CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

PREPARED BY MANAGEMENT

Three and Nine Months Ended September 30, 2021 and 2020

ENDEAVOUR SILVER CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(unaudited – prepared by management)
(expressed in thousands of US dollars)

	Notes	September 30, 2021	December 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents		$ 101,076	$ 61,083
Other investments	4	7,047	4,767
Accounts and other receivable	5	17,290	20,144
Income tax receivable		67	52
Inventories	6	30,504	16,640
Prepaid expenses		5,114	2,284
Total current assets		161,098	104,970
Deposits		591	591
Deferred financing costs		-	294
Income tax recoverable	18	3,570	-
IVA receivable	5	2,879	2,676
Deferred income tax asset		5,493	12,753
Intangible assets		138	492
Right-of-use leased assets		711	861
Mineral properties, plant and equipment	8,9	108,133	87,955
Total assets		$ 282,613	$ 210,592
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		$ 25,950	$ 27,764
Income taxes payable		3,146	3,038
Loans payable	9	3,131	3,578
Lease liabilities	10	200	173
Total current liabilities		32,427	34,553
Loans payable	9	3,801	6,094
Lease liabilities	10	848	921
Provision for reclamation and rehabilitation	11	7,433	8,876
Deferred income tax liability		1,080	1,077
Total liabilities		45,589	51,521
Shareholders' equity			
Common shares, unlimited shares authorized, no par value, issued and outstanding 170,461,307 shares (Dec 31, 2020 - 157,924,708 shares)	Page 4	585,211	517,711
Contributed surplus	Page 4	5,689	9,662
Retained earnings (deficit)		(353,876)	(368,302)
Total shareholders' equity		237,024	159,071
Total liabilities and shareholders' equity		$ 282,613	$ 210,592

Commitments and contingencies (Notes 8, 9, 10,18 and 19)

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

Approved on behalf of the Board:

/s/ Margaret Beck — Director

/s/ Daniel Dickson — Director

ENDEAVOUR SILVER CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)

(unaudited – prepared by management)
(expressed in thousands of US dollars, except for shares and per share amounts)

	Notes	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Revenue	13	$ 34,562	$ 35,586	$ 116,803	$ 77,714
Cost of sales:					
Direct production costs		18,639	18,418	63,590	46,940
Royalties		2,698	2,029	9,498	3,720
Share-based payments	12 (c)(d)	105	87	334	270
Depreciation, depletion and amortization		4,843	8,122	18,963	18,096
Write down of inventory to net realizable value		-	639	272	2,167
		26,285	29,295	92,657	71,193
Mine operating earnings		8,277	6,291	24,146	6,521
Expenses:					
Exploration and evaluation	14	4,660	1,670	13,815	5,717
General and administrative	15	(522)	3,695	7,294	8,837
Care and maintenance costs		364	533	940	4,789
Severance costs	8(d)	737	-	737	-
Impairment reversal of non-current assets	8	-	-	(16,791)	-
		5,239	5,898	5,995	19,343
Operating earnings (loss)		3,038	393	18,151	(12,822)
Finance costs		195	359	702	1,025
Other income (expense):					
Foreign exchange		(1,184)	890	(1,219)	(3,287)
Gain on asset disposals	8(b)	-	-	5,841	-
Investment and other		(2,462)	678	2,091	1,332
		(3,646)	1,568	6,713	(1,955)
Earnings (loss) before income taxes		(803)	1,602	24,162	(15,802)
Income tax expense (recovery):					
Current income tax expense		659	595	2,476	1,056
Deferred income tax expense (recovery)		3,017	556	7,260	1,906
		3,676	1,151	9,736	2,962
Net earnings (loss) and comprehensive earnings (loss) for the period		(4,479)	451	14,426	(18,764)
Basic earnings (loss) per share based on net earnings (loss)		$ (0.03)	$ 0.00	$ 0.09	$ (0.13)
Diluted earnings (loss) per share based on net earnings (loss)	12(f)	$ (0.03)	$ 0.00	$ 0.09	$ (0.13)
Basic weighted average number of shares outstanding		170,432,326	156,265,280	166,201,727	148,673,768
Diluted weighted average number of shares outstanding	12(f)	173,689,576	156,265,280	169,628,783	148,673,768

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

ENDEAVOUR SILVER CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited – prepared by management)
(expressed in thousands of US dollars, except share amounts)

	Note	Number of shares		Share Capital		Contributed Surplus		Retained Earnings (Deficit)		Total Shareholders' Equity
Balance at December 31, 2019		141,668,178	$	482,170	$	11,482	$	(370,859)	$	122,793
Public equity offerings, net of issuance costs	12 (a)	13,804,530		25,206		-		-		25,206
Exercise of options	12 (b)	1,939,600		8,421		(2,832)		-		5,589
Share-based compensation	12 (c)(d)	-		-		2,386		-		2,386
Expiry and forfeiture of options	12 (b)	-		-		(875)		875		-
Expiry and forfeiture of performance share units	12 (c)	-		-		(523)		523		-
Earnings (loss) for the period		-		-		-		(18,764)		(18,764)
Balance at September 30, 2020		157,412,308		515,797		9,638		(388,225)		137,210
Public equity offerings, net of issuance costs	12 (a)	-		-		-		-		-
Exercise of options	12 (b)	512,400		1,914		(593)		-		1,321
Share-based compensation	12 (c)(d)	-		-		617		-		617
Expiry and forfeiture of options	12 (b)	-		-		-		-		-
Expiry and forfeiture of performance share units	12 (c)	-		-		-		-		-
Earnings (loss) for the year		-		-		-		19,923		19,923
Balance at December 31, 2020		157,924,708		517,711		9,662		(368,302)		159,071
Public equity offerings, net of issuance costs	12 (a)	10,060,398		58,389		-		-		58,389
Exercise of options	12 (b)	2,096,861		8,550		(3,967)		-		4,583
Share-based compensation	12 (c)(d)	-		-		2,918		-		2,918
Settlement of performance share units	12 (c)	379,340		561		(2,924)		-		(2,363)
Earnings (loss) for the period		-		-		-		13,971		13,971
Balance at September 30, 2021		170,461,307	$	585,211	$	5,689	$	(354,331)	$	236,569

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

ENDEAVOUR SILVER CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(unaudited – prepared by management)

(expressed in thousands of US dollars)

		Three months ended		Nine months ended	
		September 30,	September 30,	**September 30,**	September 30,
	Notes	**2021**	2020	**2021**	2020
Operating activities					
Net earnings (loss) for the period		**$ (4,479)**	$ 451	**$ 14,426**	$ (18,764)
Items not affecting cash:					
Share-based compensation	12(c)(d)	**725**	793	**2,918**	2,386
Depreciation, depletion and amortization	8	**4,980**	8,296	**19,327**	18,777
Impairment reversal of non-current assets	8	**-**	-	**(16,791)**	-
Deferred income tax expense		**3,017**	556	**7,260**	1,906
Unrealized foreign exchange loss (gain)		**140**	(779)	**87**	(265)
Finance costs		**195**	377	**702**	1,025
Write down of inventory to net realizable value		**-**	639	**272**	2,167
Loss (gain) on asset disposal		**-**	27	**(5,807)**	162
Loss (gain) on other investments	4	**3,077**	(76)	**(835)**	(190)
Net changes in non-cash working capital	16	**(7,808)**	5,288	**(16,168)**	5,110
Cash from (used in) operating activities		**(153)**	15,572	**5,391**	12,314
Investing activites					
Proceeds on disposal of property, plant and equipment	8	**-**	50	**7,541**	150
Mineral property, plant and equipment expenditures	8	**(23,373)**	(8,561)	**(38,807)**	(18,945)
Purchase of marketable securities		**-**	-	**(832)**	-
Proceeds from disposal of marketable securities		**-**	-	**9,288**	-
Redemption of non-current deposits		**1**	-	**-**	-
Cash from (used in) investing activities		**(23,372)**	(8,511)	**(22,810)**	(18,795)
Financing activities					
Repayment of loans payable	9	**(843)**	(847)	**(2,730)**	(2,173)
Repayment of lease liabilities	10	**(46)**	(45)	**(131)**	(137)
Interest paid	9,10	**(159)**	(235)	**(526)**	(696)
Public equity offerings	12(a)	**864**	2,179	**59,998**	26,367
Exercise of options	12(b)	**-**	5,569	**4,583**	5,589
Share issuance costs	12(a)	**(27)**	(96)	**(1,293)**	(1,133)
Performance share unit redemption	12(c)	**(189)**	-	**(2,363)**	-
Cash from (used in) financing activites		**(400)**	6,525	**57,538**	27,817
Effect of exchange rate change on cash and cash equivalents		**(190)**	833	**(126)**	213
Increase (decrease) in cash and cash equivalents		**(23,925)**	13,586	**40,119**	21,336
Cash and cash equivalents, beginning of the period		**125,191**	30,498	**61,083**	23,368
Cash and cash equivalents, end of the period		**$ 101,076**	$ 44,917	**$ 101,076**	$ 44,917

