the Corporation closed a bought deal public financing and issued 11,151,550 common shares of the Corporation at a price of C$8.25 per common share for gross proceeds of C$92 million ($68.8 million). The common shares were issued by way of a prospectus supplement, filed on January 19, 2023 in each Canadian province, to the short form base shelf prospectus dated January 12, 2023. The Corporation paid a total of $4.1 million in commissions, legal, filing, and other fees. The proceeds from the financing are intended for the expansion of the Zgounder Mine, for advancement of its exploration programs at Zgounder, Zgounder Regional and Boumadine, and for general corporation purposes.

[5] Non-GAAP Measures, refer to pages 13-14.

## Project Facility for Zgounder Silver Mine Expansion

On January 19, 2023, the Corporation entered into a credit agreement for a secured financing facility with the European Bank for Reconstruction and Development ("EBRD") ("the Facility") to provide financing for the construction of the 2,000 tonne per day process plant for the Zgounder Silver Mine of up to $100,000 . The Facility consists of a $92 million loan provided by the EBRD and an $8 million tranche (pari-passu with the EBRD) by the Climate Investment Funds ("CTF"), managed by the EBRD.

Key terms of the loan agreement include:

- $92 million loan provided by EBRD
- $8 million term-loan provided by CTF. Interest rate is equal to the all-in rate at the time of signing reduced following achievement of three milestones:
  - Milestone 1: Task Force on Climate-related Financial Disclosures ("TCFD") report disclosed by end of 2023 will result in a 25% rate reduction;
  - Milestone 2: Completion of certain capital expenditure set out in the TCFD report and in the development plan by end of 2024 will result in a 50% rate reduction;
  - Milestone 3: Reaching "advanced" maturity on the TCFD's Climate Governance and Strategy recommendation will result in reduction of interest to an all-in rate of 1.00%.
- 6-year maturity from signing:
  - 2-year principal grace period
  - 24-month availability period
- 6-month SOFR (0% floor) + 5.00%:
  - CTF tranche can reduce to all-in rate of 1.00% following certain actions (see milestones above)
  - Interest and capital paid twice yearly
  - Commitment fee representing 30% of margin for undrawn amounts during the availability period
- Cost overrun account of $18 million funded prior to first drawdown, debt service reserve account of $16.3 million to be funded at the end of the grace period
- Drawdowns available upon satisfaction of certain customary conditions precedent
- Security over all the Corporation's assets
- No mandatory silver hedging, offtakes, production-linked payments or equity issuances as part of its structure

In the quarter ended March 31, 2023, a commitment fee representing 30% of the margin during the availability period of $296 has been capitalized under the Zgounder Mine in Assets under construction.

No amounts were drawn under these facilities as at March 31, 2023.

## OPERATING RESULTS

## Zgounder Silver Mine

### *Zgounder Operations*

During the first quarter, the Zgounder team focused on preparing for the ramp up of the underground mine from 700 tpd to 1,200 tpd through 2024. An average mining rate of 922 tpd was achieved in the first quarter, with a record of 1,027 tpd in March. Three underground dumper trucks and one loader were delivered on site, enhancing production in Q1, and most particularly in March. In Q2-2023, the open pit contractor is expected to mobilise.

The average mill feed grade was 235 g/t Ag. Steady throughput, recovery and availability resulted in silver production of 474,813 oz Ag. A total of 80,902t of ore was mined, and 72,737t was processed. Combined silver recovery reached 87.1%, while combined mill availabilities averaged 94.2%.

Over 1,035 hours of employee health & safety training were dispensed in the areas of fire management, supervision, and included certification of aptitude in safe driving of R482 trucks for underground machinery operators (see Figure 1).

***Figure 1: Certification of Aptitude in Safe Driving (CACES) R482 training for a cohort of underground machinery operators***

***Capital Projects***

Capital projects in Q1-2023 primarily related to the mine expansion, particularly to drilling to further define stopes and open pit benches for the mine production ramp-up. Capital is also continuously allocated to the existing tailings storage facility as per our plan.

## DEVELOPMENT & EXPLORATION

### Zgounder Exploration

A total of 3,263 m of DDH and reverse circulation ("RC") drilling was conducted on Zgounder near-mine targets (exploration and definition drilling) in the first quarter, principally to confirm the vertical and lateral continuity of known mineralized envelopes. In addition, 5,557m of T28 and Yak underground drilling were completed. In Q1-2023, the final results from the 2022 drilling campaign were received. Surface drill holes ZG-DCD-22-06 and ZG-DCD-22-07 intersected 1,220 g/t Ag over 6.5m and 846 g/t Ag over 9.5m, respectively, confirming high-grade mineralization at depth towards the contact with the granite and outside of the resource envelope. Two surface drill rigs and two underground rigs are currently active on the property.

### Zgounder Regional

In the first quarter of 2023, 3,948m of DDH drilling were completed on Zgounder Regional properties, mainly on the Zgounder Far West, Tala and Izza drill areas. The Tala and Izza areas were also prioritized as they had both returned high-grade grab samples in silver, copper and gold associated with a very strong spectral alteration signature (Figure 2 for Tala area). Results are expected in H1-2023.

