Risk Factors Comparison 2024-02-21 to 2023-06-27 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

The following risks could materially and adversely affect our business, financial condition, cash flows, and results of operations, and the trading price of our common stock could decline. These risk factors do not identify all risks that we face; we could also be affected by factors that are not presently known to us or that we currently consider to be immaterial. Due to risks and uncertainties, known and unknown, our past financial results may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods. Refer also to the other information set forth in this this Report, including our consolidated financial statements and the related notes and " Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations. " Risks Related to Our Financial Condition We are currently dependent on the CLG and the LGD for our future operations and may not be successful in identifying additional proven or probable mineral reserves. We may not be able to extend the current CLG life of mine by adding proven or probable mineral reserves. The LGD (other than the CLG) does not have identified proven and probable mineral reserves. Mineral exploration and development involve a high degree of risk that even a combination of careful evaluation, experience and knowledge cannot eliminate, and few properties that are explored are ultimately developed into producing mines. There is no assurance that our mineral exploration programs at the LGD will establish the presence of any additional proven or probable mineral reserves. The failure to establish additional proven or probable mineral reserves would severely restrict our ability to implement our strategies for long- term growth, which include extending the current CLG life of mine. We may not sustain profitability. Prior to 2022, we had a history of negative operating cash flows and cumulative net losses. **Although** ~~For the years ended December 31, 2022 and 2021,~~ we reported **positive** net income **in** ~~of $ 14. 5 million and net loss of $ 65. 9 million, respectively. For the years ended December 31,~~ 2022 and ~~2021~~ **2023** , **we** ~~operating activities provided $ 14. 6 million and used 21. 5 million, respectively, of cash flow. We~~ may not sustain profitability. To remain profitable, we must succeed in generating significant revenues at the LGJV, which will require us to be successful in a range of challenging activities and is subject to numerous risks, including the risk factors set forth in this " Risk Factors " section. In addition, we may encounter unforeseen expenses, difficulties, complications, delays, inflation and other unknown factors that may adversely affect our revenues, expenses and profitability. Our failure to achieve or sustain profitability would depress our market value, could impair our ability to execute our business plan, raise capital or continue our operations and could cause our shareholders to lose all or part of their investment. Deliveries under concentrate sales agreements may be suspended or cancelled by our customers in certain cases. Under concentrate sales agreements, our customers may suspend or cancel delivery of our products in some cases, such as force majeure. Events of force majeure under these agreements generally include, among others, acts of God, strikes, fires, floods, wars, government actions or other events that are beyond the control of the parties involved. Any suspension or cancellation by our customers of deliveries under our sales contracts that are not replaced by deliveries under new contracts would reduce our cash flow and could materially and adversely affect our financial condition and results of operations. We **have not entered into and** do not currently intend to enter into hedging arrangements with respect to metal prices or currencies, which could expose us to losses. We are also subject to risks relating to exchange rate fluctuations. **Our results of operations and financial conditions are heavily influenced by metal prices, particularly silver, lead and zinc. In addition, we report our financial statements in U. S. dollars. A portion of our costs and expenses are incurred in Mexican pesos and, to a lesser extent, Canadian dollars. As a result, any significant and sustained appreciation of these currencies against the U. S. dollar may materially increase our costs and expenses.** We **have not entered into and** do not currently intend to enter into hedging arrangements with respect to metal prices or currencies. As a result, we ~~will~~ **are** not ~~be~~ protected from a decline in the price of silver and other minerals or fluctuations in exchange rates. This strategy may have a material adverse effect upon our financial performance, financial position and results of operations ~~. We report our financial statements in U. S. dollars. A portion of our costs and expenses are incurred in Mexican pesos and, to a lesser extent, Canadian dollars. As a result, any significant and sustained appreciation of these currencies against the U. S. dollar may materially increase our costs and expenses~~ . Even if we seek and are able to enter into hedging contracts, there is no assurance that such hedging program will be effective, and any hedging program would also prevent us from ~~benefitting~~ - **benefiting** fully from applicable input cost or rate decreases. In addition, we may in the future experience losses if a counterparty fails to perform under a hedge arrangement. We and / or the LGJV ~~have historically had significant debt and~~ may incur ~~further~~ debt in the future, which could adversely affect our and the LGJV' s financial health and limit our ability to obtain financing in the future and pursue certain business opportunities. We have a Credit Facility providing for a revolving line of credit in the principal amount of $ 50 million that has an accordion feature, which ~~allows~~ **provides the potential** for an increase in the total line of credit up to $ ~~75~~ **100** million, subject to certain conditions. As of December 31, ~~2022~~ **2023** , we had **zero** ~~$ 9 million of~~ outstanding indebtedness under the Credit Facility. The Credit Facility contains affirmative and negative covenants. If we are unable to comply with the requirements of the Credit Facility, the facility may be terminated or the credit available thereunder may be materially reduced, and we may not be able to obtain additional or alternate funding on satisfactory terms, if at all. See Note 11 ~~—~~ **.** Debt in our consolidated financial statements included in " Item 8. Financial Statements and Supplementary Data " for additional information regarding our Credit Facility. ~~Our~~ **Any** borrowings under the Credit Facility ~~accrues~~ - **accrue** interest based on SOFR **plus an applicable margin based on leverage** ; therefore, any increases in interest rates could adversely affect our financial conditions **, the cost of any indebtedness under the Credit Facility,** and **our** ability to service ~~our~~ **any** indebtedness. While the LGJV currently has no significant debt service obligations, the LGJV may in the future incur debt obligations and the above factors would apply to such debt. For more information, see "

Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations ~~—~~**-** Liquidity and Capital Resources ~~—~~**-** Dowa Debt Agreements. " ~~17The~~ -- **The** Company' s effective tax rate could be volatile and materially change as a result of changes in tax laws, mix of earnings and other factors. We are subject to tax laws in the United States and foreign jurisdictions including Mexico and Canada. Changes in tax laws or policy could have a negative impact on the Company' s effective tax rate. The Company operates in countries which have different statutory rates. Consequently, changes in the mix and source of earnings between countries could have a material impact on the Company' s overall effective tax rate. The LGJV is subject to Mexican income and other taxes, and distributions from the LGJV ~~are~~ **may be** subject to Mexican withholding taxes. Any change in such taxes could materially adversely affect our effective tax rate and the quantum of cash available to be distributed to us. Risks Related to Our ~~OperationsMineral~~ **Operations Mineral** reserve and mineral resource calculations at the CLG and at other deposits in the LGD are only estimates and actual production results and future estimates may vary significantly from the current estimates. Calculations of mineral reserves and mineral resources at the CLG and of mineral resources at other deposits in the LGD are only estimates and depend on geological interpretation and statistical inferences or assumptions drawn from drilling and sampling analysis, which might prove to be materially inaccurate. There is a degree of uncertainty attributable to the calculation of mineral reserves and mineral resources. Until mineral reserves and mineral resources are actually mined and processed, the quantity of metal and grades must be considered as estimates only and no assurance can be given that the indicated levels of metals will be produced. In making determinations about whether to advance any of our projects to development, we must rely upon estimated calculations for the mineral reserves and mineral resources and grades of mineralization on our properties. The estimation of mineral reserves and mineral resources is a subjective process that is partially dependent upon the judgment of the persons preparing the estimates. The process relies on the quantity and quality of available data and is based on knowledge, mining experience, statistical analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. Estimated mineral reserves and mineral resources may have to be recalculated based on changes in metal prices, further exploration or development activity or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral reserves and mineral resources estimates. The extent to which mineral resources may ultimately be reclassified as mineral reserves is dependent upon the demonstration of their profitable recovery. Any material changes in volume and grades of mineralization will affect the economic viability of placing a property into production and a property' s return on capital. We cannot provide assurance that mineralization can be mined or processed profitably. Mineral reserve and mineral resource estimates have been determined and valued based on assumed future metal prices, cutoff grades and operating costs that may prove to be inaccurate. The mineral reserve and mineral resource estimates may be adversely affected by **these and other factors** : ~~•~~ **•** declines in the market price of silver, lead or zinc; ~~•~~ **•** increased production or capital costs; ~~•~~ **•** decreased throughput; ~~•~~ **•** reduction in grade; ~~•~~ **•** increase in the dilution of ore; ~~•~~ **•** inflation rates, future foreign exchange rates and applicable tax rates; ~~•~~ **•** changes in environmental, permitting and regulatory requirements; ~~and18~~ -- **and** ~~•~~ **•** reduced metal recovery. Extended declines in the market price for silver, lead and zinc may render portions of our mineralization uneconomic and result in reduced reported volume and grades, which in turn could have a material adverse effect on our financial performance, financial position and results of operations. In addition, inferred mineral resources have a great amount of uncertainty as to their existence and their economic and legal feasibility. There should be no assumption that any part of an inferred mineral resource will be upgraded to a higher category or that any of the mineral resources not already classified as mineral reserves will be reclassified as mineral reserves. Our and the LGJV' s mineral exploration efforts are highly speculative in nature and may be unsuccessful. Mineral exploration is highly speculative in nature, involves many uncertainties and risks and is frequently unsuccessful. It is performed to demonstrate the dimensions, position and mineral characteristics of mineral deposits, estimate mineral resources, assess amenability of the deposit to mining and processing scenarios and estimate potential deposit value. Once mineralization is discovered, it may take a number of years from the initial exploration phases before production is possible, during which time the potential feasibility of the project may change adversely. Substantial expenditures are required to