



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended
March 31, 2023 and 2022



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

(Expressed in thousands of US dollars - unaudited)

	March 31, 2023	December 31, 2022
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	88,496	39,360
Accounts receivable	3,531	2,344
Sales taxes receivable	9,294	8,347
Inventories (Note 3)	7,823	7,688
Prepaid expenses and security deposits	1,043	1,495
Options contracts (Note 17)	-	581
	110,187	59,815
Non-current		
Restricted cash (Note 17)	2,503	2,489
Deferred financing fees (Note 6)	906	-
Non-refundable deposits to suppliers	3,083	580
Property, plant, and equipment (Note 4)	71,167	60,233
Exploration and evaluation assets (Note 5)	38,862	33,687
TOTAL ASSETS	226,708	156,804
LIABILITIES		
Current		
Accounts payable and accrued liabilities	25,647	22,170
Balance of purchase price payable	1,467	1,436
Income tax payable	839	475
Current portion of lease liabilities (Note 7)	167	160
Options contracts (Note 17)	45	-
	28,165	24,241
Non-current		
Lease liabilities (Note 7)	543	127
Asset retirement obligations	1,050	1,021
Deferred income tax	1,131	1,106
TOTAL LIABILITIES	30,889	26,495
EQUITY		
Share capital (Note 8)	239,927	170,684
Equity reserves	7,850	8,589
Deficit	(56,535)	(53,551)
	191,242	125,722
Non-controlling interests	4,577	4,587
TOTAL EQUITY	195,819	130,309
TOTAL LIABILITIES AND EQUITY	226,708	156,804

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 (Loss) Income

(Expressed in thousands of US dollars, except per share amounts - unaudited)

	Three-month period ended	
	March 31,	
	2023	2022
	\$	\$
Revenue from silver sales (Note 12)	10,443	9,163
Cost of sales (Note 13)	8,360	6,962
Gross margin	2,083	2,201
Expenses		
General and administrative (Note 14)	1,486	1,774
Share-based payments (Note 9 & Note 10)	682	677
	2,168	2,451
Operating (loss)	(85)	(250)
Net finance income (expense) (Note 14)	1,945	(1,200)
Net income (loss) before income taxes	1,860	(1,450)
Income tax expense	800	512
Net income (loss)	1,060	(1,962)
Net income (loss) attributable to		
Equity holders of Aya Gold & Silver Inc.	1,070	(2,157)
Non-controlling interests	(10)	195
Net income (loss)	1,060	(1,962)
Other comprehensive (loss) income		
Items that will subsequently be reclassified to net income:		
Foreign currency translation adjustment	(1,329)	1,445
Comprehensive loss	(269)	(517)
Basic income (loss) per common share (Note 19)	0.01	(0.02)
Diluted income (loss) per common share (Note 19)	0.01	(0.02)
Weighted average number of shares - basic (Note 19)	114,693,572	104,971,492
Weighted average number of shares - diluted (Note 19)	122,702,115	104,971,492

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

(Expressed in thousands of US dollars, except for shares - unaudited)

	Share Capital		Equity Reserves			Deficit attributable to equity holders of Aya Gold & Silver Inc.	Non-controlling interests	Total equity
	Number of issued and outstanding shares	Share capital	Contributed surplus ^(a)	Accumulated other comprehensive income (loss) ^(b)	Equity Reserves			
		\$	\$	\$	\$	\$	\$	\$
Balance as at December 31, 2022	105,020,190	170,684	20,760	(12,171)	8,589	(53,551)	4,587	130,309
Exercise of warrants (Note 8)	155,000	477	(92)	-	(92)	-	-	385
Share-based payments (Note 10)	-	-	682	-	682	-	-	682
Shares issuance (Note 8)	11,151,550	68,766	-	-	-	-	-	68,766
Share issue costs	-	-	-	-	-	(4,054)	-	(4,054)
	116,326,740	239,927	21,350	(12,171)	9,179	(57,605)	4,587	196,088
Net income (loss)	-	-	-	-	-	1,070	(10)	1,060
Other comprehensive loss	-	-	-	(1,329)	(1,329)	-	-	(1,329)
Comprehensive loss	-	-	-	(1,329)	(1,329)	1,070	(10)	(269)
Balance as at March 31, 2023	116,326,740	239,927	21,350	(13,500)	7,850	(56,535)	4,577	195,819
Balance as at December 31, 2021	104,879,153	169,628	18,012	(2,452)	15,561	(52,234)	7,047	140,002
Exercise of warrants and options	80,350	775	(339)	-	(339)	-	-	435
Share-based payments (Note 10)	-	-	677	-	677	-	-	677
	104,959,503	170,403	18,350	(2,452)	15,899	(52,234)	7,047	141,114
Net (loss) income	-	-	-	-	-	(2,157)	195	(1,962)
Other comprehensive income	-	-	-	1,445	1,445	-	-	1,445
Comprehensive income (loss)	-	-	-	1,445	1,445	(2,157)	195	(517)
Balance as at March 31, 2022	104,959,503	170,403	18,350	(1,007)	17,344	(54,391)	7,242	140,597