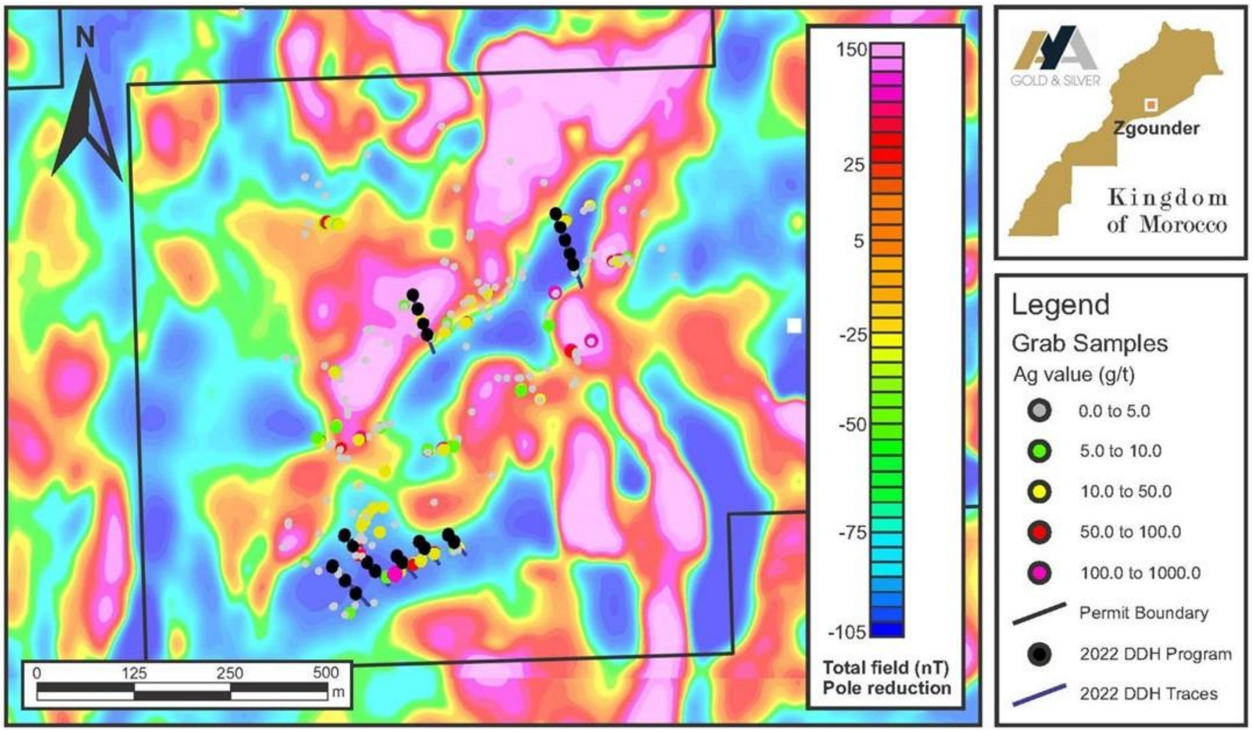


***Figure 2: Tala area of Zgounder Regional properties***

All results from last year's sediment geochemistry program have been received and integrated with our geophysics and spectral data, adding to our understanding of the properties.

The technical information relating to Zgounder and Zgounder Regional properties was reviewed and approved by David Lalonde, B. Sc, Head of Exploration, designated as a Qualified Person under National Instrument 43-101.

### Zgounder Construction

On February 22, 2022, the Corporation completed a feasibility study to expand the Zgounder Silver Mine from 700 tpd to 2,700 tpd capacity (see press release dated February 22, 2022).

At the end of Q1-2023, construction of the plant and surface infrastructure continued to track on budget (see Figure 3). Overall construction was 32%, and engineering for the entirety of the project had reached 80%.

During the quarter, the main equipment on the critical path continued their fabrication to plan and on schedule. Work began on the new tailings storage facility and the water storage facility and is progressing as planned (see Figures 4 and 5). Bulk earthworks were nearly complete, and civil works were tracking as planned. The power line contractor began erecting pylons along the path, and the power line is tracking to schedule.

Underground mining activities continued in line with the planned timeline with over 5,100m of lateral development completed. The vertical development contractor began working during the quarter, and 140m of vertical development were completed. A portion of the new mining equipment arrived on site to support the ramp up of the underground mine, achieving an average daily mining rate of 922tpd.

At the end of Q1-2023, $119 million had been contracted across all capital cost categories and $26.5 million had been incurred.

The figure below presents the planned timeline for the project expansion.