establish additional proven and probable mineral reserves, to determine processes to extract the metals and, if required, to permit and construct mining and processing facilities and obtain the rights to the land and resources required to develop the mining activities. Development projects and newly constructed mines have no or little operating history upon which to base estimates of proven and probable mineral reserves and estimates of future operating costs. Estimates are, to a large extent, based upon the interpretation of geological data and modeling obtained from drill holes and other sampling techniques, feasibility studies that derive estimates of operating costs based upon anticipated tonnage and grades of material to be mined and processed, the configuration of the deposit, expected recovery rates of metal from the mill feed material, facility and equipment capital and operating costs, anticipated climatic conditions and other factors. As a result, actual operating costs and economic returns based upon development of proven and probable mineral reserves may differ significantly from those originally estimated. Moreover, significant decreases in actual or expected commodity prices may mean mineralization, once found, will be uneconomical to mine. The ability to mine and process materials at the CLG or other future operations may be adversely impacted in certain circumstances, some of which may be unexpected and not in our control. A number of factors could affect our ability to mine materials and process the quantities of mined materials that we recover. Our ability to efficiently mine materials and to handle certain quantities of processed materials, including, but not limited to, the presence of oversized material at the crushing stage; material showing breakage characteristics different than those planned; material with grades outside of planned grade range; the presence of deleterious materials in ratios different than expected; material drier or wetter than expected, due to natural or environmental effects; and materials having viscosity or density different than expected. The occurrence of one or more of the circumstances described above could affect our ability to process the number of tonnes planned, recover valuable materials, remove deleterious materials, and produce planned quantities of concentrates. In turn, this may result in lower throughput, lower recoveries, increased downtime or some combination of all of the foregoing. While issues of this nature are part of normal operations, there is no assurance that unexpected conditions may not materially and adversely affect our business, results of operations or financial condition. Our ability to efficiently mine materials at the CLG is also affected by the hydrogeology of areas within the mine, which requires the installation of dewatering infrastructure to manage underground water. As the mine expands, additional infrastructure will be required. Existing dewatering infrastructure may be ineffective at managing underground water, and although additional capital for dewatering infrastructure is contemplated in the LOM plan included in the Los Gatos Technical Report, further dewatering infrastructure may be more costly than planned or may otherwise be ineffective. Actual capital costs, operating costs, production and economic returns may differ significantly from those we have anticipated and there are no assurances that any future development activities will result in profitable mining operations. The actual capital and operating costs at the CLG will depend upon changes in the availability and prices of labor, equipment ~~and~~ **,** infrastructure **, fossil fuels, power, and other inputs** , variances in ore recovery and mining rates from those assumed in the mining plan, operational risks, changes in governmental regulation, including taxation, environmental, permitting and other regulations and other factors, many of which are beyond our control. Due to any of these or other factors, the capital and operating costs at the CLG may be significantly higher than ~~19those~~ -- **those** set forth in the Los Gatos Technical Report. As a result of higher capital and operating costs, production and economic returns may differ significantly from those set forth in the Los Gatos Technical Report and there are no assurances that any future development activities will result in profitable mining operations. Land reclamation and mine closure may be burdensome and costly and such costs may exceed our estimates. Land reclamation and mine closure requirements are generally imposed on mining and exploration companies, such as ours, which require us, among other things, to minimize the effects of land disturbance. Such requirements may include controlling the discharge of potentially dangerous effluents from a site and restoring a site' s landscape to its pre- exploration form. The actual costs of reclamation and mine closure are uncertain and planned expenditures may differ from the actual expenditures required. Therefore, the amount that we are required to spend could be materially higher than current estimates. Any additional amounts required to be spent on reclamation and mine closure may have a material adverse effect on our financial performance, financial position and results of operations and may cause us to alter our operations. In addition, we are required to maintain financial assurances, such as letters of credit, to secure reclamation obligations under certain laws and regulations. The failure to acquire, maintain or renew such financial assurances could subject us to fines and penalties or suspension of our operations. Letters of credit or other forms of financial assurance represent only a portion of the total amount of money that will be spent on reclamation over the life of a mine' s operation. Although we include liabilities for estimated reclamation and mine closure costs in our financial statements, it may be necessary to spend more than what is projected to fund required reclamation and mine closure activities. The development of one or more of our mineral projects that have been, or may in the future be, found to be economically feasible will be subject to all of the risks associated with establishing new mining operations. The Los Gatos Technical Report indicates that the CLG is a profitable silver- zinc- lead project with an estimated ~~5~~ **remaining 7** - year mine life currently, at modeled metals prices. If the development of one of our other mineral properties is found to be economically feasible, the development of such projects will require obtaining permits and financing, and the construction and operation of mines, processing plants and related infrastructure. As a result, we will be subject to certain risks associated with establishing new mining operations, including: ~~•~~ **•** the timing and cost, which can be considerable, of the construction of mining and processing facilities and related infrastructure; ~~•~~ **•** the availability and cost of skilled labor, mining equipment and principal supplies needed for operations, including explosives, fuels, chemical reagents, water, power, equipment parts and lubricants; ~~•~~ **•** the availability and cost of appropriate smelting and refining arrangements; ~~•~~ **•** the need to obtain necessary environmental and other governmental approvals and permits and the timing of the receipt of those approvals and permits; ~~•~~ **•** the availability of funds to finance construction and development activities; ~~•~~ **•** industrial accidents; ~~•~~ **•** mine failures, shaft failures or equipment failures; ~~•~~ **•** natural phenomena such as inclement weather conditions, floods, droughts, rock slides and seismic activity; ~~•~~ **•** unusual or unexpected geological and metallurgical conditions, including excess water in underground mining; ~~•~~ **•** exchange rate and commodity price fluctuations; ~~•~~ **•** high rates of inflation; ~~•~~ **•** health pandemics; ~~•~~ **•** potential opposition from nongovernmental organizations, environmental groups or local groups, which may delay or prevent development activities; ~~and20~~ -- **and** ~~•~~ **•** restrictions or regulations imposed by governmental or regulatory authorities, including with respect to environmental matters. The costs, timing and complexities of developing these projects, as well as for **further developing and operating** the CLG, may be greater than anticipated. Cost estimates may increase significantly as more detailed engineering work is completed on a project. It is common in mining operations to experience unexpected costs, problems and delays during construction, development and mine startup. In addition, the cost of producing silver bearing concentrates that are of acceptable quality to smelters may be significantly higher than expected. We may encounter higher than acceptable contaminants in our concentrates such as arsenic, antimony, mercury, copper, iron, selenium, fluorine or other contaminants that, when present in high concentrations, can result in penalties or outright rejection of the metals concentrates by the smelters or traders. For example, due to the high fluorine content at the CLG, we **have** ~~are finalizing the construction~~ **constructed** ~~of~~ a leaching plant designed to reduce fluorine levels in zinc concentrates produced. Additional investments to further reduce fluorine content of the concentrates produced may be required. Accordingly, we cannot provide assurance that our activities will result in profitable mining operations at the mineral properties. Our operations involve significant risks and hazards inherent to the mining industry. Our operations involve the operation of large machines, heavy mobile equipment and drilling equipment. Hazards such as adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground control problems, cave-ins, changes in the regulatory environment, metallurgical and other processing problems, mechanical equipment failure, facility performance problems, fire and natural phenomena such as inclement weather conditions, floods and earthquakes are inherent risks in our operations. Certain of these hazards may be more severe or frequent as a result of climate change. Hazards inherent to the mining industry have in the past caused and may in the future cause injuries or death to employees, contractors or other persons at our mineral properties, severe damage to and destruction of our property, plant and equipment, and contamination of, or damage to, the environment, and can result in the suspension of our exploration activities and future development and production activities. While we aim to maintain best safety practices as part of our culture, safety measures implemented by us may not be successful in preventing or mitigating future accidents. In addition, from time to time we may be subject to governmental investigations and claims and litigation filed on behalf of persons who are harmed while at our properties or otherwise in connection with our operations. To the extent that we are subject to personal injury or other claims or lawsuits in the future, it may not be possible to predict the ultimate outcome of these claims and lawsuits due to the nature of personal injury litigation. Similarly, if we are subject to governmental investigations or proceedings **relating to such matters** , we may incur significant penalties and fines, and enforcement actions against us could result in the closing of certain of our mining operations. If claims and lawsuits or governmental investigations or proceedings are ultimately resolved against us, it could have a material adverse effect on our financial performance, financial position and results of operations. Also, if we mine on property without the appropriate licenses and approvals, we could incur liability, or our operations could be suspended. We may be materially and adversely affected by challenges relating to slope and stability of underground openings. Our underground mines get deeper and our waste and tailings deposits increase in size as we continue with and expand our mining activities, presenting certain geotechnical challenges, including the possibility of failure of underground openings. If we are required to reinforce such openings or take additional actions to prevent such a failure, we could incur additional expenses, and our operations and stated mineral reserves could be negatively affected. We have taken the actions we determined to be proper in order to maintain the stability of