

Guanajuato Silver Company Ltd. Arranges Early Payment of US\$2.5M Note to Endeavour Silver

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Signs Collective Bargaining Agreement with El Cubo Union

VANCOUVER, Nov 16, 2021 - [Guanajuato Silver Company Ltd.](#) (the "Company" or "GSilver") (TSXV:GSVR)(OTCQX:GSVRF) announces that it has arranged for early payment of the US\$2.5 million promissory note issued to Endeavour Silver Corp. ("Endeavour") in connection with the Company's acquisition of the El Cubo mine and mill complex due April 9, 2022. In consideration for the early payment, Endeavour has agreed to reduce the principal amount of the note by US\$25,000 and settle the Mexican value added tax payable on the purchase price for El Cubo represented by the note (the "VAT") for common shares of the Company (the "VAT Settlement"). Subject to acceptance of the TSX Venture Exchange (the "TSXV"), the Company will issue a total of 901,224 common shares (the "VAT Shares") to Endeavour at a deemed price of C\$0.55 per share to settle VAT totalling US\$396,000 (C\$495,573 based on the Bank of Canada indicative exchange of C\$1.2517 = US\$1.00 on November 15, 2021). The VAT Shares will be subject to a hold period of four months and one day from the date of issuance.

Endeavour currently owns 21,331,058 common shares or 10.37% of the issued and outstanding shares of GSilver and will hold a total of 22,232,282 common shares or approximately 10.76% of GSilver following completion of the VAT Settlement. As such, the VAT Settlement constitutes a "related party transaction" as defined in Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). However, as neither the fair market value of the VAT Settlement nor the fair market value of the VAT Shares to be issued to Endeavour will exceed 25% of GSilver's market capitalization, the VAT Settlement will be exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 pursuant to sections 5.5(a) and 5.7(1)(a) of MI 61-101. The Company will file a material change report in connection with the VAT Settlement less than 21 days before the expected closing date of such transaction, which the Company deems reasonable in the circumstances to be able to complete the VAT Settlement in an expeditious manner.

Collective Bargaining Agreement:

The Company is also pleased to announce that it has signed, through its Mexican subsidiary Obras Mineras El Pinguico, S.A. de C.V., a new Collective Bargaining Agreement ("CBA") with El Sindicato Nacional De Trabajadores Mineros, Metalu?rgicos, Sideru?rgicos y Similares De La Republica Mexicana ("the Union"), the union representing workers at the Company's El Cubo mining operations.

The long-term agreement calls for the Company to adhere to all Mexican federal labour laws pertaining to health and safety within the mine and plant, and to basic federal standards of compensation. As is customary with these agreements, salaries will be reviewed yearly with employee benefits being reviewed on a bi-annual basis.

James Anderson, Chairman and CEO said: "We are very pleased to have proactively entered into this agreement with the Union, establishing long-term labor tranquility and goodwill at our El Cubo operation. We see this agreement existing within a framework of enduring co-operation with the Union, and with Union workers. We welcome a continuation of the collaboration that we have had with the Union throughout this process."

Major Points to the Agreement:

1. GSilver has met its objective of negotiating and entering into a new CBA with favorable base level economics for its mining operations at El Cubo. The agreement has been ratified and filed with the Federal Board of Conciliation and Arbitration in Mexico City.
2. Annual costs associated with having this new CBA represent a significant cost savings compared with the former CBA at El Cubo.

3. A relationship of mutual respect has been achieved between GSilver and the Union.

As compensation to the Union for terminating its last CBA (in place for over 70 years with multiple previous employers) and establishing a more modern and straightforward CBA with GSilver, the Company has agreed to make a one-time payment (the "One-Time Payment") of 10 million Mexican pesos (approximately US\$490k) to the Union, payable in instalments over an 18-month period. Subject to acceptance of the TSXV and final approval of the Union, a portion of the One-Time Payment may be satisfied in GSilver shares.

About Guanajuato Silver Co. Ltd.:

GSilver mines and processes silver and gold concentrate from its El Cubo mine and mill. The Company continues to delineate additional silver and gold resources through underground drilling at El Cubo and its nearby El Pinguico project. Both projects are located within 11km of the city of Guanajuato, which has an established 480-year mining history.