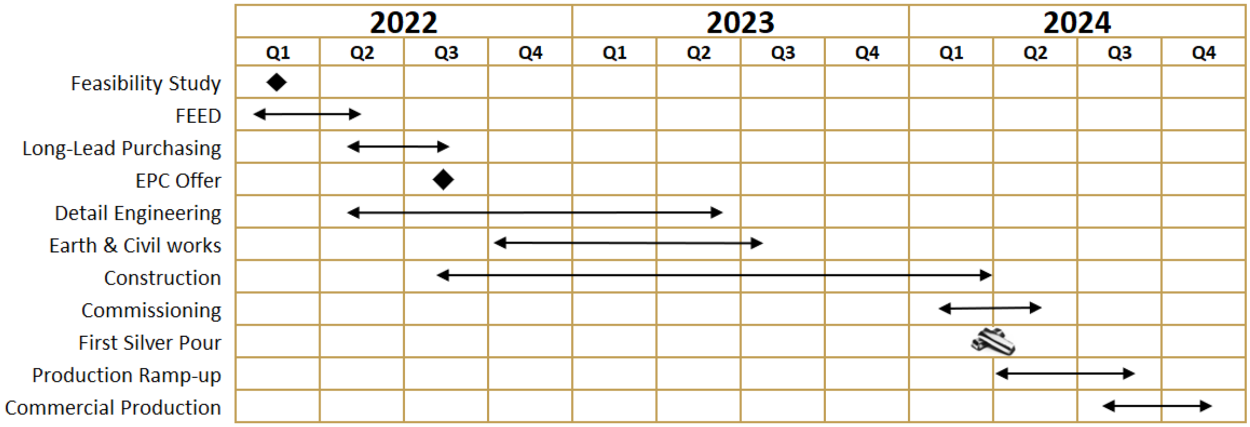


***Figure 3 – Zgounder expansion project execution simplified Gantt chart***

The table below presents construction progress by main project area.

| Area | Progress |
|---|---|
| Process Plant | 26% |
| Underground and Open-Pit Mines | 29% |
| Tailings & Water Management | 41% |
| Electrical Infrastructure | 18% |
| On-site Infrastructure | 53% |

***Figure 4 – Erecting structural steelwork for the leach tanks at the new Zgounder processing plant***

***Figure 5 – Installing the drainage system at one of Zgounder's new water storage basins***

## Boumadine Development

The first quarter saw the Corporation intensify its DDH program at Boumadine with the objective of exploring strike length extensions and the central zone at depth. In February 2023, results from Q4-2022 drilling were released, confirming that parallel zones had been discovered along the main trend in addition to the historically known mineralization at the Tizi Zone.

At quarter-end, a total of 12,700m had been drilled and five drill rigs were turning, up from three in January. Results from the first-quarter program were released in mid-April, confirming the extension of the main trend mineralization to 3.4km in strike; with BOU-DD23-095 intersecting 129.4m of mineralization (see Figure 6). In addition, a new style of mineralization was identified. The new mineralization consists of a large sulphide stockwork zone (sulphide-rich stringer) comprising five distinct massive sulphide veins. The concentration of sulphide veinlets in these stockwork varies from 8% to 15% and is composed mainly of pyrite with traces of sphalerite, galena, and chalcopyrite. This new mineralization encountered in BOU-DD23-095 significantly opens the potential at depth and toward the south.

The main mineralization generally consists of 1m to 4m wide (locally reaching over a 10m width) N340-oriented massive sulphide lenses/veins sharply dipping eastward (>70°). The massive sulphide veins (>80%) are mainly composed of pyrite, with variable proportions of sphalerite, galena, and chalcopyrite. Figure 6 presents the results of the Boumadine Main Zone shown on a longitudinal section along the deposit, defining ore shoots shallowly dipping toward south, in both the Central and South Zones.