(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

(Expressed in thousands of US dollars - unaudited)

	Three-month periods ended March 31,	
	2023	2022
Cash flows provided by (used in)	\$	\$
OPERATING ACTIVITIES		
Net income (loss)	1,060	(1,962)
Adjustments for non-cash items		
Share-based payments (Note 10)	682	677
Amortization of property, plant, and equipment (Note 4)	1,780	1,567
Accretion expense (Note 14)	28	63
Unrealized loss (gain) on foreign exchange	(1,580)	984
Change in fair value of options contracts	(115)	210
	1,855	1,539
Changes in working capital items (Note 18)	2,208	(2,354)
	4,063	(815)
INVESTING ACTIVITIES		
Net change in restricted cash	(14)	52
Deferred financing costs (Note 6)	(906)	-
Deposits to suppliers for capital expenditures	(2,511)	(236)
Acquisition of property, plant and equipment (Note 4)	(11,306)	(6,805)
Additions to exploration and evaluation assets (Note 5)	(4,975)	(1,069)
	(19,712)	(8,058)
FINANCING ACTIVITIES		
Repayment of lease liabilities (Note 7)	(116)	(65)
Proceeds from options contracts	-	24
Proceeds from exercise of warrants	385	36
Proceeds from share issuance	68,766	-
Share issue costs	(4,054)	-
	64,981	(5)
Effect of exchange rate changes on cash in foreign currencies	(196)	1,297
Net change in cash	49,136	(7,581)
Cash, beginning of period	39,360	81,666
Cash, end of period	88,496	74,085

Supplemental cash flow information (Note 18)

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

Aya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2023 (Expressed in thousands of US dollars - unaudited)

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 through its 100% ownership of Zgounder Millennium Silver Mine S.A ("ZMSM"). The Corporation also owns 85% of the Boumadine polymetallic project and is the sole owner of the permits related to the Amizmiz, Azegour, Zgounder Regional and Imiter bis properties. All of these properties are located in the Kingdom of Morocco. The Corporation also owns through Algold Resources Ltd. ("Algold"), 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" and on the OTCQX under the symbol "AYASF". All projects other than the Zgounder project are at the exploration and evaluation stage.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The condensed interim consolidated financial statements of the Corporation for the three-month periods ended March 31, 2023 and 2022 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, 2022, which have been prepared in accordance with IFRS.

The Board of directors approved and authorized for issue these condensed interim consolidated financial statements, on May 11, 2023.

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;
- (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 which is initially measured at the proportionate share of the acquiree's identifiable net assets as at the date of acquisition.

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

Aya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2023 (Expressed in thousands of US dollars - unaudited)

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

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, 2022.

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, 2022 except for the following policy that has been adopted in the three-month period ended March 31, 2023:

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.

Consolidation, functional and presentation currency

These condensed interim 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 condensed interim consolidated financial statements include the accounts of Aya, and its subsidiaries as follows:

Subsidiary	Registered	Ownership, voting Right	Principal activity	Functional Currency
Aya Gold & Silver Morocco S.A. ("AGSM")	Morocco	100%	Exploration	Moroccan dirham
Zgounder Millennium Silver Mining S.A. ("ZMSM")	Morocco	100%	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
Precious Metal Finance and Services Inc. ("PMFS")	Cayman Islands	100%	Services	United States dollar

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.

