

# Guanajuato Silver Company Ltd. Announces Q2 2022 Financial and Operating Results

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## Q2 Production of 337,760 Silver Equivalent ounces

VANCOUVER, August 24, 2022 - [Guanajuato Silver Company Ltd.](#) (the "Company" or "GSilver") (TSXV:GSVR)(OTCQX:GSVRF) is pleased to announce financial and operating results for the three months ended June 30, 2022. All dollar amounts are expressed in US dollars (\$) . Production results are from the Company's wholly owned El Cubo Mine Complex ("El Cubo") and El Pinguico ("El Pinguico") project in Guanajuato, Mexico.

"Month over month improvements in precious metals production, recoveries, and tonnes milled during Q2 were the hallmarks of a positive trend that we see continuing through the remainder of the year as we complete the ramp-up phase at El Cubo," said James Anderson, Chairman and CEO of Guanajuato Silver. "We remain on-track to accomplish all of our original objectives at El Cubo as we now look to our Mexican operations teams to mirror the same success at our newly acquired mining assets of San Ignacio, Valenciana, and Topia, where production activities have already begun; the details of which will be discussed in a subsequent news release."

## Q2 2022 - Demonstrating Month over Month Operations Improvements

Second quarter 2022			
	April	May	June
Operating			
Tonnes milled	29,384	31,813	33,015
Silver ounces produced	40,275	51,921	54,716
Gold ounces produced	721	711	729
Silver equivalent ("Ag/Eq") oz produced (1)	108,815	111,965	116,979
Average silver recovery (%)	79.7	81.0	81.9
Average gold recovery (%)	80.8	83.1	83.5

1. Silver equivalents are calculated using an average of 83.4:1 (Ag/Au) ratio for the second quarter of 2022.

## Q2 2022 Selected Highlights

- Increasing production: 155,912 ounces (oz) of silver and 2,161 oz of gold for 337,760 oz silver equivalent (Ag/Eq) <sup>1</sup>, representing a 22% increase over Q1.
- Milled tonnage increasing with significant capacity still available: In Q2, 94,212 tonnes were milled at El Cubo; the average rate for the quarter was approximately 30,000 tonnes per month, which is well below El Cubo's maximum milling capacity of over 45,000 tonnes per month. Therefore, El Cubo has abundant capacity available to accommodate mineralized material from the recently purchased San Ignacio and Valenciana Mines Complex ( See GSilver news release dated August 4, 2022 - GSilver Closes Acquisition of Great Panther's Mexican Mining Assets ).
- Cash cost per AgEq ounce produced continues to improve: Cash costs <sup>2</sup> were 16% lower in Q2 at \$16.98 compared to \$20.12 for Q1, 2022. This result was in-line with expectations; improving costs per AgEq ounce produced is primarily due to increasing optimization of operations at the Villalpando and Santa Cecilia mine areas of El Cubo. AISC per AgEq ounce produced was also lower by 6%, which was also in-line with Company projections.
- Revenue marginally lower: Q2 revenue of \$6,133,989 was 4% lower compared to Q1; this was largely reflective of a 6% decrease in silver prices over the same period.

## Three Months Ended

	June 30 2022	March 31 2022	Dec 31 2021	Change Q2 vs Q1		Change Q1-22 vs Q4-2021
<b>Production</b>						
Tonnes mined	90,045	81,338	89,082	11	%	(9
Tonnes milled	94,212	86,288	77,524	9	%	11
Silver ounces produced	155,912	125,423	124,750	24	%	1
Gold ounces produced	2,161	1,880	1,440	15	%	31
Silver equivalent (Ag/Eq) oz produced (1)	337,760	275,823	235,609	22	%	17
Cost per tonne (2)	61.22	64.70	63.35	(5	%)	2
Cash cost per Ag/Eq ounce (1)(2)	16.98	20.12	20.36	(16	%)	(1
AISC per Ag/Eq ounce (1)(2)	24.06	25.67	33.31	(6	%)	(23
Financial Revenue	\$ 6,133,989	\$ 6,386,638	\$ 4,116,811	(4	%)	55
Cost of Sales	7,790,285	8,123,761	6,350,863	(4	%)	28
Mine operating loss	(1,056,296 )	(1,737,123 )	(2,234,052 )	(5	%)	(22