underground openings, but additional action may be required in the future. Unexpected failures or additional requirements to prevent such failures may adversely affect our costs and expose us to health and safety and other liabilities in the event of an accident, and in turn materially and adversely affect the results of our operations and financial condition, as well as potentially have the effect of diminishing our stated mineral reserves. The title to some of the mineral properties may be uncertain or defective, and we may be unable to obtain necessary surface and other rights to explore and develop some mineral properties, thus risking our investment in such properties. Under the laws of Mexico, mineral resources belong to the state, and government concessions are required to explore for or exploit mineral reserves. Mineral rights derive from concessions granted, on a discretionary basis, by the Ministry of Economy, pursuant to the Mexican mining law and the regulations thereunder. While we and the LGJV hold title to the mineral ~~properties~~ **concessions** in Mexico described in this Report, including the CLG, through these government concessions, there is no assurance that title to the concessions comprising the CLG or our or the LGJV' s other properties will not be challenged or impaired. One of our concessions, comprising over 19, 000 hectares, the Los Gatos concession, is held by us subject to the terms of an agreement with the original holder ~~21of~~ **of** that concession. The CLG and our or the LGJV' s other properties may be subject to prior unregistered agreements, interests or native land claims, and title may be affected by such undetected defects. A title defect on any of our mineral properties (or any portion thereof) could adversely affect our ability to mine the property and / or process the minerals that we mine. The mineral properties' mining concessions in Mexico may be terminated if the obligations to maintain the concessions in good standing are not satisfied or are not considered to be satisfied, including obligations to explore or exploit the relevant concession, to pay any relevant fees, to comply with all environmental and safety standards, to provide information to the Mexican Ministry of Economy and to allow inspections by the Mexican Ministry of Economy. In addition to termination, failure to make timely concession maintenance payments and otherwise comply, or be considered to comply with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in reduction or expropriation of entitlements. Title insurance is generally not available for mineral properties and our ability to ensure that we have obtained secure claim to individual mineral properties or mining concessions may be severely constrained. We rely on title information and / or representations and warranties provided by our grantors. Any challenge to our title could result in litigation, insurance claims and potential losses, delay the exploration and development of a property and ultimately result in the loss of some or all of our interest in the property. In addition, if we mine on property without the appropriate title, we could incur liability for such activities. While we have received a title opinion in relation to the LGD dated as of November 5, 2019, which opinion was updated as of August 18, 2021, such opinion is not a guarantee of title and such title may be challenged. In addition, surface rights are required to explore and to potentially develop the mineral properties. Currently, of the 103, 087 hectares of mineral rights owned in the LGD, MPR owns surface rights covering the known extents of the CLG, and Esther Resource areas, totaling 5, 479 hectares. We **are required to** negotiate surface access rights for exploration in other areas. Suitable infrastructure may not be available or damage to existing infrastructure may occur. Mining, processing, development and exploration activities depend on adequate infrastructure. Reliable roads, bridges, port and / or rail transportation, power sources, water supply and access to key consumables are important determinants for capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration, development or exploitation of our projects. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploitation or development of our projects will be commenced or completed on a timely basis, or at all, or that the resulting operations will achieve the anticipated production volume, or that the construction costs and operating costs associated with the exploitation and / or development of our projects will not be higher than anticipated. In addition, extreme weather phenomena, sabotage, vandalism, government, non- governmental organization and community or other interference in the maintenance or provision of such infrastructure could adversely affect our operations and profitability. Risks Related to Our Business and ~~IndustryThe~~ --- **Industry The** prices of silver, zinc and lead are subject to change and a substantial or extended decline in the prices of silver, zinc or lead could materially and adversely affect revenues of the LGJV and the value of our mineral properties. Our business and financial performance will be significantly affected by fluctuations in the prices of silver, zinc and lead. The prices of silver, zinc and lead are volatile, can fluctuate substantially and are affected by numerous factors that are beyond our control. For the year ended December 31, ~~2022~~ **2023** , the ~~LBMA~~ silver price **reported by the LBMA** ranged from a low of $ ~~17~~ **20** . **09** ~~77 per ounce on~~

~~September 1, 2022 to a high of $ 26. 18~~ per ounce on March ~~9~~ **10** , ~~2022~~ **2023 , to a high of $ 26. 03 per ounce on April 14, 2023** ; the LME Official Settlement zinc price ranged from a low of $ 2, ~~682~~ **230** per tonne ($ 1. ~~22~~ **01** per pound) on ~~November~~ **May 31, 2023 to a high of $** 3, **508** ~~2022 to a high of $ 4, 530~~ per tonne ($ ~~2~~ **1** . ~~05~~ **59** per pound) on ~~April 19~~ **January 26** , ~~2022~~ **2023** ; the LME Official Settlement lead price ranged from a low of $ 1, ~~754~~ **973** per tonne ($ 0. ~~80~~ **89** per pound) on ~~September 27~~ **December 7** , ~~2022~~ **2023** , to a high of $ 2, ~~513~~ **337** per tonne ($ 1. ~~14~~ **06** per pound) on ~~March 7~~ **January 2** , ~~2022~~ **2023** . Prices are affected by numerous factors beyond our control, including: ~~•~~ **•** prevailing interest rates and returns on other asset classes; ~~•~~ **•** expectations regarding inflation, monetary policy and currency values; ~~•~~ **•** speculation; ~~•~~ **•** governmental and exchange decisions regarding the disposal of precious metals stockpiles, including the decision by the CME Group, the owner and operator of the futures exchange, to raise silver' s initial margin requirements on futures contracts; **•** ~~22 •~~ political and economic conditions; ~~•~~ **•** available supplies of silver, zinc and lead from mine production, inventories and recycled metal; ~~•~~ **•** sales by holders and producers of silver, zinc and lead; and ~~•~~ **•** demand for products containing silver, zinc and lead. Because the LGJV expects to derive the substantial majority of ~~our~~ **its** revenues from sales of silver, zinc and lead, its results of operations and cash flows will fluctuate as the prices for these metals increase or decrease. A sustained period of declining prices would materially and adversely affect our financial performance, financial position and results of operations. Changes in the future demand for the silver, zinc and lead we produce could adversely affect future sales volume and revenues of the LGJV and our earnings. The LGJV' s future revenues and our earnings will depend, in substantial part, on the volume of silver, zinc and lead we sell and the prices at which we sell, which in turn will depend on the level of industrial and consumer demand. Based on **forecasted** ~~2021~~ **2023** data from the Silver Institute, demand for silver is driven by industrial demand (including photovoltaic, electrical and electronics) (c. 48 %), **physical** bar and coin demand (c. 27 %) **,** jewelry and silverware (c. ~~21~~ **22** %) and other demand, especially photography (c. ~~4~~ **2** %). An increase in the production of silver worldwide or changes in technology, industrial processes or consumer habits, including increased demand for substitute materials, may decrease the demand for silver. Increased demand for substitute materials may be either technologically induced, when technological improvements render alternative products more attractive for first use or end use than silver or allow for reduced application of silver, or price induced, when a sustained increase in the price of silver leads to partial substitution for silver by a less expensive product or reduced application of silver. Demand for zinc is primarily driven by the demand for galvanized steel, used in construction, automobile and other industrial applications. Demand for lead is primarily driven by the demand for batteries, used in vehicles, emergency systems and other industrial battery applications. Any substitution of these materials may decrease the demand for the silver, zinc and lead we produce. A fall in demand, resulting from economic slowdowns or recessions or other factors, could also decrease the price and volume of silver, zinc and lead we sell and therefore materially and adversely impact our results of operations and financial condition. Increases in the supply of silver, zinc and lead, including from new mining sources or increased recycling (driven by technological changes, pricing incentives or otherwise) may act to suppress the market prices for these commodities. We are subject to the risk of labor disputes, which could adversely affect our business, and which risk may be increased due to the unionization in the LGJV workforce. Although we have not experienced any significant labor disputes in recent years, there can be no assurances that we will not experience labor disputes in the future, including protests, blockades and strikes, which could disrupt our business operations and have an adverse effect on our business and results of operation. Although we consider our relations with our employees to be good, there can be no assurance that we will be able to maintain a satisfactory working relationship with our employees in the future. The LGJV' s hourly work force is unionized, which may increase the risk of such disruptions. In addition, the unionized workforce, or further unionization of the workforce, may, among other things, require more extensive human resources staff, increase legal costs, increase involvement with regulatory agencies, result in lost workforce flexibility, and increase labor costs due to rules, grievances and arbitration proceedings. Our success depends on developing and maintaining relationships with local communities and stakeholders. Our ongoing and future success depends on developing and maintaining productive relationships with the communities surrounding our operations, including local indigenous people who may have rights or may assert rights to certain of our properties, and other stakeholders in our operating locations. We believe our operations can provide valuable benefits to surrounding communities in terms of direct employment, training and skills development and other benefits associated with ongoing payment of taxes. In addition, we seek to maintain partnerships and relationships with local communities. Notwithstanding our ongoing efforts, local communities and stakeholders can become dissatisfied with our activities or the level of benefits provided, which may result in legal or administrative proceedings, civil unrest, protests, direct action or campaigns against us. Any such occurrence could materially and adversely affect our business, financial condition or results of operations. ~~23We are subject to class action lawsuits.~~ We are currently **and in the future may be** subject to ~~class actions lawsuits~~ **litigation, government investigations and regulatory proceedings. We are currently and in the future may be subject to litigation, government investigations and regulatory proceedings** . See Note 10 ~~—~~ **.** Commitments, Contingencies and Guarantees in our consolidated financial statements included in " Item 8. Financial Statements and Supplementary Data " for additional information regarding our assessment of contingencies related to legal matters. See also " Item 3. Legal Proceedings. " Such ~~actions~~ **matters, regardless of outcome,** subject us to significant costs, which may not be adequately covered by insurance, divert management' s time and attention from our operations and reduce our ability to attract and retain qualified personnel. Our inability to successfully defend against such ~~actions~~ **matters** could have a material adverse effect on our business and financial condition. The ~~COVID- 19 pandemic adversely affected our business and operations. The~~ widespread outbreak of ~~any other~~ health pandemics, epidemics, communicable diseases or public health crises could also adversely affect us, particularly in regions where we conduct our business operations. Our business could be adversely affected by the widespread outbreak of a health epidemic, communicable disease or any other public health crisis. For example, the COVID- 19 pandemic temporarily affected our financial condition in 2020, in part due to the loss of revenue resulting from the 45- day temporary suspension of all nonessential activities at the LGJV' s CLG site, reduced production rates and the additional expenses associated with the development and implementation of