Aya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2023 (Expressed in thousands of US dollars - unaudited)

3. INVENTORIES

	March 31, 2023	December 31, 2022
	\$	\$
Mining supplies	5,381	4,451
Silver bars	315	276
Silver in concentrate	482	1,160
Silver in circuit	17	27
Ore stockpile	1,628	1,774
	7,823	7,688

For the three-month period ended March 31, 2023, the Corporation recognized \$7,202 of inventory costs in the cost of sales (\$5,674 for the three-month period ended March 31, 2022).

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 March 31, 2023, 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.

	Drilling and mining equipment	Mining and processing equipment	Mining assets in production	Assets under construction	Right-of- use assets	Total
	\$	\$	\$		\$	\$
Cost						
Balance at January 1, 2022	833	13,616	18,221	11,158	875	44,703
Additions	2,363	1,692	7,077	23,097	124	34,353
Lease termination	-	-	-	-	(6)	(6)
Transfers	98	126	422	(646)	-	-
Asset retirement obligation	-	(161)	-	-	-	(161)
Foreign exchange	(312)	(1,509)	(1,781)	(2,547)	(81)	(6,230)
Balance at December 31, 2022	2,982	13,764	23,939	31,062	912	72,659
Transfers	8	1,709	11,959	(13,676)	-	-
Additions	26	402	481	10,397	646	11,952
Lease terminations	-	-	-	-	(93)	(93)
Asset retirement obligation	-	21	-	-	-	21
Foreign exchange	61	318	365	463	(6)	1,201
Balance at March 31, 2023	3,077	16,214	36,744	28,246	1,459	85,740

Aya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2023 (Expressed in thousands of US dollars - unaudited)

4. PROPERTY, PLANT, AND EQUIPMENT (continued)

	Drilling and mining equipment	Mining and processing equipment	Mining assets in production	Assets under construction (1)	Right-of- use assets	Total
	\$	\$	\$		\$	\$
Accumulated depreciation						
Balance at January 1, 2022	128	2,884	3,411		419	6,842
Depreciation	40	2,499	3,553	-	250	6,342
Foreign exchange	(23)	(377)	(427)	-	69	(758)
Balance at December 31, 2022	145	5,006	6,537	-	738	12,426
Depreciation	(14)	642	1,023	-	129	1,780
Foreign exchange	53	114	82	-	118	367
Balance at March 31, 2023	184	5,762	7,642	-	985	14,573
Carrying amounts						
At December 31, 2022	2,837	8,758	17,402	31,062	174	60,233
At March 31, 2023	2,893	10,452	29,102	28,246	474	71,167

Assets under construction are located in Morocco and represent expenditures for the construction and development of assets which the Corporation intends to put into production.

On November 30, 2022 the Corporation's subsidiary entered into the 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 \$119 million, including \$71 million to DF, for costs related to assets under construction.

5. EXPLORATION AND EVALUATION ASSETS

During the three-month period ended March 31, 2023 and the year ended December 31, 2022, changes in exploration and evaluation assets were as follows:

	March 31, 2023	December 31, 2022
	\$	\$
Rights on mining properties		
Balance, beginning of the period	19,920	21,390
Foreign exchange	168	(1,470)
Balance, end of the period	20,088	19,920

Aya Gold & Silver Inc.
Notes to Condensed Interim Consolidated Financial Statements
March 31, 2023 (Expressed in thousands of US dollars - unaudited)

5. EXPLORATION AND EVALUATION ASSETS (continued)

	March 31, 2023	December 31, 2022
	\$	\$
Exploration and evaluation assets		
Balance, beginning of the period	13,767	4,267
Additions		
Drilling, Sampling, Geology, and others	4,975	9,801
Foreign exchange	32	(301)
Balance, end of the period	18,774	13,767
Total	38,862	33,687

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

The following schedule represents the Corporation's exploration and evaluation expenses:

	March 31, 2023					
	Zgounder Regional	Boumadine	Azegour	Imiter	Tijirit	Total
	\$	\$	\$	\$	\$	\$
Opening Balance	2,391	7,607	32	1,524	22,133	33,687
Drilling, Sampling, Geology, and others	453	1,966	-	2	2,554	4,975
Foreign exchange	56	150	-	33	(39)	200
Closing Balance	2,900	9,723	32	1,559	24,648	38,862