Supplemental cash flow information (Note 16)

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

1. CORPORATE INFORMATION

Endeavour Silver Corp. (the "Company" or "Endeavour Silver") is a corporation governed by the Business Corporations Act (British Columbia). The Company is engaged in silver mining in Mexico and related activities including acquisition, exploration, development, extraction, processing, refining and reclamation. The Company is also engaged in exploration activities in Chile. The address of the registered office is #1130 – 609 Granville Street, Vancouver, B.C., V7Y 1G5.

2. BASIS OF PRESENTATION

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's consolidated financial statements as at and for the year ended December 31, 2020.

The Board of Directors approved the consolidated financial statements for issue on November 5, 2021.

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

On March 31, 2020, the Mexican government declared a national health emergency with extraordinary measures due to the COVID 19 pandemic. Numerous health precautions were decreed, including the suspension of non essential businesses, with only essential services to remain open. As at March 31, 2020 mining did not qualify as an essential service so for the protection of the Company's staff, employees, contractors and communities, the Company suspended its three mining operations in Mexico as of April 1, 2020 as mandated by the Mexican government. The Company retained essential personnel at each mine site during the suspension period to maintain safety protocols, environmental monitoring, security measures and equipment maintenance. Non essential employees were sent home to self-isolate and stay healthy, while continuing to receive their base pay. The suspension of activities ceased in May 2020, when mining was declared an essential business by the Mexican government.

The Company implemented plans to minimize the risks of the COVID-19 virus, both to employees and to the business. At each site, Endeavour is following government health protocols and is closely monitoring the pandemic with local health authorities. The Company has posted health advisories to educate employees about the COVID-19 symptoms, best practices to avoid contracting and spreading the virus, and procedures to follow if symptoms are experienced.

The Company's long-term business could be significantly adversely affected by the effects of the COVID 19 pandemic. The Company cannot accurately predict the impact COVID 19 will have on third parties' ability to meet their obligations with the Company, including due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In particular, the continued spread of COVID 19 globally could materially and adversely impact the Company's business including without limitation, employee health, limitations on travel, the availability of industry experts and personnel, on-going restrictions to mining and processing operations and drill programs, and other factors that will depend on future developments beyond the Company's control. In addition, the COVID-19 pandemic could adversely affect the economies and financial markets of many countries (including those in which the Company operates), resulting in an economic downturn that could negatively impact the Company's operating results and ability to raise capital. As of September 30, 2021, the Company held $101.1 million in cash and $128.7 million in working capital but the COVID-19 global pandemic is dynamic, and any future restrictions could have a material effect on the Company's financial position. Management believes there is sufficient working capital to meet the Company's current obligations, however the ultimate duration and severity of the COVID-19 pandemic is uncertain and could impact the financial liquidity of the Company. The Company may be required to raise additional funds through future debt or equity financings in order to carry out its business plans.

These consolidated financial statements are presented in the Company's functional currency of US dollars and include the accounts of the Company and its wholly owned subsidiaries: Endeavour Management Corp., Endeavour Gold Corporation S.A. de C.V., EDR Silver de Mexico S.A. de C.V. SOFOM , Minera Santa Cruz Y Garibaldi S.A de C.V., Metalurgica Guanaceví S.A. de C.V., Minera Plata Adelante S.A. de C.V., Refinadora Plata Guanaceví S.A. de C. V., Minas Bolañitos S. A. de C.V., Guanaceví Mining Services S.A. de C.V., Recursos Humanos Guanaceví S.A. de C.V., Recursos Villalpando S.A. de C.V., Servicios Administrativos Varal S.A. de C.V., Minera Plata Carina SPA, MXRT Holding Ltd., Compania Minera del Cubo S.A. de C.V., Minas Lupycal S.A. de C.V., Metales Interamericanos S.A. de C.V., Oro Silver Resources Ltd., Minera Oro Silver de Mexico S.A. de C.V., Terronera Precious Metals S.A. de C.V, Endeavour USA Holdings and Endeavour USA Corp.. All intercompany transactions and balances have been eliminated upon consolidation of these subsidiaries.

(expressed in thousands of US dollars, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2020.

The following amendment to accounting standards has been issued but not yet adopted in the financial statements:

On May 14, 2020, the IASB published a narrow scope amendment to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use. The amendment prohibits deducting from the cost of property, plant and equipment amounts received from selling items produced while preparing the asset for its intended use. Instead, amounts received will be recognized as sales proceeds and the related costs in profit or loss. The effective date is for annual periods beginning on or after January 1, 2022. The Company is assessing the effect of the narrow scope amendment on its consolidated financial statements.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended December 31, 2020 and accordingly should be read in conjunction with the Company's annual audited financial statements for the year ended December 31, 2020.

4. OTHER INVESTMENTS

	Note	September 30, 2021	December 31, 2020
Balance at beginning of the period		$ 4,767	$ 69
Investment in marketable securities, at cost		882	5,497
FMV of investments received on asset disposal	8(b)	9,851	-
Disposals, at cost		(5,467)	(862)
Unrealized gain (loss)		(2,986)	63
Balance at end of the period		$ 7,047	$ 4,767

The Company holds $7,047 (December 31, 2020 -$4,767) in marketable securities that are classified as Level 1 in the fair value hierarchy (Note 19) and as financial assets measured at FVTPL. The fair values of Level 1 marketable securities are determined based on the closing price of each particular security at the reporting date. The closing price is a quoted market price obtained from the exchange that is the principal active market for the particular security, being the market with the greatest volume and level of activity for the assets.

5. ACCOUNTS AND OTHER RECEIVABLES

	Note	September 30, 2021	December 31, 2020
Trade receivables (1)		$ 2,762	$ 8,755
Note receivable	8(b)	2,432	-
IVA receivables (2)		10,963	9,666
Other receivables		1,132	1,721
Due from related parties	7	1	2
		$ 17,290	$ 20,144

(1) The trade receivables consist of receivables from provisional silver and gold sales from the Bolañitos, and El Compas mines. The fair value of receivables arising from concentrate sales contracts that contain provisional pricing mechanisms is determined using the appropriate quoted forward price on the measurement date from the exchange that is the principal active market for the particular metal. As such, these receivables, which meet the definition of an embedded derivative, are classified within Level 2 of the fair value hierarchy (Note 19).

(expressed in thousands of US dollars, unless otherwise stated)

(2) The Company's Mexican subsidiaries pay value-added tax, Impuesto al Valor Agregado ("IVA"), on the purchase and sale of goods and services. The net amount paid is recoverable but is subject to review and assessment by the tax authorities. The Company regularly files the required IVA returns and all supporting documentation with the tax authorities, however, the Company has been advised that certain IVA amounts receivable from the tax authorities are being withheld pending completion of the authorities' audit of certain of the Company's third-party suppliers. Under Mexican law the Company has legal rights to those IVA refunds and the results of the third-party audits should have no impact on refunds. A smaller portion of IVA refund requests are from time to time denied based on the alleged lack of compliance of certain formal requirements and information returns by the Company's third-party suppliers. The Company takes necessary legal action on the delayed refunds as well as any denied refunds.

These delays and denials have occurred for Refinadora Plata Guanaceví S.A. de C.V. ("Guanaceví,") and Guanaceví holds $8,518 in IVA receivables which the Company and its advisors have determined to be recoverable from tax authorities (December 31, 2020 –$7,714 respectively). The Company is in regular contact with the tax authorities in respect of its IVA filings and believes the full amount of its IVA receivables will ultimately be received; however, the timing of recovery of these amounts and the nature and extent of any adjustments to the Company's IVA receivables remains uncertain.

