

# Guanajuato Silver Reports Q1 2023 Financial and Operating Results

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~ Q1 Production of Over 938,000 AgEq Ounces ~

VANCOUVER, May 26, 2023 - [Guanajuato Silver Company Ltd.](#) (the "Company" or "GSilver") (TSXV:GSVR)(AQUIS:GSVR)(OTCQX:GSVRF) is pleased to announce financial and operating results for the three months ended March 31, 2023. All dollar amounts are in US dollars (US\$). Production results are from the Company's wholly owned El Cubo Mines Complex ("El Cubo"), Valenciana Mines Complex ("VMC") and San Ignacio mine ("San Ignacio") in Guanajuato, Mexico, and Topia mine ("Topia") located in Durango, Mexico.

James Anderson, Chairman & CEO of Guanajuato Silver, said, "We continue investing aggressively in our assets as we build what we feel is Mexico's fastest growing silver mining company. Operating results for Q1 continue to demonstrate growth and are aligned with our expectations for this phase of the ramp-up; I commend our 100% Mexican operations team for their technical excellence as we optimize production at all four of our producing silver mines. With quarter-over-quarter increases in silver-equivalent production expected to continue, we remain on-pace to meet our stated full year production guidance of 4.6 to 4.8 million silver-equivalent ("AgEq") ounces in 2023. We expect to end 2023 at a production run-rate of over 5 million AgEq ounces per year."

## Q1 2023 Highlights

- Record production during the quarter of 938,047 AgEq ounces derived from 458,803 ounces of silver; 4,413 ounces of gold; 906,696 pounds of lead; and 1,153,138 pounds of zinc.
- Record Revenue of \$17.1M, up from \$15.4M in Q4 2022; revenues grew from increased production of AgEq ounces, as well as higher realized silver and gold prices during the quarter.
- Net Loss narrowed to \$8.7M from \$9.9M in Q4 2022.
- Reduced environmental footprint through the implementation of an underground hydraulic-fill tailings system at VMC; tailings material is now being placed underground in some of the numerous voids that have been created over VMC's 450-year mining history.
- All-in sustaining cost ("AISC") of \$21.83 per AgEq ounce produced was slightly higher than \$20.80 for Q4 2022; this increase was due primarily to targeted capex investments designed to accelerate the ramp-up of operations at the three Guanajuato mines; operating costs were also impacted by a strengthening Mexican currency as approximately 75% of operating costs are denominated in pesos.
- Infrastructure upgrades are poised to deliver substantial improvements in 2023; these upgrades include:
  - The new Falcon concentrators at El Cubo and VMC are now fully operational and set to generate improvements to precious metal recoveries going forward.
  - The Cata shaft at VMC has been rehabilitated and is now fully operational; over 300 tonnes per day of mineralized material is now moving through this shaft which has reduced the time to move material to surface by approximately 80%.
  - The implementation of hydraulic backfilling of tailings at VMC has allowed for an acceleration in the operations at the Cata mill.

Three Months Ended				
CONSOLIDATED March 31 2023	December 31 2022	September 30 2022	June 30 2022	March 31 2022
Operating				
Tonnes mined 162,116	131,543	107,379	90,045	81,338
Tonnes milled 160,182	131,341	107,009	94,212	86,288

Silver ounce produced	458,803	401,244	329,298	155,912	125,423
Gold ounce produced	443	3,907	3,226	2,161	1,880
Lead produced (lbs)	806,696	811,492	537,608	-	-
Zinc produced (lbs)	1,158,138	1,261,554	677,127	-	-
AgEq ounce produced	228,047	836,375	700,264	337,760	275,823
Silver ounce sold	474,954	405,384	311,754	159,840	134,281
Gold ounce sold	456	3,865	2,997	2,195	2,007
Lead sold (lbs)	955,441	846,281	504,408	-	-
Zinc sold (lbs)	1,242,389	1,600,811	273,327	-	-
Ag/Eq ounce sold	228,603	866,319	628,256	342,987	294,842
Cost per tonne (\$)	98.16	98.30	90.37	60.89	64.32
Cash cost per Ag/Eq ounce (\$) (1)(2)(5)	17.06	15.55	13.86	17.08	20.24
AISC per Ag/Eq ounce (\$) (1)(3)(5)	21.83	20.80	19.53	24.15	25.79
Financial Revenue	\$ 17,118,424	\$ 15,487,714	\$ 8,871,863	\$ 6,133,989	\$ 6,386,638
Cost of Sales	20,269,116	15,635,542	12,213,604	7,790,285	8,123,761
Mine operating loss	(3,150,692 )	(147,830 )	(3,341,742 )	(1,656,295 )	(1,737,122 )

Mine operating cash flow before taxes (7)	187,214	2,367,522	(350,164 )	7,923	12,634
Net loss	(8,699,078 )	(9,905,707 )	(8,405,337 )	(3,521,390 )	(4,939,151 )
EBITDA	13,976 )	(5,997,153 )	(4,192,955 )	(1,132,278 )	(2,503,405 )
Adjusted EBITDA	1,482,463 )	(2,129,871 )	(2,758,286 )	(2,244,593 )	(2,059,594 )
Realized silver price per ounce	22.50	21.23	19.06	22.56	23.97
Realized gold price per ounce	1,890.60	1,783.36	1,724.81	1,873.26	1,864.26
Realized lead price per pound	0.96	0.92	0.86	-	-
Realized zinc price per pound	1.42	1.42	1.44	-	-
Working capital	(1,029,888 )	(5,972,704 )	(2,591,389 )	(2,046,261 )	(1,198,721 )
Shareholders Loss per share - \$ (0.03 basic and diluted)	) \$ (0.03 )	) \$ (0.03 )	) \$ (0.03 )	) \$ (0.02 )	) \$ (0.02 )
Weighted Average Shares Outstanding	325,849,823	302,153,922	271,509,812	226,033,272	224,556,314