	December 31, 2022					
	Zgounder Regional	Boumadine	Azegour	Imiter	Tijirit	Total
	\$	\$	\$	\$	\$	\$
Opening Balance	-	5,434	27	718	19,478	25,657
Drilling, Sampling, Geology, and others	2,330	2,612	5	981	3,873	9,801
Foreign exchange	61	(439)	-	(175)	(1,218)	(1,771)
Closing Balance	2,391	7,607	32	1,524	22,133	33,687

Tijirit project

The Tijirit permit has been renewed, following the payment of past due applicable fees which have been paid to the Agence Nationale de Recherches Géologiques et du Patrimoine Minier ("ANARPAM") The Tijirit permit is valid for a period of 24 months starting in October 12, 2022 following the restart of fieldwork at the site. The following milestones must be reached during that period:

- (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 renewal date.

Aya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2023 (Expressed in thousands of US dollars - unaudited)

6. DEBT

On January 19, 2023, the Corporation entered into a credit agreement for a secured project 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 (see note 4) for the Zgounder Silver Mine of up to \$100,000.

The Facility consists of a \$92,000 loan provided by the EBRD and an \$8,000 tranche (pari-passu with the EBRD) by the Climate Investment Funds (“CTF”), managed by the EBRD. Amounts borrowed under the Facility incur interest at a rate of SOFR plus 5%. Interest is paid twice every year on July 19 and January 19.

Interest rate on the CTF \$8,000 tranche 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%.

The funds are available for a period of 24 months and a commitment fee representing 30% of the 5% margin for undrawn amounts during the availability period must be paid to EBRD. During the three-month period ended March 31, 2023 a commitment fee of \$296 was recorded under property plant and equipment as borrowing costs.

During the three-month period ended March 31, 2023, the Corporation paid \$750 in underwriting commission and \$156 in loan related fees. These fees were recorded as a deferred financing fees.

As at March 31, 2023, no amount was drawn under the Facility.

7. LEASE LIABILITIES

The Corporation leases office space, mining vehicles and dwellings for employees. These 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.

The movement in lease liabilities during the three-month period ended March 31, 2023 and the year ended December 31, 2022 is comprised of the following:

	March 31, 2023	December 31, 2022
	\$	\$
Balance, beginning of the period	287	426
Additions	646	124
Terminations	(93)	(6)
Accretion	21	14
Repayments	(116)	(245)
Foreign exchange	(35)	(26)
Balance, end of the period	710	287
Current portion	167	160
Long-term portion	543	127

Aya Gold & Silver Inc.
Notes to Condensed Interim Consolidated Financial Statements
March 31, 2023 (Expressed in thousands of US dollars - unaudited)

7. LEASE LIABILITIES (continued)

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

	\$
2023	189
2024	151
2025	134
2026	122
2027 and above	199
Total minimum payments	795
Less interest	(85)
Total minimum capital payments	710

The Corporation's weighted average incremental borrowing rate is 4.95%.

8. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value.

Common Shares

As at March 31, 2023, the Corporation had 116,326,740 issued and outstanding common shares (December 31, 2022 - 105,020,190).

Transactions during the three-month period ended March 31, 2023:

- On January 25, 2023 the Corporation closed its bought deal financing and issued 11,151,550 common shares for total consideration of C\$92,000 (\$68,766).
- A total of 155,000 share purchase warrants were exercised for a strike price of C\$3.30 for total proceeds of C\$511 (\$385) and an ascribed value reclassification of C\$125 (\$92) from contributed surplus to share capital.

During the period in which the warrants and options were exercised, the Corporation's minimum market share price was C\$8.84 (\$6.61) while the maximum was C\$9.44 (\$7.07).

9. SHARE PURCHASE WARRANTS

The outstanding share purchase warrants as at March 31, 2023 and December 31, 2022 and the respective changes during the period are summarized as follows:

Aya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2023 (Expressed in thousands of US dollars - unaudited)

9. SHARE PURCHASE WARRANTS (continued)

	Three-month period ended		Year ended	
	March 31, 2023		December 31, 2022	
	Number	C\$ ⁽¹⁾	Number	C\$ ⁽¹⁾
Balance, beginning of the period	4,609,448	3.30	4,628,198	3.30
Exercised	(155,000)	3.30	(18,750)	3.30
Balance exercisable, end of the period	4,454,448	3.30	4,609,448	3.30

(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:

Expiry Date	Three-month period ended	
	Number	Exercise Price C\$ ⁽¹⁾
September 3, 2023	4,454,448	3.30
Balance exercisable, end of the period	4,454,448	3.30

(1) Weighted average exercise price in Canadian dollar.