As at September 30, 2021, the total IVA receivable of $13,842 (December 31, 2020 - $12,342) has been allocated between the current portion of $10,963, which is included in accounts receivable, and a non-current portion of $2,879 (December 31, 2020 - $9,666 and $2,676 respectively). The non-current portion is composed of El Cubo and Guanacevi of $164 and $1,429 respectively, which are currently under appeal and are unlikely to be received in the next 12 months. The remaining $1,286 is IVA receivable for Terronera, which will not become recoverable until Terronera recognizes revenue for tax purposes.

6. INVENTORIES

	September 30, 2021	December 31, 2020
Warehouse inventory	**$ 8,335**	$ 8,717
Stockpile inventory	**3,386**	3,982
Finished Goods (1)	**18,307**	3,580
Work in process inventory	**476**	361
	$ 30,504	$ 16,640

(1) The finished goods inventory balance at September 30, 2021 is net of a write down to net realizable value of $Nil- (December 31, 2020- $151) for finished goods inventory held at the El Compas mine.

7. RELATED PARTY TRANSACTIONS

The Company shares common administrative services and office space with a company related by virtue of a common director and from time to time will incur third party costs on behalf of related parties on a full cost recovery basis. The charges for these costs totaled $1 and $3 for the three and nine months ended September 30, 2021 respectively (September 30, 2020 - $1 and $3 respectively). The Company has a $1 net receivable related to these costs as of September 30, 2021 (December 31, 2020 – $2).

The Company was charged $45 and $236 for legal services for the three and nine months ended September 30, 2021 by a legal firm in which the Company's corporate secretary is a partner (September 30, 2020 - $64 and $206 respectively). The Company has $4 payable to the legal firm as at September 30, 2021 (December 31, 2020 - $26).

(expressed in thousands of US dollars, unless otherwise stated)

8. MINERAL PROPERTIES, PLANT AND EQUIPMENT

(a) Mineral properties, plant and equipment comprise:

	Mineral properties	Plant	Machinery & equipment	Building	Transport & office equipment	Total
Cost						
Balance at December 31, 2019	**$ 534,222**	**$ 104,010**	**$ 76,476**	**$ 12,956**	**$ 13,335**	**$ 740,999**
Additions	18,656	2,506	7,762	358	808	30,090
Disposals	-	(71)	(3,235)	-	(1,366)	(4,672)
Balance at December 31, 2020	**$ 552,878**	**$ 106,445**	**$ 81,003**	**$ 13,314**	**$ 12,777**	**$ 766,417**
Additions	30,537	1,811	7,561	814	1,646	42,369
Disposals	(81,269)	(25,192)	(8,980)	(4,149)	(2,737)	(122,327)
Balance at September 30, 2021	**$ 502,146**	**$ 83,064**	**$ 79,584**	**$ 9,979**	**$ 11,686**	**$ 686,459**
Accumulated amortization and impairment						
Balance at December 31, 2019	**$ 489,763**	**$ 92,196**	**$ 50,765**	**$ 9,860**	**$ 10,082**	**$ 652,666**
Amortization	18,676	4,472	4,471	306	1,286	29,211
Impairments, net	1,896	(1,782)	310	-	-	424
Disposals	-	(71)	(2,424)	-	(1,344)	(3,839)
Balance at December 31, 2020	**$ 510,335**	**$ 94,815**	**$ 53,122**	**$ 10,166**	**$ 10,024**	**$ 678,462**
Amortization	12,619	2,903	3,757	296	857	20,432
Impairment reversal	-	(14,122)		(2,669)	-	(16,791)
Disposals	(81,180)	(9,992)	(8,560)	(1,322)	(2,723)	(103,777)
Balance at September 30, 2021	**$ 441,774**	**$ 73,604**	**$ 48,319**	**$ 6,471**	**$ 8,158**	**$ 578,326**
Net book value						
At December 31, 2020	**$ 42,543**	**$ 11,630**	**$ 27,881**	**$ 3,148**	**$ 2,753**	**$ 87,955**
At September 30, 2021	**$ 60,372**	**$ 9,460**	**$ 31,265**	**$ 3,508**	**$ 3,528**	**$ 108,133**

Included in Mineral properties is $19,246 in acquisition costs for exploration and evaluation properties (December 31, 2020 – $8,885) and $7,205 in development properties (December 31, 2020- $5,619).

As of September 30, 2021, the Company has $10,594 million committed to capital equipment purchases.

(b) Disposals – Cubo Sale

On March 17, 2021, the Company signed a definitive agreement to sell its El Cubo mine and related assets to Guanajuato Silver Company Ltd. ("GSilver") (formerly known as VanGold Mining Corp. ("VanGold")) for $15.0 million in consideration composed of cash and share payments plus additional contingency payments. On April 9, 2021, GSilver purchased the El Cubo assets for the following consideration:

Per the terms of the agreement, GSilver agreed to pay $15.0 million for the El Cubo assets. The Company has received total gross consideration of $19.7 million as follows:

- $0.5 million cash down-payment
- $7.0 million cash on closing
- $9.8 million paid in shares with 21,331,058 shares of GSilver with fair value of CDN $0.58 per share on April 9, 2021
- $2.4 million paid by unsecured promissory note with face value $2.5 million due and payable April 9, 2022.

GSilver has also agreed to pay the Company up to an additional $3.0 million in contingent payments, for which the Company has not recorded any consideration, based on the following events:

- $1.0 million upon GSilver producing 3.0 million silver equivalent ounces from the El Cubo mill
- $1.0 million if the price of gold closes at or above US$2,000 dollars per ounce for 20 consecutive days within two years after closing
- $1.0 million if the price of gold closes at or above US$2,200 dollars per ounce for 20 consecutive days prior to April 9, 2023.

(expressed in thousands of US dollars, unless otherwise stated)

During the period ended March 31, 2021, the El Cubo mine project, consisting of the land rights, plant, buildings and the related reclamation liability were re-classified to current assets and liabilities as "assets held for sale" and "liabilities held for sale" . Immediately prior to the classification to assets and liabilities held for sale, the carrying amounts of the land rights, plant and building were remeasured and the historical gross impairments of $216.9 million net of depletion and depreciation of $200.1 million, were reversed resulting in a $16.8 million impairment reversal. The reclamation provision for the El Cubo mine of $4.6million was transferred to GSilver upon acquisition of the related mining concessions. The Company has recognized a $5.8 million gain on the disposal of the El Cubo mine and related assets in the nine months period ended September 30, 2021.

(c) Acquisition - Bruner Gold Project

On July 14, 2021, the Company entered into a definitive agreement with Canamex Gold Corp. ("Canamex") to acquire a 100% interest in Canamex's Bruner Gold Project, a gold exploration property, located in Nye County, Nevada, approximately 180 kilometers southeast of Reno. The property is subject to pre-existing royalties, some of which can be repurchased. The Company completed the acquisition on August 31, 2021.

Under the terms of the agreement, the Company paid US$10 million in cash for a 100% interest in the Bruner Gold project which includes mineral claims, mining rights, property assets, water rights and government authorization and permits.

Management determined that the acquisition of Bruner Gold Project did not meet the definition of a business in accordance with IFRS 3 Business Combinations, as it did not have the inputs, processes and outputs required to meet the definition of a business. Accordingly, the acquisition has been accounted for as an asset acquisition resulting in the recognition of a mineral property asset with the fair market value of $10.1 million, including $0.1 million of acquisition costs.

(d) El Compas
In August, 2021, the Company suspended mining and milling operations at El Compas and mining assets and key talent are in the process of being transferred within the Company to Bolañitos and Terronera. The associated suspension costs are estimated to be $1.3 million, including $1.0 million in severance, which will be incurred to the end of the year. Management is currently evaluating its alternatives for the asset.

(e) Terronera development
During the three months ended September 30, 2021, the Company assessed the viability of extracting mineral resources at Terronera and has reclassified the exploration and evaluation assets to development assets (See Note 17).