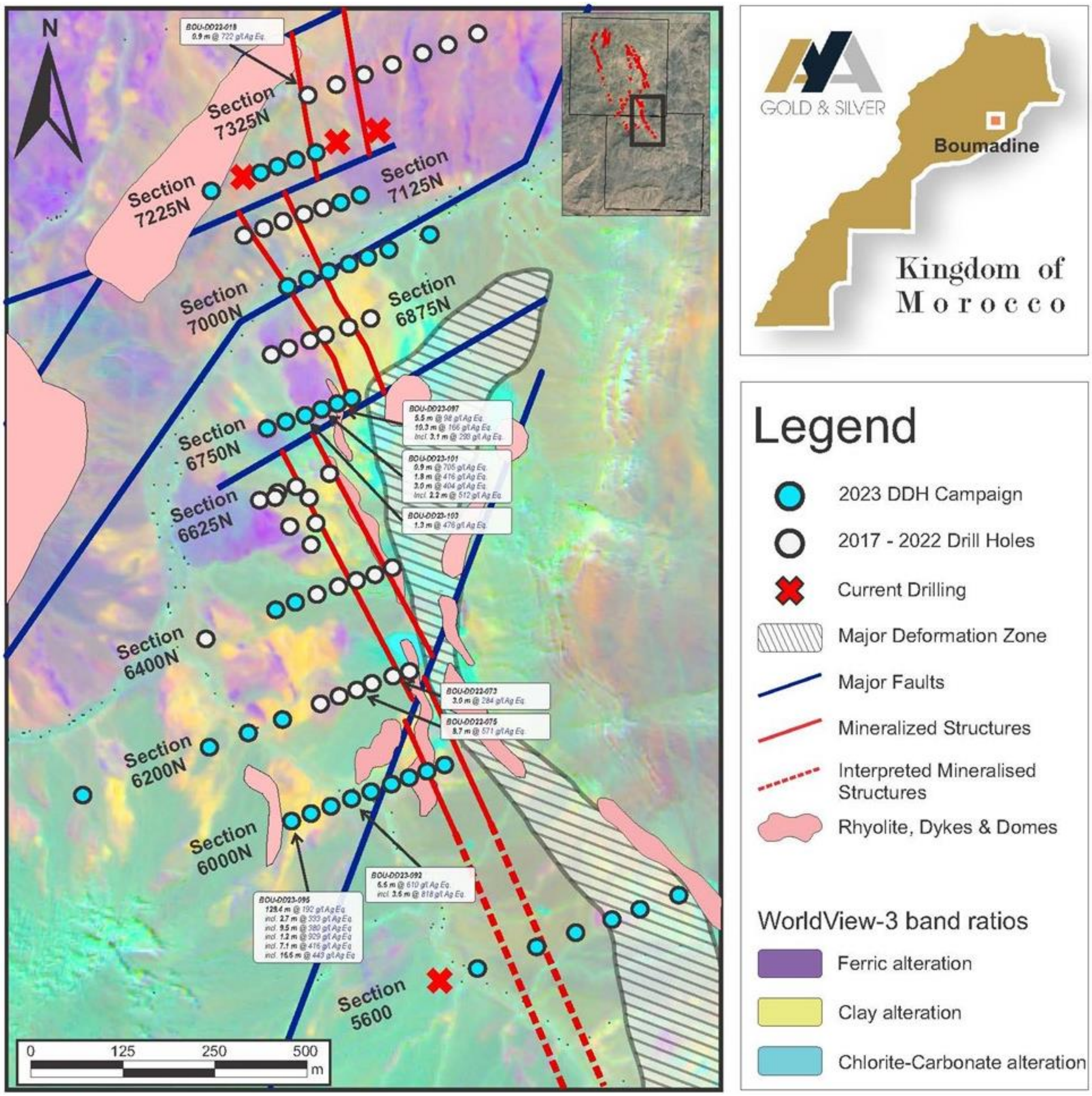


***Figure 6: Surface Plan of the Boumadine South Zone with 2023 DDH Results***

The technical information relating to the Boumadine Project was reviewed and approved by David Lalonde, B. Sc, Head of Exploration, designated as a Qualified Person under National Instrument 43-101.

## Tijirit Development

Following the acquisition of Algold in June 2021, the Corporation launched a feasibility study ("Tijirit FS") to assess the potential for developing Tijirit. Several globally recognised engineering consultants including Lycopodium Minerals Canada, SGS Canada Inc., DRA Americas Inc., and GCIM have been mandated to complete the Tijirit FS.

The Tijirit FS, which will initially focus on the Eleonore and Eleonore East deposits, includes a base case scenario of a 1,000 tpd processing plant that can be easily expanded to 2,000 tpd. A work program has been established to complete the Tijirit FS which includes:

- As at March 31, 2023, the Tijirit FS was 90% complete (design of the processing plant and related infrastructure).
- A metallurgical testwork program aimed at defining the leaching conditions and expected recovery of the CIL plant was completed in Q3-2021. A second phase of the testwork program that focuses on heap leach testing the Sophie and Lily areas was completed in Q3-2022.
- 2,580m of DDH and 6,963m of RC drilling were completed in Q1-2023, bringing the total drill meters completed to 24,643m of the 25,000m drill program. The program was completed in April 2023.

## OVERVIEW OF FINANCIAL PERFORMANCE

### For the three-month periods ended March 31, 2023, and 2022 (in thousands of dollars):

| | Q1-2023 | Q1-2022 | Variance |
|---|---|---|---|
| **Revenues** | **10,443** | **9,163** | **14%** (1) |
| Cost of sales | 8,360 | 6,962 | 20% (2) |
| **Gross Margin** | **2,083** | **2,201** | **(5%)** (3) |
| General and administrative expenses | 1,486 | 1,774 | (16%) (4) |
| Share-based payments | 682 | 677 | 1% (5) |
| **Operating (loss)** | **(85)** | **(250)** | **(66%)** |
| Net finance income (expense) | 1,945 | (1,200) | (262%) (6) |
| **Net income (loss) before income taxes** | **1,860** | **(1,450)** | **228%** |
| Income tax expense | 800 | 512 | 56% (7) |
| **Net income (loss) for the period** | **1,060** | **(1,962)** | **154%** (8) |
| Income (loss) per share (basic) | 0.01 | (0.02) | NM (8) |
| Income (loss) per share (diluted) | 0.01 | (0.02) | NM (8) |

***NM – Not meaningful***

**Three-month period ended March 31, 2023, compared to the three-month period ended March 31, 2022**

1. **Revenues** for the three-month period ended March 31, 2023 totaled $10,443 compared to $9,163 in the prior year, driven by the increase in silver sold. For the three-month period ended March 31, 2023, a total of 508,204 oz was sold (406,808 oz in Q1- 2022). The increase in silver sales of 25% was offset by a 9% decrease in average net realized silver price per oz of silver of $20.55/oz ($22.52/oz in Q1- 2022).
2. **Cost of sales** in the period increased by 20% over the same period of the previous year driven by a 25% increase in silver sold to 508,204 oz and a cash cost reduction of 5% to $14.56 [6].
3. **Gross margin** for the quarter decreased by 5%, driven primarily by the decrease in the average net realized silver price per oz of silver.

[6] Non-GAAP Measures, refer to pages 13-14.