COVID- 19 protocols. Any prolonged disruption of our or the LGJV' s operations and closures of facilities resulting from health pandemic, epidemics communicable diseases or public health crises would delay our current exploration and production timelines and negatively impact our business, financial condition and results of operations and may heighten the other risk factors discussed in this " Risk Factors " section. The mining industry is very competitive. The mining industry is very competitive. Much of our competition is from larger, established mining companies with greater liquidity, greater access to credit and other financial resources, newer or more efficient equipment, lower cost structures, more effective risk management policies and procedures and / or a greater ability than us to withstand losses. Our competitors may be able to respond more quickly to new laws or regulations or emerging technologies or devote greater resources to the expansion or efficiency of their operations than we can. In addition, current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties. Accordingly, it is possible that new competitors or alliances among current and new competitors may emerge and gain significant market share to our detriment. We may not be able to compete successfully against current and future competitors, and any failure to do so could have a material adverse effect on our business, financial condition or results of operations. Our insurance may not provide adequate coverage. Our business and operations are subject to a number of risks and hazards, including, but not limited to, adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground control problems, cave- ins, changes in the regulatory environment, metallurgical and other processing problems, mechanical equipment failure, facility performance problems, fires and natural phenomena such as inclement weather conditions, floods and earthquakes. These risks could result in damage to, or destruction of, our mineral properties or production facilities, personal injury or death, environmental damage, delays in exploration, mining or processing, increased production costs, asset write downs, monetary losses and legal liability. Our property and liability insurance may not provide sufficient coverage for losses related to these or other hazards. Insurance against certain risks, including those related to environmental matters or other hazards resulting from exploration and production, is generally not available to us or to other companies within the mining industry. Our current insurance coverage may not continue to be available at economically feasible premiums, or at all. In addition, our business interruption insurance relating to our properties has long waiting periods before coverage begins. Accordingly, delays in returning to any future production could produce near- term severe impact to our business. Our director and officer liability insurance may be insufficient to cover losses from claims relating to matters for which directors and officers are indemnified by us or for which we are determined to be directly responsible, and regardless are and may continue to be subject to significant retentions or deductibles, including current class action lawsuits. See " Item 3. Legal Proceedings. " Any losses from these events may cause us to incur significant costs that could have a material adverse effect on our financial performance, financial position and results of operations. ~~24Our~~ -- **Our** business is sensitive to nature and climate conditions. A number of governments have introduced or are moving to introduce climate change legislation and treaties at the international, national, state / provincial and local levels. Regulations relating to emission levels (such as carbon taxes) and energy efficiency are becoming more stringent. If the current regulatory trend continues, this may result in increased costs at some or all of our business locations. In addition, the physical risks of climate change may also have an adverse effect on our operations. Extreme weather events, which may become more common and severe due to climate change, have the potential to disrupt our power supply, surface operations and exploration at our mines and may require us to make additional expenditures to mitigate the impact of such events. If we are unable to retain key members of management, our business might be harmed. Our exploration activities and any future development and construction or mining and processing activities depend to a significant extent on the continued service and performance of our senior management team, including our Chief Executive Officer. We depend on a relatively small number of key officers, and we currently do not, and do not intend to, have keyperson insurance for these individuals. Departures by members of our senior management could have a negative impact on our business, as we may not be able to find suitable personnel to replace departing management on a timely basis, or at all. The loss of any member of our senior management team could impair our ability to execute our business plan and could, therefore, have a material adverse effect on our business, results of operations and financial condition. In addition, the international mining industry is very active and we are facing increased competition for personnel in all disciplines and areas of operation. There is no assurance that we will be able to attract and retain personnel to sufficiently staff our development and operating teams. We may fail to identify attractive acquisition candidates ~~or~~ **,** joint ventures with strategic partners **or other attractive strategic transactions** or may fail to successfully integrate acquired mineral properties or successfully manage joint ventures. As part of our growth strategy, we may acquire additional mineral properties or enter into joint ventures with strategic partners **or seek to enter into other attractive strategic transactions** . However, there can be no assurance that we will be able to identify attractive acquisition or joint venture candidates **or other strategic partners** in the future or that we will succeed at effectively managing their integration or operation. In particular, significant and increasing competition exists for mineral acquisition opportunities throughout the world. We face strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, metals as well as in entering into joint ventures with other parties. If the expected synergies from such transactions do not materialize or if we fail to integrate them successfully into our existing business or operate them successfully with our joint venture partners, or if there are unexpected liabilities, our results of operations could be adversely affected. Pursuant to the Unanimous Omnibus Partner Agreement, which governs our and Dowa' s respective rights over the LGJV, we and Dowa must jointly approve certain major decisions involving the LGJV, including decisions relating to the merger, amalgamation or restructuring of the LGJV and key strategic decisions, including with respect to expansion, among others. If we are unable to obtain the consent of Dowa, we may be unable to make decisions relating to the LGJV that we believe are beneficial for its operations, which may materially and adversely impact our results of operations and financial condition. In connection with any future acquisitions ~~or~~ **,** joint ventures ~~,~~ **or other strategic transactions** we may incur indebtedness or issue equity securities, resulting in increased interest expense or dilution of the percentage ownership of existing shareholders. Unprofitable acquisitions or joint ventures, or additional indebtedness or issuances of securities in connection with such acquisitions or joint ventures, may adversely affect the price of our common stock and negatively affect our results of operations. ~~25Our~~ -- **Our** information technology systems may be vulnerable to disruption **and cyberattacks** , which could place our systems at risk from data loss, operational failure or compromise of confidential information. We rely on various information technology systems. These systems remain vulnerable to disruption, damage or failure from a variety of sources, including, but not limited to, errors by employees or contractors, computer viruses, cyberattacks, including phishing, ransomware, and similar malware, misappropriation of data by outside parties, and various other threats. Techniques used to obtain unauthorized access to or sabotage our systems are under continuous and rapid evolution, and we may be unable to detect efforts to disrupt our data and systems in advance. Breaches and unauthorized access carry the potential to cause losses of assets or production, operational delays, equipment failure that could cause other risks to be realized, inaccurate recordkeeping, or disclosure of confidential information, any of which could result in financial losses and regulatory or legal exposure, and could have a material adverse effect on our cash flows, financial condition or results of operations **. Moreover, as regulatory scrutiny of cybersecurity practices increases globally, we are subject to a variety of laws and regulations intended to protect against cybersecurity risks. Compliance with these regulations may result in increased costs, and failure to comply could result in regulatory penalties and significant legal liability. We rely on third- party service providers for certain critical aspects of our business operations, and any significant breakdown, invasion, corruption, or interruption of their services due to cybersecurity breaches could negatively impact our operations and business reputation** . Although to date we have not experienced any material losses relating to cyberattacks or other information security breaches, there can be no assurance that we will not incur such losses in the future. Our risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As such threats continue to evolve, we may be required to expend additional resources to modify or enhance any protective measures or to investigate and remediate any security vulnerabilities. Our directors may have conflicts of interest as a result of their relationships with other mining companies. Our directors are also directors, officers and shareholders of other companies that are similarly engaged in the business of developing and exploiting natural resource properties. Consequently, there is a possibility that our directors may be in a position of conflict in the future. We have identified material weaknesses in our internal control over financial reporting. If we fail to remediate these deficiencies (or fail to identify and / or remediate other possible material weaknesses), we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud, which may adversely affect investor confidence in us and, as a result, the value of our common stock. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U. S. generally accepted accounting principles. **Effective** ~~Under standards established by the United States Public Company Accounting Oversight Board, a material weakness is a deficiency, or combination of deficiencies, in~~ internal control over financial reporting ~~such that there~~ is **necessary** ~~a reasonable possibility that a material misstatement of annual or~~ **for** ~~interim~~ **us to provide reliable** financial ~~statements will not be~~ **reports and, together with disclosure protocols and procedures, is designed to** ~~prevented~~ -- **prevent fraud** ~~or detected and corrected on a timely basis~~ . We are required, pursuant to Section 404 of the Sarbanes- Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal controls over financial reporting for fiscal year ~~2022~~ **2023** . This assessment includes disclosure of any material weaknesses identified by our management in our internal controls over financial reporting. Additionally, we are required to disclose changes made in our internal controls and procedures on a quarterly basis. However, for as long as we are an emerging growth company, or a smaller reporting company that is a non- accelerated filer, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 (b). At such time ~~,~~ this attestation will be required, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating. ~~Our remediation efforts may not enable us to avoid a material weakness in the future.~~ We **previously** ~~may need to undertake various actions, such as implementing new internal controls and procedures and hiring additional accounting or internal audit staff. In connection with our review of the internal control structure related to the preparation of the financial statements for the fiscal years ended December 31, 2021 and 2022, we~~ identified ~~the following~~ material weaknesses in our internal controls over financial reporting ~~: ● We did not demonstrate the appropriate tone at the top including failing to design or maintain an effective control environment commensurate with the financial reporting requirements of a public company in the United States and Canada~~ . **Except as** ~~In particular, we did not design control activities to adequately address~~ identified **below regarding** ~~risks or operate at a sufficient level of precision that would identify material misstatements to our financial statements and did not design and maintain sufficient formal documentation of accounting policies and procedures to support~~ the ~~operation of key control procedures. 26 ● We failed~~ - **failure** ~~to design and maintain effective controls relating to our risk assessment process as it pertained to the assessment of key assumptions, inputs and outputs contained in our July 2020 technical report. In connection with our review of the internal control structure related to the preparation of the restated financial statements for the fiscal year ended December 31, 2021, we have identified the following additional material weaknesses in our internal controls over financial reporting: ● We failed~~ to design and maintain effective controls over accounting for current and deferred taxes ~~. This~~ **, we have remediated these historical** material ~~weakness~~ **weaknesses . In connection with our review of the internal control** ~~resulted~~ -- **related to the preparation** ~~in a material misstatement~~ of **the** ~~our previously issued~~ financial statements for the **fiscal** year ended December 31, ~~2021~~ **2023** ~~which resulted in~~ **, we identified that additional remedial actions are required to design** ~~an~~ **and** ~~overstatement of the~~ **to maintain effective controls over accounting for** current ~~income tax expense. Specifically, the financial statements of the LGJV at December 31, 2021, did not accurately reflect the current~~ and deferred ~~tax~~ **taxes** ~~assets and liabilities at December 31, 2021. Consequently, the impairment of investment~~ in **order** ~~affiliates and the investment in affiliates and the equity income in affiliates were also not accurately presented in the Company' s financial statements at December 31, 2021. ● We did not have adequate technical accounting expertise~~ to **consider** ~~ensure that complex accounting matters such as the impact of the priority~~

~~distribution payment due to our joint venture partner and the impairment charge was recognized in accordance with GAAP. This~~ **this** material weakness ~~resulted in a material misstatement of our previously issued financial statement for the year ended December 31, 2021. The financial statements did not accurately reflect the investment in affiliates and the equity income in affiliates. Additionally, caused the impairment of investment in affiliates to be misstated. We are in the process of implementing measures designed to improve our internal control over financial reporting and remediate~~ **remediated** ~~the control deficiencies that led to the material weaknesses described above~~ . ~~To date,~~ **As part of our remedial efforts during 2023** we ~~have: ●~~ engaged a third- party **with** ~~expert~~ **expertise in each jurisdiction we operate and in relevant U. S. GAAP tax accounting** to assist ~~management~~ **us** in **accounting for current** ~~documenting key processes related to our internal control environment, designing~~ and ~~implementing~~ **deferred taxes; we hired** an **experienced tax manager at** ~~effective risk assessment and monitoring program to identify risks of material misstatements and ensuring that~~ the **end of the third quarter** ~~internal controls have been appropriately designed~~ to ~~address~~ **prepare current** and **deferred tax provisions** ~~effectively monitor identified risk~~ ; ~~●~~ **and** hired a ~~new executive leadership team, including a new CEO, CFO and senior executive responsible for technical services, each of which has appropriate experience and has demonstrated a commitment to improving the Company' s control environment; ● hired additional personnel with accounting and technical expertise, including hiring new accounting staff in connection with the relocation of the Company' s headquarters to Vancouver; ● enhanced the procedures and functioning of our disclosure committee relating to the appropriate reporting of information and review and approval of the Company' s public disclosures; ● engaged a new independent~~ third- party ~~subject matter specialist~~ **internal controls expert** to ~~perform a technical~~ **advise on the design and implementation of tax related internal controls. During 2024 we intend to enhance our processes and controls implemented during 2023, including enhancing our** review ~~of the 2022 mineral resource and mineral reserve estimates; and ● enhanced our~~ procedures, ~~including implementing appropriate controls, relating~~ to **ensure our procedures are designed to accurately account** ~~management verification of the key assumptions, inputs and outputs~~ for ~~our Technical Reports. ● engaged a new independent third- party tax specialist to perform a review of the tax provision calculation at the LGJV~~ and ~~the recognition of~~ **disclose current and** deferred tax ~~assets and liabilities; and ● implemented process to identify complex technical accounting matters that would require technical accounting analysis by a technical accounting expert in a timely manner~~ . We have incurred significant costs **to date** in connection with ~~our~~ efforts to remediate these material weaknesses, and we expect to incur additional costs in the future ~~. Neither we nor our independent registered public accounting firm have tested the effectiveness of our internal control over financial reporting and we cannot provide assurance that we will be able to successfully remediate the material weaknesses described above~~ . Even if we successfully remediate ~~such~~ **the remaining** material ~~weaknesses~~ -- **weakness described above** , we cannot provide any assurance that we will not suffer from these or other material weaknesses in the future. ~~27Our~~ -- **Our procedures and controls and our ongoing** remediation efforts may not enable us to avoid ~~a~~ **further** material ~~weakness~~ **weaknesses** in the future. We may need to undertake various actions, such as implementing new internal controls and procedures and hiring additional accounting ~~or internal audit~~ staff **or external consultants** . If we **are** ~~continue to be~~ unable to assert that our internal controls over financial reporting are effective, or if our independent registered public accounting firm is unable to express an opinion on the effectiveness of our internal controls to the extent required, we **may be unable to accurately report our financial condition and results of operations in a timely matter and** could lose investor confidence in the accuracy and completeness of our financial reports, which could cause the price of our common stock to decline **. Damage to our reputation may result in decreased investor confidence** , **challenges in maintaining positive community relations** and **can pose additional obstacles to our ability to develop our projects, which may result in a material adverse impact on our business, financial position, results of operations and growth prospects. Damage to our reputation can be the result of the actual or perceived occurrence of a variety of events and circumstances, and could result in negative publicity (for example, with respect to handling of environmental, employee, safety and security matters, dealings with local community organizations or individuals, community commitments, handling of cultural sites or resources, and various other matters). Our Code of Conduct (the " Code ") forms the foundation of our internal governance structure. We actively encourage employees and others to promptly report incidents of possible violations of the Code and / or our policies and standards, including in the areas of business integrity, social and environmental, community relations and human rights. Employees and non- employees, including suppliers and community members, can anonymously report concerns via our third party helpline. The CLG operation has a complaints and grievances register to record matters raised by local stakeholders. We may not always able to resolve these matters before they are raised publicly or in legal or regulatory proceedings and in the future** we may **not** be ~~subject~~ **able** to ~~investigation~~ **meet the growing demands of stakeholders through these mechanisms. Such matters once publicized may negatively impact** ~~or~~ **our** ~~sanctions~~ **reputation and may have a material adverse effect on our business, financial position and results of operations. The growing use of social media to generate, publish and discuss community news and issues and to connect with others has made it significantly easier, among other things, for individuals and groups to share their opinions of us and our activities, whether founded on accurate information or not. We do not have direct control over how we are perceived** by ~~the SEC~~ **others and any resulting loss of reputation could have a material adverse effect on our business, financial position and results of operations** . Risks Related to Government ~~RegulationsThe~~ -- - **Regulations The** Mexican government, as well as **state and** local governments, extensively regulate mining operations, which impose significant actual and potential costs on us, and future regulation could increase those costs, delay receipt of regulatory refunds or limit our ability to produce silver and other metals. The mining industry is subject to increasingly strict regulation by federal, state and local authorities in Mexico, and other jurisdictions in which we may operate, including in relation to: ~~●~~ **•** limitations on land use; ~~●~~ **•** mine permitting and licensing requirements; ~~●~~ **•** reclamation and restoration of properties after mining is completed; ~~●~~ **•** management of materials generated by mining operations; and ~~●~~ **•** storage, treatment and disposal of wastes and hazardous materials. The liabilities and requirements associated with the laws and regulations related to these and other matters, including with respect to air emissions, water discharges and other environmental matters, may be costly and time consuming and may restrict, delay or prevent commencement or continuation of exploration or production operations. There can be no assurance that we have been or will be at all times in compliance with all applicable laws and regulations. Failure to comply with, or the assertion that we have failed to comply with, applicable laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of cleanup and site restoration costs and liens, the issuance of injunctions to limit or cease operations, the suspension or revocation of permits or authorizations