10. SHARE-BASED PAYMENTS

Share purchase options

The Corporation's 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 and their exercise price in Canadian dollars as at March 31, 2023 and as at December 31, 2022 and the respective changes during the period are summarized as follows:

	Three-month period ended		Year ended	
	March 31, 2023		December 31, 2022	
	Number	C\$	Number	C\$
Balance, beginning of the period	6,041,401	2.23	6,151,334	2.29
Exercised	-	-	(109,933)	5.93
Balance, end of the period	6,041,401	2.23	6,041,401	2.23
Exercisable	5,908,067	2.10	5,780,396	2.04

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

Aya Gold & Silver Inc.
Notes to Condensed Interim Consolidated Financial Statements
March 31, 2023 (Expressed in thousands of US dollars - unaudited)

10. SHARE-BASED PAYMENTS (continued)

	March 31, 2023		
	Number outstanding	Number exercisable	Exercise price C\$
April 14, 2023	50,000	50,000	2.00
May 4, 2023	400,000	400,000	3.30
May 16, 2023	400,000	400,000	3.30
July 1, 2030	4,498,334	4,498,334	1.43
March 3, 2031	359,667	359,667	4.75
May 12, 2031	333,400	200,066	7.69
	6,041,401	5,908,067	

A share-based payment expense of \$108 was recognized during the three-month period ended March 31, 2023 (\$540 during the three-month period ended March 31, 2022).

Restricted share units ("RSU")

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.

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 RSUs as at March 31, 2023 and December 31, 2022 are as follows:

	Three-month period ended		Year ended	
	March 31, 2023		December 31, 2022	
	Number	C\$⁽²⁾	Number	C\$⁽²⁾
Balance, beginning of the period	591,017	8.73	131,819	8.22
Granted	-	-	475,230	8.87
Canceled	-	-	(16,032)	8.63
Balance, end of the period	591,017	8.73	591,017	8.73

(2) Weighted average fair value in Canadian dollars at grant date.

A share-based compensation payment of \$325 was recognized during the three-month period ended March 31, 2023 (\$71 during the three-month period ended March 31, 2022).

Deferred share units ("DSU")

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, after the termination date, common shares of the Corporation issued from treasury. The outstanding DSUs as at March 31, 2023 and December 31, 2022 are as follows:

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10. SHARE-BASED PAYMENTS (continued)

	Three-month period ended		Year ended	
	March 31, 2023		December 31, 2022	
	Number	C\$(³)	Number	C\$(³)
Balance, beginning of the period	209,765	8.10	60,273	7.94
Granted	31,877	10.59	161,846	8.16
Settled	-	-	(12,354)	8.06
Balance, end of the period	241,642	8.43	209,765	8.10

(3) Weighted average fair value in Canadian dollars at grant date.

A share-based compensation payment of \$249 was recognized during the three-month period ended March 31, 2023 (\$66 during the three-month period ended March 31, 2022).

11. 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 period ended March 31, 2023, 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 period ended March 31, 2023 and December 31, 2022. 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.

	March 31, 2023		
	Total non-current assets	Total assets	Total liabilities
	\$	\$	\$
Production (Zgounder Silver Mine - Morocco)	71,167	102,042	20,574
Exploration, evaluation, and development (Morocco)	14,214	15,538	1,567
Exploration, evaluation, and development (Mauritania)	24,648	24,647	1,797
Corporate	6,342	84,481	6,951
Total per consolidated statement of financial position	116,370	226,708	30,889

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11. SEGMENTED INFORMATION (continued)

	December 31, 2022		
	Total non-current assets	Total assets	Total liabilities
	\$	\$	\$
Production (Zgounder Silver Mine - Morocco)	60,937	87,383	17,332
Exploration, evaluation, and development (Morocco)	11,554	13,457	1,728
Exploration, evaluation, and development (Mauritania)	22,133	22,360	894
Corporate	2,365	33,604	6,541
Total per consolidated statement of financial position	96,989	156,804	26,495