Net loss	(3,521,391 )	(4,939,152 )	(4,746,245 )	(29 %)	4	%
EBITDA	(1,130,710 )	(2,503,405 )	(2,858,086 )	(55 %)	(12)	(%)
Silver ounces sold	133,840	134,281	105,203	19 %	28	%
Gold ounces sold	2,495	2,007	1,179	9 %	70	%
Ag/Eq ounces sold (1)	342,987	294,842	199,526	16 %	48	%
Realized silver price per oz (2) (3)	22.56	23.97	23.35	(6 %)	3	%
Realized gold price per oz (2) (3)	1,873.26	1,864.26	1,784.02	>1%	4	%
Working capital (2)	(2,046,261 )	(1,198,721 )	1,670,108	(71 %)	(172)	(%)
Shareholders						
Loss per share - \$ (0.02 basic and diluted)	) \$ (0.02	) \$ (0.02	) \$ (0.02	) (0 %)	(0)	(%)
Weighted Average Shares Outstanding	228,033,272	224,556,314	210,531,741	1 %	7	%

1. Silver equivalents are calculated using an 83.4:1 (Ag/Au) ratio for Q2 2022 and 80:1 for Q1 2022 and Q4 2021 respectively.
2. The Company reports non-IFRS performance measures which include cash costs per silver equivalent ounce produced, all-in sustaining cost per silver equivalent ounce produced, total production cost per tonne, realized silver price per ounce sold, realized gold price per ounce sold, working capital and EBITDA. These measures are widely used in the mining industry as a benchmark for performance, but do not have a standardized meaning under IFRS and the methods used by the Company to calculate such measures may differ from methods used by other companies with similar descriptions. For a complete description of how the Company calculates such measures and a reconciliation of certain measures to IFRS terms please see the applicable description in the Company's management discussion and analysis for the three months ended June 30, 2022, filed on SEDAR at [www.sedar.com](http://www.sedar.com).
3. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.

The complete interim financial statements and management's discussion & analysis for the three months ended June 30, 2022, can be viewed on SEDAR at [www.sedar.com](http://www.sedar.com) and at the Company's website at

gsilver.com.

## Technical Information

Hernan Dorado Smith, a director and officer of GSilver and a "qualified person" as defined by National Instrument 43-101, Standards of Disclosure for Mineral Projects, has approved the scientific and technical information contained in this news release.

## About Guanajuato Silver

GSilver is a precious metals producer engaged in reactivating past producing silver and gold mines near the city of Guanajuato, Mexico, which has an established 480-year mining history. With five mines and three processing facilities, the Company is one of the fastest growing silver producers in Mexico.

## 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, the current and projected mined output from the Company's existing El Cubo and El Pinguico mines and newly acquired San Ignacio, Valenciana and Topia mines, and GSilver's anticipated performance for the balance of 2022, the ability of the Company to continue to increase production, tonnage and recoveries of mineralized material at El Cubo and El Pinguico in accordance with its objectives and timetable and to mirror such performance at San Ignacio, Valenciana and Topia; the ability of the Company to increase silver and gold grades, improve metallurgical recovery rates, increase revenues, and reduce production costs (including AISC) consistent with the Company's expectations and production model, the Company's ability to restart production from the San Ignacio and Valenciana mines and improve efficiency and output at the Topia mine as currently planned and the timing thereof, the Company's future development and production activities; estimates of mineral resources and mineralized material at the Company's mining projects and the accessibility, attractiveness, mineral content and metallurgical characteristics thereof; the opportunities for future exploration, development and production at the Company's mines 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: our mineral resource estimates at El Cubo and El Pinguico and estimates of mineralized material at San Ignacio, Valenciana and Topia and the assumptions upon which they are based, including geotechnical and metallurgical characteristics of rock 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; the ability of the Company to successfully integrate production from San Ignacio and Valenciana into the Company's existing mining and milling operations at El Cubo and the availability of excess processing and tailings capacity at El Cubo to accommodate same; the Company's

ability to secure additional sources of mineralized material for processing, 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, rising 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, 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 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, El Pinguico and its newly acquired San Ignacio, Valenciana and Topia mines 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 production of silver, gold and other metals 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 rising 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 interim financial statements and accompanying MD&A for the three month period ended June 30, 2022. 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.

SOURCE: [Guanajuato Silver Company Ltd.](#)

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