



Guanajuato Silver Reports Q2 2023 Financial and Operating Results ~ Q2 Production of Over 941,338 AgEq Ounces ~

Aug 25, 2023 – Vancouver, British Columbia – Guanajuato Silver Company Ltd. (the “**Company**” or “**GSilver**”) (**TSXV:GSVR**)(**AQUIS:GSVR**)(**OTCQX:GSVRF**) is pleased to announce financial and operating results for the six months ended June 30, 2023. All dollar amounts are in US dollars (**US\$**) and prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board. 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 the Topia mine (“**Topia**”) located in Durango, Mexico.

James Anderson, Chairman & CEO of Guanajuato Silver, said, “Over the past twelve months we have made great strides in bringing our newly purchased mining assets back into optimal production. Significant infrastructure investments made since August of last year include: the rehabilitation of the Cata shaft; the installation of a new locomotive haulage system and the establishment of an environmentally superior tailings backfill system at VMC; the installation of new Falcon concentrators at both of our Guanajuato processing facilities; and the development of new mining areas at Santa Cecilia, San Ignacio, and Topia. These capex investments are now poised to deliver improved efficiencies as we head into the second half of the year. The ramp-up at our four producing silver mines remains on schedule; however, our business is not immune to inflationary pressures and extraordinary currency market volatility – most notably the remarkable rise of the Mexican peso, which has appreciated approximately 20% against the US dollar over the past year. Our Q2 cash flows have been impacted as approximately 75% of our expenditures are denominated in Mexican pesos; we have therefore implemented a number of cost reductions, including some staff reductions, and will continue to prioritize cost controls going forward.”

Q2 2023 Highlights

- **Record production during the quarter** of 941,338 AgEq (silver equivalent) ounces derived from 477,649 ounces of silver; 4,719 ounces of gold; 875,802 pounds of lead; and 897,258 pounds of zinc (see footnote to table below for assumptions regarding the calculation of silver equivalents).
- **Net loss narrowed by 2% in Q2** to \$8.5M compared to \$8.6M in Q1; revenue of \$16.8M for the quarter was down 2% compared to Q1.
- **All-in sustaining cost (“AISC”) of \$22.47 per AgEq ounce produced** was slightly higher than \$21.83 for Q1 2023; operating costs were impacted by a strong Mexican currency; approximately 75% of operating costs are denominated in Mexican pesos. Realized metal prices in Q2 were 8% higher for silver, 5% higher for gold, 1% higher for lead, but notably 20% lower for zinc compared to Q1.
- **Tonnes mined and milled increased** 3% and 2% respectively from Q1 to Q2; over the quarter; a total of 166,171 tonnes were mined across the four producing silver mines, and a total of 163,793 tonnes were milled.
- **Silver and gold recoveries back to near-historical highs** as newly installed Falcon concentrators improved overall efficiency. Average silver and gold recoveries for Q2 were 84.9% and 83.1% respectively, compared to Q1 average recovery for silver of 83.9% and 81.1% for gold.

