

Guanajuato Silver Provides Operations Update

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VANCOUVER, October 5, 2023 - [Guanajuato Silver Company Ltd.](#) (the "Company" or "GSilver") (TSXV:GSVR)(AQUIS:GSVR)(OTCQX:GSVRF) is providing an operations update and revised 2023 production guidance for the Company's four wholly owned producing silver mines: the 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. The Company has, and will be, implementing a number of operational changes to enhance profitability as each mine continues to ramp-up production.

James Anderson, Chairman and CEO, said, "The numerous mineralized systems in the Guanajuato district have exhibited high grades for over 450-years; with this in mind, we are adjusting a number of our operational strategies in order to focus on mining higher grade material at abridged volumes. At Valenciana, we continue to add infrastructure improvements to allow for the targeting of higher-grade areas of the mine; at El Cubo we are completing the dewatering of sections of the mine known to hold high-grade vein areas; at San Ignacio, a new ventilation raise will allow us to target the area of the mine that generated one of our best drill intercepts to date - Drillhole 6, which intercepted the Melladito vein and returned almost five meters of over 1200 grams per tonnes AgEq (See Guanajuato Silver news release dated February 23, 2023); and at Topia, we are now transitioning to a new business model where we will engage exclusively in the mineral processing of third party ore, which we believe will prove significantly more profitable. We are convinced that these changes will enhance operations across all our silver producing assets; with a number of these initiatives expected to take the remainder of the year to implement, we expect the implementation of these changes will influence total silver-equivalent production for 2023."

Valenciana Mines Complex

The Company continues to demonstrate marked progress at the Valenciana Mines Complex. Since commercial restart at VMC in January 2023, steady production improvements, aided by the refurbishment of both the Cata shaft and a new underground locomotive system, have enabled the Company to achieve production at the Cata Mill averaging over 20,000 tonnes per month from material sourced from Valenciana and San Ignacio. The Company is now working to access the more northern areas of the mine, such as the Guanajuatito zone, where higher-grade material has been identified; furthermore, the recovery of higher-grade mineralized material from old pillars has and will continue to contribute to monthly throughputs.

El Cubo Mines Complex

Located to the east of the city of Guanajuato, the Company's El Cubo operation is now milling at the rate of approximately 22,000 tonnes per month; this rate represents approximately half of the total capacity at the mill. The Company is implementing a number of operational upgrades designed to minimize dilution and maximize higher grade vein material, such as:

- Utilizing more targeted mining practices, such as using mine explosives within tighter limits of the various vein structures.
- Reducing the processing of mineralized back-fill due to the high volatility in grades found within this material; henceforth, the Company will mine and process only virgin vein material from the Villalpando and Santa Cecilia areas of El Cubo.
- Continuing to expand the number of production stopes; over the past quarter, development work has been conducted at El Cubo with the objective that the number of production stopes increase from 12 to 20.
- Within the next two months, completing dewatering that will allow access to higher-grade areas located deeper within the Villalpando mine area.

San Ignacio Mine

The Company, in conjunction with the Secretaria De Trabajo (the Federal Ministry of Labour), have been working to improve safety and security conditions at the mine in response to the unfortunate fatality that occurred in August 2023. After curtailing some mineral extraction activities for a period of 15 days, the mine is again fully operational. Improvements to the ventilation system have been installed, which will allow for development and exploitation of the Melladito vein and other associated high-grade veinlets in Q4.

Topia Mine

The mineralized systems currently being mined at Topia are extraordinarily high grade yet are associated with higher extraction costs because of the narrow nature of the vein structures. With the goal of improving profitability at Topia, the Company intends to dramatically transform its operations through the exclusive use of local mine contactors. With this new business model, GSilver will curtail most of its mining activities and focus almost entirely on acquiring and processing mineralized material from these contractors. Additional cost-saving measures are in the process of being implemented, including staff reductions, as the Company moves to position the Topia mine for long-term sustainability and profitability.

James Anderson added, "At Topia, throughout 2023, we have significantly grown the business of acquiring high-grade mineralized material from local miners. We have determined that this business model is more profitable than having our own mining crews as it provides us with higher margins, more revenue, and more potential profit than does our previous owner-operator model. This is particularly true when working with Topia's high-grade but very narrow vein structures."

AgEq Production Guidance

The Company now anticipates that full year AgEq 2023 production will range from 3.4 million to 3.6 million ounce¹.

The purpose of the production guidance is to assist investors, shareholders, and others in understanding certain metrics relating to expected 2023 production for evaluating the performance of the Company's business and is dated as of the date of this press release. This information may not be appropriate for other purposes. Information about the Company's guidance, including the various assumptions underlying it, is forward-looking and should be read in conjunction with "Forward-Looking Statements" in this press release and the related disclosure and information about various economic, competitive, and regulatory assumptions, factors, and risks that may cause the Company's actual future financial and operating results to differ from what it currently expects.

¹ Silver equivalents were 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.

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 Complex, 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, exploration and drill results; mining higher grade material at abridged volumes from the Company's mines; infrastructure improvements at Valencia and the targeting of higher-grade areas of the mine; completing the dewatering of sections of the El Cubo mine known to hold high-grade vein targets; details of other operational upgrades at El Cubo designed to minimize dilution and maximize higher grade vein material; the details and benefits of the new ventilation system at San Ignacio; the new business model at Topia to engage exclusively in the mineral processing of third party ore and its expected profitability; the timeline to implement new initiatives discussed in this news release; the improvement of safety and security conditions at San Ignacio; the Company's 2023 production guidance and the Company's status as one of the fastest growing silver producers in Mexico.

Such forward-looking statements and information reflect management's current beliefs and expectations 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 estimates of mineral resources and other mineralized material at El Cubo and the Company's other mining projects in Guanajuato, Mexico 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 the 2023 Preliminary Economic Assessment on El Cubo ("2023 PEA"); the ability of the Company to ramp up processing of mineral resources and material at El Cubo and the Company's other mining projects at the projected rates and source sufficient high grade mineralized material to fill such processing capacity; 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 cost estimates; operating costs; 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, future prices of gold, silver and other metals, currency rate fluctuations, high inflation and interest rates, actual results of production, exploration and development 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, geopolitical conflicts including wars, environmental risks, 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 discover and mine sufficient quantities of high grade mineral resources or other material at El Cubo, VMC, San Ignacio and Topia (including at Topia buying and processing ore from

contractors) for processing at its existing mills to increase production, tonnage milled and recovery rates of gold, silver, and other metals in the amounts, grades, recoveries, costs and timetable anticipated. In addition, GSilver's decision to process mineral resources and other material from El Cubo, VMC, San Ignacio 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 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 or the 2023 PEA 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, supplies, 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 including the Company's most recently filed annual information form. 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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