and other enforcement measures that could have the effect of limiting or preventing production from our operations. We may incur material costs and liabilities resulting from claims for damages to property or injury to persons arising from our operations. If we are pursued for sanctions, costs and liabilities in respect of these matters, our mining operations and, as a result, our financial performance, financial position and results of operations, could be materially and adversely affected. Our Mexican properties are subject to regulation by the Political Constitution of ~~the United Mexican~~ **Mexico** ~~States~~ , and are subject to various legislation in Mexico, including the Mining Law, the Federal Law of Waters, the Federal Labor Law, the Federal Law of Firearms and Explosives, the General Law on Ecological Balance and Environmental Protection and the Federal Law on Metrology Standards. Our operations at our Mexican properties also require us to obtain local authorizations and, under the Agrarian Law, to comply with the uses and customs of communities located within the properties. Mining, environmental and labor authorities may inspect our Mexican operations on a regular basis and issue various citations and orders when they believe a violation has occurred under the relevant statute. If inspections in Mexico result in an actual or alleged violation, we may be subject to fines, penalties or sanctions, our mining operations could be subject to temporary or extended closures, and we may be required to incur capital expenditures to recommence our operations. Any of these actions could have a material adverse effect on our financial performance, financial position and results of operations **. The Mexican government recently proposed changes to the Political Constitution of Mexico which would reduce the number of hours per week employers may require employees to work and impose certain other changes. It is unclear if and when such changes could be enacted, but, if they are enacted and apply to the LGJV, the LGJV' s Mexican labor costs, and labor costs with any future projects in Mexico, could be materially adversely affected** . The Mexican federal government recently promulgated significant amendments to laws affecting the mining industry; while it is difficult to ascertain if and when the amendments will be fully implemented, and there is some lack of clarity in their drafting including their intended retroactive effect, the amendments could have a material adverse effect on the mining industry, and the LGJV' s and our Mexican businesses, particularly in respect of any new concessions, new mining permits, and new operations. On May 8, 2023, legislative amendments were promulgated by the Mexican federal government (the " Amendments "). If fully implemented, the Amendments would include the following attributes: new concessions would only be granted through public ~~28bidding~~ -- **bidding** and letters of credit would be required; new mining concessions would be granted in respect of specified minerals; the potential to expropriate private land would be discontinued; the term and extension period of new mining concessions would be reduced to 30 and 25 years, respectively; the approval of transferees of mining concessions would be required; minimum payments of 5 % of profits to local communities would be imposed **on new concessions** ; social impact studies and community consultation would be required **on new concessions** ; restoration, closure and post closure programs would be required; water availability would be a condition for granting new mining concessions; the concept of presumptive approval (afirmativa ficta) for approval matters properly and timely submitted to regulatory agencies would be removed; parastatal entities could be created and would enjoy preferential rights to exploration; environmental obligations and prohibitions would be increased; and water concessions could be significantly modified by governmental authorities in certain circumstances. The foregoing is a non- exhaustive summary of the Amendments. The Amendments are stated to be immediately effective, but regulations are required for the Amendments to be fully implemented. Although it is not clear in all instances, the Amendments are generally stated to not have retroactive effect, and as such their most significant impact would be expected to be on new mining concessions rather than existing concessions and operations, including those of the LGJV and ours. Certain of the Amendments may also apply to existing operations, such as the requirement for approval of any concession transferee, establishing a closure and post- closure program and additional environmental obligations. We understand that the Amendments ~~could be~~ **have been constitutionally** challenged **in Mexican courts** on the basis of the legislative process followed ~~or~~ **. We have also initiated" amparo" proceedings on behalf of the LGJV and us in respect of the Santa Valeria property, which property is 100 % owned** by ~~parties directly affected by~~ **us. Amparo proceedings are judicial actions under the Mexican Constitution to protect private rights from the acts or omissions of the Mexican government. The proceedings seek to exempt the LGJV and us from** the Amendments **,** ~~on constitutional~~ or **alternatively, from** ~~other~~ - **their** ~~grounds~~ **immediate impact** . The ~~impact~~ **effect** of the Amendments on the LGJV and us will depend on the extent and timing of their implementation ~~and~~ **,** the extent of their retroactive effect **and the extent to which the amparo proceedings, and potential future amparao proceedings, are successful** . We will be continuing to monitor and assess the potential impact of the Amendments on the LGJV, us, and any future opportunities in Mexico. Our operations are subject to additional political, economic and other uncertainties not generally associated with U. S. operations. We currently have two properties in Mexico: the LGD, which the LGJV controls, and the Santa Valeria property, which is owned 100 % by us. Our operations are subject to significant risks inherent in exploration and resource extraction by foreign companies in Mexico. Exploration, development, production and closure activities in Mexico are potentially subject to heightened political, economic, regulatory and social risks that are beyond our control. These risks include: ~~•~~ **•** the possible unilateral cancellation or forced renegotiation of contracts and licenses; ~~•~~ **•** unfavorable changes in laws and regulations; ~~•~~ **•** royalty and tax increases; ~~•~~ **•** claims by governmental entities **, local communities** or indigenous communities; ~~•~~ **•** expropriation or nationalization of property; ~~•~~ **•** political instability; ~~•~~ **•** fluctuations in currency exchange rates; ~~•~~ **•** social and labor unrest, organized crime, hostage taking, terrorism and violent crime; ~~•~~ **•** uncertainty regarding the availability of reasonable electric power costs; ~~•~~ **•** uncertainty regarding the enforceability of contractual rights and judgments; and ~~•~~ **•** other risks arising out of foreign governmental sovereignty over areas in which our mineral properties are located. Local economic conditions also can increase costs and adversely affect the security of our operations and the availability of skilled workers and supplies. **Additionally, some areas in Mexico are affected by persistent violence and organized crime involving drug cartels.** Higher incidences of criminal activity and violence in the area of ~~some of our properties~~ **the LGJV and the LGJV' s transportation corridors** could adversely affect the LGJV' s ability to operate in an optimal fashion or at all, and may impose greater risks of theft and higher costs, which would adversely affect results of operations and cash flows. Acts of civil disobedience are common in Mexico. In recent years, many mining companies have been targets of actions to restrict their legally entitled access to mining concessions or property. Such acts of civil disobedience often occur with no warning and ~~29can~~ -- **can** result in significant direct and indirect costs. We cannot provide assurance that there will be no disruptions to site access in the future, which could adversely affect our business. Local and regional meteorological conditions can increase our operating costs and adversely affect our ability to mine and process ore. Such inclement conditions, including severe precipitation events, extremely high winds or wildfires could directly impact our surface operations. Northern Mexico is highly dependent upon natural gas from Texas to generate power. Regional inclement weather conditions in the state of Chihuahua, Mexico, or Texas, could adversely impact our ability to maintain sufficient power from the national Mexico power grid. The CLG project was designed to allow the mine and processing plant to operate independently. The project has diesel- powered generators with sufficient capacity to maintain power to the residential camp, surface administrative facilities and the underground mine but not the processing plant. During such events, our ability to mine and process at design capacities could become constrained. The right to export silver- bearing concentrates and other metals may depend on obtaining certain licenses, which could be delayed or denied at the discretion of the relevant regulatory authorities, or meeting certain quotas. The United States and Mexico began implementation of the United States- Mexico- Canada Agreement (USMCA) in 2020. The United States and Mexico, and any other country in which we may operate in the future, could alter their trade agreements, including terminating trade agreements, instituting economic sanctions on individuals, corporations or countries, and introducing other government regulations affecting trade between the United States and other countries. It may be time- consuming and expensive for us to alter our operations in order to adapt to or comply with any such changes. If the United States were to withdraw from or materially modify international trade agreements to which it is a party, or if other countries imposed or increased tariffs on the minerals we may extract in the future, the costs of such products could increase significantly. Any of these conditions could lead to lower productivity and higher costs, which would adversely affect our financial performance, financial position and results of operations. Generally, our operations may be affected in varying degrees by changing government regulations in the United States and / or Mexico with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, importation of products and supplies, income and other taxes, royalties, the repatriation of profits, expropriation of mineral property, foreign investment, maintenance of concessions, licenses, approvals and permit, environmental matters, land use, land claims of local indigenous people and workplace safety. Such developments could require us to curtail or terminate operations at our mineral properties in Mexico, incur significant costs to meet newly imposed environmental or other standards, pay greater royalties or higher prices for labor or services and recognize higher taxes, which could materially and adversely affect our results of operations, cash flows and financial condition. Furthermore, failure to comply strictly with applicable laws, regulations and local practices could result in loss, reduction or expropriation of licenses, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. We continue to monitor developments and policies in Mexico and assess the impact thereof on our operations; however, such developments cannot be accurately predicted and could have an adverse effect on our business, financial condition and results of operations. ~~30We~~ **We** are required to obtain, maintain and renew environmental, construction and mining permits, which is often a costly and time- consuming process and may ultimately not be possible. Mining companies, including ours, need many environmental, construction and mining permits, each of which can be time consuming and costly to obtain, maintain and renew. In connection with our current and future operations, we must obtain and maintain a number of permits that impose strict conditions, requirements and obligations, including those relating to various environmental and health and safety matters. To obtain, maintain and renew certain permits, we