9. LOANS PAYABLE

	September 30, 2021	December 31, 2020
Balance at the beginning of the year	$ 9,672	$ 8,875
Net proceeds from software and equipment financing	-	4,010
Finance cost	471	834
Repayments of principal	(2,730)	(3,229)
Payments of finance costs	(471)	(834)
Effects of movements in exchange rates	(10)	16
Balance at the end of the period	$ 6,932	$ 9,672
Statements of Financial Position Presentation		
Current loans payable	$ 3,131	$ 3,578
Non-Current loans payable	3,801	6,094
Total	$ 6,932	$ 9,672

The Company has entered into financing arrangements for software licenses and equipment with terms ranging from 1 year to 4 years. The agreements require either monthly or quarterly payments of principal and interest with a weighted-average interest rate of 7.7%.

The equipment financing is secured by the underlying equipment purchased and is subject to various covenants and as at September 30, 2021 the Company was in compliance with these covenants. The net book value of equipment as at September 30, 2021 includes $11.3 million (December 31, 2020 - $12.3 million) of equipment pledged as security for the equipment financing.

(expressed in thousands of US dollars, unless otherwise stated)

10. LEASE LIABILITIES

The Company leases office space and the El Compas plant. These leases are for periods of five to ten years. Certain leases include an option to renew the lease after the end of the contract term and/ or provide for payments that are indexed to local inflation rates.

The following table presents the lease obligations of the Company:

	September 30, 2021	December 31, 2020
Balance at the beginning of the year	**$ 1,094**	$ 1,238
Additions	**89**	31
Interest	**55**	84
Payments	**(186)**	(267)
Effects of movement in exchange rates	**(4)**	8
Balance at the end of the period	**1,048**	1,094
Less: Current portion	**(200)**	(173)
Non-Current Lease Liabilities	**$ 848**	$ 921

The following table presents lease liability maturity – contractual undiscounted cash flows for the Company:

	September 30, 2021	December 31, 2020
Less than one year	**$ 262**	$ 238
One to five years	**662**	653
More than five years	**303**	425
Total at the end of the period	**$ 1,227**	$ 1,316

The following amounts have been recognized in Earnings or Loss:

	Fot the three months ended		Fot the nine months ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
Interest on lease liabilities	**$ 19**	$ 20	**$ 55**	$ 64
Expenses related to short-term leases	**$ 175**	$ 64	**$ 474**	331

As at September 30, 2021, the lease liabilities have a weighted-average interest rate of 7.4%. For the three and nine months ended September 30, 2021, the Company recognized $19 and $55 respectively, in interest expense on the lease liabilities (September 30, 2020 - $20 and $64 respectively) and $175 and $474 respectively related to short term rentals, primarily for rented mining equipment and employee housing (September 30, 2020 - $64 and $331 respectively).

11. PROVISION FOR RECLAMATION AND REHABILITATION

The Company's environmental permit requires that it reclaim certain land it disturbs during mining operations. Significant reclamation and closure activities include land rehabilitation, decommissioning of buildings and mine facilities, ongoing care and maintenance and other costs. Although the ultimate amount of the reclamation and rehabilitation costs to be incurred cannot be predicted with certainty, the total undiscounted amount of probability weighted estimated cash flows required to settle the Company's estimated obligations is $5,905 for the Guanaceví mine, $4,116 for the Bolañitos mine, and $167 for the El Compas mine.

The timing of cash flows has been estimated based on the mine lives using current reserves and the present value of the probability weighted future cash flows. The model assumes a risk-free rate specific to the liability of 6.4% for Guanaceví and Bolañitos, and 6.2% for El Compas and with an estimated inflation rate of 4.0%.

(expressed in thousands of US dollars, unless otherwise stated)

Changes to the reclamation and rehabilitation provision balance during the nine months period ended September 30, 2021 were as follows:

	Guanaceví	Bolañitos	El Cubo	El Compas	Total
Balance at December 31, 2019	$ 2,182	$ 1,848	$ 4,249	$ 124	$ 8,403
Accretion	39	30	296	9	374
Change in estimates during the period	-	99	-	-	99
Balance at December 31, 2020	**$ 2,221**	**$ 1,977**	**$ 4,545**	**$ 133**	**$ 8,876**
Accretion	37	34	70	7	148
Disposal	-	-	(4,615)	-	(4,615)
Change in estimates during the period	1,819	1,205	-	-	3,024
Balance at September 30, 2021	**$ 4,077**	**$ 3,216**	**$ -**	**$ 140**	**$ 7,433**

12. SHARE CAPITAL

(a) Public Offerings

In April 2020 the Company filed a short form base shelf prospectus that qualifies for the distribution of up to CAN$150 million of common shares, debt securities, warrants or units of the Company comprising any combination of common shares and warrants (the "Securities") over a 25 month period. The Company filed a corresponding registration statement in the United States registering the Securities under United States federal securities laws. The distribution of Securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, or at prices related to such prevailing market prices to be negotiated with purchasers and as set forth in an accompanying prospectus supplement, including transactions that are "At-The-Market (ATM) distributions.

On October 1, 2020, the Company entered into an ATM equity facility with BMO Capital Markets (the lead agent), CIBC Capital Markets, H.C. Wainwright & Co. LLC, TD Securities Inc., Roth Capital Partners, LLC, B. Riley Securities Inc. and A.G.P./Alliance Global Partners (together, the "Agents"). Under the terms of this ATM facility, the Company can, from time to time, sell common stock having an aggregate offering value of up to $60 million on the New York Stock Exchange. The Company will determine, at its sole discretion, the timing and number of shares to be sold under the ATM facility.

In the period from January 1, 2021 to July 20, 2021, when the ATM facility was completed, the Company issued 10,060,398 common shares under the ATM facility at an average price of $5.96 per share for gross proceeds of $59,998, less commission of $1,230 and recognized $379 of other transaction costs related to the ATM financing as share issuance costs, which have been presented net within share capital.

(b) Purchase Options

Options to purchase common shares have been granted to directors, officers, employees and consultants pursuant to the Company's current stock option plan, approved by the Company's shareholders in fiscal 2009, and amended and re-ratified in 2021, at exercise prices determined by reference to the market value on the date of grant. The stock option plan allows for, with approval by the Board, granting of options to its directors, officers, employees and consultants to acquire up to 5.0% of the issued and outstanding shares at any time. Prior to the 2021 amendment, the plan allowed for the granting of up to 7.0% of the issued and outstanding shares at any time.

(expressed in thousands of US dollars, unless otherwise stated)

The following table summarizes the status of the Company's stock option plan and changes during the period:

Expressed in Canadian dollars	**Nine Months Ended September 30, 2021**		Year Ended December 31, 2020	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Outstanding, beginning of the year	**5,978,300**	**$3.29**	6,923,000	$3.74
Granted	**818,500**	**$6.90**	2,490,000	$2.22
Exercised	**(2,725,600)**	**$3.80**	(2,452,000)	$3.71
Expired and forfeited	**(180,200)**	**$3.41**	(982,700)	$2.73
Outstanding, end of the period	**3,891,000**	**$3.69**	5,978,300	$3.29
Options exercisable at the end of the period	**2,991,900**	**$3.40**	4,174,700	$3.67

During the nine months ended September 30, 2021, the weighted-average share price at the date of exercise was CAN$7.55 (December 31, 2020 - CAN$5.56).

The following table summarizes the information about stock options outstanding at September 30, 2021:

Expressed in Canadian dollars	**Options Outstanding**			**Options exercisable**	
Price Intervals	Number Outstanding as at September 30, 2021	Weighted Average Remaining Contractual Life (Number of Years)	Weighted Average Exercise Price	Number Exercisable as at September 30, 2021	Weighted Average Exercise Price
$2.00 - $2.99	1,592,600	3.4	$2.15	1,177,800	$2.15
$3.00 - $3.99	1,134,900	2.1	$3.45	1,130,900	$3.45
$4.00 - $4.99	361,000	0.6	$4.32	361,000	$4.32
$5.00 - $5.99	60,000	4.0	$5.60	36,000	$5.60
$6.00 - $6.99	742,500	4.4	$6.90	286,200	$6.90
	3,891,000	3.0	$3.69	2,991,900	$3.40

During the three and nine months ended September 30, 2021, the Company recognized share-based compensation expense of $386 and $1,680 respectively (September 30, 2020 - $445 and $1,518 respectively) based on the fair value of the vested portion of options granted in the current and prior years.

