

Guanajuato Silver Arranges Shares for Debt

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VANCOUVER, October 7, 2022 - [Guanajuato Silver Company Ltd.](#) (the "Company" or "GSilver") (TSXV:GSVR) announces that the Company has arranged to issue 2,468,750 common shares of the Company (the "Shares") at a deemed price of C\$0.40 per Share in settlement of outstanding accounts payable and accrued liabilities to various parties totaling approximately C\$987,000 (the "Debt Settlement").

A private company controlled by Hernan Dorado, a director and an officer of GSilver, will receive 656,250 Shares in settlement of C\$262,500 due as of October 10, 2022 pursuant to GSilver's agreement to purchase certain underlying royalties over the Company's Pinguico Mine as more particularly described in GSilver's news release dated August 20, 2020 - VanGold Options Back Royalties to Streamline El Pinguico Ownership Structure).

Additionally, MGA Contratista Minera S.A. de C.V., the Company's primary mine contractor at the El Cubo Mine ("MGA"), will receive 1,712,500 Shares in settlement of outstanding payables of approximately US\$500,000 (C\$685,000). See GSilver's news release dated August 6, 2021- GSilver Begins Stockpiling Vein Material at El Cubo for details of the Company's mining contract with MGA.

Also, the Company has agreed to issue a total of 37,500 Shares to Ramon Davila, the President and a director of the Company, in partial settlement of certain monies owing to Mr. Davila under this employment agreement with the Company.

James Anderson, Chairman and CEO said, "The settlement of these outstanding payments for Shares is very helpful for GSilver's working capital position as we move to bring all our mining assets back to full production. Furthermore, this debt settlement demonstrates a major vote of confidence on the part of these key members of management and our main mine contractor, who clearly see value in being shareholders of the Company."

The issuance of Shares to Ramon Davila and indirectly to Hernan Dorado, the President and COO of the Company, respectively (collectively, the "Related Parties"), will be considered "related party transactions" within the meaning of Policy 5.9 of the TSX Venture Exchange (the "Policy") and Multilateral Instrument 61-101 - Protection of Minority Security holders in Special Transactions ("MI 61-101") adopted in the Policy. The Company intends to rely on the exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101 in respect of such Related Parties' participation in the Debt Settlement as neither the fair market value of the Debt Settlement of, nor the fair market value of the Shares to be issued thereunder, insofar as it involves Related Parties, is expected to exceed 25% of the Company's market capitalization (all as determined under MI 61-101). It is anticipated that the material change report of GSilver to be filed in connection with this announcement of the Debt Settlement will be filed less than 21 days in advance of the closing of the Debt Settlement, which GSilver considers reasonable within the context of current market conditions and the desire of all parties to complete the Debt Settlement as expeditiously as possible.

The Debt Settlement is subject to acceptance of the TSX Venture Exchange and all Shares issued thereunder will be subject to a statutory hold period of four months and a day from the date of issuance in accordance with applicable securities legislation.

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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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 total accounts payable and accrued liabilities to be settled for Shares, the aggregate number and deemed issue price of the Shares to be issued in settlement thereof, and the rate of growth of GSilver as a silver producer 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. 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, performance or achievements of GSilver to differ materially from those expected including, but not limited to, market conditions, availability of capital, operational performance, delays in obtaining governmental or regulatory approvals and other risks. There are no assurances that the Debt Settlement will be completed on the terms presently contemplated or at all. 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 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.

This new release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws and may not be offered or sold within the United States or to or for the account or benefit of a U.S. person (as defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

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