

# Guanajuato Silver Reports Q4 and Year End 2021 Financial Results

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VANCOUVER, April 26, 2022 - [Guanajuato Silver Company Ltd.](#) (the "Company" or "GSilver") (TSXV:GSVR)(OTCQX:GSVRF) announces selected financial information and production results for the Company's fourth quarter, and year ended December 31, 2021. The Company's consolidated financial statements for the year ended December 31, 2021 and Management's Discussion and Analysis ("MD&A") thereon can be viewed at [www.sedar.com](http://www.sedar.com). Production results are from the Company's wholly owned El Cubo Mine Complex and El Pinguico project in Guanajuato, Mexico.

Selected 2021 Q4 Highlights:

(All figures in US Dollars)

- All production results continue to be in-line with modelled ramp-up expectations.
- Revenue from mining operations at El Cubo generated \$4.1 million in Q4.
- 105,203 ounces of silver and 1,179 ounces of gold were sold in Q4, totalling 199,526<sup>(1)</sup> silver-equivalent ounces (AgEq) sold at a realized silver price of \$23.35<sup>(5)</sup> per ounce.
- Q4 Cash Costs of \$20.36<sup>(2)</sup> and AISC of \$33.31<sup>(3)</sup> (Reflective of Company's ongoing ramp-up).
- December 31, 2021 cash balance of \$8.23 million plus \$1.6 million held as silver and gold bullion.

"2021 saw Guanajuato Silver successfully complete the transition from explorer to producer status", said GSilver Chairman and CEO James Anderson. "Our revitalization of the El Cubo Mine represents an extremely efficient restart within our industry, as the Company continues to adhere to its 'On Track, On Time, On Budget' mantra. After purchasing the El Cubo mining complex in April 2021, we were mining and stockpiling mineralized material by August, processing that material in September, and had completed our first sale of precious metals concentrate before the end of October. Driven by ongoing sales of silver and gold and a ramp-up process that continues to unfold on plan, GSilver ended 2021 with a strong balance sheet and renewed confidence that we are moving towards becoming a significant Mexican mid-tier producer."

Table of Selected 2021 Q4 and Year End Data:  
(All figures in US Dollars)

	Three Months Ended		Year Ended	
	Dec 31 2021	Dec 31 2020	Dec 31 2021	Dec 31 2020
Revenue	4,116,811	nil	4,116,811	nil
Net loss	(1,746,245)	(913,110)	(11,849,800)	(1,721,817)
Cost per ounce	\$23.35	-	79.10	-
Cash cost per AgEq ounce	\$20.36	-	25.45	-

AISC per AgEq ounce	33.31	-	73.70	-
Silver ounces sold	105,203	-	105,203	-
Gold ounces sold	1,179	-	1,179	-
Silver equivalent ("AgEq") ounces sold	199,526	-	199,526	-
Realized silver price per ounce	23.35	-	23.35	-

1. Silver equivalents are calculated using an 80:1 (Ag/Au) ratio.
2. Cash cost per silver equivalent ounce includes mining, processing, and direct overhead. The production costs for the year ended December 31, 2021 include mining cost from July to September 2021, prior to the commencement of milling and concentrate production, and therefore differ from the production costs for the three months ended December 31, 2021. See Reconciliation to IFRS in the Company's Management Discussion and Analysis.
3. AISC per oz include mining, processing, direct overhead, corporate general and administration expenses, on-site exploration, reclamation and sustaining capital. The production costs for the year ended December 31, 2021 include mining costs from July to September 2021, prior to the commencement of milling and concentrate production, and therefore differ from the production costs for the three months ended December 31, 2021. See Reconciliation to IFRS in the Company's Management Discussion and Analysis.
4. Production costs include mining, milling (including transportation and selling costs), and direct overhead at the operation sites. See Reconciliation to IFRS in the Company's Management Discussion and Analysis.
5. Based on provisional sales before final price adjustments, before payable metal deductions, treatment, and refining charges.
6. These are non-IFRS financial measures and ratios. Further details on these non-IFRS financial measures and ratios are provided at the end of this press release and in the MD&A accompanying the Company's financial statements on SEDAR at [www.sedar.com](http://www.sedar.com).

Commercial production at the El Cubo Mine commenced on October 1, 2021, hence there are no previous comparable operational and financial results for the previous quarter or year-end periods. The Company generated revenue of \$4.1 million for the 4<sup>th</sup> quarter and year ended December 31, 2021 on sales of 199,526<sup>(1)</sup> AgEq ounces at a realized price of \$23.35<sup>(5)</sup> per ounce. AISC for Q4 and the year ended December 31, 2021 were \$33.31<sup>(3)</sup> and \$73.70<sup>(3)</sup> respectively, with the year ended December 31, 2021 AISC figure including costs from mid-July of 2021 as the Company commenced mining operations, expending \$10.6 million on sustaining capital in the year end period, while sustaining capital of \$2.2 million was expended in the 4<sup>th</sup> quarter of 2021.