The weighted-average fair values of stock options at the grant date have been estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	Nine Months Ended September 30, 2021	Year Ended December 31, 2020
Weighted-average fair value of option in CAN$	**$3.37**	$1.02
Risk-free interest rate	**0.66%**	1.08%
Expected dividend yield	**0%**	0%
Expected stock price volatility	**66%**	61%
Expected option life in years	**3.85**	3.82

(expressed in thousands of US dollars, unless otherwise stated)

(c) Share Units Plan

On March 23, 2021 the Company adopted an equity-based Share Unit Plan ("SUP"), which was approved by the Company's shareholders on May 12, 2021 The SUP allows for, with approval by the Board, granting of Performance Share Units ("PSU"s) and Deferred Share Units ("DSU"s), to its directors, officers, employees to acquire up to 1.5% of the issued and outstanding shares. The SUP incorporates all existing PSUs under the former PSU plan and any new DSUs granted and are to be subject to cash, share settlement or a combination of cash and share procedures at the discretion of the Board of Directors.

The PSUs granted are subject to a performance payout multiplier between 0% and 200% based on the Company's total shareholder return at the end of a three-year period, relative to the total shareholder return of the Company's peer group.

	Nine Months Ended September 30, 2021	Year Ended December 31, 2020
	Number of units	Number of units
Outstanding, beginning of year	**1,805,000**	1,219,000
Granted	**322,000**	882,000
Cancelled	**(100,000)**	(296,000)
Settled for shares	**(388,000)**	-
Outstanding, end of period	**1,639,000**	1,805,000

There were 322,000 PSUs granted during the nine months ended September 30, 2021 (September 30, 2020 – 882,000). The PSUs vest at the end of a three-year period if certain pre-determined performance and vesting criteria are achieved. Performance criteria are based on the Company's share price performance relative to a representative group of other mining companies. 535,000 PSUs vest on March 3, 2022, 806,000 PSUs vest on March 1, 2023 and 298,000 PSUs vest on March 4, 2024. There have not been Share Units granted for DSUs during the period.

On May 2, 2021, PSUs granted in 2018 vested with a payout multiplier of 200% based on the Company's shareholder return, relative to the total shareholder return of the Company's peer group over the three year period and 388,000 PSUs were settled, on a net of tax basis, through the issuance of 379,340 common shares.

During the three and nine months ended September 30, 2021, the Company recognized share-based compensation expense of $339 and $1,238 respectively related to the PSUs (September 30, 2020 –$348 and $868 respectively).

(d) Deferred Share Units – Cash settled

The Company previously had a Deferred Share Unit ("DSU") plan whereby deferred share units could be granted to independent directors of the Company in lieu of compensation in cash or share purchase options. The DSUs vest immediately and are redeemable for cash based on the market value of the units at the time of a director's retirement. Upon adoption of the SUP plan in March 2021, no new DSUs will be granted under this cash-settled plan.

Expressed in Canadian dollars	**Nine Months Ended September 30, 2021**		Year Ended December 31, 2020	
	Number of units	**Weighted Average Grant Price**	Number of units	Weighted Average Grant Price
Outstanding, beginning of year	**1,266,199**	**$3.00**	889,385	$3.36
Granted	**82,566**	**$6.90**	376,814	$2.16
Redeemed	**-**	**-**	-	-
Outstanding, end of period	**1,348,765**	**$3.24**	1,266,199	$3.00
Fair value at period end	**1,348,765**	**$5.19**	1,266,199	$6.43

(expressed in thousands of US dollars, unless otherwise stated)

During the three and nine months ended September 30, 2021, the Company recognized a recovery on directors' compensation related to DSUs, which is included in general and administrative salaries, wages and benefits, of $2,751 and $882 respectively (September 30, 2020 – expense of $1,572 and $2,286 respectively) based on the fair value of new grants and the change in the fair value of the DSUs granted in the current and prior years. As of September 30, 2021, there are 1,348,765 DSUs outstanding (December 31, 2020 – 1,266,199) with a fair market value of $5,507 (December 31, 2020 - $6,389) recognized in accounts payable and accrued liabilities.

(e) Share Appreciation Rights

As part of the Company's bonus program, the Company may grant share appreciation rights ("SARs") to its employees in Mexico. The SARs are subject to vesting conditions and, when exercised, constitute a cash bonus based on the value of the appreciation of the Company's common shares between the SARs grant date and the exercise date.

	Six Months Ended September 30, 2021		Year Ended December 31, 2020	
	Number of units	**Weighted Average Grant Price**	Number of units	Weighted Average Grant Price
Outstanding, beginning of year	-	$ -	312,000	$3.30
Granted	**99,930**	**5.38**	-	-
Exercised	**(2,260)**	**5.34**	-	-
Cancelled	-	-	(312,000)	$3.30
Outstanding, end of period	**97,670**	**$5.38**	-	-
Exercisable at the end of the period	**17,726**	**$5.39**	-	-

A total of 99,930 SARs were granted during the period ended September 30, 2021 under the Company's SARs plan. During the period, 2,260 SARs were exercised. During the period ended September 30, 2021, the Company recognized an expense related to SARs, which is included in operation cost of sales and exploration salaries wages and benefits, of $89 (December 31, 2020 – recovery $47).

The SARs were valued using an option pricing model, which requires the input of highly subjective assumptions. The expected life of the SARs considered such factors as the average length of time similar grants in the past have remained outstanding prior to exercise, expiry or cancellation and the vesting period of SARs granted. Volatility was estimated based on average daily volatility based on historical share price observations over the expected term of the SAR grant. Changes in the subjective input assumptions can materially affect the estimated fair value of the SARs. The Company amortized the fair value of SARs on a graded basis over the respective vesting period of each tranche of SARs awarded.

(f) Diluted Earnings per Share

	Three months ended		Nine Months ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
Net earnings (loss)	**$ (4,479)**	$ 451	**$ 14,426**	$ (18,764)
Basic weighted average number of shares outstanding	**170,432,326**	156,265,280	**166,201,727**	148,673,768
Effect of dilutive securities:				
Stock options	**-**	2,162,522	**1,788,056**	-
Performance share units	**-**	1,805,000	**1,639,000**	-
Diluted weighted average number of share outstanding	**170,432,326**	160,232,802	**169,628,783**	148,673,768
Diluted earnings (loss) per share	**$ (0.03)**	$ 0.00	**$ 0.09**	$ (0.13)

As of September 30, 2021, there are 2,102,944 anti-dilutive stock options (September 30, 2020 – 3,732,325).

(expressed in thousands of US dollars, unless otherwise stated)

13. REVENUE

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
Silver Sales [1]	**$ 17,180**	$ 18,588	**$ 64,167**	$ 39,604
Gold Sales [1]	**17,774**	17,560	**54,237**	39,445
Less: smelting and refining costs	**(392)**	(562)	**(1,601)**	(1,335)
Revenue	**$ 34,562**	$ 35,586	**$ 116,803**	$ 77,714

(1) Changes in fair value from provisional pricing in the period are included in silver and gold sales.

	Three Months Ended		Nine Months Ended	
Revenue by product	**September 30, 2021**	September 30, 2020	**September 30, 2021**	September 30, 2020
Concentrate sales	**$ 12,075**	$ 17,959	**$ 46,273**	$ 34,687
Provisional pricing adjustments	**(128)**	427	**(242)**	1,054
Total revenue from concentrate sales	**11,947**	18,386	**46,031**	35,741
Refined metal sales	**22,615**	17,200	**70,772**	41,973
Total revenue	**$ 34,562**	$ 35,586	**$ 116,803**	$ 77,714

Provisional pricing adjustments on sales of concentrate consist of provisional and final pricing adjustments made prior to the finalization of the sales contract. The Company's sales contracts are provisionally priced with provisional pricing periods lasting typically one to three months with provisional pricing adjustments recorded to revenue as market prices vary.