4. **General and administrative expenses** were 16% lower, in large part because $222 in Directors' remuneration were accrued in salaries and benefits in Q1-2022 (nil$ in Q1-2023). In Q2-2022, the Directors' remuneration from Q1-2022 was converted in deferred share units and the expense reclassified to share-based payments.

5. **Share-based payments** represent the cost of options, restricted share units and deferred share units over the vesting period that the Corporation awarded to certain employees, directors, and officers, resulting in a non-cash expense of $682 for the quarter. There were no new stock option grants during the quarter.

6. **Net finance income (expense)** in the period was 262% lower than in the same period of the previous year due to a gain on foreign exchange of $1,314 compared to a loss of $1,048 for the same period a year earlier.

7. **Income tax expense** in the period was 56% higher than in the same period of the previous year due to an increase in net earnings at our Moroccan operating entity.

8. As a result of the foregoing, a **net income** of $**1,060** (diluted EPS of $0.01) was recorded for the quarter compared to a net loss of $(1,962) (diluted EPS of $(0.02)) in the same quarter of the year prior.

## SUMMARY OF QUARTERLY RESULTS

### Selected Quarterly Information

| | Revenues | Net profit (loss) | Net profit (loss) per share (diluted) |
|---|---|---|---|
| **Quarter ended** | **$** | **$** | **$** |
| March 31, 2023 | 10,443 | 1,060 | 0.01 |
| December 31, 2022 | 13,322 | 1,963 | 0.02 |
| September 30, 2022 | 7,187 | 672 | 0.01 |
| June 30, 2022 | 8,574 | 724 | 0.01 |
| March 31, 2022 | 9,163 | (1,962) | (0.02) |
| December 31, 2021 | 8,025 | (1,086) | (0.01) |
| September 30, 2021 | 7,862 | 1,288 | 0.01 |
| June 30, 2021 | 9,873 | 251 | 0.00 |

Revenues in Q1-2023 decreased by 22% from Q4-2022 due to a 24% decrease in the volume of sales to total 508,204 oz sold in Q1-2023, compared to 669,506 oz sold in Q4-2022. The net profit was negatively affected by the cash cost [7] per silver ounce sold that went from $10.94 in Q4-2022 to $14.56 in Q1-2023. This increase in cash cost was partially offset by the average net realized silver price per ounce that went from $19.90 in Q4-2022 to $20.55 in Q1-2023 resulting in a net profit of $1,060 in Q1-2023 compared to $1,963 in Q4-2022.

Revenues in Q4-2022 increased by 85% from Q3-2022 due to a 56% increase in the volume of sales to total 669,506 oz sold in Q4-2022, compared to 419,760 oz sold in Q3-2022.

Revenues in Q3-2022 decreased 16% from Q2-2022 due to the average net realized price of silver sold which decreased from $19.53 in Q2-2022 to $17.12 in Q3-2022 and the decrease in silver ounces sold that went from 439,080 oz in Q2-2022 to 419,760 oz in Q3-2022.

For the quarter ended March 31, 2022 the loss of $(1,962) was mainly due to the head grade of 192 g/t Ag achieved during the quarter in addition to significantly higher consumables and supplies due to the lower grade of ore mined and processed. The Corporation completed more definition drilling in Q1-2022 to define more production faces to support production for the remainder of the year.

[7] Non-GAAP Measures, refer Non-GAAP Measures section on page 13-14.

## NON-GAAP MEASURES

In addition to the corresponding GAAP figures, the Corporation uses non-GAAP key performance metrics to monitor and assess the operational performance of each active mining unit by calculating the cash cost per ounce to assess operating performance at each of its active mining units. These indicators are commonly used as measures of performance in the mining sector, but they are presented in addition to the IFRS indicators, although there is no consistent definition. These indicators are used by management and investors to assess the cost of operations compared to peers and the performance of each mine in the portfolio.

The below indicators are non-GAAP performance indicators and were calculated using World Gold Council (or "WGC") guidelines. WGC is not an industry regulatory agency and therefore does not have the authority to develop accounting standards for disclosure specifications. Due to differences in underlying accounting rules and procedures, the different groupings used in the presentation on Non-GAAP measures, other mining companies may calculate cash costs in a variety of ways.

In accordance with the financial statements, the following table reconciles cash costs and cash costs per ounce sold on an attributable basis to cost of sales.

| | Three-month period ended March 31, | |
|---|---|---|
| **Zgounder Silver Mine - Morocco** | **2023** | **2022** |
| Cost of sales [8] | 8,360 | 6,962 |
| Depreciation | (1,762) | (1,301) |
| **Cost of sales, excluding depreciation** | **6,598** | **5,661** |
| Add: | | |
| Smelting, refining and transport costs [9] | 800 | 592 |
| **Adjusted Operating Cash Costs (A)** | **7,398** | **6,253** |
| **Silver Ounces Sold (B)** | **508,204** | **406,808** |
| **Cash Cost per Silver Ounce sold (A/B)** | **14.56** | **15.37** |

## LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2023, the Corporation had working capital, of $82,022 ($35,574 as at December 31, 2022) [10] including cash and cash equivalents of $88,496 ($39,360 at December 31, 2022). The Corporation has sufficient liquidity to finance its operations for at least the next 12 months. Although the Corporation generated $4,063 of operating cash flow during the period ended March 31, 2023, principally from the Zgounder operation, the Corporation’s principal sources of financing in the past have been equity and debt financing. The success of equity and debt financings is dependent on capital markets, the attractiveness of exploration companies to investors, and metal prices. To continue its exploration, development, expansion activities and be able to support its ongoing operations, the Corporation may be required to raise further equity financing or debt in the capital markets (see section January Corporate Financing and Project Facility for Zgounder Silver Mine Expansion).

