

Guanajuato Silver Company Ltd. Draws US\$7.5m from OCIM

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Funds to be Used for Planned El Cubo Restart

VANCOUVER, July 28, 2021 - [Guanajuato Silver Company Ltd.](#) (the "Company" or "GSilver") (TSXV:GSVR)(OTCQX:GSVRF) announces it has drawn down US\$7,500,000 from its loan facility with European based metals trading firm OCIM Group. This non-dilutive financing is designed to strengthen the Company's balance sheet during the refurbishment of the Company's El Cubo mine and mill complex located approximately 11 kilometers east of the city of Guanajuato, in central Mexico.

OCIM Loan Details:

On July 26, 2021 the Company issued notice to OCIM to draw down funds from the US\$7,500,000 silver and gold loan facility discussed and detailed in GSilver's news releases of Dec. 18, 2020 and June 1, 2021, with funds delivered to the Company on July 27, 2021.

GSilver Chairman and CEO James Anderson stated: "We would like to thank everyone at OCIM for their constant support and consistent flexibility. This funding arrangement has allowed us to access their funds at precisely the time we need them to complete our work on the El Cubo mill and continue necessary mine development in preparation for the commencement of commercial production in Q4 2021."

The OCIM loan facility has an 18-month term, including an initial six-month payment-free grace period, and is then repayable over the following 12 months by the Company delivering a set number of silver and gold ounces based on a discount to the LBMA fix price for silver and gold on July 26, 2021. GSilver estimates that the amount of silver and gold required to repay this loan facility will represent approximately 25% of the projected silver and gold to be produced by GSilver from its operations at the El Cubo mill during the 12-month repayment period of the loan. The loan is secured by, among other things, a general security agreement and pledge over the El Cubo complex in favour of OCIM.

Combined with cash on hand of approximately C\$4.1m, these additional funds will give the Company a total of approximately C\$13.3m to complete mine and mill development prior to initial cash flow from operations. The Company will use the proceeds from this facility to finance the continued refurbishment of the El Cubo mine and mill complex and for general corporate and working capital purposes.

GSilver CFO Lisa Dea said: "Our financial model anticipates initial concentrate sales in November of this year, as we position the Company to be Mexico's next silver and gold producer. We look forward to ramping up to planned production of 29,000 tonnes per month by mid 2022."

Additional news regarding the Company's progress towards commencement of mining activities is anticipated shortly.

Market Maker:

GSilver announces that it has, subject to acceptance of the TSX Venture Exchange ("TSXV"), retained Red Cloud Securities Inc. ("Red Cloud") to act as trading adviser and provide market-making services to the Company in compliance with TSXV policies and applicable securities legislation.

Red Cloud will trade shares of GSilver on the TSXV for the purposes of maintaining an orderly market and improving the liquidity of the Company's common shares. Red Cloud acts on an arm's length basis and will be paid a fee of \$5,000 per month on a month-to-month basis, subject to termination by either party with written notice of 30 days. There are no performance factors contained in the agreement between Red Cloud and the Company, and Red Cloud will not receive any shares or options from the Company as compensation for its services.

A similar arrangement with Mackie Research Capital Corp., announced on Dec. 1, 2020 is no longer in effect.

Hernan Dorado Smith, a director 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 Co. Ltd.:

GSilver is a mining development company engaged in reactivating past producing silver and gold mines near the city of Guanajuato, Mexico. The Company is focused on the refurbishment and swift re-commencement of production from its El Cubo mine and mill and its nearby El Pinguico project, as well as the delineation of additional silver and gold resources through underground and surface drilling. 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

For further information regarding Guanajuato Silver Co. Ltd, please contact:
James Anderson, Director, +1 (778) 989-5346
Email: james.anderson@GSilver.com

Continue to watch our progress at: www.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 ability of the Company to successfully refurbish the El Cubo mine and mill complex, procure equipment, hire personnel and supply and process sufficient mineralized material and resources from El Cubo and El Pinguico through the mill to successfully begin commercial production of silver and gold in Q4 2021, the estimated date for initial sale of concentrate, the estimated percentage of projected production of silver and gold from El Cubo to repay the OCIM loan and the planned tonnage to be processed at El Cubo by mid 2022; the opportunities for further exploration and development at El Cubo and El Pinguico, the proposed exploration and development programs therefor, the timing and costs thereof and the success related thereto.

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; 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; prices for silver and gold remaining as estimated; currency exchange rates remaining as estimated; availability of funds for the Company's projects; capital, decommissioning and reclamation estimates; prices for energy inputs, labour, materials, supplies and services (including transportation); 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, actual results of exploration, development and production activities, actual resource grades and recoveries of silver and gold, 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 re-start the El Cubo mill to process mineralized materials to produce silver and gold in the amounts, grades, recoveries, costs and timetable anticipated. In addition, GSilver's decision to begin processing mineralized material from its above and underground stockpiles at El Pinguico and estimated resources at El Cubo 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 recently announced preliminary economic assessment and projected production of silver and gold will be realized. There is also uncertainty about the spread of COVID-19 and variants of concern 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. 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.

[Guanajuato Silver Company Ltd.](#)

PH: +1(778) 989-5346 E: info@GSilver.com W: GSilver.com

CA: Suite 578 - 999 Canada Place, Vancouver B.C. V6C 3E1

MX: Carretera - Guanajuato - Silao km 5.5, Int 4, Col. Marfil CP36250, Guanajuato, Gto., Mexico

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