have been and may in the future be required to conduct environmental studies, and make associated presentations to governmental authorities, pertaining to the potential impact of our current and future operations upon the environment and to take steps to avoid or mitigate those impacts. Permit terms and conditions can impose restrictions on how we conduct our operations and limit our flexibility in developing our mineral properties. Many of our permits are subject to renewal from time to time, and applications for renewal may be denied or the renewed permits may contain more restrictive conditions than our existing permits, including those governing impacts on the environment. We may be required to obtain new permits to expand our operations, and the grant of such permits may be subject to an expansive governmental review of our operations. We may not be successful in obtaining such permits **and certain of our permit applications have historically been denied for technical reasons** , which could prevent us from commencing, continuing or expanding operations or otherwise adversely affect our business. Renewal of existing permits or obtaining new permits may be more difficult if we are not able to comply with our existing permits. Applications for permits, permit area expansions and permit renewals can also be subject to challenge by interested parties, which can delay or prevent receipt of needed permits. The permitting process can vary by jurisdiction in terms of its complexity and likely outcomes. The applicable laws and regulations, and the related judicial interpretations and enforcement policies, change frequently, which can make it difficult for us to obtain and renew permits and to comply with applicable requirements. Accordingly, permits required for our operations may not be issued, maintained or renewed in a timely fashion or at all, may be issued or renewed upon conditions that restrict our ability to conduct our operations economically, or may be subsequently revoked. Any such failure to obtain, maintain or renew permits, or other permitting delays or conditions, including in connection with any environmental impact analyses, could have a material adverse effect on our business, results of operations and financial condition. In regard to the CLG, the LGD and other Mexican projects, Mexico has adopted laws and guidelines for environmental permitting that are similar to those in effect in the United States and South American countries. We are currently operating under permits regulating mining, processing, use of explosives, water use and discharge and surface disturbance in relation to the LGD and the Santa Valeria property. We will be required to apply for corresponding authorizations prior to any production at our other Mexican properties and there can be no certainty as to whether, or the terms under which, such authorizations will be granted or renewed. Any failure to obtain authorizations and permits, or other authorization or permitting delays or conditions, could have a material adverse effect on our business, results of operations and financial condition. **See" Item 1. Business. Permits and Approvals." for a description of the current status of the LGJV' s permits.** We are subject to environmental and health and safety laws, regulations and permits that may subject us to material costs, liabilities and obligations. We are subject to environmental laws, regulations and permits in the various jurisdictions in which we operate, including those relating to, among other things, the removal and extraction of natural resources, the emission and discharge of materials into the environment, including plant and wildlife protection, remediation of soil and groundwater contamination, reclamation and closure of properties, including tailings and waste storage facilities, groundwater quality and availability, and the handling, storage, transport and disposal of wastes and hazardous materials. Pursuant to such requirements, we may be subject to inspections or reviews by governmental authorities. Failure to comply with these environmental requirements may expose us to litigation, fines or other sanctions, including the revocation of permits and suspension of operations. We expect to continue to incur significant capital and other compliance costs related to such requirements. These laws, regulations and permits, and the enforcement and interpretation thereof, change frequently and generally have become more stringent over time. If our noncompliance with such regulations were to result in a release of hazardous materials into the environment, such as soil or groundwater, we could be required to remediate such contamination, which could be costly. Moreover, noncompliance could subject us to private claims for property damage or personal injury based on exposure to hazardous materials or unsafe working conditions. In addition, changes in applicable requirements or stricter interpretation of existing requirements may result in costly compliance requirements or otherwise subject us to future liabilities. The occurrence of any of the foregoing, as well as any new environmental, health and safety laws and regulations applicable to our business or stricter interpretation or enforcement of existing laws and regulations, could have a material adverse effect on our business, financial condition and results of operations. ~~31We~~ **We** could be liable for any environmental contamination at, under or released from our or our predecessors' currently or formerly owned or operated properties or third- party waste disposal sites. Certain environmental laws impose joint and several strict liability for releases of hazardous substances at such properties or sites, without regard to fault or the legality of the original conduct. A generator of waste can be held responsible for contamination resulting from the treatment or disposal of such waste at any offsite location (such as a landfill), regardless of whether the generator arranged for the treatment or disposal of the waste in compliance with applicable laws. Costs associated with liability for removal or remediation of contamination or damage to natural resources could be substantial and liability under these laws may attach without regard to whether the responsible party knew of, or was responsible for, the presence of the contaminants. Accordingly, we may be held responsible for more than our share of the contamination or other damages, up to and including the entire amount of such damages. In addition to potentially significant investigation and remediation costs, such matters can give rise to claims from governmental authorities and other third parties, including for orders, inspections, fines or penalties, natural resource damages, personal injury, property damage, toxic torts and other damages. Our costs, liabilities and obligations relating to environmental matters could have a material adverse effect on our financial performance, financial position and results of operations. We may be responsible for anticorruption and antibribery law violations. Our operations are governed by, and involve interactions with, various levels of government in foreign countries. We are required to comply with anticorruption and antibribery laws, including the Corruption of Foreign Public Officials Act (Canada) and the U. S. Foreign Corrupt Practices Act (together, the " Corruption Legislation ") and similar laws in Mexico. These laws generally prohibit companies and company employees from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. The Corruption Legislation also requires companies to maintain accurate books and records and internal controls. Because our interests are located in Mexico, there is a risk of potential Corruption Legislation violations. In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment to companies convicted of violating anti- corruption and anti- bribery laws. A company may be found liable for violations by not only its employees, but also by its contractors and third- party agents. Our internal procedures and programs may not always be effective in ensuring that we, our employees, contractors or third- party agents will comply strictly with all such applicable laws. If we become subject to an enforcement action or we are found to be in violation of such laws, this may have a material adverse effect on our reputation and may possibly result in significant penalties or sanctions, and may have a material adverse effect on our cash flows, financial condition or results of operations. We may be required by human rights laws to take actions **, or may be subject to local or community actions,** that delay our operations or the advancement of our projects. Various international and national laws, codes, resolutions, conventions, guidelines and other materials relate to human rights (including rights with respect to health and safety and the environment surrounding our operations). Many of these materials impose obligations on government and companies to respect human rights. Some mandate that governments consult with communities surrounding our projects regarding government actions that may affect local stakeholders, including actions to approve or grant mining rights or permits. The obligations of government and private parties under the various international and national materials pertaining to human rights continue to evolve and be defined. One or more groups of people may oppose our current and future operations or further development or new development of our projects or operations. Such opposition may be directed through legal or administrative proceedings or expressed in manifestations such as protests, roadblocks or other forms of public expression against our activities, and may have a negative impact on our reputation. Opposition by such groups to our operations may require modification of, or preclude the operation or development of, our projects or may require us to enter into agreements with such groups or local governments with respect to our projects, in some cases causing considerable delays to the advancement of our projects. Risks Related to Ownership of Our Common ~~StockThe~~ --- **Stock The** market price of our common stock has been, and may continue to be, volatile. The trading price of our common stock has been, and may continue to be, volatile. Some of the factors that may cause the market price of our common stock to fluctuate include: ~~•~~ • failure to identify mineral reserves at our properties; ~~•~~ • failure to achieve or continue production at our mineral properties; • ~~32 •~~ actual or anticipated changes in the price of silver and base metal byproducts; ~~•~~ • fluctuations in our quarterly and annual financial results or the quarterly and annual financial results of companies perceived to be similar to us; ~~•~~ • changes in market valuations of similar companies; ~~•~~ • success or failure of competitor mining companies; ~~•~~ • changes in our capital structure, such as future issuances of securities or the incurrence of debt; ~~•~~ • sales of large blocks of our common stock; ~~•~~ • announcements by us or our competitors of significant developments, contracts, acquisitions or strategic alliances; ~~•~~ • changes in regulatory requirements and the political climate in the United States, Mexico, Canada or all; ~~•~~ • litigation and / or investigations involving our Company, our general industry or both; ~~•~~ • additions or departures of key personnel; ~~•~~ • investors' general perception of us, including any perception of misuse of sensitive information; ~~•~~ • changes in general economic, industry and market conditions; ~~•~~ • accidents at mining properties, whether owned by us or otherwise; ~~•~~ • natural disasters, terrorist attacks and acts of war; and ~~•~~ • our ability to control our costs. If the market for stocks in our industry, or the stock market in general, experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, financial condition or results of operations. These and other factors may cause the market price and demand for our common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of common stock and may otherwise negatively affect the liquidity of our common stock. In the past, when the market price of a stock has been volatile, holders of that stock have instituted securities class action litigation against the company that issued the stock. If any of the foregoing occurs it could cause our stock price to fall and may expose us to lawsuits that, even if unsuccessful, could be both costly to defend against and a distraction to management. Our anti- takeover defense provisions may cause our common stock to trade at market prices lower than it might absent such provisions. Our Board of Directors has the authority to issue blank check preferred stock. Additionally, our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws contain several provisions that may make it more difficult or expensive for a third party to acquire control of us without the approval of our Board of Directors. These include provisions setting forth advance notice procedures for shareholders' nominations of directors and proposals of topics for consideration at meetings of shareholders, provisions restricting shareholders from calling a special meeting of shareholders or requiring one to be called, provisions limiting the ability of shareholders to act by written consent and provisions requiring a 66. 