The following table summarizes the Corporation’s cash flow activity during the three-month periods ended March 31, 2023 and 2022:

(8) As per note 13 of the unaudited condensed interim consolidated financial statements for the total of cost of sales.
(9) As per note 12 of the unaudited condensed interim consolidated financial statements for treatment, smelting and refining costs reported as net of sales.
(10) Non-GAAP Measures, consisting of current assets of $110,187 less current liabilities of $28,165 (December 31, 2022, current assets of $59,815 less current liabilities of $24,241).

| | Three-month periods ended March 31, | |
|---|---|---|
| **Cash Flow** | **2023** | **2022** |
| Cash generated by operating activities | 4,063 | (815) |
| Cash used in investing activities | (19,712) | (8,058) |
| Cash generated by financing activities | 64,981 | (5) |
| Effect of exchange rate changes on cash in foreign currencies | (196) | 1,297 |
| **Increase (decrease) in cash and cash equivalents** | **49,136** | **(7,581)** |
| Cash and cash equivalents, beginning of the year | 39,360 | 81,666 |
| **Cash and cash equivalents, end of period** | **88,496** | **74,085** |

The Corporation's cash flow from operating, investing and financing activities during the period ended March 31, 2023 are summarized as follows:

**Cash generated by operating activities** of $4,063 primarily due to:

- Cash flows from operating activities of $1,855 before movements in working capital items;

net of:

- Net change in working capital items of $2,208 during the period, including an increase in accounts payable and accruals of $3,661, an increase in sales tax receivable of $946, an increase in accounts receivable of $1,187 an increase in inventory of $135, offset partially by a decrease in prepaid expenses and security deposits of $451 and an increase in income tax payable of $364.

**Cash used in investing activities** of $19,561 primarily due to:

- The acquisition of property plant and equipment for $11,306 for the mine development and the Zgounder Silver Mine Expansion;
- The investment in exploration and evaluation assets for $4,975 to continue advancing the Zgounder Regional, Boumadine and Imiter property;
- The payment to suppliers for capital expenditures for $2,511 for the Zgounder Silver Mine Expansion;
- The payment of deferred financing costs for $906 for the Facility;
- Change in restricted cash of $14.

**Cash provided by financing activities** of $64,981 primarily due to:

- Proceeds from share issuance of $68,766;
- Proceeds from the exercise of warrants of $385;

net of:

- The repayment of lease obligations of $116;
- Transactions costs of $4,054;

## Use of Proceeds

**January 25, 2023 Financing**

On January 25, 2023, the Corporation closed a bought deal public financing and issued 11,151,550 common shares of the Corporation at a price of C$8.25 per common share for gross proceeds of C$92 million ($68.8 million) - ($64.7 million net proceeds). The common shares were issued by way of a prospectus supplement, filed on January 19, 2023 in each Canadian province, to the short form base shelf prospectus dated January 12, 2023 for up to an aggregate initial offering of C$200 million at any time during the 25-month effective period of the prospectus. Below is an update, in tabular form, reflecting the actual use of the funds as of March 31, 2023, compared to the budgeted amounts initially set out in the prospectus:

| | Earmarked usage | | Actual usage | |
|---|---|---|---|---|
| **Principal use** | **C$ (million)** | **$ (million)** | **C$ (million)** | **$ (million)** |
| Development & expansion of Zgounder Silver Mine | 77 | 58 | 7 | 5 |
| Advancement of other properties | 8 | 6 | 5 | 4 |
| General corporate purposes [11] | 7 | 5 | 6 | 5 |
| **Total** | **92** | 69 | **19** | 14 |

**September 9, 2021 Financing**

Pursuant to a short form prospectus dated September 9, 2021, the Corporation closed a bought deal financing on September 15, 2021 and issued 6,830,000 common shares of the Corporation at C$10.25 resulting in net proceeds of $51.8 million. Below is an update, in tabular form, reflecting the actual use of the funds as of March 31, 2023, compared to the budgeted amounts initially set out in the prospectus:

| | Earmarked usage | | Actual usage | |
|---|---|---|---|---|
| **Principal use** | **C$ (million)** | **$ (million)** | **C$ (million)** | **$ (million)** |
| Development & expansion of Zgounder Silver Mine | 55 | 43 | 55 | 43 |
| Advancement of other properties | 6 | 5 | 6 | 5 |
| General corporate purposes | 5 | 4 | 5 | 4 |
| **Total** | **66** | 52 | **66** | 52 |

(11) Includes $4,054 in share issue costs related to the January 25, 2023 C$92 million financing.