ON BEHALF OF THE BOARD OF DIRECTORS
"James Anderson"
Chairman and CEO

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Continue to watch our progress at: www.GSilver.com

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward-Looking Statements

This news release contains certain forward-looking statements and information, which relate to future events or future performance including, but not limited to, the number of VAT Shares to be issued to Endeavour in connection with the VAT Settlement, the ability of GSilver to continue to ramp up production at El Cubo both in tonnes and head-grade and carry out future sales of silver and gold concentrate, the annual cost savings to the Company of the new Union CBA over the previous CBA and projected long-term labor tranquility and goodwill at El Cubo; the Company's ability to restart production from the El Pinguico mine and supply sufficient quantities of silver and gold bearing material from El Pinguico and El Cubo to the El Cubo mill to produce concentrate at the projected amounts, grades, costs and revenues; the Company's future development and production activities; estimates of mineral resources and the accessibility, attractiveness, mineral content and metallurgical characteristics thereof; the opportunities for future exploration, development and production at El Cubo and El Pinguico and the proposed exploration, development and production programs therefor and the timing and costs thereof; and the success related to any future exploration, development and/or production programs.

Such forward-looking statements and information reflect management's current beliefs and are based on information currently available to and assumptions made by the Company; which assumptions, while considered reasonable by the Company, are inherently subject to significant operational, business, economic and regulatory uncertainties and contingencies. These assumptions include: the VAT Settlement will be acceptable to the TSXV on the terms set out above, our mineral resource estimates at El Cubo and El Pinguico and the assumptions upon which they are based, including geotechnical and metallurgical characteristics of rock conforming to sampled results and metallurgical performance; tonnage of mineralized material to be mined and processed; resource grades and recoveries; assumptions and discount rates being appropriately applied to production estimates; success of the Company's combined El Cubo / El Pinguico operation; prices for silver and gold remaining as estimated; currency exchange rates remaining as estimated; availability of funds for the Company's projects; capital, decommissioning and reclamation estimates; prices for energy inputs, labor, materials, supplies and services (including transportation); no union or other labor-related disruptions; no unplanned delays or interruptions in scheduled construction and production; all necessary permits, licenses and regulatory approvals are received in a timely manner; and the ability to comply with environmental, health and safety laws. The foregoing list of assumptions is not

exhaustive.

Readers are cautioned that such forward-looking statements and information are neither promises nor guarantees, and are subject to risks and uncertainties that may cause future results to differ materially from those expected including, but not limited to, market conditions, availability of financing, currency rate fluctuations, actual results of exploration, development and production activities, actual resource grades and recoveries of silver and gold, unanticipated geological or structural formations and characteristics, environmental risks, future prices of gold, silver and other metals, operating risks, accidents, union or other labor issues, equipment or personnel delays, delays in obtaining governmental or regulatory approvals and permits, inadequate insurance, and other risks in the mining industry. There are no assurances that the TSXV will accept the VAT Settlement on the terms set out in herein or at all. Further, there is uncertainty surrounding GSilver's ability to successfully ramp-up production at the El Cubo mill to process mineralized materials to produce silver and gold concentrate in the amounts, grades, recoveries, costs and timetable anticipated. In addition, GSilver's decision to process mineralized material from its estimated resources at El Cubo and above and underground stockpiles at El Pinguico through the El Cubo mill is not based on a feasibility study of mineral reserves demonstrating economic and technical viability and therefore is subject to increased uncertainty and risk of failure, both economically and technically. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability, are considered too speculative geologically to have the economic considerations applied to them, and may be materially affected by environmental, permitting, legal, title, socio-political, marketing, and other relevant issues. There are no assurances that the results of the Company's recently announced preliminary economic assessment and projected production of silver and gold will be realized. There is also uncertainty about the spread of COVID-19 and variants of concern and the impact they will have on the Company's operations, supply chains, ability to access El Pinguico and/or El Cubo or procure equipment, contractors and other personnel on a timely basis or at all and economic activity in general. All the forward-looking statements made in this news release are qualified by these cautionary statements and those in our continuous disclosure filings available on SEDAR at www.sedar.com. These forward-looking statements are made as of the date hereof and the Company does not assume any obligation to update or revise them to reflect new events or circumstances save as required by law.

[Guanajuato Silver Company Ltd.](#)

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