Three months ended March 31, 2023 and 2022		December 31, 2022			
		Revenue	Cost of sales	G&A expenses	Operating income (loss)
Production (Zgounder Silver Mine)	2023	10,443	8,360	19	2,081
	2022	9,163	6,962	14	2,187
Exploration	2023	-	-	-	-
	2022	-	-	-	-
Corporate	2023	-	-	2,149	(2,166)
	2022	-	-	2,437	(2,437)
Consolidated	2023	10,443	8,360	2,168	(85)
	2022	9,163	6,962	2,451	(250)

12. 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 periods ended March 31, 2023 and 2022:

Revenue from sales	Three-month period ended	
	March 31,	
	2023	2022
	\$	\$
Ingots	3,473	4,857
Silver concentrate	7,770	4,898
Less: treatment, smelting, and refining costs	(800)	(592)
	10,443	9,163

The Corporation's sales are with two clients (2022 – two clients) located in Switzerland.

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13. 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 periods ended March 31, 2023 and 2022:

Cost of sales	Three-month period ended	
	2023	2022
	\$	\$
Consumables, supplies, services, and other expenses	6,171	5,316
Freight outbound	113	111
Royalties	314	234
Depreciation (Note 4)	1,762	1,301
	8,360	6,962

14. 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 periods ended March 31, 2023 and 2022:

General and administrative expenses	Three-month period ended	
	2023	2022
	\$	\$
Salaries and benefits	283	576
Consulting fees	568	432
Investor relations	226	209
Depreciation – G&A	18	233
Office	138	107
Professional fees	174	191
Reporting issuer costs	79	26
	1,486	1,774

Finance income (expense)	Three-month period ended	
	2023	2022
	\$	\$
Fair value adjustments on options contracts	115	(210)
Interest income	544	121
Gain (loss) on foreign exchange	1,314	(1,048)
Accretion expense	(28)	(63)
	1,945	(1,200)

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

Expenses recognized for employee benefits	Three-month period ended	
	2023	March 31, 2022
	\$	\$
Salaries and bonuses	2,323	2,027
Fringe benefits costs	387	288
Post-employment benefits and short-term employee benefits	111	55
Post-employment benefits from government plans	74	49
Share-based payments (Note 10)	682	677
	3,577	3,096

15. 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.

The Corporation will achieve these objectives by effectively 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 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 March 31, 2023, managed capital is \$191,242 (\$125,722 as at December 31, 2022) 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 three-month period ended March 31, 2023.

16. 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 periods ended March 31, 2023 and 2022. The Corporation's main financial risk exposure and its financial risk management policies are as follows:

Credit risk

Credit risk refers to 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, options contracts, and long-term restricted cash. 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

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16. FINANCIAL RISK MANAGEMENT (continued)

on transfer of property and deals with creditworthy counterparties to mitigate the risk of financial loss from default. The Corporation monitors the credit risk of customers through credit rating reviews and constant communication with 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 March 31, 2023 and December 31, 2022, 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 limited. 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 refers to 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 March 31, 2023:

	Carrying Amount	Contractual cash flows	0-12 months	12-24 months	More than 24 months
	\$	\$	\$	\$	\$
Accounts payable & accrued liabilities	25,647	25,647	25,647	-	-
Balance of purchase price payable	1,467	1,467	1,467	-	-
Lease liabilities	710	795	189	151	455
	27,824	27,909	27,303	151	455

The following are the contractual maturities of financial liabilities and other liabilities as at December 31, 2022:

	Carrying Amount	Contractual cash flows	0-12 months	12-24 months	More than 24 months
	\$	\$	\$	\$	\$
Accounts payable & accrued liabilities	22,170	22,170	22,170	-	-
Balance of purchase price payable	1,436	1,436	1,436	-	-
Lease liabilities	287	307	171	62	74
	23,893	23,913	23,777	62	74

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 AGSM, ZMSM, BGM and AGS, for which the functional currency is the Moroccan dirham, and for TIREX and ALGOLD S.A.R.L., for which the functional currency is the Mauritanian Ouguiya. Transactions related to the Corporation's exploration and evaluation activities are mainly denominated in Moroccan dirhams and Mauritanian ouguiyas. Foreign currency denominated financial assets and liabilities which expose the Corporation to currency risk are presented below.