(expressed in thousands of US dollars, unless otherwise stated)

14. EXPLORATION AND EVALUATION

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
Depreciation and depletion	**$ 87**	$ 104	**$ 238**	$ 283
Share-based compensation	**(78)**	104	**228**	100
Salaries, wages and benefits	**1,123**	641	**3,076**	1,850
Direct exploration expenditures	**798**	821	**4,456**	3,484
Direct evaluation expenditures	**2,730**	-	**5,817**	-
	$ 4,660	$ 1,670	**$ 13,815**	$ 5,717

15. GENERAL AND ADMINISTRATIVE

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
Depreciation and depletion	**$ 30**	$ 44	**$ 102**	$ 153
Share-based compensation	**697**	602	**2,355**	2,016
Salaries, wages and benefits	**(1,800)**	2,287	**2,003**	4,260
Direct general and administrative	**551**	762	**2,834**	2,408
	$ (522)	$ 3,695	**$ 7,294**	$ 8,837

Included in salaries, wages and benefits is an expense recovery of $2,751 and $882 respectively on directors' deferred share units for the three and nine months ended September 30, 2021 (September 30, 2020 – expense of $1,572 and $2,286 respectively) (See Note 12(d)).

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
Net changes in non-cash working capital:				
Accounts receivable	**$ (1,227)**	$ 1,763	**$ 5,043**	$ 4,735
Income tax receivable	**(7)**	-	**(3,585)**	(77)
Inventories	**(5,465)**	(3,153)	**(12,732)**	(3,242)
Prepaid expenses	**2,163**	41	**(2,852)**	1,343
Accounts payable and accrued liabilities	**(3,737)**	6,225	**(2,150)**	3,114
Income taxes payable	**465**	412	**108**	(763)
	$ (7,808)	$ 5,288	**$ (16,168)**	$ 5,110
Non-cash financing and investing activities:				
Fair value of exercised options allocated to share capital	**$ -**	$ 2,823	**$ (3,967)**	$ 2,832
Fair value of performance share units allocated to share capital	**$ -**	$ -	**$ (561)**	$ -
Fair value of capital assets acquired under finance leases	**$ -**	$ 523	**$ -**	$ 4,010
Other cash disbursements:				
Income taxes paid	**$ 206**	$ 155	**$ 4,532**	$ 1,455
Special mining duty paid	**$ -**	$ -	**$ 1,331**	$ -

(expressed in thousands of US dollars, unless otherwise stated)

17. SEGMENT DISCLOSURES

The Company's operating segments are based on internal management reports that are reviewed by the Company's executives (the chief operating decision maker) in assessing performance. The Company has two operating mining segments which are located in Mexico, Guanaceví and Bolañitos, the El Compas mine which is on care and maintenance and the El Cubo mine, which for the prior period include the mine and related assets that were sold in April 2021. The Company has one development project in Mexico, Terronera, as well as Exploration and Corporate segments. The Exploration segment consists of projects in the exploration and evaluation phases in Mexico and Chile. Exploration projects that are in the local district surrounding a mine are included in the mine's segment. During the three months ended September 30, 2021 the Company has changed the structure of internal reporting and composition of its reportable segments. Comparative period figures related to Terronera, previously reported as part of exploration segment have been reclassified to conform with current period's presentation.

	September 30, 2021							
	Corporate	Exploration	Guanaceví	Bolanitos	El Compas	El Cubo	Terronera	Total
Cash and cash equivalents	$ 82,377	$ 257	$ 10,771	$ 3,074	$ 3,673	$ 626	$ 298	$ 101,076
Other Investments	7,047	-	-	-	-	-	-	7,047
Accounts and other receivables	226	(25)	7,092	6,084	1,003	2,829	81	17,290
Income tax receivable	-	1	18	11	2	35	-	67
Inventories	-	-	22,923	7,053	338	190	-	30,504
Prepaid expenses	763	152	1,905	302	10	98	1,884	5,114
Non-current deposits	76	-	319	122	-	74	-	591
Deferred financing costs	-	-	-	-	-	3,570	-	3,570
Non-current IVA receivable	-	-	1,429	-	-	164	1,286	2,879
Deferred income tax asset	-	-	2,281	3,212	-	-	-	5,493
Intangible assets	5	46	15	1	20	45	6	138
Right-of-use leased assets	585	-	-	126	-	-	-	711
Mineral property, plant and equipment	330	19,063	49,238	26,445	2,542	-	10,515	108,133
Goodwill	-	-	-	-	-	-	-	-
Total assets	$ 91,409	$ 19,494	$ 95,991	$ 46,430	$ 7,588	$ 7,631	$ 14,070	$ 282,613
Accounts payable and accrued liabilities	$ 8,846	$ 509	$ 10,949	$ 3,849	$ 384	$ 652	$ 761	$ 25,950
Income taxes payable	-	-	2,288	808	50	-	-	3,146
Loans payable	145	-	2,251	4,536	-	-	-	6,932
Lease obligations	918	-	-	130	-	-	-	1,048
Provision for reclamation and rehabilitation	-	-	4,078	3,216	139	-	-	7,433
Deferred income tax liability	217	-	798	65	-	-	-	1,080
Total liabilities	$ 10,126	$ 509	$ 20,364	$ 12,604	$ 573	$ 652	$ 761	$ 45,589

(expressed in thousands of US dollars, unless otherwise stated)

	December 31, 2020							
	Corporate	Exploration	Guanaceví	Bolanitos	El Compas	El Cubo	Terronera	Total
Cash and cash equivalents	$ 23,370	$ 471	$ 25,456	$ 6,069	$ 4,579	$ 1,120	$ 18	$ 61,083
Other Investments	4,767	-	-	-	-	-	-	$ 4,767
Accounts and other receivables	1,475	-	6,573	9,321	1,949	642	184	$ 20,144
Income tax receivable	-	5	15	12	-	20	-	$ 52
Inventories	-	-	9,252	4,645	2,461	282	-	$ 16,640
Prepaid expenses	1,095	77	731	202	20	114	45	$ 2,284
Non-current deposits	76	-	306	135	-	74	-	$ 591
Deferred financing costs	294	-	-	-	-	-	-	$ 294
Non-current IVA receivable	-	-	1,475	-	-	347	854	$ 2,676
Deferred income tax asset	-	-	9,445	3,308	-	-	-	$ 12,753
Intangible assets	11	79	134	135	78	46	9	$ 492
Right-of-use leased assets	649	-	-	105	107	-	-	$ 861
Mineral property, plant and equipment	309	8,468	40,386	24,445	3,584	3,127	7,636	$ 87,955
Goodwill	-	-	-	-	-	-	-	-
Total assets	$ 32,046	$ 9,100	$ 93,773	$ 48,377	$ 12,778	$ 5,772	$ 8,746	$ 210,592
Accounts payable and accrued liabilities	$ 11,008	$ 610	$ 10,547	$ 3,809	$ 1,018	$ 580	$ 192	$ 27,764
Income taxes payable	4	-	2,367	667	-	-	-	$ 3,038
Loans payable	439	-	3,105	6,128	-	-	-	$ 9,672
Lease obligations	982	-	-	112	-	-	-	$ 1,094
Provision for reclamation and rehabilitation	-	-	2,221	1,978	132	4,545	-	$ 8,876
Deferred income tax liability	-	-	798	279	-	-	-	$ 1,077
Total liabilities	$ 12,433	$ 610	$ 19,038	$ 12,973	$ 1,150	$ 5,125	$ 192	$ 51,521

(expressed in thousands of US dollars, unless otherwise stated)