#### Cash Balance

The Company continues to maintain ample financial liquidity and flexibility. The cash balance at year end totaled \$8.23 million plus the Company had an additional \$1.6 million held as silver and gold bullion.

#### Production Summary

A total of 89,082 tonnes were mined from El Cubo and from existing stockpiles at El Pinguico in Q4, with

77,524 tonnes milled resulting in the production of 124,750 ounces of silver and 1,440 ounces of gold; 80% of this production was sold in Q4. Average silver recoveries for this period were 82.9%, which is 96% of the target and historical recovery rate at El Cubo; gold recoveries averaged 78.8%, representing 90% of the target recovery rate. Q4 gold recoveries are reflective of the early stage of the ramp-up phase and demonstrate an opportunity for improved project economics with rising metallurgical recovery. Cash cost per silver-equivalent ounce<sup>(2)</sup> mined during Q4 was \$20.36<sup>(3)</sup>; cash cost per tonne mined in Q4 was \$63.35<sup>(5)</sup>; these numbers are in-line with the Company's expectations and financial model.

## Corporate Update

[Guanajuato Silver Company Ltd.](#) is pleased to announce the appointment of Israel Munoz as Vice-President of Finance for the Company. Mr. Munoz is a Chartered Professional Accountant (CPA-CA) with more than 20 years experience, including 10 years working for Canadian silver and gold producing companies operating in the USA, Mexico and Latin America. During this time, Mr. Munoz held progressively senior positions and played a key role in such companies' debt and equity financings, and merger and acquisition activities, while leading initiatives on financial reporting, regulatory compliance, corporate governance, and commercial negotiations. Mr. Munoz was previously Corporate Controller of the Company. Prior to joining GSilver, he was Corporate Controller for Fortuna Silver Mines, and previously held senior leadership roles at Golden Queen Mining Co. and First Majestic Silver Corp. Mr. Munoz is a graduate of the National Autonomous University of Mexico.

## 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. The Company is currently producing silver and gold from its 100% owned El Cubo and El Pinguico projects, while simultaneously advancing the El Pinguico Mine to restart. 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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## Endnotes

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#### Non-IFRS and Other Financial Measures and ratios

Certain non-IFRS and other non-financial measures and ratios are included in this press release, including cash costs per silver equivalent ounce, all-in sustaining cost ("AISC") per ounce, costs per tonne, realized silver price per ounce, and sustaining capital.

Please see the December 31, 2021 MD&A for explanations and discussion of these non-IFRS and other non-financial measures and ratios. The Company believes that these measures and ratios, in addition to conventional measures and ratios prepared in accordance with International Financial Reporting Standards ("IFRS"), provide management and investors an improved ability to evaluate the underlying performance of the Company. The non-IFRS and other non-financial measures and ratios are intended to provide additional information and should not be considered in isolation or as a substitute for measures or ratios of performance prepared in accordance with IFRS. These measures and ratios do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers. Certain additional disclosures for these non-IFRS measures have been incorporated by reference and can be found in the section "Non-IFRS Measures" in the December 31, 2021 MD&A available on SEDAR at [www.sedar.com](http://www.sedar.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 current and projected mined output from El Cubo and the Company's development towards becoming a significant mid-tier Mexican silver and gold producer, the ability of the Company to source mineralized material from additional sources within the Guanajuato area for processing through the El Cubo mill to generate additional revenue streams, the ability of the Company to increase production of mineralized material from El Cubo, El Pinguico and additional sources to successfully ramp-up and maintain production at 100% capacity of the El Cubo mill and the timing and schedule thereof; the ability of the Company to improve metallurgical recovery rates of silver and gold and reduce production costs consistent with the Company's expectations and production model, the Company's ability to restart production from the El Pinguico mine, 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: 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; available 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; the Company's ability to secure additional sources of mineralized material for processing, prices for silver and gold 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 to differ materially from those expected including, but not limited to, market conditions, availability of financing, currency rate fluctuations, rising inflation, geopolitical conflicts including wars, actual results of exploration, development and production activities, actual resource grades and recoveries of silver and gold, 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 successfully ramp-up and maintain 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 2021 preliminary economic assessment and projected production of silver and gold 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 of COVID-19 and ongoing war in Ukraine 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](http://www.sedar.com) including the Company's annual information form for its fiscal year ended December 31, 2020. 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.

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

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