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16. FINANCIAL RISK MANAGEMENT (continued)

The Corporation enters into put option contracts to mitigate the risk of fluctuations in the exchange rate of its holdings of US dollars. 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 profit or 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 March 31, 2023 was (\$45) (\$581 as at December 31, 2022). As at March 31, 2023, the Corporation had cash collateral balances related to option contracts being held of \$2,503 (\$2,489 as at December 31, 2022). They are reflected as part of 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:

March 31, 2023	USD	EUR	MAD	Total
	\$	\$		\$
Cash and cash equivalents	37,540	1,402	-	38,942
Accounts receivable	87	5	-	92
Accounts payable and accrued liabilities	(429)	(107)	-	(536)
Balance of purchase price payable	-	-	(1,467)	(1,467)
	37,198	1,300	(1,467)	37,031

December 31, 2022	USD	EUR	MAD	Total
	\$	\$		\$
Cash and cash equivalents	28,103	1,040	-	29,143
Accounts receivable	2,313	-	-	2,313
Accounts payable and accrued liabilities	(701)	(75)	(193)	(969)
Balance of purchase price payable	-	-	(1,436)	(1,436)
	29,715	965	(1,629)	29,051

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 March 31, 2023 would be approximately \$3,703 (\$2,910 as December 31, 2022).

17. FINANCIAL INSTRUMENTS

The classification of financial instruments is summarized as follows, as at March 31, 2023 and December 31, 2022:

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17. FINANCIAL INSTRUMENTS (continued)

Financial Assets	Classification	March 31,	December 31,
		2023	2022
		\$	\$
Cash and cash equivalents	Financial assets at amortized cost	88,496	39,360
Accounts receivable	Financial assets at amortized cost	3,531	2,344
Restricted cash	Financial assets at amortized cost	2,503	2,489
		94,530	44,193

Financial Liabilities	Classification	March 31,	December 31,
		2023	2022
		\$	\$
Accounts payable and accrued liabilities	Financial liabilities at amortized cost	25,647	22,170
Balance of purchase price payable	Financial liabilities at amortized cost	1,467	1,436
		27,114	23,606

Financial Assets (Liabilities)	Classification	March 31,	December 31,
		2023	2022
		\$	\$
Option contracts	Fair value through profit & loss	(45)	581
		(45)	581

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. Their carrying values are considered to be a reasonable approximation of their fair value because of their short-term maturity and/or of the 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 approximates the current rate that could be obtained with similar terms and credit risk. Fair value of restricted cash is very similar to the amortized cost due to the nature of the underlying asset.

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 (loss). The premium at inception is accounted for against the fair value of the instrument at each reporting date.

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:

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17. FINANCIAL INSTRUMENTS (continued)

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 March 31, 2023, the following represents the classification of fair value instruments:

	March 31, 2023			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
Option contracts	-	(45)	-	(45)

	December 31, 2022			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
Option contracts	-	581	-	581

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.

18. SUPPLEMENTAL CASH FLOW INFORMATION

	Three-month periods ended	
	March 31, 2023	March 31, 2022
	\$	\$
Accounts receivable	(1,187)	(1,294)
Sales tax receivable	(946)	(767)
Inventories	(135)	674
Prepaid expenses and security deposits	451	(583)
Accounts payable and accruals	3,661	2,528
Income tax payable	364	(2,912)
	2,208	(2,354)
Non-cash transactions		
Additions of new right-of-use assets	646	-
Variation of unpaid stock options included in accounts receivable	-	399

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19. 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, RSUs, DSUs and warrants. The calculations for basic and diluted earnings per share for the three-month periods ended March 31, 2023 and 2022 are as follows:

	Three-month periods ended	
	March 31,	
	2023	2022
	\$	\$
Net earnings (loss)	1,060	(1,962)
Weighted average number of shares – basic	114,693,572	104,971,492
Impact of dilutive securities		
Warrants	2,727,170	-
Stock options, RSUs and DSUs	5,281,374	-
Weighted average number of shares – diluted	122,702,115	104,971,492
Earnings per share – basic	0.01	(0.02)
Earnings per share – diluted	0.01	(0.02)

A total of 2,606,844 stock options, warrants and units were not considered in the calculation of earnings per share for March 31, 2022, since their effect would have been anti-dilutive.

20. RELATED PARTY TRANSACTIONS

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 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 periods ended March 31, 2023 and 2022, the remuneration awarded to key management personnel (including the amounts above) was as follows:

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20. RELATED PARTY TRANSACTIONS (continued)

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