1. Silver equivalents are calculated using an 83.78:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q1 2023; an 81.35:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q4 2022; 89.97:1 (Ag/Au), 0.05:1 (Ag/Pb) and 0.08:1 (Ag/Zn) ratio for Q3 2022; an 83.4:1 (Ag/Au) ratio for Q2 2022; and an 80:1 (Ag/Au) ratio for Q1 2022, respectively.
2. Cash cost per AgEq ounce includes mining, processing, and direct overhead. See Reconciliation to IFRS on page 33 of GSilver's management's discussion and analysis of the condensed consolidated interim financial statements for the three months ended March 31, 2023 (the "Interim MD&A") as filed on SEDAR.
3. AISC per AgEq oz includes mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation and sustaining capital. See Reconciliation to IFRS on page 33 of the Interim MD&A.
4. See reconciliation of earnings before interest, taxes, depreciation, and amortization on page 32 of the Interim MD&A.
5. See "Non-IFRS Financial Measures" on page 32 of the Interim MD&A.

6. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.
7. Mine operating cash flow before taxes is calculated by adding back depreciation, depletion, and inventory write-downs to mine operating loss. See Reconciliation to IFRS on page 32 of the Interim MD&A.

## About Guanajuato Silver

GSilver is a precious metals producer engaged in reactivating past producing silver and gold mines in central Mexico. The Company produces silver and gold concentrates from the El Cubo Mine, Valenciana Mines Complex, and the San Ignacio mine; all three mines are located within the state of Guanajuato, which has an established 480-year mining history. Additionally, the Company produces silver, gold, lead, and zinc concentrates from the Topia mine in northwestern Durango. With four operating mines and three processing facilities, Guanajuato Silver is one of the fastest growing silver producers in Mexico.

## Technical Information

Reynaldo Rivera, VP of Exploration of GSilver, has approved the scientific and technical information contained in this news release. Mr. Rivera is a member of the Australasian Institute of Mining and Metallurgy (AusIMM - Registration Number 220979) and a "qualified person" as defined by National Instrument 43-101, Standards of Disclosure for Mineral Projects.

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

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## 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, GSilver's projected continued quarter-over-quarter increases in AgEq production and stated 2023 full year production guidance and year end production run-rate of AgEq ounces, GSilver's anticipated reduced environmental footprint resulting from its implementation of an underground hydraulic-fill tailings system at VMC, the expected improvements in production to be derived from the stated infrastructure upgrades at El Cubo and VMC, the ability of the Company to continue to increase production, tonnage and recoveries of mineralized material at San Ignacio, Valenciana, El Cubo and Topia in accordance with its objectives and timetable including increasing silver and gold grades, improving metallurgical recovery rates, increasing revenues, and reducing production costs (including AISC) consistent with the Company's expectations and production model, the Company's future development and production activities, and what we feel as GSilver's status as one of the fastest growing silver mining company in Mexico.

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 potential quantity, grade and metal content of the mineralized material at El Cubo, San Ignacio, VMC and Topia, the geotechnical and metallurgical characteristics of such material conforming to sampled results and metallurgical performance; available tonnage of mineralized material to be mined and processed; resource grades and recoveries;

assumptions and discount rates being appropriately applied to production estimates; prices for silver, gold and other metals remaining as estimated; currency exchange rates remaining as estimated; availability of funds for the Company's projects and to satisfy current liabilities and obligations including debt repayments; capital, decommissioning and reclamation estimates; prices for energy inputs, labour, materials, supplies and services (including transportation) and inflation rates remaining as estimated; no labour-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, level of activity, production levels, performance or achievements of GSilver to differ materially from those expected including, but not limited to, market conditions, availability of financing, currency rate fluctuations, high inflation and interest rates, geopolitical conflicts including wars, actual results of exploration, development and production activities, actual resource grades and recoveries of silver, gold and other metals from the Company's existing mines including El Cubo, San Ignacio, VMC and Topia, availability of third party mineralized material for processing, unanticipated geological or structural formations and characteristics, environmental risks, future prices of gold, silver and other metals, operating risks, accidents, 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 GSilver will be able to continue to increase production, tonnage milled and recoveries rates, improve grades and reduce costs at El Cubo, San Ignacio, VMC and/or Topia to process mineralized materials to produce silver, gold and other concentrates in the amounts, grades, recoveries, costs and timetable anticipated. In addition, GSilver's decision to process mineralized material from El Cubo, San Ignacio, VMC and Topia 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 and mineralized material 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 Company's projected grades of gold and silver at El Cubo, San Ignacio, VMC and Topia and the anticipated level of production therefrom will be realized. In addition, there are no assurances that the Company will meet its production forecasts or generate the anticipated cash flows from operations to satisfy its scheduled debt payments or other liabilities when due or meet financial covenants to which the Company is subject or to fund its exploration programs and corporate initiatives as planned. There is also uncertainty about the continued spread and severity of COVID-19, the ongoing war in Ukraine and high inflation and interest rates and the impact they will have on the Company's operations, supply chains, ability to access mining projects or procure equipment, contractors and other personnel on a timely basis or at all and economic activity in general. Accordingly, readers should not place undue reliance on forward-looking statements or information. All forward-looking statements and information 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](http://www.sedar.com) including the Company's annual information form for the fiscal year ended December 31, 2021. These forward-looking statements and information 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.

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