	Corporate	Exploration	Guanaceví	Bolanitos	El Compas	El Cubo	Terronera	Total
		Three months ended September 30, 2021						
Silver sales	$ -	$ -	$ 14,942	$ 1,956	$ 282	$ -	$ -	$ 17,180
Gold sales	-	-	7,673	7,827	2,274	-	-	$ 17,774
Less: smelting and refining costs			-	(350)	(42)			$ (392)
Total revenue	$ -	$ -	$ 22,615	$ 9,433	$ 2,514	$ -	$ -	$ 34,562
Salaries, wages and benefits:								
mining	$ -	$ -	$ 2,327	$ 1,593	$ 279	$ -	$ -	$ 4,199
processing	-	-	1,003	455	150	-	-	1,608
administrative	-	-	1,744	910	182	-	-	2,836
stock based compensation	-	-	44	46	16	-	-	106
change in inventory	-	-	(2,933)	(591)	390	-	-	(3,134)
Total salaries, wages and benefits	-	-	2,185	2,413	1,017	-	-	5,615
Direct costs:								
mining	-	-	5,265	3,137	373	-	-	8,775
processing	-	-	2,925	1,347	223	-	-	4,495
administrative	-	-	1,261	1,008	233	-	-	2,502
change in inventory	-	-	(2,293)	(1,169)	819	-	-	(2,643)
Total direct production costs	-	-	7,158	4,323	1,648	-	-	13,129
Depreciation and depletion:								
depreciation and depletion	-	-	1,978	3,916	59	-	-	5,953
change in inventory	-	-	(295)	(845)	30	-	-	(1,110)
Total depreciation and depletion	-	-	1,683	3,071	89	-	-	4,843
Royalties	-	-	2,595	48	55	-	-	2,698
Write down of inventory to NRV	-	-	-	-	-	-	-	-
Total cost of sales	$ -	$ -	$ 13,621	$ 9,855	$ 2,809	$ -	$ -	$ 26,285
Care and maintenance costs	-	-	-	-	222	142	-	364
Severance costs					737	-	-	737
Earnings (loss) before taxes	$ (3,319)	$ (1,981)	$ 8,994	$ (422)	$ (1,254)	$ (142)	$ (2,679)	$ (803)
Current income tax expense (recovery)	-	-	829	(175)	5	-	-	659
Deferred income tax expense (recovery)	-	-	3,345	(328)	-	-	-	3,017
Total income tax expense (recovery)	-	-	4,174	(503)	5	-	-	3,676
Net earnings (loss)	$ (3,319)	$ (1,981)	$ 4,820	$ 81	$ (1,259)	$ (142)	$ (2,679)	$ (4,479)

The exploration segment includes $341 of costs incurred in Chile for the three months ended September 30, 2021 (September 30, 2020- $142)

(expressed in thousands of US dollars, unless otherwise stated)

	Corporate	Exploration	Guanaceví	Bolanitos	El Compas	El Cubo	Terronera	Total
			Three months ended September 30, 2020					
Silver sales	$ -	$ -	$ 15,097	$ 2,905	$ 586	$ -	$ -	$ 18,588
Gold sales	-	-	2,103	11,309	4,148	-	-	17,560
Less: smelting and refining costs				(429)	(133)			(562)
Total revenue	$ -	$ -	$ 17,200	$ 13,785	$ 4,601	$ -	$ -	$ 35,586
Salaries, wages and benefits:								
mining	$ -	$ -	$ 1,461	$ 865	$ 464	$ -	$ -	$ 2,790
processing	-	-	474	304	268	-	-	1,046
administrative	-	-	710	618	390	-	-	1,718
stock based compensation	-	-	34	26	27	-	-	87
change in inventory	-	-	(537)	38	4	-	-	(495)
Total salaries, wages and benefits	-	-	2,142	1,851	1,153	-	-	5,146
Direct costs:								
mining	-	-	4,849	2,791	886	-	-	8,526
processing	-	-	2,704	1,046	810	-	-	4,560
administrative	-	-	992	646	546	-	-	2,184
change in inventory	-	-	(1,940)	(74)	103	-	-	(1,911)
Total direct production costs	-	-	6,605	4,409	2,345	-	-	13,359
Depreciation and depletion:								
depreciation and depletion	-	-	2,964	3,105	2,912	-	-	8,981
change in inventory	-	-	(767)	(83)	(9)	-	-	(859)
Total depreciation and depletion	-	-	2,197	3,022	2,903	-	-	8,122
Royalties	-	-	1,795	68	166	-	-	2,029
Write down of inventory to NRV	-	-	-	-	639	-	-	639
Total cost of sales	$ -	$ -	$ 12,739	$ 9,350	$ 7,206	$ -	$ -	$ 29,295
Care and maintenance costs	-	-	-	-	-	533	-	533
Earnings (loss) before taxes	$ (2,486)	$ (1,361)	$ 4,461	$ 4,435	$ (2,605)	$ (533)	$ (309)	$ 1,602
Current income tax expense (recovery)	-	-	516	65	14	-	-	595
Deferred income tax expense (recovery)	-	-	(80)	655	(19)	-	-	556
Total income tax expense (recovery)	-	-	436	720	(5)	-	-	1,151
Net earnings (loss)	$ (2,486)	$ (1,361)	$ 4,025	$ 3,715	$ (2,600)	$ (533)	$ (309)	$ 451

(expressed in thousands of US dollars, unless otherwise stated)

	Corporate	Exploration	Guanaceví	Bolanitos	El Compas	El Cubo	Terronera	Total
		Nine months ended September 30, 2021						
Silver sales	$ -	$ -	$ 55,426	$ 7,496	$ 1,245	$ -	$ -	$ 64,167
Gold sales	-	-	15,346	30,265	8,626	-	-	$ 54,237
Less: smelting and refining costs			-	(1,353)	(248)			$ (1,601)
Total revenue	$ -	$ -	$ 70,772	$ 36,408	$ 9,623	$ -	$ -	$ 116,803
Salaries, wages and benefits:								
mining	$ -	$ -	$ 6,286	$ 4,101	$ 1,314	$ -	$ -	$ 11,701
processing	-	-	2,423	1,310	614	-	-	4,347
administrative	-	-	4,116	2,495	814	-	-	7,425
stock based compensation	-	-	137	136	61	-	-	334
change in inventory	-	-	(4,963)	(518)	342	-	-	(5,139)
Total salaries, wages and benefits	-	-	7,999	7,524	3,145	-	-	18,668
Direct costs:								
mining	-	-	18,945	8,555	2,746	-	-	30,246
processing	-	-	9,069	3,895	1,202	-	-	14,166
administrative	-	-	4,294	2,860	1,398	-	-	8,552
change in inventory	-	-	(7,098)	(1,132)	522	-	-	(7,708)
Total direct production costs	-	-	25,210	14,178	5,868	-	-	45,256
Depreciation and depletion:								
depreciation and depletion	-	-	4,119	9,803	3,643	-	-	17,565
change in inventory	-	-	1,644	861	(1,107)	-	-	1,398
Total depreciation and depletion	-	-	5,763	10,664	2,536	-	-	18,963
Royalties	-	-	8,966	186	346	-	-	9,498
Write down of inventory to NRV	-	-	-	-	272	-	-	272
Total cost of sales	$ -	$ -	$ 47,938	$ 32,552	$ 12,167	$ -	$ -	$ 92,657
Care and maintenance costs	-	-	-	-	222	718	-	940
Severance costs			-	-	737	-	-	737
Impairment (impairment reversal)	-	-	-	-	-	(16,791)	-	(16,791)
Earnings (loss) before taxes	$ (1,283)	$ (6,969)	$ 22,834	$ 3,856	$ (3,503)	$ 16,073	$ (6,846)	$ 24,162
Current income tax expense (recovery)	-	-	1,979	447	50	-	-	2,476
Deferred income tax expense (recovery)	-	-	7,154	106	-	-	-	7,260
Total income tax expense (recovery)	-	-	9,133	553	50	-	-	9,736
Net earnings (loss)	$ (1,283)	$ (6,969)	$ 13,701	$ 3,303	$ (3,553)	$ 16,073	$ (6,846)	$ 14,426

The Exploration segment included $1,356 of costs incurred in Chile for the nine months ended September 30, 2021 (September 30, 2020 - $593).