### Financing Sources

| Financing sources for amounts received during the last 8 quarters | | | | |
|---|---|---|---|---|
| **Date** | **Type** | **Financings** | **Gross Amounts ($)** | **General description of the use of proceeds** |
| Jan 25, 2023 | Short Form Prospectus | Common shares | 68,765 | The net proceeds of the financing after deductions of the financing costs, are being used for the expansion of the Zgounder Mine, for advancement of its exploration programs at Zgounder, Zgounder Regional and Boumadine, and for general corporation purposes |
| Sep 15, 2021 | Short Form Prospectus | Common shares | 55,202 | The net proceeds of the financing after deductions of the financing costs, are being used for the expansion of the Zgounder Mine, for advancement of other properties and for general corporation purposes. |
| From April 22, 2021 to Jan 25, 2022 | Warrants | Common shares | 4,427 | The net proceeds from the exercise of warrants are being used for the expansion of the Zgounder Mine, for advancement of other properties and for general corporation purposes. |
| From Apr 20, 2021 to Sep 2, 2021 | Brokers warrants | Common shares | 1,020 | The net proceeds from the exercise of brokers warrants are being used for the expansion of the Zgounder Mine, for advancement of other properties and for general corporation purposes. |
| From Apr 9, 2021 to Nov 28, 2022 | Options exercised | Common shares | 1,462 | The net proceeds from the exercise of options are being used to fund general administrative expenses, investing activities and other working capital needs. |

## 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
- 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 are achieved by operating its 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 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.

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 period ended March 31, 2023.

## COMMITMENTS AND CONTINGENCY

### Engineering Procurement and Construction Contract ("EPC")

On November 30, 2022, the Corporation subsidiary entered into an Engineering Procurement and Construction ("EPC") agreement with Duro Fuelguera S.A. ("DF") to construct a 2,000 tonne per day process plant at Zgounder. The EPC agreement has a fixed price of EUR 32.6 million, $19.6 million and MAD 265 million for an equivalent of approximately

$81 million based on closing rates as at March 31, 2023. As at March 31, 2023, the Corporation had incurred $10 million in milestone payments (December 31, 2022- $9 million) which was recorded as assets under construction.

As at March 31, 2023, the Corporation has committed to incur approximately an additional $119 million, including $71 million to DF of costs related to assets under construction (see section January Corporate Financing and Project Facility for Zgounder Silver Mine Expansion).

### Royalties

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

- 3.0% royalty to ONHYM on revenue from the Zgounder property or $314 for the three-month period ended March 31, 2023 ($234 for the three-month period ended March 31, 2022);
- 3.0% royalty to ONHYM on revenue from the Boumadine property;
- 2.5% Net Smelter Royalty ("NSR") to Société d'Exploration Géologique des Métaux ("SEGM") on the Amizmiz property and on an 8 km radius area of interest; and
- 2.5% royalty to Ouiselat Mines on revenue from the Azegour 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 estimation of 1,000,000 ounces of gold; and
- $2,000,000 to ANARPAM at the commencement of production.

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

- Between 4.0%-6.5% royalties 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;
- 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.

No amounts have been paid as of March 31, 2023.

### Net Profit Interest

In 2013, the Corporation agreed to 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.

## 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 and uncertainties 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. See "Risk Factors" in the Corporation's Annual Information Form for the year ended December 31, 2022 for other risks affecting the Corporation generally. If any of these 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. Important risk factors to consider, among others, are risks: inherent to mining exploration, uncertainty in the estimation of mineral reserves, resources and silver recovery, related to indebtedness, uninsured risks, metal price volatility, additional funding requirements, regulatory requirements, environmental matters, project delay, uncertainty of title, conflict of interest, human resources, reputational, political, impact of epidemics, changes in climate, inaccuracies in production and cost estimates.

### Financial Instruments and Risk Management

Disclosure and description of the Corporation's capital management, financial risks and financial instruments in notes 15, 16 and 17 of the unaudited condensed interim consolidated financial statements for the three-month period ended March 31, 2023 contain the risk factors associated with the Corporation.

## OTHER FINANCIAL INFORMATION

### Share Purchase Options

The following table reflects the share purchase options issued and outstanding as at the date of this MD&A:

| Expiry date | Number of options | Exercise Price |
|---|---|---|
| | **Number** | **C$** |
| May 16, 2023 | 400,000 | 3.30 |
| July 1, 2030 | 4,498,334 | 1.43 |
| March 3, 2031 | 359,667 | 4.75 |
| May 12, 2031 | 333,400 | 7.69 |
| | **5,591,401** | |

### Share Purchase Warrants

The following table reflects the share purchase warrants issued and outstanding as at the date of this MD&A:

| Expiry date | Number of warrants | Exercise Price |
|---|---|---|
| | **Number** | **C$** |
| September 3, 2023 | 4,454,448 | 3.30 |
| | **4,454,448** | |

### Outstanding Share Data

| | Number of shares outstanding (diluted) |
|---|---|
| Outstanding as of May 11, 2023 | 116,781,740 |
| Shares reserved for issuance pursuant to share purchase options | 5,591,401 |
| Shares reserved for issuance pursuant to warrants | 4,449,448 |
| Shares reserved for issuance pursuant to deferred share units | 241,642 |
| Shares reserved for issuance pursuant to restricted share units | 997,775 |
| | **128,062,006** |

### Off-Balance Sheet Arrangements

At March 31, 2023, the Corporation had no material off-balance sheet arrangements such as contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that generate financing, liquidity, market or credit risk to the Corporation, other than commitments, contingent liabilities and vendor liability and interest, as disclosed in this MD&A and the consolidated financial statements and the related notes.