| Consolidated | Three months ended | | | Six Months ended | | | Three months ended | |
|--|--------------------|-----------------|-------------|------------------|-----------------|-------------|--------------------|-------------|
| | June 30 2023 | June 30 2022 | % Change | June 30 2023 | June 30 2022 | % Change | March 31 2023 | % Change |
| Operating | | | | | | | | |
| Tonnes mined | 166,171 | 90,045 | 85% | 328,287 | 171,383 | 92% | 162,116 | 3% |
| Tonnes milled | 163,793 | 94,212 | 74% | 323,975 | 180,500 | 79% | 160,182 | 2% |
| Average silver recovery (%) | 84.90 | 80.90 | 5% | 84.41 | 78.00 | 8% | 83.90 | 1% |
| Average gold recovery (%) | 83.10 | 82.60 | 1% | 82.15 | 79.90 | 3% | 81.10 | 2% |
| Silver ounces produced | 477,649 | 155,912 | 206% | 936,452 | 281,335 | 233% | 458,803 | 4% |
| Gold ounces produced | 4,719 | 2,161 | 118% | 9,132 | 4,041 | 126% | 4,413 | 7% |
| Lead produced (lbs) | 875,802 | - | 100% | 1,782,498 | - | 100% | 906,696 | (3%) |
| Zinc produced (lbs) | 897,258 | - | 100% | 2,050,396 | - | 100% | 1,153,138 | (22%) |
| Silver equivalent ("Ag/Eq") ounces produced ⁽¹⁾ | 941,338 | 337,760 | 179% | 1,879,385 | 613,583 | 206% | 938,047 | 0% |
| Silver ounces sold | 462,917 | 159,840 | 190% | 937,871 | 294,121 | 219% | 474,954 | (3%) |
| Gold ounces sold | 4,427 | 2,195 | 102% | 9,014 | 4,203 | 114% | 4,586 | (3%) |
| Lead sold (lbs) | 830,567 | - | 100% | 1,786,008 | - | 100% | 955,441 | (13%) |
| Zinc sold (lbs) | 871,328 | - | 100% | 2,113,717 | - | 100% | 1,242,389 | (30%) |
| Ag/Eq ounces sold ⁽¹⁾ | 901,474 | 342,987 | 163% | 1,871,075 | 637,829 | 193% | 969,603 | (7%) |
| Cost per tonne (\$) ⁽⁵⁾ | 100.22 | 60.89 | 65% | 99.20 | 62.53 | 59% | 98.16 | 2% |
| Cash cost per Ag/Eq ounce (\$) ⁽¹⁾⁽²⁾⁽⁵⁾ | 17.71 | 17.08 | 4% | 17.39 | 18.50 | (6%) | 17.06 | 4% |
| AIISC per Ag/Eq ounce (\$) ⁽¹⁾⁽³⁾⁽⁵⁾ | 22.47 | 24.15 | (7%) | 22.15 | 24.89 | (11%) | 21.83 | 3% |
| Financial | | | | | | | | |
| Revenue | \$ 16,823,042 | \$ 6,133,989 | 174% | \$ 33,941,466 | \$ 12,520,627 | 171% | \$ 17,118,424 | (2%) |
| Cost of Sales | 19,213,281 | 7,790,285 | 147% | 39,482,397 | 15,914,046 | 148% | 20,269,116 | (5%) |
| Mine operating loss | (2,390,239) | (1,656,296) | 44% | (5,540,931) | (3,393,419) | 63% | (3,150,692) | (24%) |
| Mine operating cashflow before taxes ⁽⁷⁾ | 394,276 | 7,923 | 4,877% | 581,490 | 20,557 | 2,729% | 187,214 | 111% |
| Net loss | (8,557,538) | (3,521,391) | 143% | (17,256,616) | (8,460,543) | 104% | (8,699,078) | (2%) |
| EBITDA ⁽⁴⁾⁽⁵⁾ | (4,576,059) | (1,132,279) | 304% | (8,643,467) | (3,572,987) | 142% | (4,093,976) | 12% |
| Adjusted EBITDA ⁽⁴⁾⁽⁵⁾ | (3,409,928) | (2,244,594) | 52% | (5,683,156) | (4,138,726) | 37% | (2,299,797) | 48% |
| Realized silver price per ounce ⁽⁶⁾ | 24.33 | 22.56 | 8% | 23.40 | 23.20 | 1% | 22.50 | 8% |
| Realized gold price per ounce ⁽⁶⁾ | 1,988.05 | 1,873.26 | 6% | 1,938.47 | 1,868.96 | 4% | 1,890.60 | 5% |
| Realized lead price per pound ⁽⁶⁾ | 0.97 | - | 100% | 0.97 | - | 100% | 0.96 | 1% |
| Realized zinc price per pound ⁽⁶⁾ | 1.14 | - | 100% | 1.31 | - | 100% | 1.42 | (20%) |
| Working capital ⁽⁵⁾ | (17,831,378) | (2,046,261) | 771% | (17,831,378) | (2,046,261) | 771% | (11,029,888) | 62% |
| Shareholders | | | | | | | | |
| Loss per share – basic and diluted | (0.03) | (0.02) | 31% | (0.05) | (0.04) | 41% | (0.03) | (3%) |
| Weighted Average Shares Outstanding | 327,386,045 | 226,033,272 | 45% | 325,149,910 | 225,299,982 | 44% | 322,849,823 | 1% |

- Silver equivalents are calculated using an 81.33:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q2 2023, an 83.4:1 (Ag/Au) ratio for Q2 2022; an 82.51:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for YTD 2023, an 82:22:1 (Ag/Au) ratio for YTD 2022, respectively and an 83.78:1 (Ag/Au), 0.04:1 (Ag/Pb) and 0.06:1 (Ag/Zn) ratio for Q1 2023.
- Cash cost per silver equivalent ounce include mining, processing, and direct overhead. See Reconciliation to IFRS on page 31 of the interim MD&A.
- AIISC per Ag/Eq oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation and sustaining capital. See Reconciliation to IFRS on page 31 of the interim MD&A.
- Reconciliation of earnings before interest, taxes, depreciation, and amortization on page 30 of the interim MD&A.
- See "Non-IFRS Financial Measures" on page 29 of the interim MD&A.
- Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.
- 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 29 of the interim MD&A.

This news release should be read in conjunction with the Company's condensed interim consolidated financial statements for the six-month period ended June 30, 2023 and related Management's Discussion and Analysis ("MD&A") available at www.sedarplus.com.

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

For further information regarding Guanajuato Silver Company Ltd., please contact:

JJ Jennex, Gerente de Comunicaciones, T: 604 723 1433
E: jjj@GSilver.com
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 ramp-up at the Company's four producing silver mines remaining on schedule; details regarding cost reductions and cost controls going forward; 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; the Company's future development and production activities; and 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.sedarplus.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.