(expressed in thousands of US dollars, unless otherwise stated)

	Corporate	Exploration	Guanaceví	Bolanitos	El Compas	El Cubo	Terronera	Total
			Nine months ended September 30, 2020					
Silver sales	$ -	$ -	$ 33,513	$ 4,958	$ 1,133	$ -	$ -	$ 39,604
Gold sales	-	-	8,460	21,643	9,342	-	-	$ 39,445
Less: smelting and refining costs				(1,013)	(322)			$ (1,335)
Total revenue	$ -	$ -	$ 41,973	$ 25,588	$ 10,153	$ -	$ -	$ 77,714
Salaries, wages and benefits:								
mining	$ -	$ -	$ 4,026	$ 2,478	$ 745	$ -	$ -	$ 7,249
processing	-	-	1,228	816	644	-	-	2,688
administrative	-	-	1,802	1,712	751	-	-	4,265
stock based compensation	-	-	98	86	86	-	-	270
change in inventory	-	-	(597)	(200)	(147)	-	-	(944)
Total salaries, wages and benefits	-	-	6,557	4,892	2,079	-	-	13,528
Direct costs:								
mining	-	-	11,811	6,438	2,329	-	-	20,578
processing	-	-	6,479	2,275	1,612	-	-	10,366
administrative	-	-	2,061	1,466	1,073	-	-	4,600
change in inventory	-	-	(1,752)	(609)	499	-	-	(1,862)
Total direct production costs	-	-	18,599	9,570	5,513	-	-	33,682
Depreciation and depletion:								
depreciation and depletion	-	-	6,961	6,729	6,191	-	-	19,881
change in inventory	-	-	(1,025)	(562)	(198)	-	-	(1,785)
Total depreciation and depletion	-	-	5,936	6,167	5,993	-	-	18,096
Royalties	-	-	3,197	128	395	-	-	3,720
Write down of inventory to NRV	-	-	-	-	2,167	-	-	2,167
Total cost of sales	$ -	$ -	$ 34,289	$ 20,757	$ 16,147	$ -	$ -	$ 71,193
Care and maintenance costs	-	-	886	832	504	2,567	-	4,789
Earnings (loss) before taxes	$ (11,817)	$ (4,279)	$ 6,798	$ 3,999	$ (6,498)	$ (2,567)	$ (1,438)	$ (15,802)
Current income tax expense (recovery)	-	-	797	212	47	-	-	1,056
Deferred income tax expense (recovery)	-	-	403	1,407	96	-	-	1,906
Total income tax expense (recovery)	-	-	1,200	1,619	143	-	-	2,962
Net earnings (loss)	$ (11,817)	$ (4,279)	$ 5,598	$ 2,380	$ (6,641)	$ (2,567)	$ (1,438)	$ (18,764)

Costs associated with the suspension of operation activities due to COVID-19 during 2020 have been recognized as care and maintenance costs.

18. INCOME TAXES

(a) Tax Assessments

Minera Santa Cruz y Garibaldi SA de CV ("MSCG"), a subsidiary of the Company, received a MXN 238 million assessment on October 12, 2010 by Mexican fiscal authorities for failure to provide the appropriate support for certain expense deductions taken in MSCG's 2006 tax return, failure to provide appropriate support for loans made to MSCG from affiliated companies, and deemed an unrecorded distribution of dividends to shareholders, among other individually immaterial items. MSCG immediately initiated a Nullity action and filed an administrative attachment to dispute the assessment.

In June 2015, the Superior Court ruled in favour of MSCG on a number of the matters under appeal; however, the Superior Court ruled against MSCG for failure to provide appropriate support for certain deductions taken in MSCG's 2006 tax return. In June 2016, the Company received a MXN 122.9 million ($6,000) tax assessment based on the June 2015 ruling. The 2016 tax assessment comprised of MXN 41.8 million owed ($2,000) in taxes, MXN 17.7 million ($900) in inflationary charges, MXN 40.4 million ($2,000) in interest and MXN 23.0 million ($1,100) in penalties. The 2016 tax assessment was issued for failure to provide the appropriate support for certain expense deductions taken in MSCG's 2006 tax return and failure to provide appropriate support for loans made to MSCG from affiliated companies. The MXN 122.9 million assessment includes interest and penalties. If MSCG agrees to pay the tax assessment, or a lesser settled amount, it is eligible to apply for forgiveness of 100% of the penalties and 50% of the interest.

The Company filed an appeal against the June 2016 tax assessment on the basis certain items rejected by the courts were included in the new tax assessment, and a number of deficiencies exist within the assessment. Since issuance of the assessment interest charges of MXN 11.5 million ($600) and inflationary charges of MXN 17.3 million ($800) has accumulated.

Included in the Company's consolidated financial statements, are net assets of $595, including $42 in cash, held by MSCG. Following the Tax Court's rulings, MSCG is in discussions with the tax authorities with regards to the shortfall of assets within MSCG to settle its estimated tax liability. An alternative settlement option would be to transfer the shares and assets of MSCG to the tax authorities. As of September 30, 2021, the Company's income tax payable includes an allowance for transferring the shares and assets of MSCG amounting to $595. The Company has been advised that the appeal filed with the Federal Tax Court, against the June 2016 tax assessment has been rejected and the Company continues to assess MSCG's settlement options, including filing an appeal with the Supreme Court of Justice. The Company continues to assess that it is probable that an appeal should prevail, and the maximum exposure is the amount of the allowance above.

Compania Minera Del Cubo SA de CV ("Cubo"), a subsidiary of the Company, received a MXN 58.5 million ($2,900) assessment in 2019 by Mexican fiscal authorities for alleged failure to provide the appropriate support for depreciation deductions taken in the Cubo 2016 tax return and denied eligibility of deductions of certain suppliers. The tax assessment consists of MXN 24.1 million ($1,200) for taxes, MXN 21.0 million ($1,100) for penalties, MXN 10.4 million ($500) for interest and MXN 3.0 million ($100) for inflation. At the time of the tax assessment the Cubo entity had and continues to have sufficient loss carry forwards which would be applied against the assessed difference of taxable income. The Mexican tax authorities did not consider these losses in the assessment.

Due to the denial of certain suppliers for income tax purposes in the Cubo assessment, the invoices from these suppliers have been assessed as ineligible for refunds of IVA (value-added taxes) paid on the invoices. The assessment includes MXN 14.7 million ($700) for re-payment of IVA refunded on these supplier payments. In the Company's judgement the suppliers and invoices meet the necessary requirements to be deductible for income tax purposes and the recovery of IVA.

The Company filed an administrative appeal related to the 2016 Cubo tax assessment. The Company had previously provided a lien on certain El Cubo mining concessions during the appeal process. As a condition of the sale of the El Cubo mine and related assets, the Company elected to pay the assessed amount of $3.5 million during the nine months ended September 30, 2021. During the appeal process the amount paid has been classified as a non-current income tax recoverable. Since issuance of the assessment interest charges of MXN 9.9 million ($500) and inflationary charges of MXN 1.6 million ($100) had accumulated. The Company continues to assess that it is probable that its appeal will prevail, and no provision is recognized in respect of the Cubo tax assessment.

(expressed in thousands of US dollars, unless otherwise stated)

19. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

(a) Financial assets and liabilities

As at September 30, 2021, the carrying and fair values of the Company's financial instruments by category are as follows:

	Fair value through profit or loss $	Amortized cost $	Carrying value $	Fair value $
Financial assets:				
Cash and cash equivalents	-	101,076	101,076	101,076
Other Investments	7,047	-	7,047	7,047
Trade and other receivables	5,195	12,095	17,290	17,290
Total financial assets	12,242	113,171	125,413	125,413
Financial liabilities:				
Accounts payable and accrued liabilites	5,592	20,358	25,950	25,950
Loans payable	-	6,932	6,932	6,932
Total financial liabilities	5,592	27,290	32,882	32,882

Fair value measurements

Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Level 1:
Other investments are comprised of marketable securities. When there is an active market are determined based on a market approach reflecting the closing price of each particular security at the reporting date. The closing price is a quoted market price obtained from the exchange that is the principal active market for the particular security. As a result, $7,047 of these financial assets have been included in Level 1 of the fair value hierarchy.

Cash settled DSUs are determined based on a market approach reflecting the Company's closing share price.

Level 2:
The Company determines the fair value of the embedded derivatives related to its trade receivables based on the quoted closing price obtained from the silver and gold metal exchanges. The fair value of the Note Receivable is determined by discounting at the Company's weighted average cost of capital and the fair value of the SARs liability is determined by using an option-pricing model.

Level 3:
The Company has no assets or liabilities included in Level 3 of the fair value hierarchy

During the nine months ended September 30, 2021, marketable securities included in Level 2 at December 31, 2020 with a fair market value of $497 were transferred to Level 1, as these securities began trading on an active market.

(expressed in thousands of US dollars, unless otherwise stated)

Assets and liabilities as at September 30, 2021 measured at fair value on a recurring basis include:

	Total	Level 1	Level 2	Level 3
	$	$	$	$
Financial assets:				
Investments	7,047	7,047	-	-
Note receivable	2,432	-	2,432	-
Trade receivables	2,763	-	2,763	-
Total financial assets	12,242	7,047	5,195	-
Financial liabilities:				
Deferred share units	5,507	5,507	-	-
Share appreciation rights	85	-	85	-
Total financial liabilities	5,592	5,507	85	-

(expressed in thousands of US dollars, unless otherwise stated)

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