## Related Party Disclosures

During the three-month periods ended March 31, 2023 and 2022, the following related party transactions occurred in the normal course of operations:

- Management and consulting fees to SRG Guinee S.A.R.L., a wholly owned subsidiary of SRG Mining Inc, a public company of which the Corporation's Chief Executive Officer is also the Director and Executive Chairman of the Board, of $11 for the three-month period ended March 31, 2023 ($21 for the three-month period ended March 31, 2022) and exploration and evaluation fees amounting to $nil for the three-month period ended March 31, 2023 ($13 for the three-month period ended March 31, 2022). As at March 31, 2023, $nil (December 31, 2022 - $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 of $145 for the three-month period ended March 31, 2023 ($178 for the three-month period ended March 31, 2022). As at March 31, 2023, $129 (December 31, 2022 - $406) was due to that company;

## Remuneration of the Corporation's Key Management Personnel

Key management includes members of the Board of Directors and executive officers of the Corporation. During the three-month periods ended March 31, 2023 and 2022, the remuneration awarded to key management personnel (including the amounts above) was as follows:

| | **Three-month periods ended March 31,** | |
|---|---|---|
| | **2023** | 2022 |
| | **$** | $ |
| Salaries and benefits | **204** | 272 |
| Management consulting and professional fees | **216** | 251 |
| Director fees | **-** | 232 |
| Share-based compensation | **474** | 256 |
| | **894** | 1,011 |

## ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

### Critical Accounting Judgments and Estimates

The preparation of unaudited condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about future events that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from these estimates.

In preparing the Corporation's unaudited condensed interim consolidated financial statements for the three-month periods ended March 31, 2023 and 2022, the Corporation applied the critical judgments and estimates disclosed in note 3 of its audited consolidated financial statements for the year ended December 31, 2022.

### Change in accounting policies

In the three-month period ended March 31, 2023, the Corporation has adopted the following accounting policy:

***Borrowing costs***

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as part of the cost of that asset until the asset is substantially complete and ready for its intended use. All other borrowing costs are expensed as incurred.

## PROPOSED TRANSACTION

As at March 31, 2023, and the date hereof, the Corporation had no disclosable proposed transaction.

## MANAGEMENT'S REPORT ON INTERNAL CONTROLS AND FINANCIAL REPORTING

### Disclosure Controls and Procedures

The Corporation's board, officers and management are responsible for establishing and maintaining disclosure controls and procedures (DC&P) for the Corporation. Disclosure controls and procedures are designed to provide reasonable assurance that material information regarding our reports filed or submitted under securities legislation fairly presents the financial information of Aya and its subsidiaries and to ensure that required information is gathered and communicated to the Corporation's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) as is appropriate to permit timely decisions regarding public disclosure. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

An evaluation of the effectiveness of the Corporation's disclosure controls and procedures, as defined under the rules of the Canadian Securities Administration, was conducted as at December 31, 2022 under the supervision of the Corporation's Disclosure Committee and with the participation of management.

Based on the results of that evaluation, the CEO and the CFO concluded that the Corporation's disclosure controls and procedures were effective as at December 31, 2022 providing reasonable assurance that the information required to be disclosed in the Corporation's annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported in accordance with securities legislation.

Since the December 31, 2022 evaluation, there have been no material changes to the Corporation's disclosure controls and procedures.

### Internal Controls over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR") as defined in NI 52-109. A Corporation's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable generally accepted accounting principles.

A Corporation's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Corporation; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Corporation are being made only in accordance with authorizations of management and directors of the Corporation; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Corporation's assets that could have a material effect on the financial statements. It should be noted that a control system, no matter how well conceived or operated, can only provide reasonable assurance, not absolute assurance, that the objectives of the control system are met. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate. Management, under the supervision of the Certifying Officers, has evaluated the effectiveness of ICFR and based on that evaluation, the Certifying Officers have concluded that the Corporation's ICFR was effective as at December 31, 2022. In making this assessment, management used the criteria set forth in the Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”).

### Changes in Internal Control over Financial Reporting

There were no changes to the Corporation's ICFR for the quarter ended March 31, 2023, that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR.

### Limitations of Control and Procedures

The Corporation’s management, including the CEO and the CFO, believe that any disclosure controls and procedures and internal controls over financial reporting, no matter how well designed, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

The Corporation’s management makes judgments in its process of applying the Corporation’s accounting policies in the preparation of its unaudited interim condensed consolidated financial statements. In addition, the preparation of financial data requires that the Corporation’s management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Corporation’s assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Corporation’s assets and liabilities are accounted for prospectively. The critical judgments, estimates and assumptions applied in the preparation of these unaudited condensed interim consolidated financial statements were the same as those described in note 3 of the Corporation's audited annual consolidated financial statements for the year ended December 31, 2022

## 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, including the Corporation's Annual Information Form and the Corporation's unaudited condensed interim consolidated financial statements for the quarter ended March 31, 2023, is available on SEDAR at www.sedar.com and on the Corporation's website at www.ayagoldsilver.com.