67 % shareholder vote to amend our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws. These provisions may delay, prevent or deter a merger, acquisition, tender offer, proxy contest or other transaction that might otherwise result in our shareholders receiving a premium over the market price for their common stock. In addition, these provisions may cause our common stock to trade at a market price lower than it might absent such provisions. ~~33Sales~~ --- **Sales** of a substantial number of shares of our common stock in the public market, or the perception in the market that the holders of a large number of shares intend to sell shares, could cause the market price of our common stock to drop significantly. Sales of a substantial number of shares of our common stock in the public market, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock. Certain stockholders have rights, subject to specified conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. We have also registered all shares of common stock that we may issue under our equity compensation plans, which can be freely sold in the public market upon issuance, subject to volume limitations applicable to affiliates. Sales of a substantial number of shares of our common stock in the public market, or the perception in the market that holder of a large number of shares intends to sell shares, could cause the market price of our common stock to drop significantly and make it more difficult for us to raise additional funds through future offerings of our common stock or other securities. We do not currently intend to pay dividends on our common stock and, consequently, shareholders' ability to achieve a return on their investment will depend on appreciation in the price of our common stock. We have never declared or paid any cash dividend on our capital stock. We do not intend to pay any cash dividends on our common stock for the foreseeable future. We currently intend to retain all future earnings, if any, to finance our business. The payment of any future dividends, if any, will be determined by our Board of Directors in light of conditions then existing, including our earnings, financial condition and capital requirements, business conditions, growth opportunities, corporate law requirements and other factors. In addition, our Credit Facility contains, and any of our future contractual arrangements may contain, restrictions on our ability to pay cash dividends on our capital stock. Electrum and its affiliates and MERS have a substantial degree of influence over us, which could delay or prevent a change of corporate control or result in the entrenchment of our management and / or Board of Directors. As of ~~March 27~~ **February 15** , ~~2023~~ **2024** , the Electrum Group, LLC and its affiliates (collectively, " Electrum ") and the Municipal Employees' Retirement System of Michigan (" MERS ") beneficially own approximately 32 % and 9 % of our outstanding common stock, respectively. We have entered into a shareholder' s agreement with Electrum and MERS pursuant to which Electrum and MERS have certain director nomination rights. The shareholders agreement also provides that Electrum approval must be obtained prior to us engaging in certain corporate actions. As a result, Electrum has significant influence over our management and affairs and, ~~if~~ **so long as** Electrum owns at least 35 % of our outstanding common stock, **it** will have approval rights over certain corporate actions, including, among others, any merger, consolidation or sale of all or substantially all of our assets, the incurrence of more than $ 100 million of indebtedness and the issuance of more than $ 100 million of equity securities. The concentration of ownership and our shareholders agreement may harm the market price of our common stock by, among other things: ~~•~~ • delaying, deferring or preventing a change of control, even at a per share price that is in excess of the then current price of our common stock; ~~•~~ • impeding a merger, consolidation, takeover or other business combination involving us, even at a per share price that is in excess of the then current price of our common stock; or ~~•~~ • discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, even at a per share price that is in excess of the then- current price of our common stock. ~~34We~~ **We** are an " emerging growth company " and a " smaller reporting company ", and we cannot be certain if the reduced disclosure requirements applicable to us will make our common stock less attractive to investors. We are an " emerging growth company, " as defined in the JOBS Act, and ~~we~~ **a" smaller reporting company" as defined by the SEC. We** intend to take advantage of certain exemptions from various reporting requirements that are **not** applicable to other public companies that are not " emerging growth companies " including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes- Oxley Act of 2002 (" the " Sarbanes- Oxley Act "), reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our common stock less attractive if we rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile. Even after we no longer qualify as an emerging growth company, we may still qualify as a " smaller reporting company, " which ~~would~~ **may** allow us to take advantage of many of the same exemptions from disclosure requirements including reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We ~~would~~ **may** also be exempt from the requirement to obtain an external audit on the effectiveness of internal control over financial reporting provided in Section 404 (b) of the Sarbanes Oxley Act. These exemptions and reduced disclosures in our SEC filings due to our status as a smaller reporting company mean our auditors do not review our internal control over financial reporting and may make it harder for investors to analyze our results of operations and financial prospects. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock prices may be more volatile. Our Amended and Restated Certificate of Incorporation and shareholders agreement contain a provision renouncing our interest and expectancy in certain corporate opportunities. Our Amended and Restated Certificate of Incorporation and shareholders agreement provide for the allocation of certain corporate opportunities between us and Electrum and MERS. Under these provisions, neither Electrum nor MERS, their affiliates and subsidiaries, nor any of their officers, directors, agents, stockholders, members or partners will have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. For instance, a director of our Company who is not also our employee and also serves as a director, officer or employee of Electrum or MERS or any of their subsidiaries or affiliates may pursue certain acquisition or other opportunities that may be complementary to our business and, as a result, such acquisition or other opportunities may not be available to us. These potential conflicts of interest could have a material adverse effect on our financial performance, financial position and results of operations if attractive corporate opportunities are allocated by Electrum or MERS to themselves or their subsidiaries or affiliates instead of to us. Our Amended and Restated Certificate of Incorporation provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States are the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees. Our Amended and Restated Certificate of Incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: ~~●~~ • any derivative action or proceeding brought on our behalf; ~~●~~ • any action asserting a breach of fiduciary duty; ~~●~~ • any action asserting a claim against us arising under the Delaware General Corporation Law; and ~~●~~ • any action asserting a claim against us that is governed by the internal affairs doctrine. The foregoing provision does not apply to claims under the Securities Act, the Exchange Act or any claim for which the U. S. federal courts have exclusive jurisdiction. Our Amended and Restated Certificate of Incorporation further provides that the federal district courts of the United States will, to the fullest extent permitted by law, be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. ~~35~~ **Our Amended and Restated Certificate of Incorporation also provides that any person or entity purchasing or otherwise acquiring or holding any interest in shares of our capital stock will be deemed to have notice of and to have consented to these choice of forum provisions. These exclusive forum provisions may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers, and other employees, although our stockholders will not be deemed to have waived our compliance with federal securities laws and the rules and regulations thereunder. While Delaware courts have determined that choice of forum provisions are facially valid, it is possible that a court of law in another jurisdiction could rule that the choice of forum provisions contained in our Amended and Restated Certificate of Incorporation are inapplicable or unenforceable if they are challenged in a proceeding or otherwise. If a court were to find the choice of forum provision in our Amended and Restated Certificate of Incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions. General Risk Factors We will continue to incur significantly increased costs and devote substantial management time as a result of operating as a public company. As a public company, we will continue to incur significant legal, accounting and other expenses that we did not incur as a private company. We are subject to the reporting requirements of the Exchange Act, and are required to comply with the applicable requirements of the Sarbanes- Oxley Act and the Dodd- Frank Wall Street Reform and Consumer Protection Act, as well as rules and regulations of the SEC, NYSE and TSX, including the establishment and maintenance of effective disclosure and financial controls, changes in corporate governance practices and required filing of annual, quarterly and current reports with respect to our business and results of operations. Compliance with these requirements has increased and will continue to increase our legal and financial compliance costs and will make some activities more time- consuming and costly. In addition, we expect that our management and other**

personnel will need to divert attention from operational and other business matters to devote substantial time to these public company requirements. In particular, we expect to continue to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes- Oxley Act, which will increase when we are no longer an emerging growth company. We have hired additional accounting personnel and we may need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge and may need to incur additional costs to ensure we meet the applicable requirements of the Sarbanes- Oxley Act. If securities or industry analysts do not continue to publish research or reports about our business, or if they issue an adverse or misleading opinion regarding our stock, our stock price and trading volume could decline. The trading market for our common stock is influenced by the research and reports that securities or industry analysts publish about us or our business. If analysts who cover us downgrade our common stock or publish inaccurate or unfavorable research about our business model or our stock performance, or if our results of operations fail to meet the expectations of analysts, the price of our common stock would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn might cause the price of our common stock and trading volume to decline.